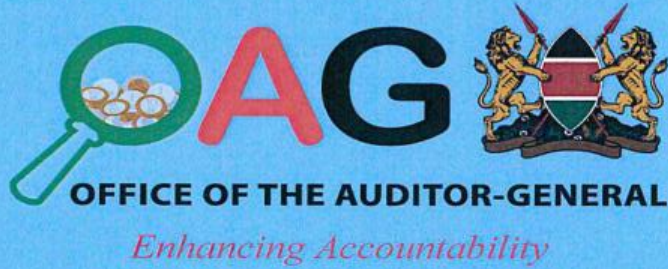


REPUBLIC OF KENYA



**REPORT**

**OF**

THE NATIONAL ASSEMBLY PAPERS L AID	
DATE: 12 APR 2023	
D.V. WEDNESDAY	
TABLED BY:	DEPUTY MAJORITY LEADER
CLERK-AT THE-TABLE:	

**THE AUDITOR-GENERAL**

**ON**

**KENYA COOPERATION AND  
PARTNERSHIP FACILITY (KCPF) PROJECT  
NO. KE/FED 2019/041-712, CREDIT  
NO.FED/2021/423-175**

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

**MINISTRY OF DEVOLUTION**







**PROJECT NAME**

**KENYA COOPERATION AND PARTNERSHIP FACILITY(KCPF)**

**IMPLEMENTING ENTITY: MINISTRY OF DEVOLUTION**

**PROJECT GRANT/CREDIT NUMBER: FED /2021/423-175**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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***KENYA COOPERATION AND PARTNERSHIP FACILITY***  
***Annual Report and Financial Statements for the financial year ended June 30, 2022***

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***KENYA COOPERATION AND PARTNERSHIP FACILITY***  
***Annual Report and Financial Statements for the financial year ended June 30, 2022***

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## **1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **Background**

The Project's official name is **Kenya Cooperation and Partnership Facility** programme estimate to provide support to **Instruments for Devolution Support Programme (IDEAS)** KE/FED/2013/024/230 under the Ministry of Devolution. The programme estimate began 16<sup>th</sup> August 2021 and ends on 15<sup>th</sup> May 2023 supporting the IDEAS Programme which started on **24<sup>th</sup> September 2014**, with its implementation period ending on **23<sup>rd</sup> September 2022** and closure period on **24<sup>th</sup> September 2024**. The objectives of the project are to support National and county capacities in the responsible transfer and use of resources for the achievement of Local Economic Development (LED) at county level through;

- (i) Strengthening of the national institution's capacities for the management of the devolution process and fiscal decentralization
- (ii) Development of county capacities to facilitate inclusive and sustained economic growth, participatory planning and service delivery

The IDEAS Programme is operationalised through grants to the 15 counties amounting to €15 million; Ministry of Devolution Programme Estimate €0.7 million; Kenya School of Government Service Contract €1 million and €6.9 million for the TAT. Besides these and outside the MoD's IDEAS LED scope, the World Bank received EUR 2,500,000 to provide support to public finance management (PFM) stakeholders through an administrative agreement and a delegation agreement, while the Commission on Revenue Allocation (CRA) received EUR 796,000 for capacity building on fiscal decentralization.

The Ministry operated through Programme Estimate no 1 and 2 under the IDEAS Financing Agreement which came to an end on 30<sup>th</sup> October 2020 before the Grant Contracts for the Counties, KSG and PE activities had been completed after the extension of the FA by 2 years. The EU in consultation with the National Treasury agreed to fund the pending activities through the Kenya Cooperation and Partnership Facility FED 2019/041-712 for Ministry of Devolution Programme Estimate.

This PE is established under a different Financing Agreement held by the National Treasury and therefore, the Ministry had to close the IDEAS Bank Account **No 1000318287** and remit the unspent balance of **KES 7,424,401.35** to the European Union Commission as per the guidelines. A new bank account was opened to administer the KCPF, Programme Estimate which supports the Ministry to implement the IDEAS Project.

