

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL *Anne Musandu*

ON

**NATIONAL INFORMATION PLATFORM FOR
FOOD SECURITY AND NUTRITION PROJECT –
FOOD/2017/393-022**

**FOR THE YEAR ENDED
30 JUNE, 2020**

KENYA NATIONAL BUREAU OF STATISTICS

NATIONAL ASSEMBLY
PAPERS LAID

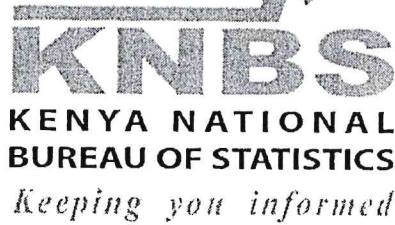
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CLERK AT: Anne Musandu



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



Project Name: National Information Platform for Food Security and Nutrition


Main Implementing Entity: Kenya National Bureau of Statistics

PROJECT GRANT/CREDIT NUMBER: FOOD/2017/393-022

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
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CLERK OF THE TABLE:	Anne Musandhi

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is National Information Platform for Food Security and Nutrition,

Overall Objective: The key objective of the project is to Strengthen the information systems for food security and nutrition to improve the analysis of data to better inform the strategic decisions to prevent malnutrition and its consequences,

Address: The project headquarters offices are Nairobi (city), Nairobi City County, Kenya.

The address of its registered office is: Real Towers Building, Hospital Road, Upperhill

P.O. Box 30266 -00100 Nairobi, Kenya

Contacts: The following are the project contacts

Telephone: (254)-20-2911000/2911001

E-mail: info@knbs.or.ke

Website: www.knbs.or.ke

1.2 Project Information

Project Start Date:	1 st August 2019
Project End Date:	31 st May 2022
Project Manager:	Mr James Gatungu
Project Sponsor:	European Union

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury & Planning
Project number	FOOD/2017/393-022
Strategic goals of the project	The strategic goals of the project are as follows: (i) Maximise the analysis and interpretation of existing information and data on food security and nutrition to improve understanding of the factors that influence nutrition outcomes. (ii) Identify information/data gaps in food security and nutrition. (iii) Contribute to monitoring national and sub-national progress in preventing malnutrition; (iv) To build capacity both at national and subnational levels to manage, analyse information and data from relevant sectors.
Achievement of strategic goals	The project management aims to achieve the goals through the following means:

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	<ul style="list-style-type: none"> i. Create a central data repository that acts as a resource of information for analysis. ii. Strengthen the capacity to analyse, interpret data and generate policy briefs to better track the progress of nutrition outcomes. iii. Disseminate information for better use in designing and implementing food security & nutrition related policies.
Other important background information of the project	The project is being implemented by the Kenya National Bureau of Statistics (KNBS) in partnership with Kenya Institute for Public Policy Research (KIPPRA) and other stakeholders with interest in food security and nutrition. National Information Platform for Food Security and Nutrition (NIPFN) is a country-led and country-owned platform that aims to facilitate multi-sectoral and multi-stakeholder dialogue on food security and nutrition by supporting the use of existing information and data to develop or refine policies and programmes.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> (i) Lack of a repository for multi-sectoral datasets to create and operate an information platform for nutrition. (ii) Low capacity to monitor national objectives on preventing under-nutrition and monitoring nutrition investments (iii) Limited capacity of policy makers and programme planers to make better use of evidence based policy making processes.
Project duration	The project started on 1 st August 2019 and is expected to run until 31 st May 2022.

1.4 Bankers

The following are the bankers for the current year:

- (i) Kenya Commercial Bank – Moi Avenue Branch – Account Number 12408757111

1.5 Auditors

The project is audited by the Office of the Auditor General

1.6 Roles and Responsibilities

The project personnel that are currently engaged in the NIPFN project are as shown below together with the list of stakeholders and their roles and responsibilities.

