

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAD

DATE: 07 DEC 2023

REPORT

OF

Ward's
Hon Owen Bayo, CBS MP
Deputy majority leader
Mwani

THE AUDITOR-GENERAL

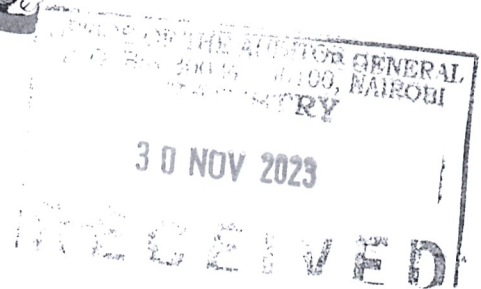
ON

220KV AND 132KV TRANSMISSION LINES
AND SUBSTATIONS (EXIM BANK OF INDIA
FUNDED) PROJECTS

FOR THE YEAR ENDED
30 JUNE, 2023

KENYA ELECTRICITY TRANSMISSION
COMPANY LIMITED





220KV AND 132KV TRANSMISSION LINES AND SUBSTATIONS (EXIM BANK OF INDIA FUNDED) PROJECTS

KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED (KETRACO)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30 JUNE 2023**

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



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

TABLE CONTENTS

	Page
1. ACRONYMS AND GLOSSARY OF TERMS.....	ii
2. PROJECT INFORMATION AND OVERALL PERFORMANCE.....	iii
3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES.....	xiii
4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xiv
5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.....	xviii
6. REPORT OF THE INDEPENDENT AUDITORS ON THE 220KV AND 132KV TRANSMISSION LINES AND SUBSTATIONS (EXIM BANK OF INDIA FUNDED) PROJECTS.....	xix
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2023.....	1
8. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2023.....	2
9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023.....	3
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023.....	4
11. SIGNIFICANT ACCOUNTING POLICIES.....	5
12. NOTES TO THE FINANCIAL STATEMENTS.....	10
13. ANNEXES.....	14

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Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

1. ACRONYMS AND GLOSSARY OF TERMS

EXIM	Export Import
GAAP	Generally Accepted Accounting Principles
GOK	Government of Kenya
HVDC	High Voltage Direct Current
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
ISA	International Standards on Auditing
KETRACO	Kenya Electricity Transmission Company
kV	Kilovolts
PFSs	Project Financial Statements
PIU	Project Implementing Units
PSASB	Public Sector Accounting Standards Board
RAP	Resettlement Action Plan
SORE	Statement of Receipts and Expenditure
UA	Units of Account
USD	United States Dollar
MDAs	Ministries, Departments and Agencies
JV	Joint Venture
FCPA	Fellow of the Institute of Certified Accountants of Kenya
CPA	Certified Public Accountant of Kenya
ISO	International Organisation for Standardisation
Ag	Acting
BSc	Bachelor of Science
IEK	Institution of Engineers of Kenya
BA	Bachelor of Arts
UON	University of Nairobi
ISK	Institution of Surveyors of Kenya
MA	Master of Arts
OGW	Order of Grand Warrior
ICPAK	Institute of Certified Public Accountants
OLK	Olkaria-Lessos-Kisumu Transmission Line Project
HRAC	Human Resource Advisory Committee



**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name: The Project's Official Name is 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects.

Objective: The key objective of the project is to increase electricity access and address the challenges of access and low connectivity

Address: The project headquarters offices are in Nairobi, Nairobi County, Kenya.

The address of its registered office is:

Exim Bank of India Funded Projects
Block B, Kawi House
Off Red Cross Road, South C
P. O. Box 34942 – 00100 Nairobi

Contacts: The following are the project contacts

Telephone: (+254) 20 – 4956000
E-mail: info@ketraco.co.ke
Website: www.ketraco.co.ke

2.2 Project Information

Project Start Dates:	KETRACO/PT/010 /2012-LOT 1A-14/11/2013-Terminated KETRACO/PT/010 /2012-LOT 1A-02/06/2022 KETRACO/PT/010 /2012-LOT 1B-13/11/2013 KETRACO/PT/010 /2012-LOT 3A-03/12/2013 KETRACO/PT/010 /2012-LOT 3B-03/12/2013
Project End Dates:	The project end date is KETRACO/PT/010 /2012-LOT 1A-31/12/ 2018- (Expected Completion Date), Terminated in September 2018 KETRACO/PT/010 /2012-LOT 1A-31/08/2023 KETRACO/PT/010 /2012-LOT 1B-31/03/2020 KETRACO/PT/010 /2012-LOT 3A-31/03/2024 KETRACO/PT/010 /2012-LOT 3B- 31/10/2022
Project Manager:	The project manager is Engineer Samson Akuto
Project Sponsor:	The project sponsors are Government of Kenya and Exim Bank of India