As at 30<sup>th</sup> June 2022, the European Union had disbursed as 1<sup>st</sup> and 2<sup>nd</sup> pre-financing a total of **KES 1,251,492,628** to the respective counties. The final amount of **KES 398,507,372** is expected to be disbursed before the closure period of **23<sup>rd</sup> September 2024** after all final expenditure verification is concluded in the 15 counties and Ministry.

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

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**Project Name: KENYA COOPERATION AND PARTNERSHIP FACILITY (KCPF)**

Funded through: Kenya Cooperation and Partnership Facility- Ministry of Devolution Programme Estimate for a total Amount of **KES 46,634,700** with **KES 45,634,700** being the imprest component to the Ministry for a period starting **16<sup>th</sup> August 2021 to 15<sup>th</sup> May 2023**.

**Objective**

The purpose of the Kenya Cooperation and Partnership Facility Programme, and therefore of this Programme Estimate (PE), is to Support the National Authorising Officer and the Ministry of Devolution by providing funds for the implementation of the Instruments for Devolution Advice and Support (IDEAS) Programme by the Ministry of Devolution in order to support the achievement of the IDEAS objective of supporting Central and County governments capacities, in the responsible transfer and use of resources for the achievement of Local Economic Development at County level.

**Address:** The project headquarters offices are in the City of Nairobi, Nairobi City County, Kenya.

The address of its registered office is:  
Teleposta Towers, Kenyatta Avenue,  
P.O. Box: 30004- 00100, Nairobi

The Project has no other offices or branches

**Contacts:** The following are the project contacts

Telephone: (254) 20 2217475, 50645/628

E-mail: [ps@devolution.go.ke](mailto:ps@devolution.go.ke)

Website: [www.devolution.go.ke](http://www.devolution.go.ke)

**1.2 Project Information**

<b>Project Start Date:</b>	16 <sup>th</sup> AUGUST 2021
<b>Project End Date:</b>	15 <sup>th</sup> MAY 2023
<b>Project Manager:</b>	Ms Emmy M'mbwanga
<b>Project Sponsor:</b>	European Union Commission (EU) -GRANT

**1.3 Project Overview**

Line Ministry/State Department of the project	The Project is under the supervision of the Ministry of Devolution
Project number	<b>FED /2021/423-175</b>



**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
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Strategic goals of the project	The strategic goal of the project is to Support the Ministry of Devolution in the achievement of the IDEAS objective of “supporting central and county governments capacities in the responsible transfer and use of resources for the achievement of Local Economic Development (LED) at County level.”
Achievement of strategic goals	<p>The Project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Satisfactory implementation of the LED part of the IDEAS Programme;</li> <li>(ii) Satisfactory implementation of the 17 County IDEAS LED grant contracts and Projects;</li> <li>(iii) Satisfactory implementation of the IDEAS training programme, contracted to KSG;</li> <li>(iv) Successful IDEAS closure workshop/LED conference;</li> <li>(v) Delivery of the LED Strategy/Framework;</li> <li>(vi) Delivery and publishing of the LED/IDEAS lessons learned handbook,</li> <li>(vii) Successful MoD participation in facilitation of Devolution Conference 2021.</li> </ul>
Other important background information of the project	The Programme Estimate is funding the IDEAS activities that were in-complete at the end of the PE 2 expiry period on 30 <sup>th</sup> October 2020
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>The overall IDEAS Financing Agreement Implementation period was extended to 24 September 2022 to allow time for both the completion of construction and operationalisation of county LED facilities, capacity building for both the national and county level actors and stakeholders and institutionalising of the IDEAS final products.</p> <p>The IDEAS FA clearly provided for facilitation of Ministry through Programme Estimate (PE) for the realisation of IDEAS result area no 2 on “<i>Improved national institutional capacities to support participatory &amp; accountable fiscal decentralization and increased capacity at county level to facilitate participatory planning and LED.</i>” The deliverable of this component was heavily interdependent on implementation of the County LED projects.</p>