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Names	Title designation	Key qualification	Responsibilities
James Theuri Gatungu	Project Manager NIPFN Project	<ul style="list-style-type: none"> • Master of Arts (Economic Policy Management) • Bachelor of Science in Statistics and Computer Science • Various management and statistical related courses. 	<ul style="list-style-type: none"> • Monitor project activities implementation against the proposed work plan, and monitoring achievements against planned milestones and deliverables; • Managing finances and accounting for the project funds in accordance with the financial guidelines issued by the Government of Kenya and the Delegation of the European Union; • Managing information related to the project and disseminating it to the project stakeholders; • Liaising with the project partners and the funding agency to monitor project activities and expenditures; • Collating information from partners, Organizing and finalizing project reports; • Organizing various committees meetings
Samuel Kipruto	Senior Data Analyst	<ul style="list-style-type: none"> • Bachelor of science in Statistics • Master of Arts in Economic Policy Management 	<ul style="list-style-type: none"> • Mapping of sources of data of interest to the NIPFN • Identifying the relevant/suitable data to the analysis proposed by stakeholders • Defining the principles for sharing and using the collected data using the KNBS regulations as well development MoUs • Building capacity for data analysing within the data analysis unit and government staff • Creating a centralised repository for data relevant to NIPFN and defining mode of operation • Writing of reports from the analysed data

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Geoffrey Kebaki	Senior Policy Analyst	<ul style="list-style-type: none"> • MSc. Health Systems Management • BSc. Environmental Health • Higher Diploma Food Science and Inspection • Diploma Environmental Health 	<ul style="list-style-type: none"> • Review of food security and nutrition policies • Building capacity for policy programmers and policy users • Facilitate dissemination of policy briefs, factsheets and communication outputs to policy makers • Develop policy questions and facilitate prioritization of questions • Best practices on causal pathways and theories of change • Participate in Interpretation of findings and reporting.
Tupege Kasongwa	Project Assistant	<ul style="list-style-type: none"> • MBA (HR and Strategic Management), • Bachelor of Arts, • Diploma in Teaching • Diploma in Business Administration. 	<ul style="list-style-type: none"> • Handling of the Project administrative matters. • Maintaining office records, filling and storage. • Facilitate Project compliance with statutory requirements • Facilitating communication between the project and other stakeholders
Janet Ngina Arum	Senior Communications Officer	<ul style="list-style-type: none"> • M.A Corporate Communication • B.A International Relations & Marketing • DIPLOMA in French 	<ul style="list-style-type: none"> • Develop & implement communication strategy • Design project identity and branding • Digital & online communications • Events/Conference planning & management • Media Relations • Stakeholder Engagement

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Lillian Wambui Odhiambo	Public Health Nutritionist	<ul style="list-style-type: none"> • Master's in Public Administration - International Development • BSc Food Nutrition and Dietetics 	<ul style="list-style-type: none"> • Systematic literature review; • Building library of grey and published literature. • Developing network of stakeholders in: universities, NGO, UN, and government. • Creating an archive of indexed reports • Drafting reviews on thematic areas. • Developing presentations for the Policy Advisory Committee.
Allan Gathuru Wairimu	Data Manager	<ul style="list-style-type: none"> • MSc. Information Technology management • BSc. Computer Science • Certificate in Database Management, EDMS Development, Java EE Development and Project Management 	<ul style="list-style-type: none"> • Data Management • Management of the central repository • Management of the NIPFN web portal • Data visualization
Edith Amondi	Project Statistician	<ul style="list-style-type: none"> ▪ Bachelor's Degree in Statistics, Mathematics ▪ Stata statistical software experience; ▪ STATA and R statistical software experience; 	<ul style="list-style-type: none"> • Collecting, aggregating and merging data sets for multisectoral analysis; • Assessing the distribution of variables for application of the most appropriate statistical; • Analysing data using statistical software such as STATA or R by applying the most appropriate and robust statistical methods and sampling weights; • Storing and cataloguing the syntax files, the output files and any history file of analysis to create a record of the analysis done; • Creating new data sets of summary statistics for presentation in data dashboards;

