

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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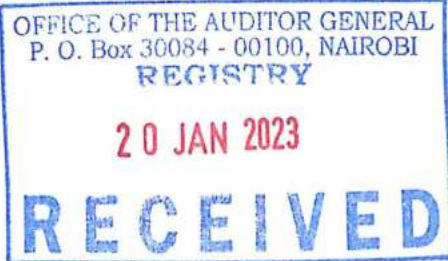
**NATIONAL YOUTH SERVICE –
MECHANICAL AND TRANSPORT FUND**

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

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

KENYA

2030



NATIONAL YOUTH SERVICE
(MECHANICAL AND TRANSPORT FUND)

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

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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background

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

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

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

MTB's strategic objectives are therefore outlined as:

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

b) Principal Activities

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

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

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

c) Key Management

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

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

The management committee comprises -

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

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d) Fiduciary Management

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

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

e) Fiduciary Oversight Arrangement

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

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

iii. The Fund Management Committee.

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

f) Entity Headquarters

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

g) Entity Contacts

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

h) Entity Bankers

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

i) Bank Details

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

j) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way

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P.O. Box 30084

NAIROBI.

k) Principal Legal Advisor

The Attorney General (State Law Office)

Harambee Avenue

P.O. Box 40112-00200

NAIROBI

2. THE BOARD OF DIRECTORS



Li Gen (Rtd) Njuki Mwaniki, MGH, CBS, OGW, ndc (K) -
Chairman (Re-Appointed on 7th February, 2022)

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



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

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(Mechanical and Transport Fund)

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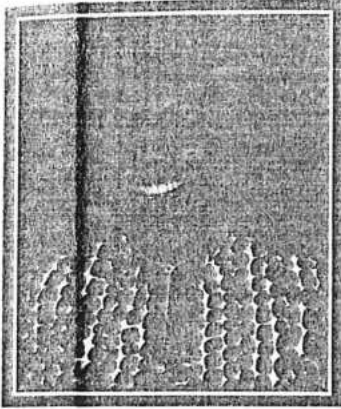
Mr. Elijah K. Wachira – Independent Member (App. on January 13, 2020)

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



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

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



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

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



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

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



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

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

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



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

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



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

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



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

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



Brig. Bernard Kiprotich Jerry Korir - Alternate Member, CDF

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



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

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

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3. MANAGEMENT TEAM



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

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



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



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



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



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



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

4. THE CHAIRMAN'S STATEMENT

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

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

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

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

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

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



LT GEN (RTD) NJUKI MWANIKI
CHAIRMAN, NYS COUNCIL

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SDD, Peter Juma Nyawira
Commanding officer
MTF

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

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

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

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

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



MATILDA P. SAKWA

CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

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

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

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

C. CORPORATE GOVERNANCE STATEMENT

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

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

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

Council Business

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

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

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

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

KEY

P	Present
0	Absent
N/A	Not a member then

Committees of the Council

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

The Committees include:

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

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

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

Audit and Risk Management Committee

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

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

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

KEY

P	Present
0	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, procedures and practices in the Service.

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

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

NATIONAL YOUTH SERVICE
(Mechanical and Transport Fund)

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

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

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

KEY

P	Present
0	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 finances, enterprise, assets and liabilities (financial) of the Service.

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

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

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

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

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

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

NATIONAL YOUTH SERVICE
(Mechanical and Transport Fund)

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

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

KEY

P	Present
0	Absent
N/A	Not a member then

7. MANAGEMENT DISCUSSION AND ANALYSIS

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

8. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

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

ii) Environmental performance

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

iii) Employee welfare

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

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

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

9. REPORT OF THE DIRECTOR

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

i) **Principal activities**

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

ii) **Results**

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

iii) **Directors**

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

NATIONAL YOUTH SERVICE
(Mechanical and Transport Fund)

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

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

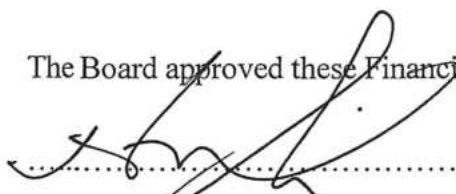
The Statements here prepared and presented by the Directors of the National Youth Service Council, give a true and fair view of the state of affairs of NYS (Mechanical and Transport Fund) for and as at the end of the financial year ended on June 30, 2022.