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	<p>The Ministry, as the Contracting Authority, is responsible for the planning budgeting and reporting for the IDEAS grants <b>Euro 15 million</b>. At the closure of PE2 on 30 October 2020, the 15 counties had received their respective pre-financing totalling to <b>KES 941,287,026</b>, out of an EU total commitment of <b>KES 1,650,000,000</b>. The KSG on the other hand was still at the initial phase of curriculum development. Because of this implementation status, most of the high-level activities planned in PE2 that are critical to the successful realisation of the IDEAS Programme's objectives had not been realised at the expiry date of 30<sup>th</sup> October 2020.</p> <p>The EU in consultation with the National Treasury agreed to fund the pending activities through the Kenya Cooperation and Partnership Facility FED 2019/041712 for Ministry of Devolution Programme Estimate.</p>
Project duration	16 <sup>th</sup> August 2021 to 15 <sup>th</sup> May 2023 (21 months)

#### 1.4 Bankers

The following are the bankers for the current year:

Bank	Central Bank of Kenya
Name	Kenya Cooperation and Dialogue Facility
Account No	1000495316

#### 1.5 Auditors

The project is audited by the Office of the Auditor General and for purposes of expenditure verification by external auditors appointed by EU Delegation.

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
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**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title / Designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Mr. Julius Korir, CBS	Principal Secretary	Degree	Accounting Officer
Alfonso Munyali	Ag. Secretary Devolution	Degree	PE Imprest Administrator
Kennedy Nyambati	Director CB & TA	Degree	PE Alt Imprest Administrator
Robert Asumani	Head of Accounting Unit	Degree	PE Imprest Accounting Officer
Moses Macharia	Principal Accountant	Degree	Alt imprest accounting officer and Project Accountant
Emmy M'mbwanga	Programme Coordinator	Degree	Programme Coordination, administration and Management

**1.7 Funding summary**

The IDEAS Programme started in 24<sup>th</sup> September 2014 and expected to close in 23<sup>rd</sup> September 2024. The Programme Estimate supporting the IDEAS programme on the other hand is for a duration of 21 months from 16<sup>th</sup> August 2021 to 15<sup>th</sup> May 2023 with an approved total budget of **KES 46,634,700** with Imprest component being **KES 45,634,700** as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency (A)	Kshs (A')	Donor currency Kshs (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A)-(B)
(i) Grant						
European Union	-	45,634,700	-	31,534,900	-	14,099,800
<b>Total</b>	-	<b>45,634,700</b>	-	<b>31,534,900</b>	-	<b>14,099,800</b>



**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
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**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2022)		Cumulative amount paid to date – (30 <sup>th</sup> June 2022)	Unutilised balance to date (30 <sup>th</sup> June 2022)	
	Donor currency	Kshs		Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
European Union	-	31,534,900	10,020,401		21,514,499
	-	-	-	-	-
<b>(i) Counterpart funds</b>					
Government of Kenya	-	-	-	-	-
<b>Total</b>	-	<b>31,534,900</b>	<b>10,020,401</b>		<b>21,514,499</b>

**Project information and overall performance (continued)**

**1.8 Summary of Overall Project Performance:**

- i) **Budget performance against actual amounts for current year and for cumulative to-date,**

The program had a budget of kshs 30,000,000, during the year under review. The program had actual receipts of kshs 31,534,900, resulting in a surplus of kshs 1,534,900.

The program had budgeted payments of kshs 30,000,000, the actual payments for the period was kshs 10,020,401, resulting in a surplus of kshs 19,979,599.

- ii) The Project was not able to support the devolution Conference as targeted due to challenges resulted from the postponement of the conference many times and scale down on the number of participants due to COVID 19 restrictions.

