

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL YOUTH SERVICE**

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



THE NATIONAL ASSEMBLY

DATE: 09 NOV 2022 Wednesday-Afternoon

BY: Hon Kimani Ichungwa, MP  
Leader of majority

MAINAH WANJIKU





**NATIONAL YOUTH SERVICE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR**  
**THE FINANCIAL YEAR ENDING JUNE 30, 2020**

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



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## **NATIONAL YOUTH SERVICE COUNCIL**



**Lt Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) – Chairman (App. on 7<sup>th</sup> February, 2019)**

An ardent infantry retired military Three-Star-General, Njuki Mwaniki holds a Masters of Arts in War in the Modern World from The King's College, London. He holds a Diploma in International Studies from the University of Nairobi, Diploma in Military strategy from the National defence University, Beijing and a Certificate in Scriptualizing from Harvard University School.

He brings on board a wealth of experience in Management and Leadership of disciplined services spanning over 40 years.



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

Ms. Sakwa holds a Masters in Development Studies from the International Institute of Social Studies at the Hague, The Netherlands and a Bachelor of Arts from the University of Nairobi.

She is an accomplished public servant with over thirty (30) years of diligent Service in the Public Service. She was a key player in setting up project delivery teams in a number of line ministries under the social pillar of the Vision 2030. She was a member of the inaugural team that conceptualized and established structures for the National Aids Control Council in Kenya and a member of the National Steering Committee that developed the National Action Plan on UNSCR 1325 on Women, Peace and Security.



**Mr. Adhan Nuri Berhe – Independent Member (App. on 7<sup>th</sup> February, 2019)**

Mr. Berhe holds a Master of Arts in Project Planning and Management from the University of Nairobi, and a BSc in Wildlife Management from Moi University. He has over 25 years of experience in Project Management, Governance and Leadership in both public and private sector. He was also the Chairman of the County Public Service Board, County Government of Tana River.



**Mr. Elijah Kamotho Wachira – Independent Member (App. 13<sup>th</sup> January, 2020)**

Mr. Wachira holds an MBA in Management Information Systems, a BSc in Meteorology both from the University of Nairobi and a Post-Graduate Diploma in Systems Analysis and Design from Edinburgh Napier University.

He is the Managing Consultant of Peakline Consultants Limited, Nairobi. He has a wide exposure and experience in Training and Capacity Building; Performance Management Systems; and Strategic

Management.

Mr. Wachira has hands-on experience in corporate governance of State-owned Enterprises (GOEs) through successful formulation and implementation of corporate policies, strategy and performance management systems at the Kenya School of Government.



**Mr. Ali Sahal Idris – Independent Member (App. on 7<sup>th</sup> February, 2019)**

Mr. Idris holds a Master of Business Administration Degree from United States International University-Africa (USIU) and a Bachelor of Commerce in Finance from the University of Nairobi. He is also an alumnus of the Harvard University Kennedy School Executive Education Program and a Fellow of the Association of Chartered Certified Accountants in UK (FCCA).

He is a Finance and Management Consultant with over 15 years experience in finance and business management. He has worked with PricewaterhouseCoopers (PwC) in Kenya, Hass Petroleum Group, Dahabshil Bank (renamed East Africa Bank) and Dahabshil FZCO based in Dubai, UAE.

Mr. Idris is a finance and business management advisor to a number of companies and sits on the boards of various private companies.





**Dr. Nkatha Linda Gichuyia – Independent Member (App. on 7<sup>th</sup> February, 2019)**

Dr. Nkatha holds a PhD in Architecture and an MPhil in Environmental Design, both from the University of Cambridge in the UK.

She is currently a Lecturer at the Architecture and Building Science Department of the University of Nairobi. Recently, she got appointed as a visiting assistant professor to the University College Dublin's School of Architecture, Planning and Environmental policy for a period of 3 years beginning 1<sup>st</sup> September 2020.

Dr Nkatha is deeply involved as well in drawing both National Government and International Policy Frameworks, in her other various capacities as a knowledge broker, Gates Cambridge Scholar, practicing Architect, and as an independent researcher and urban development consultant.



**Mr. Vincent Ombaka – Independent Member (App. on 7<sup>th</sup> February, 2019)**

Mr. Ombaka holds a Master of Laws (LLM), a Post-Graduate Diploma and Certificate in Laws from the University of London; a Bachelor of Laws (LLB) from the University of Nairobi; a Diploma in Laws from the Kenya School of law and a Certificate in company secretarial practice.

He has a wealth of skills in policy development, research, legislative drafting and business development.



**Maj Gen Fatuma Gaiti Ahmed, CBS, OGW – Alternate Member, Chief of the Kenya Defence Forces**

An accomplished military officer, Maj Gen Ahmed holds a BA in Sustainable Human Development from Catholic University of Eastern Africa (CUEA) and a Diploma in Management from Strathmore University.





**Mr. Arthur Chege Nduati – Alternate Member, PS, The National Treasury**

Mr. Nduati holds an Executive MBA from Jomo Kenyatta University of Agriculture and Technology, BED (Arts) from Kenyatta University and is a Certified Public Accountant (CPA-K). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) with over 16 years experience in public service.



**Ms. Ruth Atieno Koga – Alternate member, PS, Public Service.**

Ms. Koga holds an MBA in Strategic Management from Moi University and a BA from the University of Nairobi. She has over 28 years experience in Public Service and currently the Director, Performance Management and Monitoring in the Ministry of Public Service and Gender.

She is a member of the Ministerial Human Resource Management Advisory Committee (MHRMAC), Kenya Prison's Reform Committee and various Departmental Committees.



**Ms. Anita Jeruto Chepseba – Alternate Member, the Attorney General**

Ms. Chepseba has over 14 year experience in legal practice, including over 10 year in Public Service. She holds a Bachelor of Laws Degree (LLB) from Moi University and a Diploma in Law from Kenya School of Law.

**NATIONAL YOUTH SERVICE MANAGEMENT**



**Mr. James K. Tembur**  
**Deputy Director General**  
**C/Services & Commercialization**  
**MSC. Entrepreneurship**



**Matilda P. Sakwa (Ms.), EBS**  
**Director General**  
**MA. (Development Studies)**



**Mr. Enock L. Amudavi, MBS**  
**Deputy Director General**  
**P/Training & National Service**  
**MBA (HRM), INRM**



**Mr. James Kainu**  
**Head of Supply Chain Mngt**  
**MBA (Strat. Mngt), KISM**



**CPA. Olina John Ogario**  
**Head of Finance**  
**MBA (Finance) & MPP&M**



**CPA. Elias K. Macheria**  
**Head of Accounts**  
**MBA (Finance)**



**James Muma**  
**Director, Operations**  
**MA. (International Studies)**



**CPA. Shadrach M. Mwachia**  
**Head of Internal Audit Dept.**  
**MBA (Finance), ICPAK**



**Mr. James Mwachia**  
**Director, Technical Training**  
**MSc. (Info. Systems)**



**NATIONAL YOUTH SERVICE MANAGEMENT (Continued)**



## THE CHAIRMAN'S STATEMENT

NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Act No. 17), Section 12(1)(a) mandates the Council to be responsible for the formulation of policy, control, oversight, and supervision of the service. The council has been functioning since February 2019. The Council and Management inaugurated its premier 5 Year Strategic Plan(SP) in June 2019 for 2019/2020-2023/2024. The SP is on the right trajectory though under slow go terrain due to funding challenges. However, under section 7(1) (f) the Council is tasked to initiate, organize, manage and generate funds through commercialization programmes. In this regard, the Service has restructured and created ways and means to mitigate on funding challenges.