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Eric Macharia	Project Statistician	<ul style="list-style-type: none"> ▪ Bachelor's Degree in Statistics, Mathematics ▪ Stata statistical software experience; ▪ STATA and R statistical software experience; 	<ul style="list-style-type: none"> • Collecting, aggregating and merging data sets for multisectoral analysis; • Assessing the distribution of variables for application of the most appropriate statistical; • Analysing data using statistical software such as STATA or R by applying the most appropriate and robust statistical methods and sampling weights; • Storing and cataloguing the syntax files, the output files and any history file of analysis to create a record of the analysis done; • Creating new data sets of summary statistics for presentation in data dashboards;
Tom Mutua	Project Officer Finance	<ul style="list-style-type: none"> ▪ MBA (Strategic Management) ▪ BCOM (Finance) ▪ CPA (K) 	<ul style="list-style-type: none"> ▪ Setting up and operating a financial monitoring system for all project transactions consistent with the existing procedures of KNBS. ▪ Monitoring all financial transactions for the project by ensuring that any expenses are allowable against the project budget . ▪ Ensuring that government procurement procedures are adhered to. ▪ Drafting financial reports

NIPFN Project Stakeholders

The NIPFN project has various stakeholders as indicated below.

- i. The National Treasury and Planning
- ii. Ministry of Health (MoH)
- iii. Ministry of Agriculture Livestock Fisheries and Cooperatives (MoALFC)
- iv. Ministry of Education (MoE)-State Department of Early Learning and Basic Education, School Health Nutrition and Meals Unit.
- v. Ministry of Labour and Social Protection (MoLSP) - Special Programmes
- vi. Ministry of Water, Sanitation and Irrigation (MoWSI)
- vii. Scaling Up Nutrition (SUN)
- viii. County Governments (CG)
- ix. United Nations (UN) Agencies
- x. Non-Governmental Organizations (NGO's)
- xi. Development Partners

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The role and responsibilities of the stakeholders includes among others;

- Providing strategic and policy direction related to the project
- Identifying and prioritizing questions for analysis and interpret the findings
- Overseeing the overall project implementation and decide on the use of the resources available to implement the project.
- Improving nutrition outcomes using the output generated by the project.

1.7 Funding summary

The Project was expected to run for a duration of 4 years from 2018 to 2022 with an approved budget of Euro (€) 3,499,999 (use donor currency) equivalent to KShs 396,840,398 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 06 2020)		Undrawn balance to date (30 06 2020)	
	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>	<i>Donor currency</i>	<i>KShs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
European Union	€3,499,999	396,840,398	€ 503,425	57,079,875	€ 2,996,574	339,760,523
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	€3,499,999	396,840,398	€ 503,425	57,079,875	€ 2,996,574	339,760,523

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1.8 Summary of Overall Project Performance:

Overall Project Performance	Comment
1. Budget performance against actual amounts for current year and for cumulative to-date	
2. Physical progress based on outputs, outcomes and impacts since project commencement	<p>a. Set up of NIPFN Project Management Unit, Data Analysis Unit and Policy Unit.</p> <p>b. Data Sharing Policy: A draft policy has been generated and shared with the project team for review. The policy will enable the project to obtain and share data on food security and nutrition among relevant institutions.</p> <p>c. Communication Strategy: The project has a draft of the strategy and has been circulated for review. The strategy is to guide on the project visibility and channels of communication, including mapping of relevant audiences & stakeholders.</p> <p>d. Data Landscape Report: The project team has compiled a report on institutions relevant to food security and nutrition, data systems within the institutions, the frequency of data generation, the coverage, type of data and systems under which the data is stored. The report will continuously be updated based on available data.</p> <p>e. Policy Review Framework: The project team has generated a framework and commenced review of food security and nutrition policies and programmes.</p> <p>f. Project Statistical Reports: The project data analysis team has developed two reports namely;</p> <ul style="list-style-type: none"> • An Analysis on Nutritional Anthropometric trends in Kenya. • An Analysis of the National Progress & Household Characteristics Associated with Stunting. <p>g. The Project Management Committee (PMC) and the Policy Advisory Committee (PAC) were set up by the project.</p>
3. The absorption rate for each year since the commencement of the project	The budget amount was 90 million and was later scaled down to 50million due to the delayed set up of the policy unit and emergence of the Covid -19 pandemic. This affected the absorption rate of the project funds.