**1.9 Summary of Project Compliance:**

The project has complied with the Government of Kenya laws and regulations and EU Programme Estimate Provisions as per the Financing Agreements

## **2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

### **Overall objective**

The overall development objective(s) to which the Kenya Cooperation and Partnership Agreement Programme and therefore this programme estimate, are intended to contribute is to promote sustainable and inclusive development by strengthening the means of implementation and revitalising the partnership between Kenya and the European Union (EU)

### **Project purpose**

The purpose of the Kenya Cooperation and Partnership Agreement Programme, and therefore of this programme estimate, is to Support the National Authorising Officer and the Ministry of Devolution by providing funds for the implementation of the Instruments for Devolution Advice and Support (IDEAS) programme by the Ministry of Devolution in order to support the achievement of the IDEAS objective of supporting Central and County governments capacities, in the responsible transfer and use of resources for the achievement of Local Economic Development at County level.

### **Results**

The expected results from the PE activities carried out over the period covered by this programme estimate are:

- Satisfactory implementation of the LED part of the IDEAS Programme;
- Satisfactory implementation of the 17 County IDEAS LED grant contracts and Projects;
- Satisfactory implementation of the IDEAS training programme, contracted to KSG;
- Successful IDEAS closure workshop/LED conference;
- Delivery of the LED Strategy/Framework;
- Delivery and publishing of the LED/IDEAS lessons learned handbook,
- Successful MoD participation in/facilitation of Devolution Conference 2021.



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**Progress on Attainment of Strategic Development Objectives**

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Cooperation and Partnership Facility- Ministry of Devolution Programme Estimate	Support Central and County Capacities in the responsible transfer and use of resources for the achievement of Local Economic Development at the County level	Satisfactory implementation of the LED part of the IDEAS FA	Transfer of the 2nd and final tranche of funds the grants to the relevant counties and training institute processed	In FY 21/22 we transferred KES <b>100,438,750</b> to 5 counties and KSG as the 2 <sup>nd</sup> pre-financing. This brings the total transferred to <b>KES 1,326,863,378</b>
			The audit verification for the counties coordinated and facilitated	Facilitated EV in 8 counties of Kisumu, Laikipia, Wajir meat, Wajir Milk, West Pokot, Samburu, Marsabit and Taita Taveta
			Initiate, confirm compliance and process request for addendums and disbursements of the grant contract provisions as per EU and GoK procedures.	Prepared 17 addendums for extension of implementation period and change in budget.
			Preparation of the contract statutory reports to the National Treasury and the European Union Delegation coordinated.	Prepared and Submitted two Quarterly Interim reports no 12 and 13 to EU and MoD

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			Provision of regular policy and technical support to the county Governments in all matters of project implementation completed, to ensure that the operations financed with the EDF funds have been properly implemented in compliance with the EU and GoK grant provision and procedures.	
	Satisfactory implementation of the County IDEAS LED grant contracts and Projects		Most of the 17 County IDEAS LED projects have achieved most of the set LED objectives	All the 17 LED projects are completed and preparing to start operations
	Satisfactory implementation of the IDEAS training programme, contracted to KSG		KSG has achieved most of the set training objectives	KSG completed the all the targeted training by March 2022 and report submitted to the Ministry
	Successful IDEAS closure workshop/LED conference		Workshop/conference held successfully with good attendance	Scheduled for next FY

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	LED Strategy/Framework	National LED Strategy finalised, validated and accepted by Parliament. County LED strategies drafted.	Draft LED framework discussed and validated by stakeholders
	LED/IDEAS lessons learned handbook	Handbook drafted, presented, validated, printed and shared with stakeholders in Kenya and beyond	Lessons learned discussed with stakeholders and drafting and publication scheduled for next FY
	Successful Annual Devolution Conference 2021	Conference held successfully with good attendance, incl. from MoD	Conference held under strict COVID restriction. MoD was not able to contribute due to challenges as a result downsizing of planned events



### **3. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

EU-KCPF exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

#### **3.1 Sustainability strategy and profile**

The strengthening of the capacity of project management and LED in the Ministry and the participating counties is being achieved in a way that these increased capacities are operational in the ministry and counties for a long time to come.