"If we open a quarrel between the *past* and the *present* we shall find that we have lost the *future*". Sir, Winston Churchill was right, however I intend to just cast our lenses with a few paragraphs of the past year that ended 30th June, 2020 and on behalf of the Council members, I wish to report that the Service generated Ksh.907,267,621.00 in its commercial ventures. This is commendable given that the commercialization function is yet to be fully executed. I am also grateful to the Government for continued support to the Service. The Service received a sum of Ksh.17,725,466,300.00 towards its budget during the year under review.

I commend the Council members, Management and staff of the Service for their commitment for exemplary work. I am also grateful for the support of our partners and collaborators whose contribution were an important addition to the success of the Service. Going forward, therefore, I am confident that the Service has the potential to change past Service traditions in order to improve and discharge its mandate more effectively. In any case Sir, Winston also said that "to improve is to change; to be perfect is to change often".



LT GEN (Rtd) NJUKI MWANIKI  
CHAIRMAN, NYS COUNCIL



## **REPORT OF THE CHIEF EXECUTIVE OFFICER**

This is the first annual report and financial statement since the establishment of the National Youth Service (NYS) as a state corporation. During the year under review, the Service realized revenue amounting to Ksh.907,267,631.00 against a target of Ksh.1.26 billion and posted a surplus of Ksh.1,919,919,350.64 despite the interruptions of the Coronavirus pandemic in the second half of the financial year under review.

Management remains appreciative of the financial support received from Government including Ksh.1,094,972,809.30 in salary grant, Ksh. 10,270,659,791.95 in other recurrent grants, and Ksh.6,360,260,000.00 in development grant.

The positive financial performance of the Service is attributed to strict adherence to financial procedures, enhanced partnerships and the introduction of effective cost-reduction measures. On another positive note, the Service was able to clear a good chunk of pending bills resulting into a reduction from 60% in 2018/2019 to 3% of the budget in the financial year under review. Additionally, our absorption rate of funds improved by 6% from 90% in FY 2018/2019 to 96% in FY 2019/2020.

Lastly, the Service has invested heavily in building a strong culture of unity of purpose and commitment to the mission and ideals of the Service through development of a framework for management and leadership competencies and capacity building of its members. This has been critical, considering the waning popularity of the Service under the weight of a series of corruption allegations. I can comfortably report that with the guidance of the Council, Management has been able to steer the Service back on course and is determined to build on this momentum moving forward.



**MATILDA P. SAKWA**  
**CHIEF EXECUTIVE OFFICER**

## REVIEW OF FY 2019/2020 PERFORMANCE

The National Youth Service has five (5) strategic pillars and four strategic objectives within its Strategic Plan for FY 2019/20 -2023/24. The pillars are as follows:

1. Paramilitary Training & Service Regimentation
2. National Service & Youth Re-socialization
3. Technical and Vocational Training
4. Enterprise Development
5. Strengthening Strategic Operations

The Service develops its Annual Work Plans (AWPs) based on the five pillars. Assessment of the Council's performance against its AWP is undertaken on both quarterly and annual bases. The Service achieved its set performance targets for FY 2019/20 period for all of its five strategic pillars as indicated in the table below;

Paramilitary Training & Service Regimentation	To discipline and impart specialized skills among youth through paramilitary training, national service and vocational training.	No. of strategies developed and formulated	Develop and formulate strategies	The Service formulated 8 strategies covering paramilitary training, national service and technical and vocational training The Service also developed the Paramilitary Training curriculum for both Servicemen and Women (SM/W) and staff.
National Service & Youth Re-socialization		No. of SM/W deployed to National Service	Deploy SM/W to national service programmes across the country	A total of 11,396 SM/W were deployed to national service programmes across the country as follows; <ul style="list-style-type: none"> <li>• NYS Field Units where; <ul style="list-style-type: none"> <li>✓ They contributed to increased food and nutrition security by producing a total of 1,309.58 tons of food and,</li> <li>✓ Contributed to the manufacturing sector by producing 16.42 tons of cotton.</li> </ul> </li> <li>• Public duty activities through Presidential directives and collaborations and partnerships; <ul style="list-style-type: none"> <li>✓ Rehabilitation of Nairobi-Nanyuki railway line;</li> <li>✓ Provision of supervisory services for the National Hygiene (Kazi Mtaani) Programme</li> <li>✓ Desert Locust Control in selected Counties across Kenya</li> <li>✓ Alteration and rehabilitation of the Presidential dais and other civil works at State House Mombasa and Mama Ngina Water front</li> <li>✓ Rehabilitation of the railway</li> </ul> </li> </ul>



	Key Performance Indicators	Activities	Achievements
			line, renovation and painting of railway houses and facilities around Kisumu port ✓ Rehabilitation of all other ports around Lake Victoria. ✓ Bush clearing and civil works at Shimoni port. ✓ Provision of screening and security control at COVID 19 centres ✓ Provision of security services to strategic installations.
Technical and Vocational Training		No of SM/W enrolled	Enrol SM/W into various technical and vocational courses and undertake specialized skills training
Enterprise Development	To mobilize, allocate and utilize resources prudently for the sustainability of the Service.	No of enterprises established	Undertake enterprise and commercial activities
			The Service established 5 enterprise and commercial projects including; <ul style="list-style-type: none"> <li>• Certified potato seed production in Tumaini.</li> <li>• Mineral water bottling in Turbo</li> <li>• Garment stitching in TGTI</li> <li>• Roads, water dams and water pans construction/rehabilitation by MTB</li> <li>• Fodder production in Kirimun</li> </ul>
Strengthening Strategic Operations	To re-organize and enhance institutional reforms and management systems in the Service	No of Strategic Plans and, policies and procedure manuals, strategies and plans formulated	Finalized the development and launched the NYS Strategic Plan 2019/20 - 2023/24 and formulated policies and procedure manuals, strategies and plans
		No of compensation frameworks developed and approved	Develop staff compensation framework
			The Service developed a comprehensive compensation framework both for uniformed and non-uniformed staff. This included; <ul style="list-style-type: none"> <li>• Reviewed compensation framework aligned to the new mandate as espoused in the NYS Act 2018</li> <li>• A grading and corresponding salary structure was developed and approved.</li> </ul>

Strategic Pillar				
				<ul style="list-style-type: none"> <li>• Categorization of NYS by SCAC and forwarded to SRC for advice and approval.</li> </ul>
		No. of capital projects undertaken	Undertake various capital projects to ease strain on infrastructure and facilities resulting from increased youth intake	<p>The Service undertook among others, the following capital projects;</p> <ul style="list-style-type: none"> <li>• Construction of Storey Classrooms at IBS</li> <li>• Completion of construction of Double Span, Kitchen, Dining and Barracks and classrooms and workshops at NYSEI</li> <li>• Construction of category 'E' flats (12 occupants) at VTI</li> <li>• Upgrading of sewage system at NHU.</li> <li>• Construction of a new steel dais at NYS College Gilgil.</li> <li>• Fencing of the main camp and three (3) Sub Units of Tana Basin Road Project Field Unit.</li> </ul>

## **CORPORATE GOVERNANCE STATEMENT**

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

The Council has delegated authority to the CEO to conduct the day-to-day business of the Service. The Council, nonetheless, retains the responsibility for establishing and ensuring overall policy direction, internal controls, operational and compliance issues, as well as implementing the strategies for the success of the Service.

