

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY	
DATE: 00 MAR 2023 Thursday	
TAKED BY:	Hon. Naomi Wago, MP (Deputy Majority Whip)
CLERK-AT THE-TABLE:	Joyce Lemelette

THE AUDITOR-GENERAL

ON

**PUBLIC FINANCIAL MANAGEMENT REFORMS
PROGRAM (CREDIT NOS. DANIDA FY06, SIDA
51110081, IDA GESDEK-6133-KE, AFD/CKE 1130
& PASEDE CRISNO:041-658)**

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

THE NATIONAL TREASURY

Public Financial Management Reforms Secretariat
Annual Report and Financial Statements for the financial year ended June 30, 2022



PROJECT NAME: Public Financial Management Reforms Program

IMPLEMENTING ENTITY: Public Financial Management Reforms Secretariat

**PROJECT GRANT/CREDIT NUMBER: DANIDA/FY06/SIDA/51110081/GESDeK-
6133 AFD/CKE 1130 PASEDE CRIS NO:041-658**

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)

*Public Financial Management Reforms Secretariat
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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Public Financial Management Reforms Programme.

Objective

The key objective of the project is to strengthen public financial management systems to enhance transparency, accountability and responsiveness of expenditure to policy priorities and improved service delivery

Address

The project headquarters offices are in Bima House Harambee Avenue 8th Floor
Nairobi county Kenya

The address of its registered office is:

Public Financial Management Reforms Secretariat,
The National Treasury,
P.O Box 30007-00100
Nairobi
Kenya.

Contacts: The following are the project contacts

Telephone: (+254) 020 252299
E-mail: pfnsecretariat@treasury.go.ke
Website: www.pfmr.go.ke

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is GESDeK 01/06/2017 PASEDE 30/01/2019 /SIDA1/7/2014/AFD 23/01/2019
Project End Date:	The project end date is 30/06/2023-31/12/2020-31/12/2021
Project Coordinator:	The project Coordinator is Mr Julius K. Mutua
Project Sponsor:	The project sponsors are Government of Kenya (GoK), The Government of Sweden, GESDeK(IDA) AFD and PASEDE Programs Under GoK

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of The National Treasury.
Project number	Contribution ID NO: DANIDA/FY06/SIDA /51110081/GESDEK-6133 AFD/CKE 1130 PASEDE CRIS NO:041-658
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <p>To provide a public financial system that promotes transparency, accountability, equity, fiscal discipline and efficiency in management and use of public resources for improved service delivery and economic development.</p> <p>To provide a political system that is issue based, people centred, result oriented and accountable to the public.</p>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Prioritized Public Investments Formation of PIM unit and its guidelines (ii) Reliability of funding for service delivery UAT of cash management and exchequer systems (iii) Procurement Review of E-procurement strategy and road map with support from KADP, Amendment of the PPAD Act 2015, agreement stand alone (iv) Consolidating HR data Payroll and HR data consolidation Payroll interface with IFMIS in progress (v) Financial statements and external audit Consolidation of financial statements and review of quality F/S done <p>New Audit methodology and checklist for compliance and manuals agreed and applied to MDAs Timely submission of reports to Parliament</p>

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	(vi) Transparency and fiduciary assurance The Boost update with the F/Y/19/20 budget and actual
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Strengthen Public Financial Management systems to enhance transparency and accountability (ii) Responsiveness of expenditure to policy priorities
Project duration	The project started on 1st August 2006 and is expected to run until December 2023

1.4 Bankers

The following are the bankers for the current year:

(i) Special Deposit Accounts

Barclays Bank of Kenya

Account Name: CBK/GoK PUFFINMTRFM FY06-06

Account Number: KENX022-7219475

P.O. Box 3247-00100

Nairobi.

(ii) Local Project Accounts

Kenya Commercial Bank

Account Name: Public Financial Management Reforms Secretariat

Account Number: 1102295264

KICC Branch

P.O. Box 46950-00100

Nairobi, Kenya




1.5 Auditors



The project is audited by the
Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O Box 30084 Nairobi, Kenya

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

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Names and contact details	Title designation	Key qualification	Responsibilities
 <p>Julius Mutua 0725966650 Jkmutua@pfmr.go.ke</p>	Program Coordinator	B.A Economics MA (Economics)	Coordination of the day to day activities of the program.
 <p>Stephen Maluku 0724694346 stephenmmaluku@pfmr.go.ke</p>	Program Manager	B.Sc.(Statistics) Masters of Arts in Economics	Management of the technical functions of the Program.
 <p>Joel Bett 0722263497 joelkbett@pfmr.go.ke</p>	Project M&E Specialist	BED (Economics & Accounts) MA (Economics)	Overall monitoring of the physical progress and advising when the actual progress deviates from the planned.

Names and contact details	Title designation	Key qualification	Responsibilities
 Geoffrey Bett 0720475193 gkbett@pfmr.go.ke	ICT Administrator	BSc. Information MA. Information system	Responsible for the management of the project information management system
 Patricia Mambo 0721249503 Patricia.mambo@pfmr.go.ke	Ag.Procurement Specialist	B.Com. MSc (Procurement and logistics) CIPS	Responsible for the procurement process of goods and services, and safety of the assets.

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1.7 Funding summary

The Project is for duration of 5 years from 2018 to 2023 with an approved budget of US\$65Million equivalent to KShs7 Billion.

Below is the funding summary for the year 2021/2022

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
SIDA		630,000,000		352,953,360		128,028,754
DANIDA		701,031,643		701,031,643		-
(ii) Counterpart funds						
GoK-Recurrent		3,368,555,998		3,368,555,998		-
Miscellaneous Receipts		-		149,017,8846		-
Total		<u>4,699,587,641</u>		<u>4,571,558,887</u>		<u>128,028,754</u>

[Note: The Column indicated as undrawn balance is explained in the disclosure note g.]