The supported County LED projects are designed and implanted in a manner to secure that these projects will be in operation successfully (in terms of achieving the project/business objectives/targets) for a period of at least 10 years.

#### **3.2 Environmental performance**

The supported County LED Projects are designed and being implemented in a way that reduces environmental degradation, and if possible, supporting environmental protection by improving farming/livestock techniques that support environmental protection.

#### **3.3 Employee welfare**

The participating Counties will ensure that the County LED projects will be managed with good employee welfare in mind.

#### **3.4 Market place practices**

The supported County LED projects were selected, and designed in a way that no other private sector competitor would bet unfair competition. Of course, starting a new business will increase the competition in the market, but the IDEAS businesses will do this in a fair manner, and the IDEAS businesses were selected for exploring the possibilities in a niche, where no serious other competitors were/are operational.

The projects were selected and designed after a thorough Value Chain Analysis.

Most Counties have elaborate plans to before or after start of operation get the private sector operators involved in the IDEAS LED businesses, through an operation contract, a lease contract with operation, PPP (with private sector risk capital investment) or through sale of the project to the private sector.

#### **3.5 Community Engagements**

The surrounding communities are engaged from the very beginning of the county LED projects: the projects were identified in the CIDP in which process the community is participating. The project intends to have many clearly identified and measurable benefits for the targeted beneficiaries in the participating communities.

**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the Ministry of Devolution and the Project Coordinator for IDEAS Programme are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2022.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the Ministry of Devolution and the Project Coordinator for IDEAS Programme accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Devolution and the Project Coordinator for IDEAS Programme are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2022, and of the Project's financial position as at that date.

The Principal Secretary for Devolution and the Project Coordinator for IDEAS Programme further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

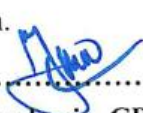
The Principal Secretary for the Ministry of Devolution and the Project Coordinator for IDEAS Programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.


**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**


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**Approval of the Project Financial Statements**

The Project financial statements were approved by the Principal Secretary for the Ministry of Devolution and the Project Coordinator for Programme on 30th September 2022 and signed by them.

  
.....  
**Julius Kariuki, CBS**  
**Principal Secretary**

  
.....  
**Emmy M'bwanga**  
**Project Coordinator**

  
.....  
**Moses Macharia**  
**Project Accountant**  
**ICPAK Member No:20561**



# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON KENYA COOPERATION AND PARTNERSHIP FACILITY (KCPF) PROJECT NO. KE/FED 2019/041-712, CREDIT NO.FED/2021/423-175 FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF DEVOLUTION**

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### **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 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 Kenya Cooperation and Partnership Facility (KCPF) Project set out on pages 1 to 18, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Cooperation and Partnership Facility Project 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 (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No. KE/FED 2019/041-712 and FED/2021/423-175 dated 07 July, 2021 between European Development Fund and the Government of the Republic of Kenya.

### **Basis for Opinion**

#### **Inaccuracies in the Statement of Receipts and Payments**

Review of the financial statements revealed variances between the figures reflected in the statement of receipts and payments with the ledgers and supporting documents as indicated below:

<b>Component</b>	<b>Ledgers Figure Kshs.</b>	<b>Financial Statements Figure Kshs.</b>	<b>Variance Kshs.</b>
Purchase of Goods and Services	4,686,835	4,594,500	92,335
Compensation of Employees	7,096,717	5,425,901	1,670,816
<b>Total</b>	<b>11,783,552</b>	<b>10,020,401</b>	<b>1,763,151</b>

In the circumstances, the completeness and accuracy of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Cooperation and Partnership Facility Project's 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.

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.30,000,000 against actual receipts of Kshs.31,534,900 resulting to overfunding of Kshs.1,534,900 or 5% of the approved budget. Similarly, the Project expended an



amount of Kshs.10,020,401 against final budget expenditure of Kshs.30,000,000 resulting to under expenditure of Kshs.19,979,599 or 67% of the budget.

The underperformance affected the planned activities and programmes which may have impacted negatively on service delivery to the citizens.