### **Council Business**

The NYS Council is made up of the 12 members.

During the period under review, the Council held seven (7) meetings which were attended as follows:



No.	Board member	Position	2 <sup>nd</sup> August, 2019	14 <sup>th</sup> October, 2019	10 <sup>th</sup> December, 2019	14 <sup>th</sup> January, 2020	23 <sup>rd</sup> January, 2020	15 <sup>th</sup> April, 2020	9 <sup>th</sup> June, 2020
1.	Lt Gen (Rtd) Njuki Mwaniki	Chairman	P	P	P	P	P	P	P
2.	Ali Idris	Ind. Member	P	P	P	P	P	P	P
3.	Dr. Nkatha Gichuyia	Ind. Member	P	P	P	P	P	P	P
4.	Adhan Nuri Berhe	Ind. Member	P	P	P	P	P	P	P
5.	Vincent Ombaka	Ind. Member	P	P	P	P	-	P	P
6.	David Githendu <sup>1</sup>	Ind. Member	-	-	-	N/A	N/A	N/A	N/A
7.	Elijah Wachira	Ind. Member	N/A	N/A	N/A	N/A	N/A	P	P
8.	Hamisi Williams <sup>2</sup>	Alternate Member	P	N/A	N/A	N/A	N/A	N/A	N/A
9.	Roy S. Telewa	Alternate Member	N/A	P	N/A	N/A	N/A	N/A	N/A
10.	Mr. Julius K. Korir	Ind. Member	N/A	N/A	P	P	-	P	N/A
11.	Ruth A. Koga	Alternate Member	N/A	N/A	N/A	N/A	N/A	P	P
12.	Maj Gen Fatuma Ahmed	Alternate Member	P	-	P	P	-	P	-
13.	Anita Chepseba	Alternate Member	P	P	P	-	P	P	P
14.	Arthur C. Nduati	Alternate Member	-	P	-	-	P	P	P
15.	William K. Thuku	Alternate Member	-	P	-	-	-	P	P
16.	Matilda Sakwa	DG/CEO	P	P	P	P	P	P	P

**KEY**

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

<sup>1</sup> Mr. Githendu resigned on 16<sup>th</sup> December, 2019 and was replaced by Mr. Wachira on 13<sup>th</sup> January, 2020.

<sup>2</sup> Mr. Hamisi was replaced as alternate member for PS, Youth by Mr. Telewa on 3<sup>rd</sup> September, 2019. The PS, Youth (Mr. Korir) replaced his alternate (Mr. Telewa) in December, 2019.

### Committees of the Council

The Council has four committees which meet regularly under the terms of reference set by the Council. They include:

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

### Audit and Risk Management Committee

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

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

During the period under review, the Audit and Risk Management Committee held seven (7) meetings which were attended as follows:

No.	Beard member	Position	30 <sup>th</sup> July, 2020	15 <sup>th</sup> August, 2019	13 <sup>th</sup> November, 2019	19 <sup>th</sup> November, 2019	12 <sup>th</sup> February, 2020	11 <sup>th</sup> March, 2020	30 <sup>th</sup> June, 2020
1.	Ali Sahal Idris	Chairman	P	P	P	P	P	P	P
2.	Dr. Nkatha Gichuyia	Ind. Member	P	P	P	P	P	P	P
3.	Anita Chenseba	Alternate Member	P	-	P	P	P	-	P
4.	Arthur C. Nduati	Alternate Member	P	-	P	P	-	P	P

### KEY

P	Present
-	Absent
N/A	Not a member then



### Finance and Enterprise Development Committee

The Finance and Enterprise Development Committee oversees, determines and advises on all matters relating to the finance, assets and the National Youth Service (NYS) Fund.

During the period under review, the Finance and Enterprise Development Committee held eight (8) meetings which were attended as follows:

No.	Board member	Position	9 <sup>th</sup> July, 2019	23 <sup>rd</sup> July, 2019	1 <sup>st</sup> August, 2019	19 <sup>th</sup> Sept, 2019	7 <sup>th</sup> Oct, 2019	14 <sup>th</sup> Nov, 2019	21 <sup>st</sup> Jan, 2020	4 <sup>th</sup> June, 2020
1.	Vincent Ombaka	Chairman	P	P	P	P	P	P	P	P
2.	Adhan Nuri berhe	Ind. Member	P	P	P	P	P	P	P	P
3.	William K. Thuku	Alternate Member	-	-	-	-	-	-	N/A	-
4.	Hamisi Williams	Alternate Member	P	-	P	N/A	N/A	N/A	N/A	N/A
5.	Roy S. Telewa	Alternate Member	N/A	N/A	N/A	-	P	-	N/A	N/A
6.	Arthur C. Nduati	Alternate Member	P	P	-	P	P	P	P	P
7.	David Githendu	Ind. Member	-	P	P	-	-	-	N/A	N/A
8.	Elijah K. Wachira	Ind. Member	N/A	N/A	N/A	N/A	N/A	N/A	N/A	P
9.	Matilda P. Sakwa	CEO	P	P	P	P	P	P	P	P

### KEY

P	Present
-	Absent
N/A	Not a member then

### Human Resource and Administration Committee

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

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

No.	Board member	Position	5 <sup>th</sup> July, 2019	14 <sup>th</sup> Nov, 2019	9 <sup>th</sup> Dec, 2019	10 <sup>th</sup> Feb, 2020	6 <sup>th</sup> May, 2020	5 <sup>th</sup> June, 2020
1.	Adhan Nuri Berbe	Chairman	P	P	P	P	P	P
2.	Anita Chepseba	Alternate Member	-	P	P	P	P	P
3.	Maj Gen Fatuma Ahmed	Alternate Members	P	P	P	-	P	-
4.	Vincent Ombaka	Ind. Member	P	P	P	P	P	P
5.	Harnisi Williams	Alternate Member	P	N/A	N/A	N/A	N/A	N/A
6.	Julius K. Korir	Ind. Member	N/A	-	-	-	N/A	N/A
7.	Ruth A. Koga	Alternate Member	N/A	N/A	N/A	N/A	P	P
8.	Matilda Sakwa	CEO	P	P	P	P	P	P

#### KEY

P	Present
-	Absent
N/A	Not a member then

#### Operations, Training and Programmes Committee

The Operations, Training and Programmes Committee is responsible for oversight on the core mandate of the National Youth Service (NYS), namely: youth empowerment. The committee, therefore, oversees all matters relating to paramilitary training and service regimentation, national service programmes and vocational training of the servicemen and women. The committee oversees formulation and implementation of policies and strategies on all technical programmes and projects in the Service.

During the period under review, the Operations, Training and Programmes Committee held three (3) meetings which were attended as follows:

No.	Board member	Position	20 <sup>th</sup> Aug, 2019	25 <sup>th</sup> Sept, 2019	15 <sup>th</sup> Jan, 2020
	Dr. Nkatha Gichuyia	Chairman	P	P	P
	Maj Gen Fatuma Ahmed	Alternate Members	-	P	P
	William K. Thuku	Alternate Members	-	P	-
	Ali sahai Idris	Ind. Member	P	P	P
	David Githendu	Ind. Member	-	-	N/A
	Matilda Sakwa	CEO	P	P	P

#### KEY

P	Present
-	Absent
N/A	Not a member then



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

These Financial Statements have been prepared in accordance to section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act. The Statements give a true and fair view of the state of affairs of the National Youth Service as at 30<sup>th</sup> June, 2020 as well as its operating results for the FY 2019/2020. The Council, throughout the period ensured that the Service kept proper accounting records which have disclosed with reasonable accuracy the financial position of the National Youth Service. The assets of the Service have been secured.