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PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

Below is the funding summary

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)	Unutilised balance to date (30th June 2022)	
	Donor currency	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
SIDA, GESDeK and GoK counterpart funds		4,571,558,887	4,106,532,213	-	465,026,674
Total		<u>4,571,558,887</u>	<u>4,106,532,213</u>	-	<u>465,026,674</u>

Note: See explanation on cumulative balances on appendices (v)

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

1.8 i) Summary of Overall Project Performance:

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a-b	d=b/a %
Receipts				
Transfer from Government entities	479,907,871	259,907,871	220,000,000	54.16%
Proceeds from domestic and foreign grants	277,731,832	37,942,712	239,789,120	13.66%
Proceeds from borrowings	-	-	-	-
Miscellaneous receipts	-	41,315,697	41,315,697	100%
Total Receipts	757,639,703	339,166,280	501,104,817	44.77%
Payments				
Compensation of employees	35,800,000	35,364,723	435,277	98.78%
Purchase of goods and services	721,839,703	521,438,459	200,401,244	72.24%
Social security benefits	-	-	-	-
Acquisition of non-financial assets	-	-	-	-
Transfers to other government entities	-	-	-	-
Other grants and transfers-Charges & taxes	-	-	-	-
Total payments	757,639,703	556,803,182	200,836,521	73.49%

ii) IMPLEMENTATION CHALLENGE

- Late Disbursement of funds leaves agencies with little time to implement.

1.9 Summary of Project Compliance

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. In cases of inconsistency between the GOK Regulations and those of the donors, the country systems have to be fully applied. In conclusion, the planned activities were implemented within the stipulated time period as in the specified in the agreements.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The Public Financial Management Reforms (PFMR) Programme guides implementation of Public Financial Reforms in Kenya. Under the Programme the PFMR Secretariat is coordinating the implementing the PFMR Strategy 2018-2023. The Programmes implementing the Strategy are the Governance for Enabling Service Delivery and Public Investments in Kenya (GESDeK) and Public Accountability and Service Delivery programme (PASEDE). The GESDeK programme is jointly funded by the World Bank (WB) and French Development Agency (AFD) while PASEDE is funded by the European Union (EU). Both the GESDeK and PASEDE are Programmes for Results where Government budgets a portion of the variable cost as provided for in the GESDeK agreement to fund the implementation of agreed Disbursement Linked Results (DLRs). Upon achievement of the DLRs, WB, AFD and EU disburses an agreed amount pegged on the achieved DLIs to the exchequer as budgetary support. The DLRs under the programmes are in the areas of Public investment management, Procurement, Audit, Cash management, Financial reporting, Transparency and oversight of State Owned Enterprises and Consolidation of staff data in the public service.

PROGRAMME MANAGEMENT

The PFMR Strategy 2018-2-23 puts emphasis on involvement of stakeholders including National and County Government departments and Development Partners in its implementation. The institutions that play a key role in implementation of the Strategy include Results Teams, Lead Ministries, Departments and Agencies, Reform Authorisers and MDAs, Counties, Legislature and Broader Coalitions.

To coordinate these stakeholders effectively, the Strategy puts in place a high level PFM Steering Committee supported by a Technical Committee. Both the PFM Steering Committee and the Technical Committee receive technical and administrative support from the PFM Reforms Secretariat. Development partner engagement is strengthened and facilitated through interaction between the PFM Steering Committee and PFM Development Partners Forum under the PFM Sector Working Group. The Strategy has a results framework which guide monitoring and evaluation of the Strategy. Monitoring and evaluation of the Strategy is coordinated by the PFMR Secretariat.

The summary of key achievements of the PFMR Strategy 2018-2023 per result area in 2021/22 financial year are: -

i. Sustainable and predictable fiscal space to deliver priority programs: The achieved reforms are: -

- a) Upgraded procedures and capacity in place in KRA to enable tax administration transformation
- b) Comprehensive set of guidelines and training curriculum in place for county revenue relating to a) policy and legislation b) institutional arrangements and c) administration in place
- c) Dissemination and implementation of Own Source Revenue Policy done
- d) A framework and forecasting model in place which ensures realistic revenue and other macro fiscal projections agreed following a multi-agency review of forecasting including State Corporations.
- e) Legislative changes in place which ensure that finance bill is approved before or alongside the appropriation bill.
- f) A framework for measuring national and county fiscal responsibility in place
- g) Debt and Borrowing Policy in place which formalizes the framework for debt management.
- h) Package of tools and work plan developed for rationalizing mandates, functions, structures, establishments and staffing and cleaning payrolls.

ii. Strategic and Transparent Spending on Public Investment and Service Delivery in Line with National and County Policy Commitments: The reforms achieved under the result area are: -

- a) Update of SCOA finalized, including standard program structure and approach to classifying service delivery facilities and projects.
- b) Budget manuals updated in advance of the 2020/21 budget process to include a) early agreement of changes to budget priorities and major programmes b) costing of service delivery programs, c) identification of cost savings and d) timing and form of information needed from external funders

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- c) Information available to MDAs, SCs and Counties on past expenditure data and transfers to service facilities via the Hyperion Budget module of IFMIS
- d) Development of user requirements done for an integrated, automated management information system which enables state corporations and semi-autonomous agencies to provide budgets, quarterly and annual reports with financial and non-financial performance information (including debt levels and contingent liabilities).

iii. Reliable Cash for Service Delivery and Public Investment: The achieved reforms are:-

- a) Standards for transferring funds from KRA and revenue collection accounts to the consolidated fund and CRF respectively developed.
- b) Debt issuance calendar, in year borrowing program for 2019/20 consistent with an aggregate cash plan and in-year revenue projections approved by July 2019
- c) Fully automated exchequer release system operational, with transfers authorized by ASD and made by CBK on the system for MDAs and Counties
- d) Process and guidance adopted for 2019/20 by which NT sets aggregate MDA and County cash limits and MDAs and Counties make exchequer requests based on clear expenditure categories.
- e) Conditional grant transfers published online and in national newspapers

iv. Value for money in procurement and contract management: The reforms achieved under the result area are: -

- a) Public Procurement Policy approved and published
- b) PPDA regulations gazetted
- c) Operationalized KISEB assessment of procurement professionals in public sector

v. Value for money, performance & accountability in staffing for service delivery: The achieved reforms are: -

- a) GHRIS module enhanced
- b) Procurement of hard ware to expand data warehouse use initiated

