

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 23 MAR 2023	DAY: THURSDAY
TABLED BY: MAJORITY LEADER	
CLERK AT THE TABLE:	

REPORT

OF

THE AUDITOR-GENERAL

ON

**JUDICIAL PERFORMANCE IMPROVEMENT
PROJECT (IDA CREDIT NO. 5181- KE)**

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

THE JUDICIARY



THE JUDICIARY



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

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THE JUDICIARY

JUDICIAL PERFORMANCE IMPROVEMENT PROJECT

PROJECT GRANT/CREDIT NUMBER IDA NO. 5181-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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

***Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022***

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**Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022**

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Judicial Performance Improvement Project (JPIP)

Objective: The key objective of the project is to improve the performance of the Judiciary to enable it provide services in the project areas in a more effective and accountable manner.

Address: The project headquarters offices are in Nairobi City, Nairobi County, Kenya.
The address of its registered office is:
Supreme Court Building
P.O Box 30041 – 00100
Nairobi

Contacts:

Telephone: (254) 02-2221221
E-mail: jpipproject@gmail.com
Website: www.Judiciary.go.ke

1.2 Project Information

Project Start Date:	30 th April, 2013
Project End Date:	31 st October, 2021
Project Manager:	Ms Nancy Kanyago
Project Sponsor:	The World Bank

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Judiciary.
Project Number	P105269
Project Strategic Goals	The strategic goals of the project are as follows: <ul style="list-style-type: none"> i. To improve the performance of the Judiciary to enable it provide services in a more effective, efficient and accountable manner; ii. To support and achieve the priority areas of the Judiciary Transformation Framework (JTF), the Sustaining Judiciary Transformation (SJT) and Social Transformation through Access to Justice (STAJ) strategic documents; iii. To contribute to Kenya's vision 2030 development strategy for transforming Kenya into a middle income country
Achievement of Strategic goals	The project goals have been achieved under the following broad categories; <ul style="list-style-type: none"> i. Court Administration and Case Management ii. Judicial Training and Staff Development iii. Court Infrastructure iv. Project Management

**Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022**

Project's Direct Intervention Areas	The project was formed to intervene in the following areas: i. Improve timeliness of Judiciary services; ii. Enhance performance and quality decision making; iii. Improve physical access to courts and to legal information.
Project duration	The project commenced on 30 th April, 2013 and was expected to run until 31 st December, 2018. An extension was granted to 31 st October, 2021.

1.4 Bankers

- i. Equity Bank
P.O Box 75104-00200
NAIROBI
- ii. Central Bank of Kenya
P.O Box 60000-00200
NAIROBI

1.5 Auditors

Auditor General,
Office of the Auditor General, Anniversary Towers
P.O Box 30084-00100
NAIROBI

1.6 Roles and Responsibilities

The key personnel involved in the Project management are:

Names	Title designation	Responsibilities
Hon. Anne Amadi	Chief Registrar of the Judiciary	Accounting Officer
Nancy Kanyago	Project Coordinator	Project Manager

1.7 Funding Summary

The initial project duration was 6 years from 2013 to 2018 but was extended to 31st October, 2021.

The approved project budget was US\$ 120M equivalent to Kshs 10.5B as highlighted in the table below;

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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

A. Source of funds

Source of funds	Donor Commitment		Amount received as at 30 th June, 2022		Undrawn balance as at 30 th June, 2022	
	Donor currency (USD)	KShs	Donor currency (XD)	KShs	Donor currency (USD)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Development Association	120,000,000	10,500,000,000	105,050,000	10,507,883,408	2,680,000	119,792

The Donor commitment shown is the original amount and has not taken into effect the current exchange rate. However, the current undrawn balance changes with the exchange rate ruling

B. Application of Funds

Application of funds	Amounts Received as at 30 th June, 2022		Cumulative Amount as at 30 th June, 2022		Unutilized Balance as at 30 th June, 2022	
	Donor Currency USD	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
International Development Association	108,660,999	10,507,843,408	105,050,000	10,507,883,408	2,680,000	119,792

1.8 Summary of Overall Project Performance:

- i) Budget Estimate VS Actual Expenditure for current year and absorption,

Year	Estimated Budget	Actual Expenditure	Absorption rate
	Kshs	Kshs	%
2013/14	568,163,253	316,781,916	55.76%
2014/15	650,000,000	546,957,847	84.15%
2015/16	2,259,103,000	1,010,717,110	44.74%
2016/17	2,600,000,000	1,845,086,896	70.96%
2017/18	1,600,000,000	1,353,653,889	84.60%
2018/19	2,799,000,000	1,973,572,409	70.51%
2019/20	2,195,000,000	1,726,379,499	78.65%
2020/21	2,265,982,000	1,203,739,456	53.12%
2021/22	997,323,723	811,162,766	81%

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- ii) Project progress and achievements on completion based on outputs, outcomes and impacts since project commencement are indicated in the table below;

Impacts	Outcomes	Outputs
Access to courts and legal information improved	Reduction in geographical distance to courts from 190 to 140 km	<ul style="list-style-type: none"> ▪ 25 new court buildings were constructed. ▪ 9 mobile/circuit courts were supported bringing services closer to the litigants. ▪ 18 vehicles for Monitoring and Evaluation aimed at enhancing the value and quality of the public investment into court infrastructure were procured.
	Links to potential court users were enhanced	<ul style="list-style-type: none"> ▪ 124 Court Users Committees (CUCs) were supported in the implementation of their work plans through a small grants program of Kshs. 500,000 for each Court Station. ▪ 500 council of elders were sensitized on Alternative Justice Systems (AJS)
	Reduce knowledge barriers for public	<ul style="list-style-type: none"> ▪ 4,500 copies of Kenya Law Reports, 100,000 copies of pocket size friendly constitution, 620 copies of grey books were procured and issued to judicial officers and members of the public. ▪ Informational booklets, website upgrades. ▪ 1 radio program was supported (Lamu); social media presence was increased from 5,000 to over 100,000 followers.
Timeliness of judiciary services improved	Reduce blockages in the registries	<ul style="list-style-type: none"> ▪ 168 court directional signages prepared and mounted ▪ Registry processes were reviewed and standardized. ▪ 1.5 million color-coded files procured and used as part of improving filing infrastructure. ▪ Records management policy developed and in use. ▪ Registry manuals developed and in use for 6 categories of courts.
	Increase efficiencies with improved facilities	<ul style="list-style-type: none"> ▪ 4 courts were upgraded enhancing efficiency in delivery of services. ▪ 38 staff were recruited in the building services unit to assist in supervision and maintenance of Judiciary facilities.
	Increase the speed of case resolution	<ul style="list-style-type: none"> ▪ Furniture procured for 20 new courts ▪ Court Annexed Mediation (CAM) was rolled out upon which 5,721 matters have been concluded releasing Kshs. 14.7 billion into the economy. It took 66 days on average in settling the cases. ▪ 20 Speech to Text Software were procured and being piloted on all levels of courts. 20 Judicial Officers (15 Judges and 5 Magistrates) were sensitized on speech to text for judgment writing.