The Statements here prepared and presented by the Directors of the National youth service Council, give a true and fair view of the state of affairs of the Service for and as at the end of the financial year ended on June 30, 2020. In doing this, the Directors put in place adequate financial management arrangements and ensured that these continued to be effective throughout the reporting period; ensured proper accounting records are kept, which disclosed with reasonable accuracy at any time the financial position of the entity; designed, executed and maintained internal controls relevant to the preparation and fair presentation of the financial statements, and ensured that they are free from material misstatements, whether due to error or fraud; safeguarded the assets of the Service; applied appropriate accounting policies; and made accounting estimates that are reasonable in the circumstances.

The Directors therefore are fully responsible for these Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Service's financial statements give a true and fair view of the state of the transactions of NYS during the financial year ended June 30, 2020, and of the financial position of NYS as at the stated date. The Directors further confirm the completeness of the accounting records maintained for the NYS which have been relied upon in the preparation of these financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The financial statements of the National Youth Service were approved by the Board on \_\_\_\_\_ 2020 and signed on its behalf by:



Chairperson of the Council



Accounting officer/CEO





# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of National Youth Service set out on pages 1 to 18, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, 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 Youth Service 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 (Accrual Basis) and comply with the National Youth Service Act, 2018 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 10 to the financial statements reflects a balance of Kshs.3,425,066,950 in respect of cash and cash equivalents as at 30 June, 2020. Analysis revealed the following unsatisfactory matters;

##### 1.1 Unconfirmed Reconciling Items in the Development Bank Account

Note 10 to the financial statements reflects a balance of Kshs.311,286,195 in the development account. However, examination of the respective bank reconciliation statements revealed receipts in cashbook not yet recorded in bank statement amount of Kshs.10,340,331 whose dates of clearance in bank could not be confirmed as the bank statements or bank reconciliation statements for the month of July, 2020 were not provided for audit.



## **1.2 Inaccuracies in the KCB National Youth Service Bank Account Balance**

Note 10 to the financial statements reflects Nil balance relating to the KCB National Service account as at 30 June, 2020. However, examination of the bank reconciliation, the cash book and bank statements revealed stale cheques amounting to Kshs.30,971,159 issued between September and November, 2019.

Consequently, the accuracy of the bank reconciliations for the development account and the KCB National Service account could not be confirmed.

## **2.0 Unconfirmed Opening Balances**

The National Youth Service was established as a state corporation through the National Youth Service Act, 2018. The service took over the assets and liabilities of the then department of National Youth Service under the State Department for Youth. Management did not provide handing over reports and other documents in support of the opening balances for the assets and liabilities.

Consequently, the accuracy and completeness of the reported opening balances for assets and liabilities in the statement of financial position could not be confirmed.

## **3.0 Unsupported Expenditure on Fuel, Oil and Lubricants**

The statement of financial performance reflects an amount of Kshs.14,963,508,572 in relation to use of goods and services. Included in the amount is Kshs.379,715,177 incurred on fuel, oil and lubricants. However, examination of sampled payment vouchers on provision of fuel amounting to Kshs.49,128,545 revealed they were unsupported by way of signed contract agreement between the Service and the suppliers. This was contrary to the provisions of Section 104(1) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, validity of the expenditure on fuel, oil and lubricants of Kshs.379,715,177 for the year ended 30 June, 2019 could not be confirmed.

## **4.0 Unsupported Expenditure on Grants and Subsidies**

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects expenditure of Kshs.161,172,986 in respect of grants and subsidies. This balance is comprised of payments of Kshs.9,999,100, Kshs.6,501,593, Kshs.79,594,355 and Kshs.65,077,937 in respect of FAO (Desert Locust Control), MOH (Covid-19 Mitigation), KPA (Ports Rehabilitation) and KRC (Railway Rehabilitation) respectively. However, ledgers in support of the amounts were not provided for audit.

Consequently, the accuracy, completeness and validity of the expenditure of Kshs.161,172,986 on grants and subsidies for the year ended 30 June, 2020 could not be confirmed.



## **5.0 Misclassification of Revenue from Non-Exchange Transactions**

The statement of financial performance reflects revenues from non-exchange transactions in form of transfers from Ministries, Departments and Agencies (MDA's) amounting to Kshs.162,888,086 that comprised of Kshs.60,028,248, Kshs.75,957,534, Kshs.10,000,000 and Kshs.16,902,303 received from Kenya Ports Authority, Kenya Railways, Ministry of Health, and Food and Agricultural Organization (FAO) respectively. However, Management did not provide for audit supporting documents indicating the nature of services provided to the institutions, applicable rates and duration of contracts.

In addition, revenue received from the Kenya Ports Authority and the Kenya Railways of Kshs.60,028,248 and Kshs.75,957,534 respectively were wrongly classified as revenue from non-exchange transactions instead of revenue from exchange transactions.

Consequently, the accuracy, completeness and fair statement of the revenue from non-exchange transactions of Kshs.162,888,086 could not be confirmed.

## **6.0 Irregular Payment of Gratuity to the Former Director General – National Youth Service**

The statement of financial performance reflects an amount of Kshs.1,094,972,809 in respect of employees' costs. Included in the amount is Kshs.7,531,909 paid to the former Director General - National Youth Service in form of gratuity. The payment was made despite the existence of a court case against the former Director General.

Consequently, the validity of the expenditure of Kshs.7,531,909 paid to the former Director General - National Youth Service in form of gratuity could not be confirmed.

## **7.0 Payment of Taskforce Allowance**

The statement of financial performance and as disclosed in Note 4 to the financial statements reflects a figure of Kshs.70,767,049 in respect of hospitality supplies and services. Included in this amount is Kshs.2,505,000 paid as taskforce allowances to eighteen (18) member National Youth Service Multi Agency Pending Bills Verification Committee constituted by the Cabinet Secretary and Kshs.2,516,000 paid in form of task force allowances to members of staff engaged in interviews. However, the payments were not subjected to Pay As You Earn (PAYE) as required under the provisions of the Income Tax Act and the Employers Guide to Pay as You Earn Part 1 resulting to an overpayment of Kshs.751,500 to the member National Youth Service Multi Agency Pending Bills Verification Committee and Kshs.754,800 to members of staff engaged in interviews.

Consequently, the accuracy and validity of the reported expenditure on hospitality supplies and services of Kshs.70,767,049 for the year ended 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Youth Service 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) on the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, 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**

#### **1.0 Construction of VIP Stand at National Youth Service Parade Grounds - Gilgil**

The service entered into a contract for the construction of VIP Stand at Gilgil College at a contract cost of Kshs.14,661,292. The tender document stated that the contract period was fifty-two (52) weeks whereas the State Department of Public Works approved a contract period of twenty-five (25) days from 29 January, 2020 to 30 July, 2020. Physical verification conducted on 30 September, 2020 revealed that the contractor was not on site and the works were incomplete despite of the full contract price.