- vi. Education Institutions, Health and other Service Facilities Effectively Manage Public Resources:** The reforms achieved under the result area are: -
- a) Methodology for strengthened expenditure tracking in place
 - b) Methodology for strengthened facility audit and value for money analysis in place
 - c) Health workforce data collected and updated in iHRIS
- vii. Disciplined Financial Management and Accurate Reporting:** The achieved reforms are: -
- a) IFMIS finalised automated IPSAS compliant MDAs and County financial reporting templates to enable timely financial reporting
 - b) Minimum compliance standards developed for MDAs and Counties for the provision of quarterly and annual financial statements
 - c) Policy framework and guidelines for asset and liability management adopted
- viii. Accountability Delivered through Audit, Oversight and Follow up:** The reforms achieved under the result area are: -
- a) Audit management software, which includes new quality assurance framework, deployed and is operational in all counties, SCs and MDAs.
 - b) Enhanced external audit methodology and quality assurance framework and associated tools and plan for their implementation approved
 - c) Development of tools to monitor the implementation of the SDGs across the sectors done
 - d) Automated system for tracking audit follow-up actions operational

I) GOVERNANCE FOR ENHANCING SERVICE DELIVERY AND PUBLIC INVESTMENTS IN KENYA (GESDeK)

a) Project Description

The Program for Results (PforR) to strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK) is a GoK/World Bank/AFD funded programme. The GESDeK program is funded by the World Bank (WB) and the French Development Agency (AFD). The Bank is financing the program through a credit of USD 150million while the AFD co- finances through a credit facility amounting to EUR 30 million and a grant amount of EUR 1.5million. The Programme focuses on the following result areas: -

- Prioritized Public Investments
- Reliable Funding for Service Delivery and Public Investments
- Efficient and Transparent Procurement
- Consolidated Staff Data
- Timely and Quality Financial Statements and Audits
- Strengthened Fiduciary Assurance and Transparency

b) The key development objective of the programme

The objective of the programme is to improve utilization and transparency of resource management in selected service delivery Ministries, Departments and Agencies (MDAs). The objective is in line with the main strategic reforms objective of ensuring a public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development.

c) Progress on attainment of strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK)	The objective of the programme is to improve utilization and transparency of resource management in selected service delivery Ministries, Departments and Agencies (MDAs)	A public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development	Prioritized Public Investments	Ministries, Departments and Agencies implementing the programme achieved most of the Disbursement Linked Indicators(DLIs) during the period under review
			Reliable Funding for Service Delivery and Public Investments	
			Efficient and Transparent Procurement	
			Consolidated Staff Data	
			Timely and Quality Financial Statements and Audits	
			Strengthened Fiduciary Assurance and Transparency	

d) Challenges

The main challenge has been slow awareness on the urgency in implementation for achievement of the needed reforms. To this end, a communication Strategy for PFMR has been developed to increase awareness

II) PUBLIC ACCOUNTABILITY AND SERVICE DELIVERY PROGRAMME(PASEDE)

a) Project Description

The National Treasury and the European Union is implementing the Public Accountability and Service Delivery (PASEDE) Programme. PASEDE is funded by the European Union (EU) to the tune of €26 million grant. The objective of the Programme is to improve financial transfers to counties; (ii) enhance revenue mobilization; (iii) improve business environment; and (iv) better public investment management practices. The Programme is supporting implementation of interventions in the PFMR Strategy 2018-2023 under the Accounting Services Department (ASD), Public Procurement Department (PPD), Public Investment Management Unit (PIM) and the Kenya Revenue Authority (KRA).

b) Progress on attainment of strategic development objectives

- i. Indicator 1: Discrepancy between legal provisions and actual disbursement of the equitable share to Counties-*Target June 2021-65%*
- ii. Indicator 2: average actual domestic revenue Collection as a Percentage of Printed Estimates-*Neutralized*
- iii. Indicator 3: time taken by KRA Customs for Imports Clearance and Inspections-*Target June 2021, 65 hrs. The target was achieved; clearance hours is 54.6 hours.*
- iv. Indicator 4: implementation of new procurement legislation -*The Public policy framework has been approved by the CS NT and published at the NT website*
- v. Indicator 5: Improved Public Investment Management -*Manual for economic project appraisal has been developed and instructions (i.e. circular note or similar uploaded on the NT website) have been sent by NT to MDAs for its utilization in support to the PIM guidelines*

3. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i. Environmental performance

The implementation of various Programme activities may entail procurement of electronic equipment including computers, tablets and related accessories. At end-of-life of the devices they are likely to lead to adverse impacts associated with e-waste generation. The Programme has put in place measures to ensure that all electronic devices are procured from suppliers that are credible, and all e-waste generated during the life of the operation is disposed of effectively. All the e-wastes generated by the program will be recaptured via a “Take Back Scheme” for recycling where these end-of-life devices will be delivered to facilities that recycle e-waste at minimal or no cost such as the East African Compliant Recycling Company. The Programme will use and follow the existing regulations and protocol provided for by the Environmental Management and Coordination Act 1999, (as amended in 2015), Waste Management regulations as well as draft e-waste management regulations including following an Environmental Code of Practice.

ii. Employee welfare

The Programme in the period under review has trained staff on public finance management reforms. This is meant to build capacity of staff to better coordinate and implement PFM reforms.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary to the National Treasury and the Project Coordinator for Public Financial Management Reforms Secretariat 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 (vi) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* to the National Treasury and the *Project Coordinator* for Public Financial Management Reforms Secretariat 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* to the National Treasury and the *Project Coordinator* for Public Financial Management Reforms Secretariat 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* to the National Treasury and the *Project Coordinator* for Public Financial Management Reforms Secretariat 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.

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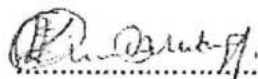
The *Principal Secretary* to the National Treasury and the *Project Coordinator* for Public Financial Management Reforms Secretariat confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during 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

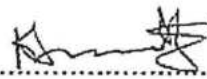
The Project financial statements were approved by the *Principal Secretary* for the National treasury and the *Project Coordinator* for Public Financial Management Reforms Secretariat on 30th Sept 2022 and signed by them.