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Impacts	Outcomes	Outputs		
		<ul style="list-style-type: none"> ▪ 120,000 backlog cases (over 5 years) were cleared through Justice @ last initiative 96,000 others were cleared during normal court hearing. ▪ 1,300 desktop computers were procured and issued to Judicial Officers and Staff enhancing efficiency. 		
Performance and quality of decision making enhanced	Increase use of data and standards in decision making	<ul style="list-style-type: none"> ▪ Daily Court Returns Template (DCRT) was rolled out in all the 124 courts and used to capture court data. ▪ 2 case census were done to establish the actual number of cases in the court system ▪ 283 Court stations, Registries Directorates and spending units signed performance contracts (PMMUs) ▪ 3 court user surveys were conducted in 2015, 2017 and 2019. The index improved from 56%, 64% to 67% respectively. ▪ Judiciary organizational review report developed and now being implemented. ▪ Legal needs survey(s) with HiiL Institute at the Hague was conducted. 		
		Improve consistency and clarity of decision making	<ul style="list-style-type: none"> ▪ All magistrates and registry staff were trained ▪ Judiciary Training Institute (JTI) was supported with lease of office space for 5 years. ▪ Benchbooks/handbooks for Kadhi were developed. ▪ 6,000 volumes of Commonwealth Law Reports, East Africa Law Reports amongst a host of other titles were bought and distributed to 28 court stations. The legal books are being used for legal research by Judicial Officers and other legal practitioners. 	
			Strengthen integrity of decision making	<ul style="list-style-type: none"> ▪ Governance and Anti-Corruption (GAC) mapping and report prepared. ▪ Complaint's handling enhanced through the development of a complaints management system and training of staff.
				<ul style="list-style-type: none"> ▪ Audio recording and transcription installed and in use in 26 courts.

As at 30th June, 2022 the status of the construction projects was as follows;

Court Name	Contractor	Contract Sum	Payments	Balance to Contract	Percentage Completion
Kigumo	Marimo Construction Ltd	94,160,933.29	94,160,933	0	Complete
Engineer	Yomason Contractors Limited	78,615,579	77,614,052	0	Complete

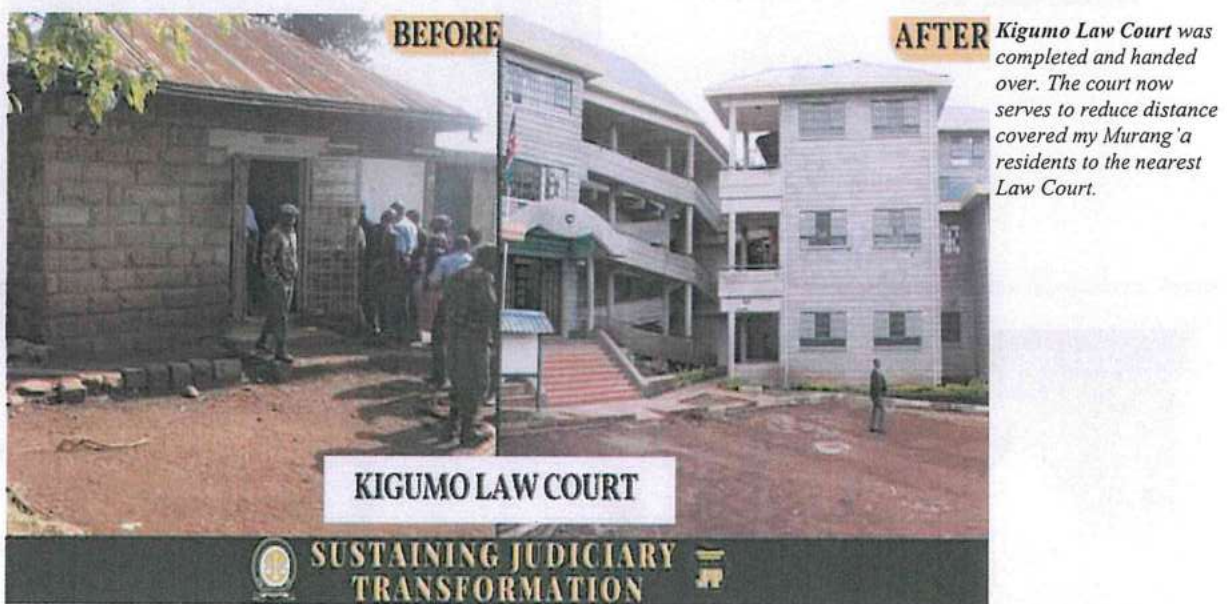
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Court Name	Contractor	Contract Sum	Payments	Balance to Contract	Percentage Completion
Molo	Atlas Plumbers and Builders	99,910,995	99,910,995	0	Complete
Nyando	Philmark System Services Limited	74,827,121	74,827,121	0	Complete
Makindu	Gracan Construction Limited	96,855,446	96,855,446	0	Complete
Chuka	Philmark System Services Limited	98,106,542.96	98,106,543	0	Complete
Vihiga	Lunao Enterprises Ltd	78,476,529	78,476,529	0	Complete
Nyamira	JN Investments Limited	118,305,748	118,305,748	0	Complete
Oyugis	Sasah Contractors Ltd	109,731,080	109,731,080	0	Complete
Nanyuki	Pinnie Agencies Ltd	318,559,759.25	318,559,759	0	Complete
Kakamega	Hashit Construction & Supplies Ltd	388,744,343.33	387,664,343	0	Complete
Isiolo	Dallo Holdings Ltd	379,082,160.90	329,082,160	0	Complete
Nakuru	Diwafa Investments Limited	347,765,950	347,765,950	0	Complete
Kajiado	Misbah Network Ltd	351,401,895	347,798,028	3,603,867	Complete
Kapenguria	County Builders Ltd	400,963,501	344,836,281	13,127,220	Complete
Siaya	G.L Williams & Nanchang Foreign Engineering Co. Limited	342,751,951.30	342,751,951	0	Complete
Kwale	Inforserve Networks Ltd	389,998,592	322,713,030	17,285,562	Complete
Makueni	Admo Construction Ltd	410,099,717.10	346,453,272	20,646,445	Complete
Mombasa	Bashash Construction Co Ltd	445,173,322.65	359,801,951	35,371,372	Complete
Maralal	Debroso Construction Co. Ltd.	378,745,872.80	310,218,321	18,527,551	Complete