In addition, the Service made payment of Kshs.14,661,292 during the year for the contract. However, examination of Bills of Quantities revealed that the quantities in relation to structural Steel frame and roofing were scaled downwards to Kshs.3,286,550 from Kshs.3,324,350 and Kshs.1,641,400 from Kshs.3,276,600 respectively. This resulted in estimated costs of Kshs.12,720,612. The payment did not take into consideration the downwards variations.

Consequently, value for money has not been realised due to the delayed implementation of the project and failure to consider the downward variations in contract specifications.

#### **2.0 Irregular Appointment of Procurement Specialist**

The Service paid Kshs.6,775,680 to a procurement consultant hired on a two-year contract. The procurement specialist was appointed by the Public Service Commission as a supernumerary post of Advisor, Procurement/Supplies chain Management (Job



Group 'T') and made the appointment. However, the roles set out by the Cabinet Secretary are similar to those carried out by the Senior Deputy Director/Head Supply Chain Management at the Service. Further, review of the Integrated Payroll and Personnel Database (IPPD) Data capture Sheet revealed that the officer was earning a monthly basic salary Kshs.322,040 which was above the maximum threshold as recommended by the Public Service Commission of Kshs.315,700.

Consequently, the service did not obtain value for money on the recruitment due to the duplication of duties.

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 INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

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

### Responsibilities of Management and the Board of Directors

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 governance.

In preparing the financial statements, Management is responsible for assessing the Service's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of service and using the applicable basis of accounting unless Management is aware of the intention to terminate the Service 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 Service's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 Service' 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 Service 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 Service to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

03 June, 2022



## 1. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2020

		2019-2020	2018-2019
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments – gifts and services-in-kind	1 (a)	17,456,126,300.00	
Transfers from Ministries, Departments and Agencies	1 (b)	162,888,086.00	
		17,619,014,386.00	
<b>Revenue from exchange transactions</b>			
Rendering of services	2	89,735,999.00	
Sale of goods	3	655,243,536.00	
		744,979,535.00	
<b>Total revenue</b>		<b>18,363,993,921.00</b>	
<b>Expenses</b>			
Use of goods and services	4	14,963,598,572.26	
Employee costs	5	1,994,972,809.39	
Remuneration of Directors	6	5,511,585.00	
Depreciation and amortization expense	7	0.00	
Repairs and maintenance	8	218,908,717.80	
Grants and subsidies	9	161,172,986.00	
<b>Total expenses</b>		<b>16,444,074,678.36</b>	
<b>Surplus before tax</b>		<b>1,919,919,250.64</b>	
Taxation		0.00	
<b>Surplus/(deficit) for the period/year</b>		<b>1,919,919,250.64</b>	
<b>Net Surplus for the year</b>		<b>1,919,919,250.64</b>	





2. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2020

Statement of Financial Position			
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	3,425,066,950.00	XXX
Other Debtors & Pre-payments		16,535,310.05	
Current portion of receivables from exchange transactions	11	11,729,730.00	XXX
Inventories	12	787,647,949.60	XXX
		4,240,979,939.65	XXX
<b>Non-current assets</b>			
Property, plant and equipment	13	247,553,447.65	XXX
<b>Total assets</b>		<b>4,488,533,387.30</b>	<b>XXX</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	14	721,261,684.10	XXX
Refundable deposits from customers	15	1,577,962,452.56	XXX
<b>Total liabilities</b>		<b>2,299,224,136.66</b>	<b>XXX</b>
<b>Net assets</b>		<b>2,189,309,250.64</b>	<b>XXX</b>
<b>Reserves</b>			
Accumulated surplus		1,919,919,250.64	XXX
Capital Fund		269,390,000.00	XXX
<b>Total net assets and liabilities</b>		<b>2,189,309,250.64</b>	<b>XXX</b>


The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:

  
 Mailda P. Sakwa (Ms.), EBS  
 Director General/C.E. O

Date: 30/9/2020

  
 CPA. Olima John Oganyo,  
 Head of Finance  
 ICPAK Member Number: 9098

Date: 30/9/2020

  
 Lt Gen (Rtd) Muki Mwaniki  
 Chairman of the Council

Date: .....



**3. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

		2019-2020	2018-2019
	Notes	KSh	KSh
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies		17,456,126,300.00	
Transfers from other agencies		162,888,086.00	
Rendering of services		82,593,519.00	
Sale of goods		630,656,286.00	
<b>Total Receipts</b>		<b>18,352,264,191.00</b>	
<b>Payments</b>			
Compensation of employees		1,094,972,809.30	
Goods and services		15,035,406,422.66	
Repair and maintenance		218,908,717.80	
Grants and subsidies paid		161,172,986.00	
Prepayments		16,535,310.05	
<b>Total Payments</b>		<b>16,526,996,245.81</b>	
<b>Net cash flows from operating activities</b>	16	<b>1,825,267,945.19</b>	
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(247,553,447.65)	
Increase capital		269,390,000.00	
<b>Net cash flows used in investing activities</b>		<b>21,836,552.35</b>	
<b>Cash flows from financing activities</b>			
Increase in deposits		1,577,962,452.56	
<b>Net cash flows used in financing activities</b>		<b>1,577,962,452.56</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,425,066,950.10</b>	
Cash and cash equivalents at 1 JULY	10		
Cash and cash equivalents at 30 JUNE	10	<b>3,425,066,950.10</b>	



4. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	Ksh	Ksh	Ksh	Ksh	Ksh
Revenue					0.00
Government grants and subsidies	11,559,716,300.00	6,165,800,000.00	17,725,516,300.00	17,725,516,300.00	33,264,001.00
Renditing of services	123,000,000	-	123,000,000	633,243,536.00	445,378,464.00
Sale of goods	1,100,572,000.00	-	1,100,572,000.00	18,470,495,003.00	478,592,466.00
Total income	12,783,288,300.00	6,165,800,000.00	18,949,000,300.00	18,949,000,300.00	0.00
Expenses					104,023,491.95
Compensation of employees	1,163,570,000.00	35,000,000.00	1,198,570,000.00	1,094,546,508.05	2,653,253,546.70
Goods and services	11,230,341,184.00	6,011,039,436.00	17,249,380,620.00	15,214,127,073.3	-
Finance cost	-	-	-	-	-
Rent paid	-	-	-	-	-
Taxation paid	-	-	-	230,960,465.30	270,177,214.20
Other payments	381,377,116.00	119,760,564.00	501,137,680.00	161,172,986.00	-
Grants and subsidies paid	-	-	-	16,700,867,403.15	2,348,201,266.85
Total expenditure	12,783,288,300.00	6,165,800,000.00	18,949,000,300.00	1,769,689,891.85	-1,769,689,891.85
Surplus for the period	0.00	0.00	0.00	-	-

Budget notes:

1. The Service posted a balance equivalent to 11.8% under goods and services as a result of delayed submission of pending bills information from the Inter-Agency Committee reviewing the historical pending bills and some Field Units.
2. The changes between the original and the final budget were due to the additional funds provided in the supplementary estimates for the purpose of historical and current pending bills which was approved by the Cabinet.