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

2.3 Project Overview

Line Ministry/ State Department of the project	The project is under the supervision of the Kenya Electricity Transmission Company Limited, a state corporation under the State Department of Energy.
Project numbers	KETRACO/PT/010 /2012-LOT 1A KETRACO/PT/010 /2012-LOT 1B KETRACO/PT/010 /2012-LOT 3A KETRACO/PT/010 /2012-LOT 3B
Strategic goals of the project	The strategic goal of the project is to increase electricity access and address the challenges of access and low connectivity
Achievement of strategic goals	The project management aims to achieve the goals through the following means: Lot 1A – Construction of 220kV Substations at Tukwel, Ortum and Kitale Lot 1B – Construction of 220kV Transmission Line Turkwel – Ortum – Kitale Lot 3A – Construction of 132/33kV Machakos-Konza-Kajiado-Namanga Transmission Line Lot 3B – Construction of 132/33kV Substations at Machakos, Konza, Kajiado and Namanga
Other important background information of the project	<p>The project is implemented by Kenya Electricity Transmission Company Limited (KETRACO) which was incorporated on 2 December 2008 and registered under the Companies Act, Cap 486 pursuant to Sessional Paper No. 4 of 2004 on Energy. The Company was established to develop new high voltage electricity transmission infrastructure that will form the backbone of the National Transmission Grid, in line with Kenya Vision 2030. Its core business is to plan, design, build and maintain new electricity transmission lines and associated substations. These new lines will include 132kV, 220kV, 400kV and 500kV High Voltage Direct Current (HVDC). In carrying out this mandate, the Company is expected to develop a new and robust grid system in order to:</p> <ul style="list-style-type: none"> (i) Improve quality and reliability of electricity supply throughout the country; (ii) Transmit electricity to areas that are currently not supplied from the national grid; (iii) Evacuate power from planned generation plants; and (iv) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region. <p>As the owner of the project, KETRACO provides the organizational set up for the activities, qualified staff and basic office infrastructure for efficient execution of the project.</p> <p>The Indian Funded Projects comprises of projects which are funded jointly by the Government of Kenya through the Ministry of Energy and Petroleum and The National Treasury and a line of credit obtained from Government of India – backed EXIM Bank of India. The line of credit agreement was signed on 16 November 2010 for USD 61.60 Million. The Consultant and Contractors’ details are as follows:</p>



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

Project overview (continued)

Name	Description	Project	Contract Amount-USD	Expected completion date
Powergrid Corporation of India Limited	Consultant-signed on 25 April 2012	Engineering and project management services	USD 2,366,533 revised to USD 2,826,643	24 October 2016 revised to 30 June 2017 at which time the contract ended.
Jyoti Structures Limited	Contractor-signed on 16 April 2013	Lot 1A – 220kV Substations at Turkwel, Ortum and Kitale	USD 19,072,680 Revised to USD 18,100,120	30 October 2016 revised to 31 December 2018. The Company went into liquidation in July 2018. KETRACO terminated the contract in September 2018.
Shyama Power India Limited	Contract signed on 01 April 2021	Lot 1A – 220kV Substations at Turkwel, Ortum and Kitale	USD 8,319,773.32	31 st August 2023
KEC International	Contractor-signed on 16 April 2013	Lot 1B – 220kV Transmission Line Turkwel – Ortum – Kitale	USD 11,861,976 Revised to USD 12,963,129.21	30 July 2016 revised to 31 March 2020.
Joint Venture of Shyama Power India Ltd and Mirador Commercial PVT Limited	Contractor-signed on 16 April 2013	Lot 3A – 132/33kV Machakos-Konza-Kajiado-Namanga Transmission Line	USD 11,595,129.67 Revised to USD 9,470,312.24	30 October 2016 revised to 31 March 2024
Shyama Power India Limited	Contractor-signed on 16 April 2013	Lot 3B – 132/33kV Substations at Machakos, Konza, Kajiado and Namanga	USD 17,265,725.78 Revised to USD 21,294,329.93	30 October 2016 revised to 31 October 2022



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

Project Overview (continued)

	The projects funded through the line of credit from EXIM bank are divided into 4 parts, and their status as of 30 June 2023 is as follows:			
	Project	Contractor	Status	Main challenge
1	Lot 1A- Turkwel- Ortum-Kitale Substations	Shyama Power	94% complete	Delay in clearance of the two transformers stored at CFS in Mombasa port due to budget and agreement with the clearing agent.
2	Lot 1B- Turkwel- Ortum-Kitale Transmission Line	KEC International	100% Complete- 30 March 2020	Lack of fiscal space to facilitate paying of pending contractual bills/claims.
3	Lot 3A- Machakos- Konza- Kajiado- Namanga Transmission Line	Shyama Power India Ltd	97% complete	Wayleave unavailability and lack of funding from Treasury to facilitate paying pending contractual bills
4	Lot 3B- Machakos- Konza- Kajiado- Namanga Substations	Shyama Power India Ltd	100% complete	Lack of fiscal space to facilitate paying of pending contractual bills/claims.
Current situation that the project was formed to intervene	Low electricity access and low connectivity.			