Challenges

- Delay in setting up of NIPFN Policy Unit
- Delay in implementation of some activities due to emerging of the Covid-19 pandemic in March 2020
- Delay in the release of exchequer funds from the National Treasury therefore hampering in the delivery of the project activities.

Way Forward

- Develop Project Inception Report to address emerging gaps in the project document.
- Fast tracking delayed activities
- Enhancing working relationship with the National Treasury to ensure timely disbursement of project funds.

1.9 Summary of Project Compliance:

- The NIPFN project complied with all the applicable laws and regulations, and essential external financing agreements/covenants and did not suffer any consequences on account of non-compliance.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES
Enumerate all the objectives of the project as per the program plan

Introduction

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

The key development objectives of the NIPFN *project's 2018-2022* plan are to:

- a) Maximize the analysis and interpretation of existing information and data on food security and nutrition to improve understanding of the factor that influence nutrition outcomes.
- b) Identify information/data gaps in food security and nutrition.
- c) Contribute to monitoring national and sub-national progress in preventing malnutrition;
- d) To build capacity both at national and subnational levels to manage, analyze information and data from relevant sectors.

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:

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Project	Objective	Outcome	Indicator	Performance
National Platform for Food Security and Nutrition (NIPFN Project)	Create capacity within national institutions to operate and maintain the NIPFN	1. Set up NIPFN Project Management Unit (PMU), Data Analysis Unit, and Policy Unit:	Recruitment of project staff	This has been achieved.
		2. Establish the NIPFN Project Management Committee:	Constitution of committee members	This has been achieved
		3. Map sources of data of interest to the NIPFN and define the principles for sharing and using data	<ul style="list-style-type: none"> • Data landscape has been done and a report developed. • Census/Survey/ Administrative data of interest – Some data sets has been acquired and additional data has been requested from other relevant stakeholders. • Data Sharing principles – This has been developed. 	<p>This has been achieved</p> <p>This has been achieved</p>
		4. Adoption of KeNADA as a centralized repository for data related to Food Security and Nutrition has been done. This entails defining the mode of operations which includes; type of data to be repositied; data accessibility.	KeNADA system available for use by the Project.	This is ongoing

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	<p>Strengthen capacity to track progress in meeting national objectives on undernutrition reduction, promoting food security and monitoring the investments</p>	<p>1. Create or support a web interface to present summary statistics from the NIPFN. 2. A draft policy review on food security and nutrition has been developed. 3. Identify and prioritize questions for analysis and develop annual work plans. 4. Write reports on data analyzed with interpretation, conclusions and recommendations. 5. Design and implement a communication and visibility plan 6. Build capacity of government staff to analyze data, interpret analysis and report findings</p>	<ul style="list-style-type: none"> • Portal in place • Draft review policy in place • Questions have been identified • Draft statistical reports have been done. • The draft communication strategy has been done. • Engagement of officers dealing with statistics in Ministries, Departments, Agencies and Counties (MDACs) through various networks has been established • Sensitized Agriculture, Nutrition and Environment Committee (ANES) sub-sectors staff • Draft Capacity building assessment tool has been developed awaiting finalization. 	<p>The process has commenced.</p> <p>This has been achieved</p> <p>The process has commenced.</p> <p>This has been achieved</p> <p>This has been achieved</p> <p>These activities are ongoing.</p>
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	<p>Build capacity of government staff to make better use of evidence and data to design and implement nutrition related policies and programme</p>	<p>1 .Present the findings of analysis in a format suitable for their intended audiences and disseminate information by different means</p> <p>2. Develop national expertise in formulating evidence-based nutrition policies in all sectors</p>	<ul style="list-style-type: none"> • This is awaiting the generation of products. • Engagement of officers dealing with nutrition and food security programs and policies in MDACs has commenced 	<p>These activities are ongoing</p>
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3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Director General* for Kenya National Bureau of Statistics and the *Project Manager* for the *National Information Platform for Food Security and Nutrition Project (NIPFN)* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for the *NIPFN* project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for the *NIPFN* project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for the *NIPFN* project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Director General* of Kenya National Bureau of Statistics and the *Project Manager* for the *NIPFN* project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 24th September 2020 and signed on its behalf by;