Principal Secretary
Dr. Julius Muia, PhD, CBS



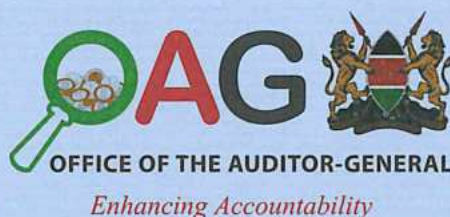
Project Coordinator
Julius Mutua



Head of Accounting Unit
Nemwel M Motanya
ICPAK Member No. 2367

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PUBLIC FINANCIAL MANAGEMENT REFORMS PROGRAM (CREDIT NOS. DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 & PASEDE CRISNO:041-658) FOR THE YEAR ENDED 30 JUNE, 2022 – THE NATIONAL TREASURY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Public Financial Management Reforms Program set out on pages 1 to 39, 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 the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Financial Management Reforms Program 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 Financing Agreements Nos. DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 & PASEDE CRISNO:041-658, between the Danish International Development Agency (DANIDA) dated 16 September, 2016 (extended 04 March, 2021, Swedish International Development Cooperation Agency (SIDA) dated 22 July, 2014 (extended on 05 August, 2021), International Development Association (IDA) dated 28 September, 2017, Agence Française de Développement (AFD) dated 23 January, 2019, European Commission dated 28 April, 2020 and the Government of Kenya and Public Finance Management Act, 2012.

In addition, the special account statements present fairly, transactions for the year and the closing balance has been reconciled with the records of account.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Financial Management Reforms Program 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 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 during the year under review.

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a receipts budget and actual receipts on comparable basis of Kshs.757,639,703 and Kshs.339,166,280 respectively, resulting in a receipts shortfall of Kshs.418,473,423 or 56% of the budget. Similarly, the statement reflects expenditure budget and actual payments on a

comparable basis of Kshs.757,639,703 and Kshs.556,803,181 respectively, resulting in under-absorption of Kshs.200,836,522 or 27% of the approved budget.

The underfunding and underperformance affected the planned activities and impacted adversely 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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter(s) 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 overall governance were not effective.

Basis for Conclusion

1.0 Lack of a Risk Management Policy and Internal Audits

During the year under review, it was revealed that the Program's audit services were to be offered by the internal audit of The National Treasury. However, no reports by the Internal Auditor-General on the Program were provided for review. As a result, the Program may lack appropriate arrangements for conducting internal audit services as provided in the guidelines by the Accounting Standards Board. Further, review of the internal control processes revealed that Management had not developed risk management strategies to fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of an effective internal control mechanism could not be ascertained.

2.0 Failure to Fill Vacant Positions

Review of the staff establishment revealed that the Program had in place twenty-eight (28) members of staff against the authorized establishment of forty-eight (48), resulting in a deficit of twenty (20). The staff shortage, if not addressed, could adversely affect the operations of the Program and service delivery to the public.

In the circumstances, the Program may not achieve its goals due to inadequate human capacity and capabilities.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by DANIDA FY06, SIDA 51110081, IDA GESDEK-6133-KE, AFD/CKE 1130 & PASEDE CRIS NO:041-658 Agreements, 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 Program, so far as appears from the examination of those records; and,
- iii. The Program 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 overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 Program'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 Program 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 Program 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

27 October, 2022

Public Financial Management Reforms Secretariat
Annual Report and Financial Statements for the financial year ended June 30, 2022

6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	2021-2022			2020-2021			Cumulative to-date
		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.	Kshs.	Kshs.
RECEIPTS								
Transfer from Government entities	1	259,907,871	-	259,907,871	361,113,585	-	361,113,585	3,158,555,998
Proceeds from domestic and foreign grants	2	37,942,712	-	37,942,712	55,057,288	-	55,057,288	1,263,985,004
Loan from external development partners	3	-	-	-	-	-	-	-
Miscellaneous receipts	4	41,315,697	-	41,315,697	30,334,572	-	30,334,572	149,017,885
TOTAL RECEIPTS		339,166,280	-	339,166,280	446,505,445	-	446,505,445	4,571,558,887
Payments								
Compensation to employees	5	35,364,723	-	35,364,723	32,061,340	-	32,061,340	203,619,174
Purchase of goods and services	6	400,460,665	-	400,460,665	739,247,455	-	739,247,455	2,646,292,167
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	117,293,532	-	117,293,532	104,225,023	-	104,225,023	1,233,668,526
Transfers to other government entities	9	-	-	-	-	-	-	-


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	Note	2021-2022			2020-2021			Cumulative to-date
		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	
Other grants and transfers /payments- Bank Charges & Taxes	10	3,684,261	-	3,684,261	5,828,867	-	5,828,867	22,952,346
Total payments		556,803,181	-	556,803,181	881,362,685	-	881,362,685	4,106,532,213
Surplus/ (deficit)		(217,636,901)	-	(217,636,901)	(434,857,240)	-	(434,857,240)	465,026,674

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



Principal Secretary
Dr. Julius Muia, PhD, CBS



Project Coordinator
Julius Mutua

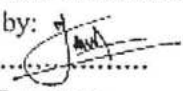


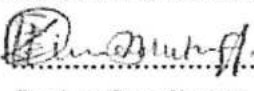
Head of Accounting Unit
Nemwel M Motanya
ICPAK Member No. 2367

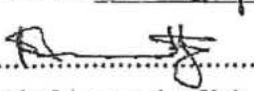
7.STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	728,007,698	1,002,125,192
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		728,007,698	1,002,125,192
Imprests and Advances	12	-	-
Total Financial Assets		-	-
Financial Liabilities			
Deposits and Retention monies	13	-	-
Net Assets		728,007,698	1,002,125,192
Represented By			
Fund Balance B/fwd.	14	1,002,125,192	1,436,982,430
Prior Year adjustments	15	(56,480,593)	-
Surplus/(Deficit) for the Year		(217,636,901)	(434,857,238)
Net Financial Position		728,007,698	1,002,125,192