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

2.4 Bankers

The following are the bankers for the current year:

Kenya Commercial Bank Limited
 Moi Avenue
 P. O. Box 30081 – 00100
 Nairobi, Kenya.

2.5 Auditors

Principal Auditor: Auditor General
 Office of the Auditor General
 Anniversary Towers, University Way
 P.O. Box 30084
 Nairobi

2.6 Roles and Responsibilities

Below is a list of the different people involved with the project:

Names	Title designation	Key qualification	Responsibilities
Dr (Eng) John Malivo, CE	Managing Director	Doctorate (PhD) degree in Civil Engineering from Tokyo Metropolitan University (Japan), a Master's degree in Structural Engineering from Tongji University (China), and a Bachelor's degree in Civil Engineering from the University of Nairobi	Managing Director
Engineer Linus K. Tonui	Ag. General Manager, Design and Construction	MSc Structural Engineering BSc Civil Engineering Registered Professional Engineer with Engineers Board of Kenya (EBK) Corporate Member with the Institution of Engineers of Kenya (IEK)	Project Coordinator
CPA Tom Imbo	General Manager, Finance	Master of Business Administration (Finance) and Bachelor of Education (Economics, Business Administration) degrees; Certified Public Accountant of Kenya; Member of the Member Services Committee of ICPAK.	Project Reporting
Engineer Samson Akuto	Project Manager	BSC Electrical Engineering	Project Engineer



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

Johnson Muthoka	Senior Manager Wayleaves	BA Land Econ (Hons), MA (urban and regional planning (UON), Full member of ISK, registered and Licensed land economist	Wayleaves Acquisition (Land Economists, Land surveyors, Social Economists, Environmental Experts)
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**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

1. PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

2.7 Funding summary:

(A) Source of funds

The Projects are for a duration of 11 years from 2013 to 2024 with an approved budget of USD 61,600,000, equivalent to KShs 6,243,037,867 and Government counterpart funding of KShs 2,590,902,175 as highlighted in the table below:

Below is the funding summary:

	Donor commitment		Amount received to date – (30/06/2023)		Undrawn (30/06/2023)	balance to date
	USD (A)	KShs (A')	USD (B)	KShs (B')		
(i) Loan						
EXIM Bank of India Ltd	61,600,000	6,243,037,867	58,928,777	5,867,668,270	2,671,223	375,369,597
(ii) Counterpart funds						
Government of Kenya	-	2,590,902,175	-	2,590,902,175	-	-
Total	61,600,000	8,833,940,042	58,928,777	8,458,570,445	2,671,223	375,369,597



Kenya Electricity Transmission Company Limited
 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
 Report and Financial Statements
 For the Year Ended 30 June 2023

(B) Application of funds

Application of funds	Loan Amount – (30th June 2023)		Cumulative Amount paid to date – (30th June 2023)		Unutilised balance to date (30th June 2023)	
	Donor currency- USD (A)	Kshs (A')	Donor currency- USD (B)	Kshs (B')	Donor currency- USD (A)-(B)	Kshs (A')-(B')
(i) Grant						
None	--	--		--	--	--
(ii) Loan						
Exim Bank of India	58,928,777	5,867,668,270	58,928,777	5,867,668,270	-	-
(ii) Counterpart funds						
Government of Kenya		2,590,902,175		2,470,105,798	-	120,796,377
Total	58,928,777	8,458,570,445	58,928,777	8,337,774,068	-	120,796,377



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

2.8 Summary of Overall Project Performance:

i) Budget Performance Against Actual Amounts

During the year under review, the project received KSh 564,782,484 against a final budget of KSh 1,172,078,370. Similarly, the project incurred total expenditure of KSh 687,275,892 during the year, against a final budget of KSh 1,172,078,370 representing a 59% budget utilization. The project's cumulative receipts and payments to-date amounts to KSh 8,458,570,445 and KSh 8,337,774,068 respectively.

ii) Physical Progress and Achievements of the Project

EXIM Bank of India finances the Turkwel-Ortum-Kitale Transmission Line and Substations and the Machakos-Konza-Kajiado-Namanga Transmission Line and Substations. So far, the Turkwel-Ortum-Kitale Transmission Line was completed on 31 March, 2020.