**5. STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2020**

	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
<b>At July 1, 2019</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Revaluation gain	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer of excess depreciation on revaluation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax on excess depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fair value adjustment on quoted investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total comprehensive income – surplus retained	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital/Development grants received during the year	0.00	0.00	0.00	0.00	0.00	269,390,000.00	269,390,000.00
Transfer of depreciation/amortisation from capital fund to retained earnings	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividends paid – 2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interim dividends paid – 2019	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proposed final dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Surplus for the year/ Retained earnings.	0.00	0.00	0.00	1,919,919,251.00	0.00	0.00	1,919,919,251.00
<b>At June 30, 2020</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,919,919,251.00</b>	<b>0.0</b>	<b>269,390,000.00</b>	<b>2,189,309,251.00</b>





## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The National Youth Service (NYS) was established as a state corporation following the enactment of the NYS Act, 2018 vide a Kenya Gazette Supplement No. 160 (Acts No. 17). The mandate of the Service include paramilitary training and service regimentation; national service and youth re-socialization; technical and vocational training; and commercialization and enterprise development.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. The Service took a higher degree of judgment on assumptions and estimates as disclosed in Note 3.

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

#### *Early adoption of standards*

National Youth Service did not early – adopt any new or amended standards in year 2020.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

##### i) Revenue from non-exchange transactions

###### *Transfers from other government entities*

The National Youth Service received revenues from other Government Departments and Agencies to enable it carry out national services programmes related to the respective MDAs.

##### ii) Revenue from exchange transactions

###### *Rendering of services*

The Services recognizes revenue on rendering security, garment stitching, construction, hire of plant machines and equipment, transport and water drilling services.

###### *Sale of goods*

The Service recognizes revenue on sale of mineral water, uniforms and farm products.



## b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly in June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Service upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh.6,165,800.00 in the 2019-2020 budget following the governing body's approval.

The budget for the Service is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

## c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

## d) Research and development costs

The mandate of the Service has been expanded to include research and innovation. Going forward therefore it will be a major area of expenditure and will be capitalized. In this report the related expenditures have been expensed.

## f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**j) Changes in accounting policies and estimates**

Being the first year of reporting, the Service has adapted the current IPSAS reporting standard.

**k) Employee benefits**

The Service is still under transition and it is the process of establishing the employee benefits schemes.

**l) Related parties**

The Service has 11 Council Members, the CEO and Senior Managers.

**m) Cash and cash equivalents**

The reported cash and cash equivalents by the Service comprise cash on hand and cash at bank and short-term deposits on call. 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.

**n) Comparative figures**

This being the first report as State Corporation, the Service has no comparative figures.

**o) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

## **5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the NYS financial statements is in conformity with IPSAS which 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.



The report has recognized and capitalized the acquisition of fixed assets worth Ksh.247,553,447.00 based on the chart of accounts in the IFMIS. A major part of the existing assets of the Service has been left out of this report because the ownership has not been officially transferred.

## NOTES TO THE STATEMENTS

### 1. TRANSFERS FROM OTHER GOVERNMENTS

#### (a) TRANSFERS FROM THE NATIONAL TREASURY

Particulars	2017-2018 KSh	2016-2017 KSh
<b>Unconditional grants</b>		
Operational grant	11,365,206,300.00	XXX
Other grants	6,090,920,000.00	XXX
<b>Total government grants and subsidies</b>	<b>17,456,126,300.00</b>	<b>XXX</b>

#### (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity receiving the grant	Amount transferred as Subsidies or Grants KSh	Amount received under Contract Services KSh	Amount transferred to special fund		Total grant income during the year	2017-2018 KSh
			KSh	KSh		
Kenya Ports Authority	60,028,248.00	-	-	-	60,028,248.00	-
Kenya Railways	75,957,534.00	-	-	-	75,957,534.00	-
Ministry Of Health	10,000,000.00	-	-	-	10,000,000.00	-
FAO	16,902,304.00	-	-	-	16,902,304.00	-
<b>Total</b>	<b>162,888,086.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162,888,086.00</b>	<b>-</b>

### 2. RENDERING OF SERVICES

Particulars	2017-2018 KSh	2016-2017 KSh
Security Services	89,735,999.00	Xxx
<b>Total revenue from the rendering of services</b>	<b>89,735,999.00</b>	<b>Xxx</b>

This is generated through security services rendered to MDAs such as JKIA, KICC, Ministry of Lands etc. The amount is shared out as follows:

- 40% - Revenue to the Service
- 40% - Allowances to Servicemen/women
- 20% - To Servicemen/women welfare account



### 3. SALE OF GOODS

Description	2019-2020	2018-2019
<b>Sale of goods</b>		
Sale of Uniform and Mask	535,745,230.05	Xxx
Sale of Agricultural Products	119,498,305.95	Xxx
<b>Total revenue from the sale of goods</b>	<b>655,243,536.00</b>	<b>Xxx</b>

The revenue is received from stitching of uniformed officers' uniforms from MDAs, sale of agricultural products from Field Units' farming activities/projects and mineral water.

### 4. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
Electricity	156,587,894.05	00
Water	77,145,686.50	xxx
Gas	31,547,610.25	
Communication	20,540,390.80	
Traveling and Accommodations	138,226,329.60	
Printing, Advertising and Information Supplies and Services	36,688,206.55	
Rental of Produced Assets	2,073,780.35	
Training	8,859,503,787.90	
Hospitality Supplies and Services	70,767,049.60	
Veterinarian Supplies and Materials	21,772,226.00	
Fungicides, Insecticides and Sprays	39,942,909.05	
Chemicals and Industrial Gases	748,540.00	
Purchase of Workshop Tools, Spares and Small Equipment	47,937,871.00	
Agricultural Materials, Supplies and Small Equipment	62,778,353.00	
Education and Library Supplies	28,141,641.00	
Purchase/Production of Photographic and Audio-Visual Materials	8,019,480.00	
Purchase of Police, Prisons, and NYS Small Equipment and Supplies	131,232,534.05	
Foods and Rations	3,208,892,654.00	
Purchase of Uniforms and Clothing - Staff	6,591,915.00	
Purchase of Uniforms and Clothing - Trainees	740,000,043.56	
Purchase of Bedding and Linen	264,453,818.00	
Supplies for Production	162,562,795.00	
Supplies for Women Trainees	25,529,413.00	
Office and General Supplies and Services	72,164,749.30	
Fuel, Oil and Lubricants	379,715,177.20	
	<b>14,593,564,854.76</b>	
<b>Other Operating Expenses</b>		
Bank Service Commission & Charges	4,000,000.00	
School Exam. & Invigilation Fees	103,657,679.00	
Medical Expenses	111,548,709.80	
Contracted guards and cleaning services	7,028,409.00	
Membership fees, dues and subscription to professional bodies	1,043,654.00	
Contracted professional services	139,279,238.70	
Contracted technical services	3,135,215.00	
Laundry expenses	200,812.00	



Description	2014-2015	2015-2016
	Ksh	Ksh
<b>Total</b>	<b>369,943,717.5</b>	<b>14,963,508,572.26</b>

## 5. EMPLOYEE COSTS

Description	2014-2015	2015-2016
	Ksh	Ksh
Salaries and wages	1,091,122,944.20	XXX
Gratuity - Civil Service	3,849,865.10	
<b>Employee costs</b>	<b>1,094,972,809.30</b>	<b>XXX</b>

## 6. REMUNERATION OF DIRECTORS

Description	2014-2015	2015-2016
	Ksh	Ksh
Chairman's Honoraria	802,000.00	XXX
Directors emoluments	3,864,000.00	XXX
Other allowances	845,585.00	XXX
<b>Total director emoluments</b>	<b>5,511,585.00</b>	<b>XXX</b>

## 7. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2014-2015	2015-2016
	Ksh	Ksh
Property, plant and equipment	XXX	XXX
Intangible assets	XXX	XXX
Investment property carried at cost	XXX	XXX
<b>Total depreciation and amortization</b>	<b>XXX</b>	<b>XXX</b>

The former NYS assets are yet to be valued and formally transferred to the State Corporation.