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Court Name	Contractor	Contract Sum	Payments	Balance to Contract	Percentage Completion
Garissa	Inshaallah Company Ltd	351,323,457.76	334,207,416.50	0	Complete
Voi	Concordia Building and Engineering Co. Ltd	347,582,674.49	271,339,942	26,242,732	92%
Mukurweini	One Source Company Ltd	158,978,307	70,678,894	88,299,413	83%

Pictorial of sampled achievements attained through Judicial Performance Improvement Projects (JPIP)



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STRENGTHENING THE ADMINISTRATION OF JUSTICE



1.5M
File folders

Purchased one million five hundred thousand (1.5million) file folders to improve efficiency in records management.

NYAMIRA HIGH COURT



FACILITIES OF THE NEW COURT

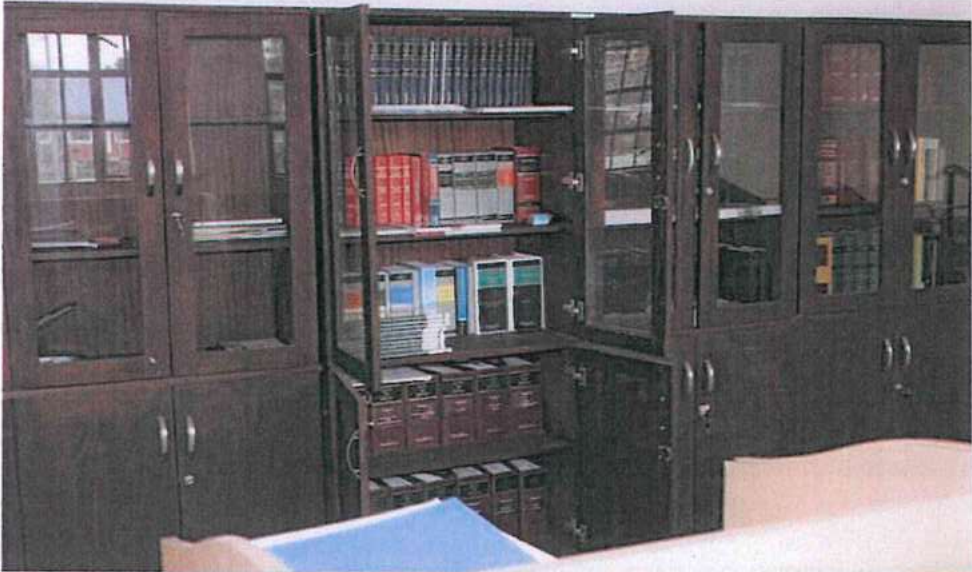
- 8 Chambers | 4 Courtrooms | A Witness Room
- Service Bay | Segregated Cells | Prosecutors Office
- Advocates Lounge | Spacious & Secure Registries | Library
- Access Ramps

SUSTAINING JUDICIAL TRANSFORMATION



Court recording and transcription equipment purchased for all Court of Appeal and High Court stations

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A well stocked library to support legal research in all court stations

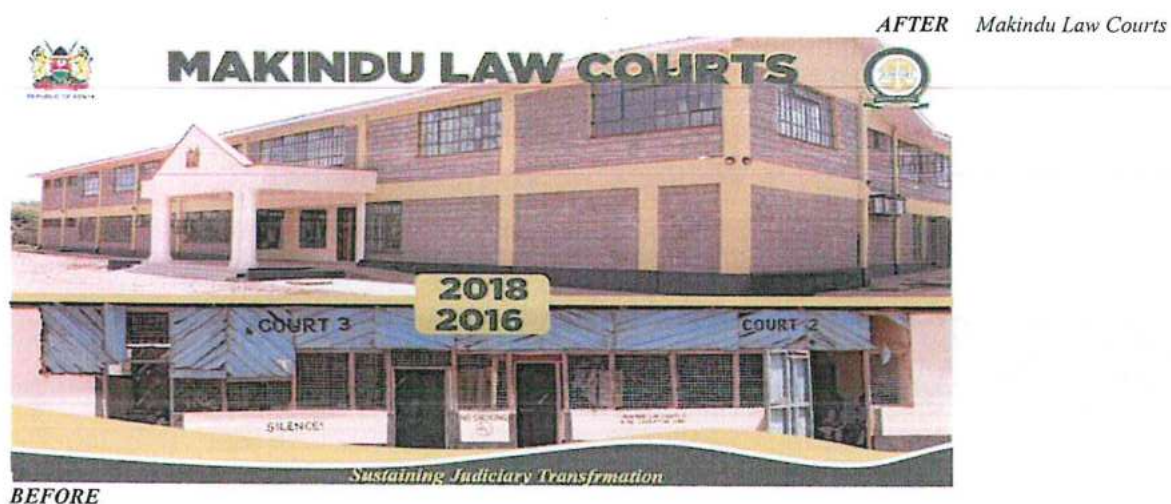


JPIP supported children-friendly court rooms.