The Machakos and Konza substations have been completed and commissioned. The Transmission Line from Machakos to Konza has been completed. The Isinya-Namanga Transmission line is expected to be completed by 31 March 2024.

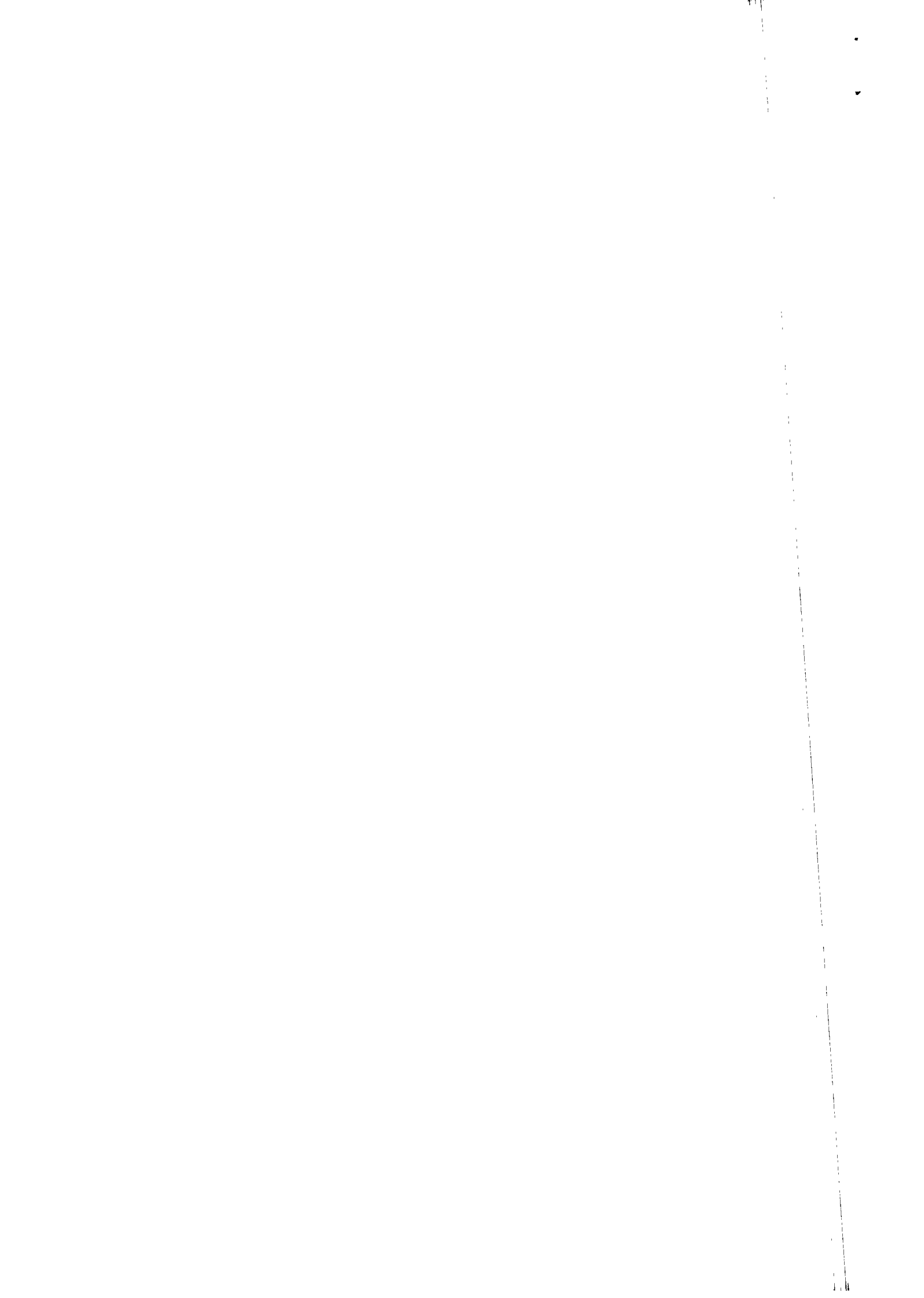
Comments on value-for-money achievements

The following value for money achievements will be realised once the project is completed:

1. Power stability in the North Rift region because it is a second line from Turkwel generation plant.
2. Lowering of power losses as the line reduces in length to load centre.
3. Supply to towns along the line like Ortum and environs.
4. Supply of power to new cement factory at Ortum.
5. Bulk power supply to Machakos, Konza, Kajiado and Namanga
6. Power reliability in Machakos, Konza Kajiado and Namanga which are towns prone to blackouts.
7. Less power losses due to use of high-capacity line.
8. Start up to Konza industrial park

iii) Absorption rate

<u>YEAR</u>	<u>FINAL BUDGET</u>	<u>ACTUAL SPENT</u>	<u>ABSORPTION</u>
	<u>Kshs</u>	<u>Kshs</u>	
	<u>A</u>	<u>B</u>	<u>C=B/A</u>
2016/2017	791,242,000	792,048,881	100.10%
2017/2018	1,025,000,000	737,037,092	71.90%
2018/2019	845,115,000	334,011,618	39.50%
2019/2020	781,000,000	338,502,600	43.30%
2020/2021	1,711,000,000	810,191,801	47.40%
2021/2022	464,000,000	574,848,172.41	123.89%
2022/2023	1,172,078,370	687,275,892.00	58.64%
OVERALL			63.85%



PROJECT INFORMATION AND OVERALL PERFORMANCE (continued)

iv) Implementation Challenges and Way Forward

The contractor for Turkwel-Ortum-Kitale Substations was terminated in September 2018 for non – performance. The contractor to complete the works left by M/s Jyoti Structures, Ms Shyama Power India Limited was paid the advance payment hence the effectuation of their contract on 2nd June 2022 and is expected to complete Substation works in August 2023.

The transmission line from Isinya to Namanga is on course for completion at 97%. The overall contract implementation stands at 96%.

2.9 Summary of Project Compliance:

The project reporting has complied with the applicable laws and regulations, and essential external financing agreements/covenants.



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project's 2018-2022 are to:

- a) Enhance electricity access, availability and reliability of the completed transmission lines and substations and complete construction of key transmission infrastructure.
- b) Increase electricity supply by completing transmission lines for evacuating generated power.
- c) Provide a link with the neighbouring countries in order to facilitate power exchange and develop electricity trade in the region

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
The EXIM Bank of India Funded Projects	To strengthen the electricity grid system and enhance power transfer capacity	Increased stability of power supply enabling additional evacuation of power from Turkwel Gorge Dam.	Number of substations and transmission lines completed	In FY 2019/20 the Turkwel-Ortum-Kitale transmission line was completed and await the completion of the TOK substations in order for energization to take place. At the same time, the substations at Isinya and Namanga are substantially complete and are awaiting completion of the Isinya-Namanga transmission to be energised.



4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Kenya Electricity Transmission Company Limited (KETRACO) has the obligation to plan, design, construct, own, operate and maintain the country's high voltage electricity grid and regional power interconnectors. This primary objective must; however, be twinned with positive impacts to societies that such businesses operate in. These positive impacts include creation of employment opportunities, provision of goods and services, contribution to the economy by paying taxes, contributing towards development of infrastructure and improvement of quality of life for the people.

KETRACO, being an obliging and proactive Company, has mainstreamed corporate social responsibility (CSR) in its operations. Beyond grid matters, the company has expanded its jurisdiction to improve the well-being of humanity and impact society to be better.

This deliberate move is necessary because it is the society that gives us a "license to operate" and their goodwill is necessary for continued security and room to operate long after our transmission projects construction is over.

Our approach

KETRACO's approach towards CSR is focused on identifying and formulating projects guided by its CSR policy and in response to specific needs that go towards solving a problem that members of the concerned community assess as a priority. To this end, the Company consulted widely internally and beyond on best practices in order to make corporate social responsibility an integral part of its undertakings. During the financial year under review, social, economic and environmental issues were addressed.

Below is a brief highlight of our achievements in each pillar:

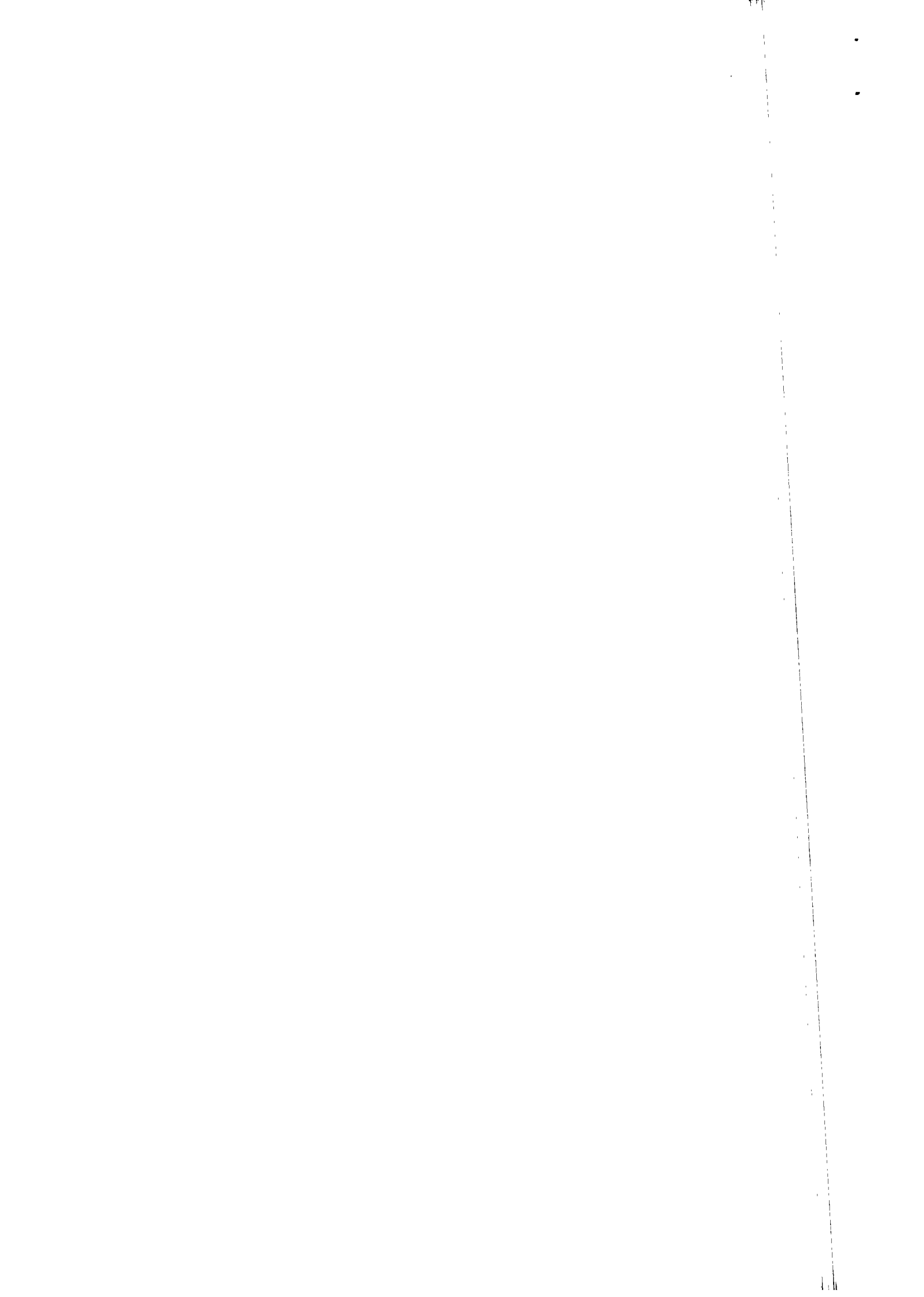
1. Sustainability strategy and profile -

KETRACO ensured that its operations were carried out professionally and in humane manner, considering that construction of transmission projects involves acquisition of land for substations and wayleaves access for the lines. This necessitates compensation and at times resettlement of the Projects Affected Persons (PAPs) hence the need to expedite the process harmoniously. In addition, KETRACO actively participated in several engagements with various stakeholders towards improving their quality of life which translates into creating a better society.

This was evident in key areas such as education, health and environmental conservation. In addition, KETRACO offered youth internship opportunities to fresh graduates and industrial attachments to ongoing University students for the purpose of transferring skills and future career preparation.

2. Environmental performance

KETRACO's environmental and social impact assessment plans are anchored on environmental laws, regulations, standards and best practices. The Company ensures



ENVIRONMENTAL AND SUSTAINABILITY REPORTING (continued)

Below is a brief highlight of our achievements in each pillar: -(continued)

2. Environmental performance (continued)

compliance with all relevant national and international environmental and other statutory regulatory provisions that apply to its projects to ensure sound environmental management practice. The Company undertakes annual environmental audits and has valid permits and licenses for its operations. The Company is guided by the following environmental and social management laws and regulations in its execution of its projects:

The Environmental Management and Coordination Act, Cap 387; The Environmental Impact (Assessment and Auditing) Regulations, 2003; Environmental Management and Coordination (Environmental Impact Assessment and Audit) Regulations, 2003; Environmental Management and Coordination (Water Quality) Regulations of 2006; Environmental Management and Coordination (Waste Management) Regulations of 2006; Environmental Management and Co-ordination (Controlled Substances) Regulations, 2007; The Environmental Management and Co-ordination (Conservation of biological diversity and resources, and access to genetic resources and benefits sharing) Regulations, 2006; The Environmental Management and Coordination (Wetlands, Riverbanks, Lakeshores and seashores management) Regulations, 2009; Environmental Management and Coordination (Noise and Excessive Vibration Pollution Control) Regulations, 2009; Environmental Management and Coordination (Air Quality) Regulations, 2008; Occupational Safety and Health Act (OSHA 2007); Wildlife Management and Conservation Act, 2013; Forest Act 2015; Public Health Act (Cap. 242) 36; The Environment and Land Court Act, 2011; Water Act, 2002.

3. Employee welfare

Competence management

KETRACO has developed many policies that guide recruitment among them being the Gender policy which is in line with a third rule enshrined in the constitution. The skills gap analysis report was received from the consultant and training priority areas picked for discussion during HRAC meeting as intervention for skills gaps identified. The company also developed reward and performance system policy that help in recognizing performance and sanctions. A committee to handle staff appraisals was formed during the year (Performance management review committee), an ad-hoc committee answerable to HRAC.

Safety and security measures

During the year ended 30 June 2023, the Company achieved the following;

1. Championed the roll out of ISO 45001: 2018 – Occupational health and safety management system certification journey in the company through staff awareness trainings, development of safety procedures and carrying out internal audits. The Section also developed a Safety and Health policy being a management tool for OSH in the organization.



ENVIRONMENTAL AND SUSTAINABILITY REPORTING (continued)

3. Employee welfare (continued)

Safety and security measures (continued)

2. Participated in the development of the Energy (Incident and Accident Reporting) Regulations as well being incorporated in the Ministerial OSH Committee.
3. Promotional of safe work through effective incident and accident investigations, OSH inspections /audits, robust risk assessment and monitoring implementations of corrective actions for both operational sites and sites under construction.
4. Sensitized/trained staff and contracted personnel on workplace safety and health measures in the offices and substations. As well as dissemination of vital Osh information to employees.
5. Participated in the management of COVID-19 pandemic through development of guidelines, protocols, and purchase of protective equipment.
6. Enhanced public safety by listening to safety and health concerns of employees and other stakeholders and guiding appropriately.
7. Developed guidelines on statutory occupational safety and health training requirements for the company.
8. Participated in the development of the Energy (Incident and Accident Reporting) Regulations.

4. Market place practices

KETRACO continues to comply with the Treasury Circular No. 09/2015 on creation of the Government Advertising Agency (GAA) to coordinate public sector advertising; and Office of the President Circular No. OP/CAB.58/4A on establishment of MyGov publication. In addition, we are guided by the company's core values and endeavour to responsibly update our stakeholders on our mandate through various Information, Education and Communication (IEC) materials published in print, broadcast and / or electronic media.

On matters procurement, we complied with 30% of access to government procurement opportunities (AGPO) requirement by ensuring that youth, women and persons with disabilities supplied goods and services. Further, KETRACO complied with 40% Government requirement on local content procurement where goods and services were procured locally by the company. These procurement opportunities have created diverse financial benefits for the special groups as well as enhancing the KETRACO corporate image and reputation.

During this Financial Year the company revised its integrity and ethics instruments namely: Corruption and Fraud Prevention Policies, Whistle Blowing Policy and the Gifts and Benefit policy.



ENVIRONMENTAL AND SUSTAINABILITY REPORTING (continued)

4. Market place practices (continued)

A sensitization exercise was conducted via Microsoft teams to all staff to enlighten them on the need to promote an ethical culture within and outside the organisation. The policies were also uploaded to the companies SharePoint for ease of reference on any matter of interest. These policies shall also be uploaded to the company's website for public viewing and reference.

As part of the signed performance contract on corruption prevention the company updated the Corruption Risk Assessment and mitigation plan which is shared with the Ethics and Anti-Corruption Commission (EACC). On a quarterly basis the corruption prevention committee held update meetings and reported on implementation status with supporting documents to EACC.

On a continuous basis the corruption reporting channels remain operational for use by all. They include a dedicated email address and phone number all uploaded in the company website. The company has also installed corruption reporting boxes on each floor at its headquarters in KAWI House.

The Company continued implementing corruption prevention measures as identified in the corruption risk assessment and mitigation plan. In addition, Integrity Committee quarterly meetings were held and quarterly reports of the corruption risk assessment reports and the implementation of the mitigation plans were prepared and submitted to EACC.