## 8. REPAIR AND MAINTENANCE

Description	2014-2015	2015-2016
	Ksh	Ksh
Property	22,941,197.00	XXX
Equipment and machinery	4,678,746.00	XXX
Vehicles	182,057,130.80	XXX
Furniture and fittings	211,380.00	XXX
Computers and accessories	9,020,264.00	XXX
Other	0.00	XXX
<b>Total repairs and maintenance</b>	<b>218,908,717.80</b>	<b>XXX</b>

- During the accounting period, the Service paid MTB Ksh.112,604,559 for repair and maintenance of vehicles.
- The Service also paid Ksh.12,468,784 to the Units for repair and maintenance of vehicles.
- Ksh.56,983,787 was used in defraying part of the pending bills.



## 9. GRANTS AND SUBSIDIES

	2019-2020	2018-2019
	Shs.	Shs.
FAO (Desert Locust Control)	9,999,100.00	Xxx
MOH (Covid-19 Mitigation)	6,501,593.00	
KPA (Ports Rehab)	79,594,355.28	
KRC (Railway Rehab)	65,077,937.72	
<b>Total grants and subsidies</b>	<b>161,172,986.00</b>	

## 10. CASH AND CASH EQUIVALENTS

	2019-2020	2018-2019
	Shs.	Shs.
Current account	2,260,198,474.28	xxx
On - call deposits	1,136,960,354.75	xxx
Others (Imprests)	27,908,121.00	xxx
<b>Total cash and cash equivalents</b>	<b>3,425,066,950.03</b>	<b>xxx</b>

### A. DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

	2019-2020	2018-2019
	Shs.	Shs.
<b>a) Current account</b>		
Central Bank - Recurrent	1000427914	1,449,498,718.68
Central Bank - Development	1000427922	311,286,195.00
KCB - National Youth Service	1262609798	0.00
KCB - Cohort Saving Account	1178058158	152,846,403.00
KCB - Cohort Payments	1178056929	371,985.65
NBK - Director General	01001000909300	106,217,235.86
NBK - Huduma Cohort Account	01020078734700	150,034,322.05
NBK - SM/W Welfare Account	01071227287600	31,532,151.20
KCB - Garissa Mbalambala	1265083452	64,561.00
KCB - Hindi Development Unit	1265043647	0.00
KCB - Tana Basin Road Project	1265030243	34,832,445.00
KCB - Tumsini Field Unit	1264943083	4,250.00
KCB - NYSTTI - Naivasha	1265041105	811,098.34
KCB - NYS College - Gilgil	1264982534	7,264,080.00
KCB - Athi River Field Unit	1264972482	2,458,709.00
KCB - Mavoloni Field Unit	1264949413	2,326,837.00
KCB - Yatta Field Unit	1264952775	2,344,287.50
KCB - Witu Field Unit	1265041091	0.00
KCB - Kerio Valley	1265015481	79,355.00
KCB - Kiriun Field Unit	1265040257	13,042.00
KCB - Mwatate Field Unit	1265326037	3,197.50
KCB - Kisumu Field Unit	1264937482	0.00
KCB - Turbo	1265032637	7,366,535.00
CO-OP - NYSTC - Mombasa	1141628706800	843,065.50
CO-OP - Lambwe Development Unit	1141332009500	0.00
<b>Sub- total</b>		<b>2,260,198,474.28</b>
<b>b) On - call deposits</b>		
Central Bank - Deposit	1000427938	1,136,960,354.75
<b>Sub- total</b>		<b>1,136,960,354.75</b>
<b>c) Others (Imprests)</b>		<b>27,908,121.00</b>
<b>Grand Total</b>		<b>3,425,066,950.03</b>

- As at 30<sup>th</sup> June, 2020 the outstanding Imprest was Ksh.27,908,121.00 as obtained from the IFMIS template which is treated as cash and cash equivalent. However, Ksh.25,856,915.00 has since been surrendered leaving a balance of Ksh.2,051,206.00. The surrender process is ongoing.

## 11. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019-2020	2018-2019
	Ksh	Ksh
<b>Current receivables</b>		
Service, Hire Services of SM/W		Xxx
Stitching of Uniform	7,142,480.00	
Other exchange debtors	2,100,000.00	
<b>Total current receivables</b>	<b>2,487,250.00</b>	<b>Xxx</b>
	<b>11,729,730.00</b>	<b>Xxx</b>

## 12. INVENTORIES

	2019-2020	2018-2019
	Ksh	Ksh
<b>Consumable stores</b>		Xxx
Medical supplies	785,371,699.60	
Spare parts and meters	1,456,950.00	Xxx
<b>Total inventories at the lower of cost and net realizable value</b>	<b>819,300.00</b>	<b>Xxx</b>
	<b>787,647,949.60</b>	<b>Xxx</b>



### 13. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings	Motor vehicles	Furniture and fixtures	Computers	Other office equipment	Plant and machinery	Capital work in progress	Total
	R/2019	R/2019	R/2019	R/2019	R/2019	R/2019	R/2019	R/2019
At 1 July 2019	-	-	-	-	-	-	-	-
Additions	229,836,435.65	-	17,717,012.00	-	-	-	-	247,553,447.65
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2019	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	229,836,435.65	-	17,717,012.00	-	-	-	-	247,553,447.65
Depreciation and impairment	-	-	-	-	-	-	-	-
At 1 July 2018	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
At 30 June 2019	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	229,836,435.65	-	17,717,012.00	-	-	-	-	247,553,447.65
Net book values	229,836,435.65	-	17,717,012.00	-	-	-	-	247,553,447.65
At 30 <sup>th</sup> June 2019	-	-	-	-	-	-	-	-

#### 14. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	Ksh	Ksh
Trade payables	717,102,129.00	KXX
Payments received in advance	3,041,031.30	KXX
Third-party payments	1,118,523.80	KXX
Other payables	0.00	KXX
<b>Total trade and other payables</b>	<b>721,261,684.10</b>	<b>KXX</b>

#### 15. REFUNDABLE DEPOSITS FROM CUSTOMERS

Description	2019-2020	2018-2019
	Ksh	Ksh
Consumer deposits	1,136,960,354.80	XXX
Other deposits	441,002,097.76	XXX
<b>Total deposits</b>	<b>1,577,962,452.56</b>	<b>XXX</b>

#### 16. CASH GENERATED FROM OPERATIONS

Description	2019-2020	2018-2019
	Ksh	Ksh
Surplus for the year before tax	1,919,919,250.64	KXX
Adjusted for:		
Depreciation	0.00	KXX
Working Capital adjustments		
Increase in inventory	(787,647,949.60)	(XXX)
Increase in receivables	(28,263,040.05)	(XXX)
Increase in payables	718,220,552.66	KXX
Increase in payments received in advance	3,041,031.44	KXX
<b>Net cash flow from operating activities</b>	<b>1,825,267,945.09</b>	<b>XXX</b>

#### 17. FINANCIAL RISK MANAGEMENT

The NYS' overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Service's financial risk management objectives and policies are detailed below:



### (i) Credit risk

The National Youth Service has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

### (ii) Liquidity risk management

The National Youth Service manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

### (iii) Market risk

The Council has put in place an internal audit function and the Audit and Risk Management Committee to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls in mitigating market risk.