Court-users being served at a customer service centre Nanyuki Law Court.

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Consequently, the following construction projects contracts were terminated as at Project closure and recommendations were issued to the Accounting officer of The Judiciary to approve inclusion of these contracts into the Judiciary's Development budget for the subsequent year.

	Court Name	Contractor	Contract Sum	Payments	Balance to Contract	Percentage Completion
1.	Voi	Concordia Building and Engineering Co. Ltd	347,582,674.49	271,339,942	26,242,732	Terminated At 92%
2.	Wajir	Anole Construction Limited	369,567,057	293,923,979	75,643,078	Terminated At 76%
3.	Mukurweini II	Cornier Limited	61,755,641.55	51,130,936	10,624,705	Terminated At 85%
4.	Containers for Kisii, Kitale, Marsabit Meru, and Homabay	Stocksmart Kenya Supplies	7,349,770	3,405,705	3,944,065	Terminated At 40%
5.	Cluster B Boreholes - Nakuru, Engineer and Molo	Wotec	4,825,660 4,825,660 4,825,660	6,804,490.00		Terminated At 33%

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	Court Name	Contractor	Contract Sum	Payments	Balance to Contract	Percentage Completion
6.	Cluster C Boreholes – Vihiga, Nyando and Siaya	Taxan Investment Limited	11,765,100	10,687,200		Terminated At 66%
7.	Cluster D Boreholes – Muhoroni, Oyugis and Nyamira	Ziyale Investment Limited	13,832,598	6,936,906		Terminated At 66%

In addition, due to strict adherence to Project Closure Donor requirements the following construction projects' certificates were time barred to be applied on **Client Connection™**.

Client Connection™ is the donor payment platform for World Bank Projects.

It was recommended that the liabilities of **KES 39,956,711.38** be absorbed by the Judiciary by being included in the Pending bill register for the Judiciary for the financial year ended 30th June, 2022.

	Payable to	Nature of liability	Department	Responsible officer	Source of funding	Amount payable Kshs'000	Reasons for the Transfer	Number of days outstanding
1	Mulilio (Nyando)	Unpaid Certificates	Judiciary	CRJ	GOK	2,624,141.63	JPIP Expiry	4 months
2	County Builders (Kapenguria)	Unpaid Certificate	Judiciary	CRJ	GOK	7,599,194.86	JPIP Expiry	4 Months
3	Debroso Builders (Maralal)	Unpaid Certificate	Judiciary	CRJ	GOK	16,328,718.90	JPIP Expiry	4 Months
4	Glensteam (Milimani)	Unpaid Certificate	Judiciary	CRJ	GOK	970,870.00	JPIP Expiry	4 Months
5	Yomason (Engineer)	Unpaid Certificate	Judiciary	CRJ	GOK	3,824,219.75	JPIP Expiry	4 Months
6	Marimo (Kigumo)	Unpaid Claim on interest on delayed Payments	Judiciary	CRJ	GOK	2,762,731.29	JPIP Expiry	4 Months

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	Payable to	Nature of liability	Department	Responsible officer	Source of funding	Amount payable Kshs'000	Reasons for the Transfer	Number of days outstanding
7	Inshallah (Garissa)	Unpaid Claim on interest on delayed Payments	Judiciary	CRJ	GOK	5,846,834.95	JPIP Expiry	4 Months
Total Liability						39,956,711.38		

iii) Value-For-Money Achievements,

National competitive bidding was applied in all construction projects and contracts awarded to the most competitive bidder. In addition, there were no variations of contract sums for all contracts. Lastly, the project recruited staff for the Building Services Unit to manage and supervise the works which was cheaper than using consultancy services.

iv) Implementation challenges and recommendations on the way forward are indicated in the table below;

	Implementation Challenges	Mitigation Measures
1.	Delays in procurement in the formative stages of the project. This was a key operational constraint for the project. Procurement delays were the prime contributor to low disbursements.	Procurement unit was strengthened through the replacement of IFA consultants with individual procurement consultants and secondment of Judiciary staff to lead on Financial Management.
2.	Lack of skills - The Judiciary implementing units submitting requests for funding had inadequate skills in the World Bank procedures which contributed to delayed approvals.	This was resolved by reducing the number of implementing units and activities, as well as providing more proactive support by the PMU/IFA in the drafting of TORs and requests for goods/works. Training and presentations were provided on World Bank procedures.
3.	Inadequate capacity in Building Services Unit (BSU) - In the formative stages of the project the BSU lacked capacity to supervise and provide necessary approvals in time.	Additional staff (Architects, Engineers, Quantity Surveyors and Clerk of Works) were recruited in the BSU and thus each site was manned by a Clerk of Works.

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	Implementation Challenges	Mitigation Measures
4.	IFMIS shut down and downtime: JPIP was a pilot World Bank project in using IFMIS. Implementation of JPIP activities was delayed for several months (between July and August) each year when IFMIS was shut down. This constrained procurement, payments and ultimately, disbursements.	The National Treasury (NT) was engaged from time to time and ensured the delays were minimized. In addition, the NT allowed the project budget to be split into two (i.e. revenue and Appropriation in Aid - direct payment). The later allowed continuation of payments of over Kshs. 10 million to continue at the close of the financial year.
5.	Delays in payments process.	This was resolved through the development of a payment tracking system that tracked number of days it took for payment to clear (i.e., from the time an invoice was raised to the point of actual payment). This helped in identifying of delays and corrective actions taken.
6.	Unavailability of all members appointed to the Inspection and Acceptance of works	This was resolved through having most members nominated from the day-to-day supervision teams
7.	Initial implementation of the project (i.e., in 2014/15) was affected by broader governance issues in the administration of the Judiciary, including the removal of the former Chief Registrar (Accounting Officer for the Judiciary) and Deputy Chief Registrar (who was also the Project Director), as well as a number of Directors.	The appointment of a new Chief Registrar, Deputy Chief Registrar and new Directors for Supply Chain, Finance, ICT subsequently stabilized the broader governance context with positive spillovers to the project.
8.	Infrequent tender committee meetings and failure to consider JPIP agenda items.	The Chief Registrar established a regular Tender/Evaluation Committee schedule of at least two meetings per month and as a norm items not discussed in one meeting would be first on the agenda for the subsequent meeting.