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


Principal Secretary
Dr. Julius Muia, PhD, CBS


Project Coordinator
Julius Mutua


Head of Accounting Unit
Nemwel M Motanya
ICPAK Member No. 2367


8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash flow from operating activities			
Receipts			
Transfer from government entities	1	259,907,871	361,113,585
Proceeds from domestic and foreign grants	2	37,942,712	55,057,288
Miscellaneous receipts	4	41,315,697	30,334,571
Total receipts		339,166,280	446,505,445
Payments			
Compensation of employees	5	(35,364,723)	(32,061,340)
Purchase of goods and services	6	(400,460,665)	(739,247,455)
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	(3,684,261)	(5,828,867)
Total Payments		(439,509,649)	(777,137,662)
Adjustments during the year			
Prior year adjustments	15	(56,480,593)	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
Net cash flow from operating activities		(156,823,961)	(330,632,217)
Cashflow from investing activities			
Acquisition of non-financial assets	8	(117,293,532)	(104,225,023)
Net cash flows from investing activities		(117,293,532)	(104,225,023)

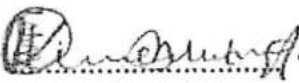
Public Financial Management Reforms Secretariat
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Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(274,117,494)	(434,857,238)
Cash and cash equivalent at beginning of the year	11	1,002,125,192	1,436,982,431
Cash and cash equivalent at end of the year	11	728,007,698	1,002,125,192

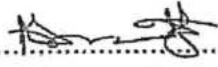
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th Sept 2022 and signed by:



 Principal Secretary
 Dr. Julius Muia, PhD, CBS



 Project Coordinator
 Julius Mutua



 Head of Accounting Unit
 Nenevel M Motanya
 ICPAK Member No. 2367

Public Financial Management Reforms Secretariat
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9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities-GESDeK	640,000,000	(200,000,000)	440,000,000	220,000,000	220,000,000	50%
Transfer from Government entities-GoK	41,553,292	(1,645,421)	39,907,871	39,907,871	-	100%
Proceeds from domestic and foreign grants	277,731,832	-	277,731,832	37,942,712	239,789,120	13.66%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	41,315,697	-	-
Total Receipts	959,285,124	(201,645,421)	757,639,703	339,166,280	418,473,423	44.77%
Payments						
Compensation to employees	35,800,000	-	35,800,000	35,364,722	435,278	98.78%
Purchase of goods and services	923,485,124	(201,645,421)	721,839,703	521,438,459	200,401,244	72.24%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	959,285,124	(201,645,421)	757,639,703	556,803,181	200,836,522	73.49%
Surplus or Deficit				(217,636,901)		

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

.....
Principal Secretary
Dr. Julius Muia, PhD, CBS


Project Coordinator
Julius Mutua


Head of Accounting Unit
Nemwel M Motanya
ICPAK Member No. 2367

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 the Public Financial Management Reforms Secretariat under National Government of Kenya. The financial statements are for the reporting entity the Public Financial Management Reforms Secretariat 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

Public Financial Management Reforms Secretariat 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.

***Public Financial Management Reforms Secretariat
Annual Report and Financial Statements for the financial year ended June 30, 2022***

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.

Significant Accounting Policies (Continued)

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.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

Public Financial Management Reforms Secretariat 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 Public Financial Management Reforms Secretariat 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.

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 MDAs 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, Kshs zero billion being loan disbursements were 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 recognized 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). Explanations and details of these prior period adjustments are presented *in note 10.15 of these financial statements*

11. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM GOVERNMENT ENTITIES

These represent counterpart funding and other receipts from government as follows:

Description	KShs	KShs	Cumulative to-date
	2021-2022	2020-2021	
<i>Counterpart funding through National Treasury</i>			
Counterpart funds Quarter 1	20,776,646	-	114,449,667
Counterpart funds Quarter 2	-	-	84,519,019.00
Counterpart funds Quarter 3	-	-	272,333,389
Counterpart funds Quarter 4	19,131,225	41,113,585	99,253,923
Total (See Annex 2)	39,907,871	41,113,585	570,555,998
<i>GESDeK</i>			
Counterpart funds Quarter 1	-	-	570,000,000
Counterpart funds Quarter 2	220,000,000	320,000,000	1,110,000,000
Counterpart funds Quarter 3	-	-	
Counterpart funds Quarter 4	-	-	908,000,000
Total	220,000,000	320,000,000	2,588,000,000
Total	<u>259,907,871</u>	<u>361,113,585</u>	<u>3,158,555,998</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. 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 Kshs	2020-2021 Kshs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
DANIDA	28/12/2021	-	-	-	-	37,942,712	55,057,288
SIDA	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-
Total	-	-	-	-	-	<u>37,942,712</u>	<u>55,057,288</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	
					2021-2022	2020-2021
Loans received from bilateral Donors (Foreign Governments)	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-
Loans received from Multilateral Donors (International Organizations)	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-
Total	=	=	=	=	=	=

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. MISCELLANEOUS RECEIPTS

	2021-2022			2020/2021	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	41,315,697	-	41,315,697	30,334,572	149,017,885
Total	41,315,697	=	41,315,697	30,334,572	149,017,885

[Other receipts represent interest earned during the year under review from Kenya Commercial Bank and Performance Bond received from KRA]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. COMPENSATION TO EMPLOYEES

	2021/2022			2020/2021		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
-						
Basic salaries of permanent employees	35,037,092	-	35,037,092	32,061,340		203,291,543
Basic wages of temporary employees	-	-	-	-		
Personal allowances paid as part of salary	-	-	-	-		
Personal allowances paid as reimbursements	-	-	-	-		
Personal allowances provided in kind	-	-	-	-		
Pension and other social security contributions	-	-	-	-		
Compulsory national social security schemes	-	-	-	-		
Compulsory national health insurance schemes	-	-	-	-		
Social benefit schemes outside government	-	-	-	-		
Other personnel payments	327,631	-	327,631	-		327,631
Total	35,364,723		35,364,723	32,061,340		203,619,174

(Other Personnel payments represent refund of medical expenses incurred by two officers, authorized by the accounting officer and paid on ex gratia basis)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. PURCHASE OF GOODS AND SERVICES

