REPUBLIC OF KENYA

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OAG
OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL YOUTH COUNCIL

FOR THE YEAR ENDED 30 JUNE, 2025

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

REPUBLIC OF KENYA
OFFICE OF THE AUDITOR-GENERAL
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL YOUTH COUNCIL FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,

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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Youth Council set out on pages 1 to 33, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Youth Council as at 30 June, 2025 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 of Opinion

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts and actual on comparable basis amounting to Kshs.68,082,845 and Kshs.68,082,845 respectively resulting in a nil revenue variance of the budget. Similarly, the Council expended Kshs.68,537,688 against an approved budget of Kshs.68,082,466 resulting to a variance of Kshs.455,222.

The variance imply that the budgeted funds over exceeded resulting to use of un-approved funds.

2. Negative Net Assets Balance

The statement of financial position shows net assets negative figure of Kshs.15,634,743 and Kshs.28,894,450 for the financial year 2024/2025 and 2023/2024 respectively. Negative Net book values means that total liabilities exceed total assets, indicating potential financial distress or bankruptcy.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xlv which comprise of Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives). The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on National Youth Council's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Staff Under Establishment

The Statement of Financial Performance for the year ended 30 June 2025 shows Kshs.33,247,521 being Employee costs. Review of human resource records and the staff establishment compliment revealed that the National Youth Council should be having a total of eighty-one (81) members of staff.

However, as at 30 June, 2025, there were only nine (9) members of staff hence a shortage of seventy-two (72) staff. Therefore, the Council did not have adequate staff including technical staff. Almost all departments have only one officer each with volunteers, those in attachments and interns helping.

Further, the Council is headed by acting Chief Executive Officer without respective managers and senior managers.

2. Violation of Ethnic Diversity on NYC Staff

Examination of Staff records indicate that it consists of nine (9) Staff members including the CEO, from various ethnic groups as shown below:

S/No.	Tribe	Number	Percentage %
1	Kikuyu	1	11
2	Luhya	1	11
3	Kalenjin	3	34
4	Taita	1	11
5	Meru	1	11
6	Kamba	1	11
7	Kisii	1	11
	Total	**9**	

From the above, 3 or 34% of the members of staff are from the same ethnic group. This is a violation of Section 16 (2) of the National Youth Council Act, 2009 which requires at least one third of the persons appointed under paragraph (d) shall be of opposite gender and shall reflect Kenya's ethnic, cultural and religious diversity.

3. Failure to Establish National Youth Council

National Youth Council did not have a Board of Council Members in the 2024/2025 financial year. The last Council Members elections was in 2012 and were gazetted on 2013. They were re-appointed in 2016 which expired in 2019. Since then, no other members were appointed. Therefore, during the period under review, the National Youth Council did not have full governance structure in place.

4. Incomplete Composition of the Youth Advisory Board

Review of the board records revealed that, five (5) members and the chairperson were appointed to the board for a term of three (3) years. This is with effect from 13 November, 2024 and 19 January, 2023 for the members and the chairperson respectively.

However, no evidence has been provided for audit review indicating that the Principal Secretary in the Ministry for the time being responsible for youth affairs or his representative and two (2) persons who are experts on youth affairs were appointed as members of the Youth Advisory Board. This is a violation of section 16(2) (b) and (e) of the National Youth Council Act, 2009 revised in 2022.

Further, due to the failure to appoint a representative of the Principal Secretary and two (2) persons who are experts on youth affairs to the board, the total number of the board members including the chairperson is six (6) instead of nine (9), which is a violation of section 16(2) of the National Youth Council Act, 2009.

5. Violation of Ethnic Diversity on Board Appointment

Examination of board records indicate that it consists of six (6) members including the chairperson, from various ethnic groups as shown below:

S/No.	Tribe	Number	Percentage %
1	Kikuyu	1	17
2	Luhya	3	50
3	Kalenjin	1	17
4	Luo	1	17
	Total	**6**	

From the above, 3 or 50% of the members of the Youth Advisory Board are from the same ethnic group. This is a violation of Section 16 (2) of the National Youth Council Act, 2009 which requires at least one third of the persons appointed under paragraph (d) shall be of opposite gender and shall reflect Kenya's ethnic, cultural and religious diversity.

6. Failure to Meet Board Committee Meetings Threshold

The Youth Advisory Board work plan for 2024/2025 indicates the following committees of the board:

i) Programmes and resource mobilization committee
ii) Finance and Human Resource Committee
iii) Audit Committee

The three committees are within the stipulated maximum of four committees. However, Audit review of board meeting minutes revealed that the finance and resource mobilization committee met twice (2), the human resource committee met three (3) times while the audit committee did not hold any meeting in the financial year under review.

Failure by the committee of the board to hold meetings at least four (4) times in a financial year is a violation of Section E.4 of the Mwongozo Code of Governance for State Corporations, 2015.

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 controls, 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 the 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 controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Management is responsible for overseeing the Council'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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

09 December, 2025