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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 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 matter 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**

#### **Lack of Internal Audit Function and an Audit Committee**

The Project does not have in place an Internal Audit Function and Audit Committee contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012 which requires every public entity to have arrangements in place for internal audit function for the purpose of carrying out in depth reviews of Management operations and internal controls. As such the Project did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of the internal controls could not be confirmed.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Financing Agreement between the European Development Fund and the Government of the Republic of Kenya, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

## Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 Project's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of intention to terminate the Project or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Project'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 controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Project's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional scepticism 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 Project's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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

30 November, 2022

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE TEN MONTHS ENDED 30TH JUNE 2022.**

	Not e	2021-2022			2020-2021			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Proceeds from domestic and foreign grants	1	31,534,900	-	31,534,900	-	-	-	31,534,900
Total receipts		<b>31,534,900</b>	-	<b>31,534,900</b>	-	-	-	<b>31,534,900</b>
Payments								
Compensation to employees	2	5,425,901	-	5,425,901	-	-	-	5,425,901
Purchase of goods and services	3	4,594,500	-	4,594,500	-	-	-	4,594,500
Total payments		<b>10,020,401</b>	-	<b>10,020,401</b>	-	-	-	<b>10,020,401</b>
Surplus/ (deficit)		<b>21,514,499</b>	-	<b>21,514,499</b>	-	-	-	<b>21,514,499</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

.....  
**Julius Kodir, CBS**  
**Principal Secretary**

.....  
**Emmy M'mbwanga**  
**Project Coordinator**

.....  
**Moses Macharia**  
**Project Accountant**  
**ICPAK Member No:20561**




**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**7. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>TH</sup> JUNE 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	5	21,514,499	-
Cash Balances		-	-
<b>Total Cash and Cash equivalents</b>		<b>21,514,499</b>	<b>-</b>
<b>Total Financial Assets</b>		<b>21,514,499</b>	<b>-</b>
<b>Financial Liabilities</b>		<b>-</b>	
<b>Net Assets</b>		<b>21,514,499</b>	<b>-</b>
<b>Represented By</b>			
Surplus/(Deficit) for the Year		21,514,499	-
<b>Net Financial Position</b>		<b>21,514,499</b>	<b>-</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on September 30<sup>th</sup> 2022

  
 .....  
**Julius korir, CBS**  
**Principal Secretary**

  
 .....  
**Emmy M'mbwanga**  
**Project Coordinator**

  
 .....  
**Moses Macharia**  
**Project Accountant**  
**ICPAK Member No:20561**



**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**8. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Cash flow from operating activities</b>			
<b>Receipts</b>			
Proceeds from domestic and foreign grants	1	31,534,900	-
<b>Total receipts</b>		<b>31,534,900</b>	-
<b>Payments</b>			
Compensation of employees	2	5,425,901	-
Purchase of goods and services	3	4,594,500	-
<b>Total Payments</b>		<b>10,020,401</b>	-
<b>Adjustments during the year</b>		-	
<b>Net cash flow from operating activities</b>		-	-
<b>Cash flow from investing activities</b>			
<b>Net cash flows from investing activities</b>		-	-
<b>Cash flow from financing activities</b>			
<b>Net increase in cash and cash equivalents</b>		-	-
<b>Cash and cash equivalent at beginning of the year</b>			
<b>Cash and cash equivalent at end of the year</b>	4	<b>21,514,499</b>	

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on September 30th 2022 and signed by:

.....  
**Julius Koini, CBS**  
**Principal Secretary**

.....  
**Emmy M'mbwanga**  
**Project Coordinator**

.....  
**Moses Macharia**  
**Project Accountant**  
**ICPAK Member No:20561**

**KENYA COOPERATION AND PARTNERSHIP FACILITY**


*Annual Report and Financial Statements for the financial year ended June 30, 2022*