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

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

Approval of the financial statements

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


.....
Chairperson of the Council


.....
Accounting Officer/CEO

iv) **Surplus remission**

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

v) **Auditors**

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

By Order of the Board

Name Maahda Saka Signature  Date 16/01/2023

Secretary to the Board

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH SERVICE - MECHANICAL AND TRANSPORT FUND FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Youth Service - Mechanical and Transport Fund set out on pages 1 to 32, which comprise of the statement

of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unsupported Receivables

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

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

2. Unsupported Sundry Creditors

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

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

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

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

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

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

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Grounded Motor Vehicles, Plant and Equipment

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

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

2. Unresolved Prior Year Audit Issues

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 February, 2023

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

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

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

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

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

Sign 

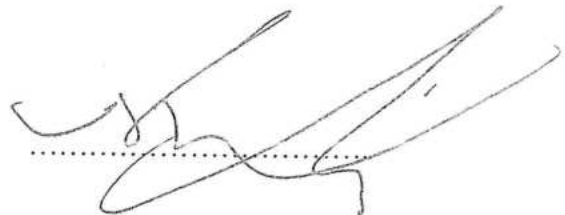
Name: Matilda P. Sakwa

DG/Fund Administrator



Name: Harrison Rioba

Accountant MTF



Name: Lt. Gen (Rtd) Njuki Mwaniki

Chairman of the Board

ICPAK No: 17655

Date: 16/01/2023

Date: 16/01/2023

Date: 16/01/2023

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

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

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

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

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

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

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

NATIONAL YOUTH SERVICE
(Mechanical and Transport Fund)

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

Sign 

Name: Mathias P. Salmea

DG/Fund Administrator

Date 16/01/2023

Sign 

Name: Nazeel Hameed Farooq

Accountant MTF

ICPAK No: 17655

Date 16/01/2023

Sign 

Name: Nazeel Hameed Farooq

Chairman of the Board

Date 16/01/2023

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

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

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

Name: Matilda P. Sakwa
DG/Fund Administrator

Name: Harrison Rioba
Accountant MTF
ICPAK No: 17655

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

Date: 16/01/2023..... Date: 16/01/2023..... Date: 16/01/2023.....

NOTES TO THE FINANCIAL STATEMENTS

a) GENERAL INFORMATION

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

b) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

Details	Original Budget FY 2021/22	Adjusted FY 2021/22	Final Actual FY 2021/22	Actual Comp. Basis 2021/22
Revenue	Kshs	Kshs	Kshs	Kshs
Hire of buses	20,000,000	-	20,000,000	33,307,717
Hire of water rig	20,000,000	3,871,952	23,871,952	9,931,648
Net commercial project revenue (road construction, garbage & others)	235,000,000	-	235,000,000	241,503,361
Other incomes	-	-	-	120,024
Domestic hire	120,000,000	-	120,000,000	147,922,883
Gains on disposal (A.I.A)	5,000,000	-5,000,000	-	-
Total income (A)	400,000,000	-1,178,047	398,821,952	452,980,465
Expenses				
Repairs, maintenance of vehicles & machines and equipment	200,000,000	-	200,000,000	154,699,949
Fuel, oil and lubricants	150,000,000	50,000,000	200,000,000	179,670,470
Operation expenses	12,500,000	-	12,500,000	5,466,770
Water drilling & geo survey	15,000,000	-	15,000,000	10,878,575
Purchase of motor vehicle & furniture & computer	269,500,000	-88,551,600	180,948,400	49,494,646
Purchase of tyres	30,000,000	-	30,000,000	18,385,240
Purchase of batteries	10,000,000	-	10,000,000	5,096,306
Monitoring and evaluation	15,000,000	-	15,000,000	15,109,950
Total expenditure (B)	-702,000,000	-38,551,600	-663,448,400	438,801,906
Surplus/Deficit for the Period C=(A-B)	-302,000,000	33,551,600	-268,448,400	14,178,559.00
Previous year cash and cash equivalent bought forward D	296,178,048	-	296,178,048	296,178,048.00
Period after add previous cash & cash equivalent bought forward E=(C+D)	5,821,952	33,551,600	-27,729,648	310,356,607.00