Director General
Name: Macdonald Obudho



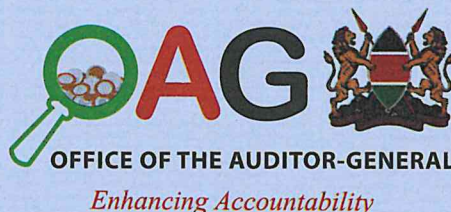
Project Manager
Name: James T. Gatungu



Project Accountant:
Name: Tom Mutua
ICPAK M/No: 18610

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL INFORMATION PLATFORM FOR FOOD SECURITY AND NUTRITION PROJECT- FOOD/2017/393-022 - FOR THE YEAR ENDED 30 JUNE, 2020 - KENYA NATIONAL BUREAU OF STATISTICS

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Information Platform for Food Security and Nutrition Project set out on pages 1 to 13, which comprise the statement of financial assets and liabilities as at 30 June, 2020, statement of receipts and payments, statement of cash flow and the statement of comparative 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, and the Financing Agreement No.Food/2017/393-022 dated 27 December, 2017 between the Republic of Kenya and the European Union. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of 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 the National Information Platform for Food Security and Nutrition as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement.

Basis for Qualified Opinion

Incorrect Domestic and Foreign Grants Balance

The statement of receipts and payments reflects proceeds from domestic and foreign grants totaling Kshs.57,079,875, as further disclosed in Note 9.3 to the financial statements. Included in the balance are unknown receipts totaling to Kshs.7,200,000 not captured in the Project's records.

Had the records reflected the correct balance, the Project would have reported a deficit amounting to Kshs.2,378,047 instead of the surplus amounting to Kshs.4,812,950 reflected in the statement of receipts and payments for the year under review.

No plausible explanation has been provided by Management to explain how the error occurred.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of National Information Platform for Food Security and Nutrition Project 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, except for the matters described in the Basis for Qualified Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Induction Costs Incurred on Non-Project Staff

Examination of payments on use of goods and services indicates that during the year under review, the Project held a staff induction workshop at a cost of Kshs.5,584,687. However, the expenditure included Kshs.3,738,200 spent on 33 staff members of the Bureau who were not attached to the Project. No plausible explanation was provided by Management for inclusion of the large number of non-project staff in the induction workshop. As a result, value for money on the Project's funds incurred on the staff not engaged by Project has not been confirmed.

2. Overpayment of Salary to Officer

Management advertised for and appointed a Project Finance Officer at a gross monthly pay of Kshs.290,758. However, the successful candidate was awarded gross pay of Kshs.465,212 per month upon appointment in September, 2019, resulting to a monthly

excess pay of Kshs.174,454. As at 30 June, 2020, the aggregate overpayments amounted to Kshs.1,133,951.

No plausible explanation has been provided by Management for the discrepancy.

3. Imprest Issued to Staff on Behalf of Others

During the year under review, two staff members of the Kenya National Bureau of Statistics were issued with imprest totalling Kshs.4,648,468 on behalf of participants for two Project events organized in Kisumu and Mombasa. The issuance of imprest to the two on behalf of others was contrary to Regulation 91 of Public Finance Management Regulations of 2015 on Management of imprest which provides for issue of individual and not group temporary imprest.

No plausible explanation has been provided by Management for the anomaly.

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, except for the matters described in the Basis for Qualified Opinion, Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources and Basis for Effectiveness of Internal controls, risk management and governance sections of my report, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such 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 Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project, or 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 Project 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 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

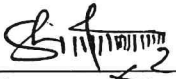
31 December, 2020

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Reports and Financial Statements
For the financial year ended June 30, 2020*