**9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE TEN MONTHS ENDED 30<sup>TH</sup> JUNE 2022**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=d-c	% of Utilization f=d/c %
<b>Receipts</b>						
Proceeds from domestic and foreign grants	30,000,000		30,000,000	31,534,900	1,534,900	105.11%
<b>Total Receipts</b>						
<b>Payments</b>						
Compensation to employees	12,000,000	-	12,000,000	5,425,901	7,357,248	45.21%
Purchase of goods and services	18,000,000	-	18,000,000	4,594,500	12,622,351	25.52%
Transfers to other government entities						
<b>Total</b>	<b>30,000,000</b>		<b>30,000,000</b>	<b>10,020,401</b>	<b>19,979,599</b>	<b>33.40%</b>
<b>Surplus or Deficit</b>				<b>21,514,499</b>		

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

.....  
  
**Julius Korrir, CBS**  
 Principal Secretary

.....  
  
**Emmy M'bwanga**  
 Project Coordinator

.....  
  
**Moses Macharia**  
 Project Accountant  
 ICPAK Member No:20561

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1. Statement of compliance and basis of preparation**

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

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

### **10.2. Reporting entity**

The financial statements are for KCPF under the Ministry of Devolution. The financial statements are for the reporting entity (KCPF) as required by Section 81 of the PFM Act, 2012.

### **10.3. Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

### **10.4. Recognition of receipts**

KCPF recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

#### **i) Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

#### **ii) External Assistance**

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



**Significant Accounting Policies (Continued)**

**iii) Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

**iv) Donations and grants**

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

**v) Proceeds from borrowing**

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

**vi) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

**10.5. Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

**iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

**v) Acquisition of fixed assets**

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

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

**10.6. In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

**Significant Accounting Policies (Continued)**

**10.7. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**10.8. Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

**10.9. Imprests and Advances**

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**10.10. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:



**Significant Accounting Policies (Continued)**

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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

**10.11. Contingent Assets**

KCPF does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of KCPF in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs. The project doesn't have any contingent assets in the reporting period.

**10.12. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance'. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**Significant Accounting Policies (Continued)**

**10.13. Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the Ministry of Devolution but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**10.14. Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, there was no funds received in form of direct payments from third parties.

**10.15. Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

**Significant Accounting Policies (Continued)**

**10.16. Comparative figures**

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

**10.17. Subsequent events**

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

**10.18. Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). during the year under review there was no prior year adjustment.



## 11. NOTES TO THE FINANCIAL STATEMENTS

### 1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2021-2022	2020-2021
			Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Bilateral Donors (European union)	03/09/2021	-	31,534,900	-	-	31,534,900	-
<b>Total</b>	-	-	31,534,900	-	-	31,534,900	-

### 2. Compensation to Employees

	2021/2022			2020/2021	
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic salaries of permanent employees	5,425,901	-	5,425,901	-	-
Personal allowances paid as part of salary	-	-	-	-	-
<b>Total</b>	5,425,901	-	5,425,901	-	-

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**3. Purchase of Goods and Services**

	2021/2022		2020/2021	Cumulative to-date
	Payments made in Cash	Payments made by third parties		
	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-
Communication, supplies and services	-	-	-	-
Domestic travel and subsistence	4,594,500	-	4,594,500	-
<b>Total</b>	<b>4,594,500</b>	<b>-</b>	<b>4,594,500</b>	<b>-</b>

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**Notes to the Financial Statements (Continued)**

**4. Cash And Cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 8.13A)	21,514,499	-
<b>Total</b>	<b>21,514,499</b>	<b>-</b>

Kenya Cooperation and Partnership Facility has ONE project account within the project implementation area and no foreign currency designated account. The account of the project is listed below

**5. A Bank Accounts**

**Project Bank Accounts**

Details	2021-2022	2020-2021
	Kshs	Kshs
Foreign Currency Accounts	-	
Central Bank of Kenya [A/c No )	-	-
Local Currency Accounts		
Central Bank of Kenya [A/c No 1000495316 ]	21,514,499	-
Total local currency balances	<b>21,514,499</b>	<b>-</b>
Total bank account balances	<b>21,514,499</b>	<b>-</b>