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

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

Details	Original Budget FY 2021/22	Adjustments FY 2021/22	Final Budget FY 2021/22	Actual on Comp. Basis FY 2021/22
Revenue	Kshs	Kshs	Kshs	Kshs
Hire of buses	20,000,000	-	20,000,000	53,502,537
Hire of water rig	20,000,000	3,821,952	23,821,952	9,931,640
Net commercial project revenue (road construction, garbage & others	235,000,000	-	235,000,000	241,503,381
Other incomes	-	-	-	120,024
Domestic hire	120,000,000	-	120,000,000	147,922,883
Gains on disposal (A.I.A)	5,000,000	-5,000,000	-	-
Total income (A)	400,000,000	-1,178,047	398,821,952	452,980,465.
Expenses				
Repairs, maintenance of vehicles & machines and equipment	200,000,000		200,000,000	154,699,949
Fuel, oil and lubricants	150,000,000	50,000,000	200,000,000	179,670,470
Operation expenses	12,500,000	-	12,500,000	5,466,770
Water drilling & geo survey	15,000,000	-	15,000,000	10,878,575
Purchase of motor vehicle & furniture & computer	269,500,000	-88,551,600	180,948,400	49,494,646
Purchase of tyres	30,000,000	-	30,000,000	18,385,240
Purchase of batteries	10,000,000	-	10,000,000	5,096,306
Monitoring and evaluation	15,000,000	-	15,000,000	15,109,950
Total expenditure(B)	-702,000,000	-38,551,600	-663,448,400	438,801,906.
Surplus/Deficit for the Period C=(A-B)	-302,000,000	33,551,600	-268,448,400	14,178,559.00
Previous year cash and cash equivalent bought forward D	296,178,048	-	296,178,048	296,178,048.00
Period after add previous cash & cash equivalent bought forward E=(C+D)	5,821,952	33,551,600	-27,729,648	310,356,607.00

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

Signed here below are the Financial Statements set out on pages 1 to 2, on behalf of the Board of Council by:

Sign: 		
Name: Matilda P. Sakwa DG/Fund Administrator	Name: Harrison Rioba Accountant MTF ICPAK No: 17655	Name: Lt. Gen (Rtd) Njuki Mwaniki Chairman of the Board
Date: 16/01/2023	Date: 16/01/2023	Date: 16/01/2023

NOTES TO THE FINANCIAL STATEMENTS

a) GENERAL INFORMATION

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b) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

c) ADOPTION OF NEW AND REVISED STANDARDS

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

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

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

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

Standard	Effective Date and Impact:
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. c) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). d) Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard

i. Early adoption of standards

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

ii. Revenue recognition

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

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

institutions or individual owned projects.

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

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

iii. Depreciation of Non-Current Assets

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

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

iv. Inventories

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

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

v. Budget information

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

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

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

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

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

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

vi. Provisions

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

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

vii. Contingent liabilities

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

viii. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank at commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