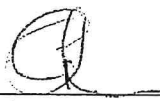
5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Proceeds from domestic and foreign grants	9.3	57,079,875	-	-	-	57,079,875
TOTAL RECEIPTS		57,079,875	-	-	-	57,079,875
PAYMENTS						
Compensation of employees	9.4	21,628,100	-	-	-	21,628,100
Purchase of goods and services	9.5	5,833,640	-	-	-	5,833,640
Social security benefits	9.6	13,400	-	-	-	13,400
Acquisition of non-financial assets	9.7	2,123,100	-	-	-	2,123,100
Transfers to other government entities	9.8	22,668,685	-	-	-	22,668,685
TOTAL PAYMENTS		52,266,925	-	-	-	52,266,925
SURPLUS/(DEFICIT)		4,812,950	-	-	-	4,812,950

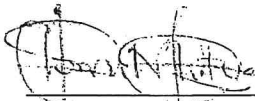
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 24th September 2020 and signed on its behalf by;



Director General
Name: Macdonald Obudho
Date



Project Manager
Name: James T. Gatungu
Date 18/11/2020



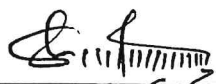
Project Accountant:
Name: Tom Mutua
ICPAK M/No: 18610
Date 18/11/2020

*National Information Platform for Food Security and Nutrition Project
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6. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2020


	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.9A	4,727,360	-
Total Cash and Cash Equivalents		4,727,360	-
Accounts receivables – Imprest and Advances	9.10	85,590	
TOTAL FINANCIAL ASSETS		4,812,950	-
REPRESENTED BY			
Fund balance b/fwd		-	-
Accounts Payable			
Surplus/ (Deficit) for the year		4,812,950	-
NET FINANCIAL POSITION		4,812,950	-

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 of Directors of Kenya National Bureau of Statistics on 24th September 2020 and signed on its behalf by;



Director General
Name: Macdonald Obudho

Date



Project Manager
Name: James T. Gatungu

Date 18/11/2020



Project Accountant:
Name: Tom Mutua
ICPAK M/No: 18610

Date 18/11/2020

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7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Proceeds from domestic and foreign grants	9.3	57,079,875	-
Payments from operating activities			
Compensation of employees	9.4	(21,628,100)	-
Purchase of goods and services	9.5	(5,833,640)	-
Social security benefits	9.6	(13,400)	-
Transfers to other government entities	9.8	(22,668,685)	-
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)		-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)			
Net cash flow from operating activities		6,936,050	
CASHFLOW FROM INVESTING ACTIVITIES			-
Acquisition of Assets	9.7	(2,123,100)	-
Net cash flows from Investing Activities		4,812,950	-
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		4,812,950	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		4,812,950	-

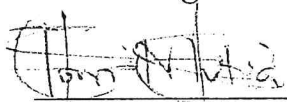
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved by the Board of Directors of Kenya National Bureau of Statistics on 24th September 2020 and signed on its behalf by;


Director General
Name: Macdonald Obudho

Date


Project Manager
Name: James T. Gatungu

Date 18/11/2020



Project Accountant:
Name: Tom Mutua
ICPAK M/No: 18610
Date 18/11/2020

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8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

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						
Proceeds from domestic and foreign grants	90,000,000	32,920,125	57,079,875	57,079,875	-	1.0000
Total Receipts	90,000,000	32,920,125	57,079,875	57,079,875	-	1.0000
Payments						
Compensation of employees	31,980,800	9,856,210	22,124,590	21,628,100	496,490	0.9776
Purchase of goods and services	35,331,315	23,061,315	12,270,000	7,956,740	4,313,260	0.6485
Social security benefits	19,200	2,600	16,600	13,400	3,200	0.8072
Transfers to other government entities	22,668,685	-	22,668,685	22,668,685	-	1.0000
Total Payments	90,000,000	32,920,125	57,079,875	52,266,925	4,812,950	0.9157

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



Director General
Name: Macdonald Obudho

Date



Project Manager
Name: James T. Gatungu

Date 18/11/2020



Project Accountant:
Name: Tom Mutua
ICPAK M/No: 18610

Date 18/11/2020

9. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

9.1.2. Reporting entity

The financial statements are for the NIPFN project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. 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.

9.2. Significant Accounting Policies

a) 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.

- **Transfers from the Exchequer**

Transfer from Exchequer is be 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.

- **External Assistance**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

b) Recognition of payments

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

- Compensation of employees

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

- 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.