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Implementation Challenges	Mitigation Measures
<p>9. Multiple errors in the procurement process. These errors occurred in post-review consulting and goods contracts which subsequently became prior review and consequently, errors which occurred at a very early stage were not easily identified by the Bank until much later, at which time the procurement failed causing frustration to all parties. For example, the advertisement for a consultant to design the Makueni and Mukurweini courthouses included improper requirements which, once discovered, invalidated the procurement and required the Judiciary to re-advertise.</p>	<p>This was resolved through provision of additional training of Procurement personnel on the use of standard Bank bidding documents and processes.</p>
<p>10. There were some contractors who lacked capacity to undertake the schedule of works leading to delays in completion of projects</p>	<p>Monitoring and Evaluation was enhanced and monthly meetings held generating solutions on slow implementation.</p>

Lessons learned

Several lessons can be drawn from the project, these are:

- i) The scope of infrastructural activities should be evidence based. Court spaces/ size should be informed by data for instance number of cases, number of personnel (Judges and Staff) over time, population size of the area etc.
- ii) The use of an Integrated Fiduciary Agent (IFA) to assist in procurement and financial management works in certain instances. However, for JPIP staffing a Project Implementation Unit (PIU) with experts skilled in procurement and financial management proved to work better and was more efficient.
- iii) Inspection and Acceptance Committees (IAC) requires alternative chairpersons. This will solve issues of delayed approvals whenever the chairperson of the committee is not present.
- iv) Optimal personnel from inception (to design and supervise construction projects) is essential in overcoming delays in designing and providing the necessary approvals on time.

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- v) Monitoring, evaluation, reporting/communication is a key function in a project as it enables tracking implementation, steers the project into the correct path while informing decisions and policies that ensure development objectives are achieved.
- vi) The role of monitoring in the provision of regular status reports and feedback through regular meetings is a critical component in project management. For construction projects desk monitoring is less effective compared to field monitoring.
- vii) Baseline data is important in setting of targets and thereby in measuring achievement of the results. It is important to collect baseline data in the design stage of a project. In addition, impact evaluation should be inbuilt in the project design.
- viii) Stakeholders' involvement from design phase is very key for a project to succeed as it ensures key stakeholder needs are taken care off. Investigations done before the design process begins help to ensure differentiated design based on user needs.
- ix) Subcontracting of tasks by the main contractors speeds up implementation of works as in allows tasks to be done concurrently.
- x) Rules guiding project contracts must be well understood and enforced where applicable (i.e., performance notices, warning letters, default notices as well as terminations ought to be enforced accordingly). This prevents delays in completion or stalling of projects.
- xi) Extensive capacity building on procurement and financial procedures (for multinational funded projects) to the responsible personnel is important in effective and efficient implementation of a project.
- xii) Projects applying government Integrated Financial Management Information System (IFMIS) should embrace alternative budgeting and thereby payment methods. In JPIP for example splitting of budget estimates into two i.e., to revenue and Appropriation in Aid (AIA) resolved delays in payment and thereby improved the rate of disbursement.
- xiii) Mechanisms to streamline and ensure timely payment to contractors and suppliers are key in addressing issues around delayed payments.
- xiv) Adhering to procedures helps in successful implementation of projects. Adherence to the Bills of Quantities (BQ) while implementing the project approval of the costs arising for inclusion in the project final costs ensures proper costing of projects.
- xv) Adequate technical team and personnel required in every discipline to capture and give input in each of the disciplines so as to have smooth and successful project implementation that is

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usable in all aspects. There should be unity of purpose of staff implementing projects.

- xvi) Continuous consultation and engagement between the Building Services Unit (BSU), the contractors, the funders, and the court users mitigate conflicts in project implementation,
- xvii) Take into consideration the fluctuations in the exchange rates, possibility for the need to undertake variations and unforeseen risks.

1.9 Summary of Project Compliance

The country laws and regulations were complied with in addition to the World Bank procurement and financial regulations/guidelines. Delays in the implementation of Voi, Wajir and Mukurweini Law courts are likely to pass some outstanding liability of Kshs. 150 million to the Government. However, mitigation measures have already been taken to ensure project completion such as issuance of warning letters, default notices and extension of time. In addition, Kibera, Olkalou and Mukurweini projects works were terminated, repackaged and issued to new contract

2. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Social responsibility statement

Judicial Performance Improvement Project exists to transform lives. This is our purpose; “the driving force behind everything we do. It’s what guides us to deliver our strategy”.

Below is a brief highlight of our activities that drive towards sustainability;

i. Sustainability Strategy and Profile

The project followed the World Bank Group Strategy 1 that sets out corporate goals of ending extreme poverty and promoting shared prosperity in all its partner countries. Securing the long-term future of the planet, its people and its resources, ensuring social inclusion, and limiting the economic burdens on future generations. The two goals emphasize the importance of economic growth, inclusion and sustainability including strong concerns for equity. It is on this basis that the project was restructured in 2015 and the components and activities refocused away from institutional inputs and towards service delivery outcomes centered on three key areas of concern to citizens.

ii. Environmental performance

The project adhered to the Environmental and Social Policy guiding World Bank funded Projects. This aims to ensure that the people and the environment are protected from potential adverse impacts. In this regards an environmental and social impact assessments (ESMP) was conducted for each construction project in consultation with affected communities. The assessment focused on potential project impacts and the livelihoods of displaced people at the Nanyuki Law Court site.

iii. Employee Welfare

Hiring of staff was based on the Judicial Service Commission policy on recruitment. All recruitment was based on merit. Consequently, there is good gender and ethnic balance in the Project Implementing Unit (PIU).

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iv. **Market Place Practices**

a) Responsible competition practice.