The NYS Finance Department is in the process of developing detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

## 18. RELATED PARTY BALANCES

### Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

Transactions with related parties	
<b>a) Sales to related parties</b>	
Sales of goods to Clients	655,243,536
Sales of services Clients	89,735,999
<b>Total</b>	<b>744,979,535</b>
<b>b) Grants from the Government</b>	
Grants from National Govt	17,725,516,300
Grants from County Government	0
Donations in kind	0
<b>Total</b>	<b>17,725,516,300</b>
<b>c) Expenses incurred on behalf of related party</b>	

Payments of salaries and wages for NYS employees	1,094,972,809.3
Payments for goods and services for NYS	15,594,208,777.1
<b>Total</b>	<b>16,689,181,586.4</b>
<b>d) Key management compensation</b>	
Directors' emoluments	5,511,585
<b>Total</b>	<b>5,511,585</b>

## 19. SEGMENT INFORMATION

The National Youth Service has its headquarters in Ruaraka, Nairobi and 22 Field Units and 17 technical training schools spread across the Country. The mandate of the Service is youth empowerment through training and national service programmes. The current youth enrolment stands at 50,920 servicemen and women.

The Units undertake various programmes summarized in the table below.

Sl. No.	Unit Name	Location	Programmes
1.	Nairobi Holding Unit (NHU)	Nairobi	<ul style="list-style-type: none"> <li>• Business School (IBS)</li> <li>• Craft Engineering School</li> <li>• Security Services</li> </ul>
2.	NYS Engineering Institute (NYSEI)	Nairobi	<ul style="list-style-type: none"> <li>• Engineering School</li> <li>• Research &amp; Innovation</li> <li>• Security Services</li> </ul>
3.	Vocational Training Institute (VTI)	Nairobi (Industrial Area)	<ul style="list-style-type: none"> <li>• Technical &amp; Vocational Training</li> <li>• Security Services</li> </ul>
4.	Textile and Garment Training Institute (TGTI)	Nairobi	<ul style="list-style-type: none"> <li>• Garment Factory</li> <li>• Technical &amp; Vocational Training</li> <li>• Security Services</li> </ul>
5.	Mechanical Transport Branch (MTB)	Nairobi	<ul style="list-style-type: none"> <li>• Technical &amp; Vocational Training</li> <li>• Fleet Management</li> <li>• Disaster Response Services</li> <li>• Commercial Services (Plant &amp; Equipment Hire, Construction &amp; Water Drilling)</li> </ul>
6.	Yatta	Machakos	<ul style="list-style-type: none"> <li>• Farming (Crop &amp; Livestock)</li> <li>• Technical &amp; Vocational Training</li> <li>• National Duties/projects</li> </ul>
7.	Mavoloni	Machakos	<ul style="list-style-type: none"> <li>• Farming (Horticulture)</li> <li>• National Duties/projects</li> </ul>
8.	Athi River	Machakos	<ul style="list-style-type: none"> <li>• Farming (Horticulture)</li> <li>• National Duties/projects</li> </ul>
9.	Garissa Mbalambala	Garissa	<ul style="list-style-type: none"> <li>• Farming (Rice)</li> <li>• National Duties/projects</li> </ul>
10.	Tana Basin	Tana River	<ul style="list-style-type: none"> <li>• Farming</li> <li>• Technical &amp; Vocational Training</li> <li>• National Duties/projects</li> </ul>
11.	Mwatate	Taita Taveta	<ul style="list-style-type: none"> <li>• Farming (Horticulture)</li> <li>• National Duties/projects</li> </ul>
12.	Mombasa Technical College	Mombasa	<ul style="list-style-type: none"> <li>• Technical &amp; Vocational Training</li> <li>• National Duties/projects</li> </ul>
13.	Hindi	Lamu	<ul style="list-style-type: none"> <li>• Farming</li> <li>• National Duties/projects</li> </ul>
14.	Witu	Lamu	<ul style="list-style-type: none"> <li>• Farming</li> <li>• National Duties/projects</li> </ul>



15.	Technical Training Institute, Naivasha	Nakuru	<ul style="list-style-type: none"> <li>• Technical &amp; Vocational Training</li> <li>• Paramilitary Training</li> <li>• Garment Factory</li> <li>• Farming</li> <li>• National Duties/projects</li> </ul>
16.	NYS College, Gilgil	Nakuru	<ul style="list-style-type: none"> <li>• Paramilitary Training</li> <li>• Staff Training</li> <li>• Enforcement Officers' Training</li> <li>• Technical &amp; Vocational Training</li> <li>• Bakery</li> <li>• National Duties/projects</li> </ul>
17.	Tumaini	Nyandarua	<ul style="list-style-type: none"> <li>• Farming (Horticulture)</li> <li>• Potato Seed Production Project</li> <li>• National Duties/projects</li> </ul>
18.	Kirimun	Laikipia	<ul style="list-style-type: none"> <li>• Farming (Livestock)</li> <li>• Hay Production</li> <li>• National Duties/projects</li> </ul>
19.	Kerio Valley	Elgeyo Marakwet	<ul style="list-style-type: none"> <li>• Technical &amp; Vocational Training</li> <li>• National Duties/projects</li> </ul>
20.	Turbo	Kakamega	<ul style="list-style-type: none"> <li>• Farming</li> <li>• Technical &amp; Vocational Training</li> <li>• Mineral Water Production &amp; Bottling</li> <li>• National Duties/projects</li> </ul>
21.	Kisumu	Kisumu	<ul style="list-style-type: none"> <li>• Farming</li> <li>• Technical &amp; Vocational Training</li> <li>• National Duties/projects</li> </ul>
22.	Lambwe	Homa Bay	<ul style="list-style-type: none"> <li>• Farming</li> <li>• National Duties/projects</li> </ul>

## 20. CAPITAL COMMITMENTS

Capital commitments	2017/18	2016/17
	Ksh	Ksh
Authorised for	957,820,000	Xxx
Authorised and contracted for	269,000,000	Xxx
<b>Total</b>	<b>1,226,820,000</b>	<b>Xxx</b>

## 21. ULTIMATE AND HOLDING ENTITY

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

## 22. CURRENCY

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

APPENDICES

APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:		NATIONAL YOUTH SERVICE		
Break down of Transfers from the State Department for Youth				
<b>a.</b>	<b>Recurrent Grants</b>			
		Bank Statement Date	Amount (Ksh)	FY 2019/2020
		26/08/2019	2,121,314,075	
		14/11/2019	2,121,314,075	
		09/01/2020	2,121,314,075	
		21/05/2020	2,121,314,075	
		04/06/2020	2,880,000,000	
		<b>Total</b>	<b>11,365,256,300</b>	
<b>b.</b>	<b>Development Grants</b>			
		Bank Statement Date	Amount (Ksh)	FY 2019/2020
		05/11/2019	134,695,000	
		05/11/2019	1,402,535,000	
		20/03/2020	134,695,000	
		20/03/2020	1,402,535,000	
		04/06/2020	3,285,800,000	
		<b>Total</b>	<b>6,360,260,000</b>	

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

Signature .....  
 Chief Finance Officer  
 National Youth Service

.....  
 Head of Accounting Unit  
 State Department for Youth