ix. Comparative figures

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

x. Subsequent events

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

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

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

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

i. Estimates and assumptions

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

ii. Useful lives and residual values

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. INCOME

a) Hire of Buses			
1	Kenya Power PLC – Meter Reading Project	45,248,164	-
2	KENHA HQs – Security of Government Installations	2,513,670	-
3	KNEC – Security services during National Examinations	485,106	-
4	Others (KMTC, KICC, KAA) – Security of Government Installations	5,255,596	-
Total (Kshs) Hire of Buses		53,502,536	30,032,093
b) Hire of machines			
5	Kisumu county – Namba Kapiyo Road Project	75,045,912	-
6	Laikipia county – Chumvi Road project	17,114,662	-
7	Hire tippers and machines by KeRRA – Meru County	11,621,900	-
8	Lenana School – Construction of Golf Course	6,375,580	-
9	Hire of tippers for garbage collection – NMS	18,101,283	-
10	Hire tippers and machines to Lunar Park	3,623,790	-
11	Hire of tippers and machines for road construction – NMS	80,172,712	-
12	Hire of tippers to Kenya Railways Corporation	5,327,626	-
13	Hire of fire engines by Nyandarua County Government	2,058,190	-
14	Hire of machines and equipment to commercial clients	22,061,725	-
Total Revenue (Ksh) Hire of machines		241,503,380	546,618,702
Borehole Drilling			
15	Hola NYS Camp	2,512,136	-
16	Mwatate NYS Field Unit/ Camp	3,417,881	-
17	Fadhili Estate	547,800	-
18	KMTC – Teso North	1,642,258	-
19	GSU – Teso North	1,285,215	-
20	Mr. Evans Matundura – Nyandarua County Government	1,926,390	-
Total (Kshs) Borehole Drilling		9,931,640	13,757,690
Hire of machines revenue add Borehole Drilling revenue		251,435,021	560,376,392

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

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

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

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

2. FINANCE COSTS/BANK CHARGES

Bank charges	271,017	98,742
Total Finance Costs (Kshs)	271,017	98,742

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

3. FUEL AND LUBRICANTS

Lubricants	13,582,624	19,972,082
Fuel	124,227,940	180,000,000
Total (Kshs)	137,810,565	199,972,082

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

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

period.

4. REPAIR, MAINTENANCE & SERVICING

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

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

5. COST OF TYRES AND BATTERIES

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

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

6. EXPENSES FOR WELDING, SPRAYING AND WORKSHOP MATERIALS

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

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

Total Amount (Kshs)	2,626,079	2,182,004
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The decrease in decrease in expenditure on these items was occasioned by availability of stocks carried forward from the previous reporting period as well as decrease in engagements in the current period.

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

7. STATIONERY

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

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

8. DRILLING EXPENSES

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

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

9. OFFICE EXPENSES

General administration	1,720,697	2,149,390
Hospitality	860,348	-
Total (Kshs)	2,581,045	2,149,390

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

10. PERSONNEL ALLOWANCE

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

11. SUPPLY OF FABRICATION MATERIALS FOR WORKSHOP USE

Supply of curtains to eight offices	2,885,725	0.00	1,073,700
Total (Kshs)	2,885,725		1,073,700

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

12. SUPPLY OF FIREFIGHTING/DISASTER MATERAIL

Purchase and maintenance of firefighting and disaster responses machinery, materials and equipment	-	2,620,000
Total (Kshs)	-	2,620,000

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

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

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

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

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

14. EXPENSES ON AJIJO CHUMVI ROAD, LIAKIPIA COUNTY

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

15. EXPENSES ON LENANA SCHOOL GOLF PROJECT, NAIROBI COUNTY

Cost of fuel as at 30 th June 2022	3,224,350	-
Cost of labor as at 30 th June 2022	1,000,000	-
Total Cost (Kshs)	4,224,350	-

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

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

NATIONAL YOUTH SERVICE
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17. DEPRECIATION OF NON-CURRENT ASSETS

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

18. CASH AND CASH EQUIVALENT

Cash book bank balance	41,961,647	296,178,048
Cash at hand	-	-
Total cash and cash equivalent	41,961,647	296,178,048

19. RECEIVABLES FROM NYS UNITS

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

NATIONAL YOUTH SERVICE
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10. RECEIVABLE FROM COMMERCIAL CLIENTS

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

Additional details on the receivables is further tabulated below:

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

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

21 . INVENTORIES

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

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

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

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

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23. TRADE PAYABLES (Paid as First Charge)

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

24. PREPAYMENTS

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

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25. SUNDRY CREDITORS

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

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

26. FUND BALANCE

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

27. ULTIMATE AND HOLDING ENTITY

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

28. CURRENCY

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

APPENDICES

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

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

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

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

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

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APPENDIX 2: INTER-ENTITY TRANSFERS

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

APPENDIX 3: PROJECTS IMPLEMENTED BY THE ENTITY

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