The Judiciary is a public entity governed by the Public Procurement Laws. Procurement Planning and implementation under the project were governed by The World Bank Procurement Guidelines, The Public Procurement Act, The Public Procurement Regulations and Code of Ethics for Public Procurement practitioners.

Procurement Plans were prepared and approved by the World Bank. Procurement packages were prepared based on the applicable thresholds, availability of products in the market, consumer needs and contractor capacity. Bids were advertised in newspapers with nationwide circulation and through the Judiciary Website (www.judiciary.go.ke/tenders). In cases of lower thresholds that do not require advertisement, quotations were obtained from a wide range of at least five qualified suppliers identified in the market. Bidders were given sufficient information and time to prepare and submit bids. In open competitive bidding, bidders were given 30 days. For Request for Quotations (RFQs), bidders were given one week to prepare and submit bids. Bids were opened publicly in the presence of bidders who choose to attend. Bids were evaluated only on the basis of criteria set out in the bidding documents and recommendation of award based on the lowest evacuated bidder. All complaints raised by the bidders were addressed in a timely manner through a proper complaint handling mechanism including through the established Public Procurement Administrative Review Board. Notification of contract awards were issued to all bidders and bidders given 14 days to address any complaint arising from the bidding process. All unsuccessful bidders were informed of the reasons for rejection of their bids. Contract awards were forwarded to the **Public Procurement Oversight Authority** for publication in their websites. Contracts were also published in UN publications through **STEP**. All procurement records were maintained both manually and electronically and were regularly reviewed by the Internal Audit department, Office of the Auditor General (**OAG**) and World Bank through the regular procurement reviews. Anti-corruption measures were adhered to including, ensuring there is no conflict of interest in the bidding process, complying with ethics and anti-corruption laws of the country.

b) Responsible Supply chain and supplier relations

Suppliers are regularly updated of the upcoming procurement opportunities through the publication of Procurement Plans in the websites via World Bank procurement platform - **STEP**. Contract conditions take into account suppliers financial capability and experience to undertake the assignment. Contracts

***Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022***

are awarded and made effective within a reasonable timeframe (normally 28 days for suppliers to provide performance security) to allow suppliers comply and substantially in the same scope with the bidding documents. Payment terms in the contract provide for payment of contractors with 30 days after submitting their payment request which is duly honoured.

c) Responsible marketing and advertisement

All bidding opportunities were advertised in the Judiciary Website for access to all bidders. Bidding documents were downloaded from the website at no cost. In case of clarifications during the bidding process, the clarifications were communicated to all bidders who have expressed interest in the bidding process. In case clarifications are issued, bidders were granted extension of time to submit their bids.

d) Product Stewardship

Product Stewardship is an environmental management strategy that assigns and takes responsibility for the minimization the product's environmental impact throughout all stages of the products' life cycle, including end of life management. The following considerations have been considered for ongoing and complete projects;

- i. Contractor All Risk Insurance and Work Insurance Benefits Act
- ii. Occupational Health and Safety – Full protective gear, sensitization on HIV, Drugs and Alcohol, First Aid Kit, All projects Registered by Public Health, Security on site
- iii. Solid waste Management
- iv. Child Labour: This will not be allowed in the construction and renovation work. The contractors will be bound under contract to comply with guidelines set forth by International Labor Organization (ILO) Written Convention (C.138) on child labor and Employment of Children Act, 1991 while employing workers. The stipulated age for employment in all project operations shall not be below the age of Eighteen (18) years. Equal remuneration for youths and women workers, if any will be ensured through a regular check and monitoring.
- v. Employment Policy: The Contractor is encouraged to use local labour in the proposed project activities to enhance their livelihood. Equal opportunities of employment will be provided to men and women where possible.
- vi. Gender Discrimination: No gender-based discrimination will be done in providing jobs to the women. In all project operations, it will be ensured that women are protected and not harassed at workplaces.

***Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022***

3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Registrar of the Judiciary and the Project Coordinator for **the Judicial Performance Improvement Project** 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 as at the end of the financial year 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 (vi) making accounting estimates that are reasonable in the circumstances.


The Chief Registrar of the Judiciary and the Project Coordinator for **The Judicial Performance Improvement project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Registrar of the Judiciary and the Project Coordinator for **The Judicial Performance Improvement project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Chief Registrar of the Judiciary and the Project Coordinator for The Judicial Performance Improvement Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Registrar of the Judiciary and the Project Coordinator for **The Judicial Performance Improvement Project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Chief Registrar of the Judiciary and the Project Coordinator for The Judicial Performance Improvement project on _____ 2022 and signed by them.



CHIEF REGISTRAR OF THE JUDICIARY
ANNE. A. AMADI, CBS

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON JUDICIAL PERFORMANCE IMPROVEMENT PROJECT (IDA CREDIT NO. 5181- KE) FOR THE YEAR ENDED 30 JUNE, 2022 - THE JUDICIARY

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

Opinion

I have audited the accompanying financial statements of Judicial Performance Improvement Project set out on pages 23 to 37, which comprise the statement financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. 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 the Judicial Performance Improvement 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 Public Finance Management Act, 2012 and comply with the Financing Agreement No.5181- KE dated 5 December, 2012 (Revised 16 May, 2016) between the International Development Association (IDA) and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Judicial Performance Improvement Project 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects final revenue budget and actual amounts on comparable basis of Kshs.997,323,723 and Kshs.702,383,663 respectively, resulting in an underfunding of Kshs.294,940,059 or 30% of the budget.

Report of the Auditor-General on the Judicial Performance Improvement Project (IDA Credit No. 5181- KE) for the year ended 30 June, 2022- The Judiciary

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the effect of the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Implementation and Completion of Projects

Review of records and status reports for various construction works being undertaken by the Judicial Performance Improvement Project revealed that seven (7) projects with a total contract sum of Kshs.826,329,820 and total amount paid of Kshs.644,229,158 remained incomplete as at 30 June, 2022.