- Acquisition of fixed assets

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

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c) 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.

d) 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.

e) Accounts receivable

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.

f) 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.

g) 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.

h) 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 recognized in the statements of receipts and payments.

i) 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.

j) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by:

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- i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or
- ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
European Union	26/09/2019	-	44,868,423	-	-	44,868,423	-
European Union	29/05/2020	-	5,011,452	-	-	5,011,452	-
European Union	30/06/2020	-	7,200,000	-	-	7,200,000	-
Total	-	-	57,079,875	-	-	57,079,875	-

* The amount received on 30/06/2020 of Kshs. 7,200,000 was meant for the Data Collection and Database Development programme under the UNFPA project at KNBS. This amount was disclosed to the project on the 16th September 2020. Necessary adjustments will be made to the subsequent financial statements.

9.4. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
-					
Basic salaries of permanent employees	21,628,100		21,628,100	-	21,628,100
Compulsory national social security schemes	13,400	-	13,400		13,400
Total	21,641,500	-	21,641,500	-	21,641,500

* The project did not pay the salaries for May and June 2020 amounting to Kshs 5,585,748.80 since the project had not received its funds from the National Treasury. An amount of Kshs 1,721,285.80 that is salary arrears for an officer seconded from KNBS to the project and that was

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not paid during the financial year. These amounts are being disclosed and will be made in subsequent financial statements.

9.5. PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	4,624,187	-	4,624,187	-	4,624,187
Printing, advertising and – information supplies & services	28,386	-	28,386	-	28,386
Training payments	174,000	-	174,000	-	174,000
Hospitality supplies and services	989,899	-	989,899	-	989,899
Other operating payments	17,168	-	17,168	-	17,168
Total	5,833,640	-	5,833,640	-	5,833,640

9.6. SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Employer social benefits in cash and in kind	13,400	-	13,400	-	13,400
Total	13,400	-	13,400	-	13,400

[This is the employer's contribution towards National Social Security Fund for the project staff in the financial year 2019-2020]

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9.7. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of office furniture & general equipment	2,123,100	-	2,123,100	-	2,123,100
Research, studies, project preparation, design & supervision	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	2,123,100	-	2,123,100	-	2,123,100

[This was the amount spent to acquire office furniture for the project staff in the financial year 2019-2020

9.8. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Kenya Institute for Public Policy Research & Analysis (KIPPRA)	22,668,685	1,080,080	22,668,685	-	22,668,685
TOTAL	22,668,685	1,080,080	22,668,685	-	22,668,685

We have confirmed that KIPPRA has received the funds and has recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

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9.9. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	4,727,360	-
Cash in hand	-	-
Cash equivalents	-	-
Total	<u>4,727,360</u>	<u>-</u>

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

9.9 A Bank Accounts
Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Local Currency Accounts</u>		
Kenya Commercial Bank [A/c No 1240875711]	4,727,360	-
Total local currency balances	<u>4,727,360</u>	<u>-</u>
Total bank account balances	<u>4,727,360</u>	<u>-</u>

9.10. OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
Accounts Receivable	1,727,900	30.06.2020	1,642,310	85,590	-
Total	<u>1,727,900</u>		<u>1,642,310</u>	<u>85,590</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	4,739,499	-
Imprest surrendered during the Year (C)	4,653,909	-
Net changes in account receivables D= A+B-C	85,590	-

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**10. OTHER IMPORTANT DISCLOSURES
ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	57,079,875	57,079,875	-	1.00	
Total Receipts	57,079,875	57,079,875	-	1.00	
Payments					
Compensation of employees	22,124,590	21,628,100	496,490	0.9776	The amount utilized was to carter for the project staff salaries.
Purchase of goods and services	12,270,000	7,956,740	4,313,260	0.6485	The amount utilized was to carter for the acquisition of project equipment. Some of the project items will be procured within the next financial year, such as software and laptops.
Social security benefits	16,600	13,400	3,200	0.8072	This is the amount paid as employer contribution to NSSF.
Transfers to other government entities	22,668,685	22,668,685	-	1.00	
Total payments	57,079,875	52,266,925	4,812,950	0.9157	