	2021/2022			2020/2021		Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments		
	Kshs	-	Kshs	Kshs	Kshs	
Utilities, supplies and services	240,980	-	240,980	241,779	21,866,619	
Communication, supplies and services	-	-	-	-	3,549,223	
Domestic travel and subsistence	960,000	-	960,000	570,000	259,947,954	
Foreign travel and subsistence	-	-	-	-	89,458,689	
Printing, advertising, and information supplies	-	-	-	-	9,230,697	
Rentals of produced assets	-	-	-	-	-	
Training payments	-	-	-	-	644,844,290	
Hospitality supplies and services	553,028	-	553,028	543,609	12,929,635	
Consultancy	-	-	-	-	453,380,363	
Insurance costs	-	-	-	-	-	
Other operating payments	-	-	-	-	11,812,003	
Routine maintenance – vehicles and other transport equipment	-	-	-	-	2,608,970	
Purchase of Furniture	-	-	-	-	65,000	
Goods & Services –Straight Line	398,706,657	-	398,706,657	737,892,067	1,136,598,724	
Total	400,460,665	=	400,460,665	739,247,455	2,646,292,167	

[NB; The line item goods and services of KSH. 398,706,657 represents the funds provided for in the budget as a one-line account under the development budget as other capital grants and transfers item 2640503]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

	2021-2022		Total Payments Kshs	2020-2021 Total Payments Kshs	Cumulative to- date Kshs
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs			
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2022		2020-2021		
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of ICT, other IT Equipment's ,Servers ,furniture and Printers	93,947,226	-	93,947,226	40,813,524	1,122,361,402
Purchase of Software and computers	23,346,306	-	23,346,306	63,411,499	111,307,124
Total	117,293,532	=	117,293,532	104,225,023	1,233,668,526

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the financial period to 30 June 2022, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2021	2021-2021	2021-2021	2021-2020	2021-2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
Total	=	=	=	=	=

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. OTHER GRANTS, TRANSFERS AND PAYMENTS

	Payments made in Cash	2022-2021		Total payments	Total payments	Cumulative to-date
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Miscellaneous payments – Taxes and Bank Charges	3,684,261	-	-	3,684,261	5,828,867	22,952,346
Total	3,684,261	=	=	3,684,261	5,828,867	22,952,346

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 11.A)	728,007,698	1,002,125,192
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11.C)	-	-
Total	<u>728,007,698</u>	<u>1,002,125,192</u>

The project has one project basket account In Kenya Commercial Bank transacted by various Development partners and GoK ,implementing the PFM strategy and a foreign currency designated account managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	728,007,698	1,002,125,192
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total local currency balances	728,007,698	1,002,125,192
Total bank account balances	<u>728,007,698</u>	<u>1,002,125,192</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Special Deposit Accounts Movement Schedule

Description	2021-2022	2020-2021
	USD	USD
(i) CBK/GoK/PPUBFINMGTRFMY 06-10 MAIN(A/C No.KENX0227219475		
Opening balance	32,818	889,418
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)	-	856,600.00
Closing balance (as per SDA bank account reconciliation attached)	<u>32,818</u>	<u>32,818</u>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix iii support these closing balance.

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2021-2022	2020-2021
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

11 C Cash equivalents (short-term deposits)

Description	2021-2022	2020-2021
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	=

12. Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	=	=

Notes to the Financial Statements (Continued)

12b: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022	Balance 2021
	Kshs	Kshs	Kshs	Kshs	Kshs
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total	=	=	=	=	=

13. Deposits and Retention Monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	=	=

14. Fund Balance Brought Forward

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank accounts	1,002,125,192	1,486,982,430
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	<u>1,002,125,192</u>	<u>1,486,982,430</u>

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY (2020/2021 audited financial statements)	Adjustments	Adjusted balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Fund Balances	1,002,125,192	(56,480,593)	945,644,599
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	<u>1,002,125,192</u>	<u>(56,480,593)</u>	<u>945,644,599</u>

(The adjustment was as a result of refund to DANIDA at the end of the donor support)

16. Changes in Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Receivables as at 1 st July 2021	-	-
Closing account receivables as at 30 th June 2021	-	-
Change in Receivables	=	=

17. Changes in Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2021	-	-
Change in payables	=	=

12. OTHER IMPORTANT DISCLOSURES

1. External Assistance

Description	2021-2022 Kshs	2020-2021 Kshs
External assistance received as grants-National Treasury	23,419,675.20	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	23,419,675.20	=

a). External assistance relating loans and grants

Description	FY 2021/2022 Kshs	FY 2020/2021 Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	=	=

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Other Important Disclosures (Continued)

b. Purpose and use of external assistance

Payments made by third parties	FY 2021/2022 Kshs	FY 2020/2021 Kshs
Compensation to employees	6,397,467.80	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
Other grants and transfers	-	-
Social Security benefits	-	-
Acquisition of assets	-	-
Finance Costs including loan interest	-	-
Repayment of principal on domestic and foreign borrowing	-	-
Other payments	17,022,207.40	-
Total	23,419,675.20	=

(Other payments include payment of staff medical cover and refund to the national Treasury)

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GESDeK - EXPENDITURE VS ACTUAL BUDGET PER AGENCY FOR 21/22 AS AT 30/06/2022					
STATE AGENCIES	FINAL BUDGET 21/22	ACTUAL EXPENDITURE	COMMITMENTS	BAL TO DATE	UTILIZATION %
Reform Coordination	58,959,867.18	53,849,708.75	-	5,110,158.43	91.33%
Macro	2,805,770.00	2,805,770.00	-	-	100
Strategic Planning, Resource Allocation & PIM	91,926,698.60	91,926,698.60	-	-	100
BUDGET DEPARTMENT	14,690,510.00	14,690,510.00	-	-	100
PPRA	3,682,000.00	3,682,000.00	-	-	100
KISM	4,036,574.00	4,036,574.00	-	-	100
PPD, CONTRACT MANAGEMENT & DISPOSAL	22,470,270.00	22,470,270.00	-	-	100
Accounting Services	11,706,215.00	11,706,215.00	-	-	100
IAD	10,027,398.87	10,027,398.87	-	-	100
IFMIS	15,339,067.76	15,339,067.76	-	-	100
OAG	70,910,320.00	70,910,320.00	-	-	100