In the circumstances, the public have not obtained value for money from Kshs.644,229,158 already incurred on these projects.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit so as to obtain assurance as to 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 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 processes

and systems of internal controls, risk management and governance were operating effectively, in all material respect. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of Judicial Performance Improvement Project to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware either 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 are in compliance with the authorities which govern them, and that public money is 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

Report of the Auditor-General on the Judicial Performance Improvement Project (IDA Credit No. 5181- KE) for the year ended 30 June, 2022- The Judiciary

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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's

ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2022

*Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022*

5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2022

	Note	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	
		KShs	KShs		KShs	KShs	KShs	
RECEIPTS								
Loan from external development partners	8.3	358,764,740	343,603,923	702,368,663	1,003,521,344	154,547,498	1,158,068,842	11,051,447,352
Miscellaneous receipts	8.4	-	-	-	1,447,698	-	1,447,698	32,916,631
TOTAL RECEIPTS		358,764,740	343,603,923	702,368,663	1,004,969,042	154,547,498	1,159,516,540	11,084,363,983
PAYMENTS								
Purchase of goods and services	8.5	65,105,577	-	65,105,577	180,334,348	-	180,334,348	3,609,471,370
Acquisition of non- financial assets	8.6	402,453,265	343,603,923	746,057,188	868,859,210	154,547,498	1,023,406,708	7,326,201,691
TOTAL PAYMENTS		467,558,840	343,603,923	811,162,765	1,049,193,558	154,547,498	1,203,741,056	10,935,673,061
SURPLUS/DEFICIT		(108,794,102)	-	(108,794,102)	(44,224,516)	-		

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



ANNE. A. AMADI, CBS
CHIEF REGISTRAR OF THE JUDICIARY



CPA MARY MUCHOKI ICPAK No. 6621
PROJECT ACCOUNTANT

*Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022*

6. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021-2022 KShs	2020-2021 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.7.A	119,792	108,234,680
Total Cash and Cash Equivalents		119,792	108,234,680
Accounts receivables – Imprest and Advances	8.8	-	5,937,170
TOTAL FINANCIAL ASSETS		119,792	114,171,850
REPRESENTED BY			
Fund balance b/fwd	8.9	114,171,850	167,829,317
Prior year adjustments	8.10	(5,257,956)	(9,432,951)
Surplus/(Deficit) for the year		(108,794,102)	(44,224,516)
NET FINANCIAL POSITION		119,792	114,171,850

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


ANNE. A. AMADI, CBS
CHIEF REGISTRAR OF THE JUDICIARY


CPA MARY MUCHOKI ICPAK No. 6621
PROJECT ACCOUNTANT

*Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022*

7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022

		2021-2022	2020-2021
	Note	KShs	KShs
Receipts for operating activities			
Miscellaneous receipts	8.4	-	1,447,698
Payments for operating activities			
Purchase of goods and services	8.5	(65,105,577)	(180,334,348)
Changes for receivables during the year	8.8	5,937,170	9,083,652
Adjustments during the year		(5,257,956)	(9,432,951)
Net cash flow from operating activities		(64,426,363)	(179,235,949)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.6	(402,453,265)	(868,859,210)
Net cash flows from Investing Activities		(402,453,265)	(868,859,210)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	8.5	358,764,741	1,003,521,344
Net cash flow from financing activities		358,764,741	1,003,521,344
NET DECREASE IN CASH AND CASH EQUIVALENT		(108,114,888)	(44,573,815)
Cash and cash equivalent at BEGINNING of the year		108,234,680	152,808,495
Cash and cash equivalent at END of the year	8.7.A	119,792	108,234,680

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 _____ 2022 and signed by:


ANNE. A. AMADI, CBS
CHIEF REGISTRAR OF THE JUDICIARY

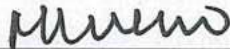

CPA MARY MUCHOKI ICPAK NO. 6621
PROJECT ACCOUNTANT

*Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022*

8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Final Budget	Actual On Comparable Basis	Budget Utilization Difference	% of Utilization
	A	c=a+b	d	e=c-d	f=d/c %
Receipts					
Proceeds from borrowings	997,323,723	997,323,723	702,383,663	294,940,059	70%
Miscellaneous receipts	-	-	-	-	-%
Total Receipts	997,323,723	997,323,723	702,383,663	294,940,059	70%
Payments					
Purchase of goods and services	-	65,105,583	65,105,583	65,105,583	100%
Acquisition of non-financial assets	-	746,057,189	746,057,189	746,057,189	100%
Total Payments	-	811,162,772	811,162,772	811,162,772	100%

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



ANNE. A. AMADI, CBS
CHIEF REGISTRAR OF THE JUDICIARY



CPA MARY MUCHOKI ICPAK NO. 6621
PROJECT ACCOUNTANT

NOTES TO THE FINANCIAL STATEMENTS

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

8.1. Basis of Preparation

8.1.1. Statement of compliance and basis of preparation

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

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

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

8.1.2. Reporting entity

The financial statements are for the Judicial improvement project under the Judiciary. The financial statements are for the Project as required by Section 81 of the PFM Act, 2012.

8.1.3. Reporting currency

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

8.2. Significant Accounting Policies

8.2.1. Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

• Transfers from the Exchequer

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

• External Assistance

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

***Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022***

Proceeds from borrowing

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

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

• **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 recognised in the financial statements the time associated cash is received.

a) Recognition of payments

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **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.

• **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

***Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022***

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.

b) 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.

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 party deposits

c) Imprest 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.

d) Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted

Judicial Performance Improvement Project
Reports and Financial Statements for the financial year ended June 30, 2022

goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made. The Unpaid certificates for completed projects that were time barred due to Project closure have been forwarded to the Accounting officer to be included in the overall Judiciary

Pending bill register for the F/Y 2021/22.

e) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

f) 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 **KES 343,603,923** being loan disbursements was received in form of direct payments to third parties.

g) 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

Judicial Performance Improvement Project

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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 ineligible according to the donor agreement and are not recognised in the statements of receipts and payments.

h) 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.

i) 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, 2021.

j) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

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8.3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the financial period to 30 June, 2022 we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	FY 2021/22	FY 2020/21
Loans Received from Multilateral Donors (International Organizations)						
International Development Agency	03-09-21	2,517,277	-			
	27-09-22	1,865,615	278,184,303			
	15-10-22	720,046	80,580,437			
Total		5,102,938	358,764,740	343,603,923	702,368,663	1,158,068,842