**KENYA COOPERATION AND PARTNERSHIP FACILITY***Annual Report and Financial Statements for the financial year ended June 30, 2022***12. OTHER IMPORTANT DISCLOSURES****1. Pending Staff Payables (See Annex 2a).**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	642,383	-	642,383
Others-contract staff	-	133,383	-	133,383
<b>Total</b>	<b>-</b>	<b>775,766</b>	<b>-</b>	<b>775,766</b>

**2. External Assistance**

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	31,534,900	-
<b>Total</b>	<b>31,534,900</b>	<b>-</b>

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**Other important disclosures**

*a). External assistance relating loans and grants*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as grants	31,534,900	-
<b>Total</b>	<b>31,534,900</b>	<b>-</b>

*b) Undrawn external assistance*

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
		-	-
Undrawn external assistance - grants	Project management	14,099,800	-
<b>Total</b>		<b>14,099,800</b>	<b>-</b>

**KENYA COOPERATION AND PARTNERSHIP FACILITY****Annual Report and Financial Statements for the financial year ended June 30, 2022**

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**c) Classes of providers of external assistance**

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors-European union	31,534,900	-
	-	-
<b>Total</b>	<b>31,534,900</b>	<b>-</b>

**e Purpose and use of external assistance**

<b>Payments made by third parties</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation to employees	5,425,901	-
Use of goods and services	4,594,500	-
	-	-
<b>Total</b>	<b>10,020,401</b>	<b>-</b>

**KENYA COOPERATION AND PARTNERSHIP FACILITY**  
*Annual Report and Financial Statements for the financial year ended June 30, 2022*

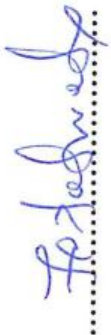
**13. PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	N/A	N/A	N/A	N/A

**Guidance Notes:**

The program is new hence has not been audited. therefore, there are no previous year audit recommendations to report.

  
 .....  
**Julius Korir, CBS**  
 Principal Secretary

  
 .....  
**Emmy Mbwanga**  
 Project Coordinator



**KENYA COOPERATION AND PARTNERSHIP FACILITY**

*Annual Report and Financial Statements for the financial year ended June 30, 2022*

**14. ANNEXES**

**Annex 1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	30,000,000	31,534,900	1,534,900	105%	The actual amount received for Program Estimate 3 covers a period of 18 months
<b>Total Receipts</b>	<b>30,000,000</b>	<b>31,534,900</b>	<b>1,534,900</b>	<b>105%</b>	
<b>Payments</b>					
Compensation of employees	12,000,000	5,425,901	6,574,099	45.21%	The actual amount received for Program Estimate 3 covers a period of 18 months
Purchase of goods and services	18,000,000	4,594,500	13,405,500	25.52%	The actual amount received for Program Estimate 3 covers a period of 18 months
<b>Total payments</b>	<b>30,000,000</b>	<b>10,020,401</b>	<b>19,979,599</b>	<b>33.4%</b>	

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**Annex 2a - Analysis of Pending: Staff Bills**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2010/20	Comments
<b>Permanent Employees Management</b>							
1.Emmy Mbwanga	n/a	642,383	June 2022	-	642,383	-	Already paid in FY 2022-2023
<b>Sub-Total</b>		<b>642,383</b>			<b>642,383</b>		
<b>Temporary employees</b>							
1.Allan Kanunka	n/a	83,383	June 2022		83,383	-	Already paid in FY 2022-2023
2.Naomi Maina	n/a	50,000	June 2022		50,000		Already paid in FY 2022-2023
<b>Sub-Total</b>		<b>133,383</b>			<b>133,383</b>		
<b>Grand Total</b>		<b>775,766</b>			<b>775,766</b>		

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**Annex 3 – Summary of Fixed Assets Register**

The program has not purchased any fixed asset since its anew program.

**Annex 4: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- ii. Board of Survey Report
- iii. GOK IFMIS comparison Trial Balance