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GESDeK - EXPENDITURE VS ACTUAL BUDGET PER AGENCY FOR 21/22 AS AT 30/06/2022					
STATE AGENCIES	FINAL BUDGET 21/22	ACTUAL EXPENDITURE	COMMITMENTS	BAL TO DATE	UTILIZATION %
TSC	8,537,600.00	8,537,600.00	-	-	100
MoPSYG	6,268,870.00	6,268,870.00	-	-	100
SRC	5,351,800.00	5,351,800.00	-	-	100
PSPMU	9,506,750.00	9,506,750.00	-	-	100
GIPE	16,591,500.00	16,591,500.00	-	-	100
PENSIONS Dept	3,868,200.00	3,868,200.00	-	-	100
GDP	6,938,090.00	6,938,090.00	-	-	100
PSASB	10,970,682.28	10,970,682.28	-	-	100
PPP	4,545,850.00	4,545,850.00	-	-	100
PSC	12,216,000.00	12,216,000.00	-	-	100
CRA	7,946,437.56	7,946,437.56	-	-	100
NALM	1,641,300.00	1,641,300.00	-	-	100
Debt Policy, Strategy & Risk Management - (PDMO Middle Office)	4,835,768.00	4,835,768.00	-	-	100

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GESDeK - EXPENDITURE VS ACTUAL BUDGET PER AGENCY FOR 21/22 AS AT 30/06/2022					
STATE AGENCIES	FINAL BUDGET 21/22	ACTUAL EXPENDITURE	COMMITMENTS	BAL TO DATE	UTILIZATION %
Resource Mobilization Department - (PDMO Front Office)	2,938,800.00	2,938,800.00	-	-	100
DRSD	3,377,924.00	3,377,924.00	-	-	100
OCOB	4,168,710.00	4,168,710.00	-	-	100
Inspectorate of State Corporations	12,057,300.00	12,057,300.00	-	-	100
IGFRM	10,199,440.75	10,199,440.75	-	-	100
KRA	1,735,425.00	1,735,425.00	-	-	100
Line Ministry Departments and Agencies - Ministry of Health	4,329,100.00	4,329,100.00	-	-	100
Line Ministry Departments and Agencies - MoE (Directorate of Schools Audit)	11,139,260.00	11,139,260.00	-	-	100
ICT	14,446,938.00	14,446,938.00	-	-	100
SDP	7,776,400.00	7,776,400.00	-	-	100
TOTAL GESDEK	477,942,837.00	472,832,678.57	-	5,110,158.43	98.93

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g. Explanation on source of funds Variance

Source of funds	Donor Commitment-		Amount received to date - (30 June 2022)		Undrawn balance to date		Explanation
	Donor currency (A)	Kshs (A')	Donor currency Kshs (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A)-(B)	
(i) Grant							
SIDA		630,000,000		352,953,360		128,028,754	The Project has not yet Received the last tranche
DANIDA		701,031,643		701,031,643		-	
(ii) Counterpart funds							
GoK-Recurrent		3,368,555,998		3,368,555,998		-	
Miscellaneous Receipts		-		149,017,8846		-	
Total		4,699,587,641		4,571,558,887		128,028,754	

*Public Financial Management Reforms Secretariat
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)
1.2	Proceeds from Domestic and Foreign Grants	The Project received exchequer of Ksh. 37,942,712.00 which solved the discrepancy between the amount which had been drawn from the special deposit account in CBK and had not been issued to the Secretariat.	Resolved	Resolved

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



.....
Dr. Julius Muia, PhD, CBS
Principal Secretary



.....
Julius Mutua
Project Coordinator

*Public Financial Management Reforms Secretariat
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

	Final Budget a	Actual on Comparable Basis b	Budget Utilization Difference c=a-b	% of Utilization d=b/a %	Comments on Variance (below 90% and over 100%)
Receipts					
Transfer from Government entities- GESDeK	440,000,000	220,000,000	220,000,000	58.62%	The Project did not receive the 3 rd and 4 th Quarter Exchequer
Transfer from Government entities-GoK	39,907,871	39,907,871	-	100%	The Project received the full exchequer
Proceeds from domestic and foreign grants	277,731,832	37,942,712	239,789,120	13.66%	The Project requested for the budget to utilise the balances rolled over from the previous financial year the exchequer issued was final from DANIDA
Proceeds from borrowings	-	-	-	-	Interest Accrued on PFMR Account in Kenya Commercial Bank as AIA
Miscellaneous receipts	-	41,315,697	41,315,697	44.77%	
Total Receipts	757,639,703.00	339,166,280	418,473,423	44.77%	
Payments					
Compensation to employees	35,800,000	35,364,723	435,278	98.78 %	
Purchase of goods and services	721,839,703	521,438,458	200,401,244	72.24%	The Project did not receive all exchequer requests.
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	757,639,703	556,803,181	200,836,522	73.49%	

Annex 2 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/2022	Donations in form of assets (KShs) 2021/2022	*Purchases/ Additions in the Year (KShs) 2021/2022	**Disposals in the Year (KShs) 2021/2022	Transfers in/(out) KShs 2021/2021	Closing Cost (KShs) 20xx
	(a)	(b)	(c)	(d)	(d)	(e)=(a)+ (b)+c)-(d)+(-)d
Office Equipment, Furniture and fittings	3,292,000	-	-	-	-	3,292,000
ICT Equipments, Computers	538,801,820		93,947,226			632,749,046
Purchase of Software	87,960,818	-	23,346,306	-	-	111,307,124
Total	630,054,637	=	117,293,532	=	=	747,348,170

APPENDICES

(i) Special Deposit Account (s) reconciliation statement(s)

PUBLIC FINANCE MANAGEMENT REFORMS PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022
PART B: ACCOUNT RECONCILIATION

Credit No. FYOG-10 LOAN

Bank Account No. 7219475 Held with Barclays Bank - Kenya

	NOTES	AMOUNT	AMOUNT
		USD	USD
Amount advanced by DANIDA			889,417.9
Less:			
Total amount recovered by DANIDA			-
Outstanding amount to be documented			889,417.9
Represented by:			
Ending Special Account Balance as at 30 June 2022			32,817.9
Amounts claimed but not credited as at 30th June 2022			-
Amounts withdrawn and not claimed			856,600.0
Service Charges (if not included in lines 5 and 6 above)			
Interest earned (if included in Special Account)			-
Total advance to Special Account Year ended 30 June			889,417.9

Notes:

- 1 There is no discrepancy between totals appearing on lines 3 and 9 above (e.g. amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by DANIDA and provide reasons for not claiming t expenditures

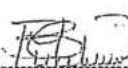
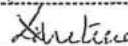


AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 23.08.2022

(ii) Special Deposit Account(s) reconciliation statement(s)

9a

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2022
Account No.	KENX0227219475
Depository Bank	BARCLAYS BANK-NAIROBI
Address	NAIROBI FOREIGN EXCHANGE CENTRE.
Related Loan	PUFFINMTRFM FY06-10
Credit Agreement	FY06-10
Currency	USD
<u>Account Activity</u>	
Beginning balance of 1ST July, 2021 as per C.B.K. Ledger Account	32,817.92
Add:	
Total Amount deposited by World Bank	-
Total Interest earnings if deposited in account	
Total amount refunded to cover Ineligible expenditure	
Deduct:	
Total amount withdrawn	-
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2022	32,817.92
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE 14-07-2022
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE 23-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

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(iii) Project Bank reconciliation as at 30th June 2022

BANK RECONCILIATION AS AT 30TH JUNE 2022					
				KSHS.	
BALANCE AS PER BANK STATEMENT:				790,046,854.32	
CASH IN HAND					
				790,046,854.32	
ADD:					
1. Payments in bank statement not in cashbook:					
06-10-21	Overdrawn amount		361,060.00		
TOTAL			361,060.00		
2. Receipts in cashbook not in bank statement					
TOTAL					
TOTALS 1 & 2				361,060.00	790,407,914.32
LESS					
3. Payment in cashbook not in bank statement					
24-06-22	Next Technologies-V	10040	739,865.00		
24-06-22	Next Technologies-N	10041	42,172,258.57		
25-06-22	Eagle Palace-Net	10042	285,000.00		
25-06-22	Eagle Palace-VAT	10043	5,000.00		
25-06-22	Ole Sereni-Net	10044	206,440.00		
25-06-22	Ole Sereni-VAT	10045	3,560.00		
29-06-22	PAYE	10144	676,958.00		
30-06-22	Taxi Allowance	10145	410,000.00		
30-06-22	Bamburi Beach-Net	10046	294,453.00		
30-06-22	Bamburi Beach-VAT	10047	5,047.00		
30-06-22	Kinetic Tech-VAT	10048	55,173.00		
30-06-22	Kinetic Tech-Net	10049	3,144,827.00		
30-06-22	KALRO-Net	10050	554,000.00		
30-06-22	KALRO-VAT	10051	9,720.00		
30-06-22	Postal Corporation	10052	104,300.00		
30-06-22	Taxi Reimbursement	10053	147,140.00		
30-06-22	Computer Ways-Net	10054	748,238.00		
30-06-22	Computer Ways-VAT	10055	13,127.00		
30-06-22	Sarova Whitesands-N	10056	2,631,753.00		
30-06-22	Sarova Whitesands-V	10057	46,172.00		
30-06-22	Taxi Reimbursement	10058	19,690.00		
30-06-22	Jonathan Mwaniki	10059	71,750.00		
30-06-22	Kipevu Restaurant-N	10060	45,108.00		
30-06-22	Kipevu Restaurant-V	10061	792.00		
30-06-22	PS/NT-Refund	10147	10,009,844.40		
TOTAL			62,400,215.97		
4. Receipts in bank statement not in cashbook					
TOTAL			-		
Totals for items 3 & 4 above			62,400,215.97		

BALANCE AS PER CASHBOOK			728,007,698.35	728,007,698.35
PREPARED BY: SHADRACK MUTUKU (PROG. ASST. FINANCE)				
REVIEWED BY: LINAH MWAU (ASST. FINANCIAL SPECIALIST)				
Control	-			

(iv) Certificate of Balance as at 30th June 2022

1218 CA 41 BRANCHES CERTIFICATE OF BALANCE		KCB Bank Limited (Incorporated in Kenya)	
CERT2223898169			
KCB KICC	26 AUG 2022		
.....			
Certified that the balance at the		CREDIT	Of PUBLIC
FINANCIAL MNGT REFORM SECRET		
.....			
A/C 1102295264			
.....			
at the close of business on 30 JUN 2022 Was KES			
.....			
SEVEN HUNDRED AND NINETY MILLION FORTY SIX THOUSAND EIGHT HUNDRED AND FIFTY FOUR CENTS THIRTY TWO			
.....			
.....			
KES	790,046,854.32	For: KCB BANK KENYA LTD.	
.....		
Examined bySQC Manager KICC, Nairobi		
.....			
Manager Service Quality & Compliance		Branch Manager	
.....			
For: KCB BANK KENYA LTD.			
.....Business Manager KICC, Nairobi			

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(v) Sources and application of funds cumulative total from 2015/16 to date

Sources and application of funds cumulative total from 2015/16 to date		
YEAR	COMPONENT	RECEIPTS
2015/2016	DANIDA	209,881,589.50
	GOK	296,621,490.50
	INTEREST	9,080,666.20
	SIDA	234,187,650.00
		749,771,396.20
2016/2017	DANIDA	206,278,116.00
	GOK	92,058,126.00
	INTEREST	9,206,585.00
	SIDA	124,131,500.00
		431,674,327.00
2017/2018	DANIDA	191,871,938.00
	GOK	946,044,930.00
	INTEREST	12,081,005.80
	SIDA	-
		1,149,997,873.80
2018/2019	DANIDA	-
	GOK	32,427,450.55
	INTEREST	21,396,796.80
	SIDA	204,634,210.60
		258,458,457.95
2019/2020	DANIDA	-
	GOK	1,170,382,545.00
	INTEREST	25,602,563.25
	SIDA	-
		1,195,985,108.25
2020/2021	DANIDA	55,057,288.00
	GOK	361,113,585.00
	INTEREST	30,334,571.00
	SIDA	-
		446,505,444.00
2021/2022	DANIDA	37,942,712.00
	GOK	259,907,871.00
	INTEREST	41,315,696.90
	SIDA	-
		339,166,279.90
CUMULATIVE RECEIPTS		4,571,558,887.10
APPLICATION OF FUNDS		
YEAR	Kshs	
2015/2016	473,812,815.09	
2016/2017	514,219,095.75	
2017/2018	226,949,388.65	
2018/2019	951,062,733.15	
2019/2020	502,322,314.81	
2020/2021	881,362,684.00	
2021/2022	556,803,181.23	
	4,106,532,212.68	