8.4. MISCELLANEOUS RECEIPTS

	2021-2022	2020-2021	Cumulative to date
	Kshs	Kshs	Kshs
Other receipts not classified elsewhere (seized performance bond)	-	1,444,698	32,916,631
Total	-	1,444,698	32,916,631

8.5. PURCHASE OF GOODS AND SERVICES

	2021-2022			2020-2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	3,763,940	-	3,763,940	2,214,040	456,376,949
Domestic travel and subsistence	21,094,299	-	21,094,299	50,410,851	621,082,882
Foreign travel and subsistence	-	-	-	-	6,133,897

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	2021-2022			2020-2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Printing, advertising and – information supplies & services	-	-	-	924,800	107,729,357
Rentals of produced assets	3,425,791	-	3,425,791	13,401,796	223,866,335
Training payments	-	-	-	239,600	1,286,438,938
Other operating payments	2,882,531	-	2,882,531	3,825,759	873,903,996
Consultancy	33,939,018	-	33,939,018	109,317,502	33,939,018
Total	65,105,577	-	65,105,577	180,334,348	3,609,471,370

8.6. ACQUISITION OF NON-FINANCIAL ASSETS

	2021/2022			2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Construction of buildings	278,407,401	343,603,923	622,011,324	971,040,201	6,630,841,453
Purchase of vehicles & other transport equipment	-	-	-	-	186,242,249
Purchase of office furniture & general equipment	124,045,864	-	124,045,864	52,366,507	390,312,686
Purchase of ICT equipment	-	-	-	22,941,000	118,805,303
Total	402,453,265	343,603,923	746,057,188	1,023,406,708	7,326,201,691

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8.7. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2021/22	2020/21
	KShs	KShs
Bank accounts (Note 8.7A)	119,792	108,234,680
Cash equivalents (receivables) (Note 8.8)	-	5,937,170
Total	119,792	114,171,850

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

8.7 A Bank Accounts (See Appendix 1)

Project Bank Accounts

	2021-2022	2020-2021
	USD	USD
<u>Foreign Currency Accounts</u>		
Equity bank [A/C No.0810260885749]	-	1,865,615.43
Total Foreign Currency balances	-	1,865,615.43
<u>Local Currency Accounts</u>	KSHS	KSHS
Central Bank of Kenya [A/c No 10000187441]	119,792	108,234,680
Total local currency balances	119,792	108,234,680
Total bank account balances in local currency	119,792	108,234,680

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

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Special Deposit Accounts Movement Schedule

	2021-2022	2020-2021
	USD	USD
(i) A/C Name [A/c No:081026088749]		
Opening balance	1,865,615	2,037,945
Total amount deposited in the account	3,237,324	7,356,383
Total amount withdrawn (as per Statement of Receipts & Payments)	5,102,939	7,184,053
Closing balance (as per SDA bank account reconciliation attached)	-	1,865,615

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *(Appendix ii)* support these closing balances.

8.8. OUTSTANDING IMPRESTS AND ADVANCES (Appendix iii)

	2021-2022	2020-2021
	KShs	KShs
Staff Imprests	-	399,170
Advances to Court Stations	-	5,538,00
Total	-	5,937,170

8.9. FUND BALANCE BROUGHT FORWARD

	2021-2022	2020-2021
	KShs	KShs
Bank accounts	108,234,680	152,808,495
Outstanding imprests and advances	5,937,170	15,020,822
Total	114,171,850	167,892,317

8.10. PRIOR YEAR ADJUSTMENT

	2021-2022	2020-2021
	KShs	
Receivables - Outstanding Imprests	(5,937,170)	(15,020,822)
Changes in Cash	679,214	-
Adjustments during the year (Receivables)	-	5,587,871
Total	(5,257,956)	(9,432,951)

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8.11. PENDING ACCOUNTS PAYABLE (Appendix IV)

	Balance b/f FY2020/2021	Additions for the period	Paid during the year	Balance c/f FY2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of civil works	10,777,942.99	39,956,711	10,777,942.99	39,956,711
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	10,777,942.99	39,956,711	10,777,942.99	39,956,711

8.12. PENDING STAFF PAYABLES (Appendix iv)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Employees	2,439,400.00	-	2,439,400.00	-
Total	2,439,400.00	-	2,439,400.00	-

8.13. RETENTION PAYABLES/GUARANTEES HELD (Appendix v)

The Project has been deducting and withholding 10% from all certificates on construction contracts from F/Y 2014/2015 up to Project Closure. All the Retentions were released in accordance to the contracts. However one bank guarantee was retained awaiting making well the defects clearance.

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9. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
JUD/JPIP/2020-2021	Underutilization of budgeted resources	Explanation was provided	-	Project ended	-
	Delayed projects	Explanation was provided	-	All projects have been closed and completed ones handed over	-
	Pending bills	Explanation was provided	-	All previous pending bills were settled as at Project closure	-
	Long outstanding imprests	Explanation was provided	-	As at project closure all imprest were surrendered	-


 ANNE. A. AMADI, CBS
 CHIEF REGISTRAR OF THE JUDICIARY

Date: 30/11/2022

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget A	Final Budget c=a+b	Actual On Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %	Comments on Variance
Receipts						
Proceeds from borrowings	997,323,723	997,323,723	702,383,663	294,955,059	70%	Absorption of Loan A-I-A was low as due to strict timelines and adherence to Donor's project closure procedures
Miscellaneous receipts	-	-	-	-	-	
Total Receipts	997,323,723	997,323,723	702,383,663	294,955,059	70%	
Payments						
Purchase of goods and services		65,105,577	65,105,577	-	100%	Absorption of Loan A-I-A was low as due to strict timelines and adherence to Donor's project closure procedures
Acquisition of non-financial assets		746,057,189	746,057,189	-	100%	
Total Payments		811,162,766	811,162,766	-	100%	

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APPENDICES

- i. Bank Reconciliations
- ii. Special Deposit Account(s) reconciliation statement(s)
- iii. Pending Bills
- iv. Retentions Payable