5. Community Engagements-

KETRACO has remained committed to engaging with local communities in project affected areas, the general public, sector partners and other stakeholders aiming at cultivating their goodwill, cooperation and amicable association. In this regard, KETRACO ensured that all CSR projects were implemented through a consultative process with stakeholders' right from the initial project planning through to commissioning.

In addition, the host communities in the areas where the projects traverse benefited from employment opportunities by KETRACO and its contractors. This has boosted the living standards of the communities in the project areas.



5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects 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 ended on 30 June 2023..

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 statements, 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 Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects 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.

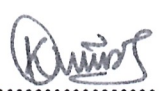
The Chief Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended 30 June 2021, and of the Project's financial position as at that date. Chief Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects 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 Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects 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 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 Chief Executive Officer of KETRACO and the Project Coordinator for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects on 21/112023 and signed by them.


.....
Chief Executive Officer
Dr (Eng) John Mativo, CE

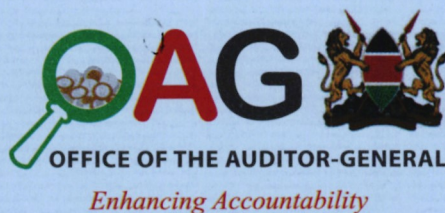

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**Overall
Coordinator**
Eng. Linus Tonui


.....
**Project
General Manager, Finance**
Tom Imbo
ICPAK Member No:7039



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON 220KV AND 132KV TRANSMISSION LINES AND SUBSTATIONS (EXIM BANK OF INDIA FUNDED) PROJECTS FOR THE YEAR ENDED 30 JUNE, 2023 - KENYA ELECTRICITY TRANSMISSION COMPANY LIMITED

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion 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 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects set out on pages 1 to 20,

Report of the Auditor-General on 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects for the year ended 30 June, 2023 - Kenya Electricity Transmission Company Limited

which comprise of the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects as at 30 June, 2023, 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 Dollar Credit Line Agreement dated 16 November, 2010, and the Public Finance Management Act, 2012.

In addition, the special accounts statement presents fairly the special accounts transactions, and the closing balances have been reconciled with the books of account.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

1. Delays in Project Implementation

The Company is responsible for implementing of the project on behalf of the Government of Kenya. These responsibilities entail selection of suppliers and contractors, and supervision of construction power transmission lines which are structured in four lots comprising Lots 1A, 1B, 3A, and 3B for an aggregate sum of USD 61,600,000. The works on the four lots were expected to be complete by 1 April, 2023. However, as at the time of the audit in October, 2023, the projects were incomplete and were yet to be commissioned.

Continued delay in implementation of the projects would result in increased cost of the loan based on the terms and conditions of the financing agreement which provides for administrative charges comprising of annual commitment fee at 0.5%, Management fee of 0.50% per annum for noncompliance and an interest of 2% on the advanced payments based on the number of days elapsed.

In Addition, the contract for Lot 3B works comprising of 132/33KV substations at Machakos, Konza, Kajiado and Namanga was awarded contract to an Indian Company on 16 April, 2013 at a contract sum of USD 17,265,725.78, with an expected completion date of 30 October, 2016. The contract sum was revised to USD 21,199,561.18 following signing of addendum II, after an earlier first revision.

Further, the cost implication of the advance payments, interest accrued on time basis, administration costs, and reasons for frequency amendments or variations to the contract were not explained by Management. It was also not confirmed whether feasibility studies on the projects were conducted before implementation.

In the circumstances, the effectiveness of project management and implementation and value for money incurred on the project could not be confirmed.

2. Pending Accounts Payable

As previously reported, other important disclosures under Note 1 (Annex 3 A) to the financial statements reflect pending accounts payables totalling to Kshs.54,179,761. Included in the amount is Kshs.40,729,501 which had been long outstanding. According to Management, the amount was awaiting GOK disbursement to be settled. However, communication with The National Treasury was not provided to indicate reasons for nonpayment or expected date of settlement. The project is therefore at risk of incurring significant interest costs and penalties with the continued delay in payment.

3. Other Pending Payables

As previously reported, other important disclosures under Note 2 (Annex 3 B) to the financial statements reflect pending accounts payables totalling to Kshs.73,501,859. The amount has increased from Kshs.37,878,102 to Kshs.73,501,859 being 94%. The amount relates to compensation of landowners for wayleave acquired since inception of the project, Management attributed failure to pay the amount to lack of budgetary allocation from The National Treasury and lengthy land negotiations between landowners, the Kenya Electricity Transmission Company and the County Government of Kajiado.

Other Information

The Management is responsible for the other information set out on page iii to xviii which comprise of Project Implementation and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, and Environmental and Sustainability Report. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the 220KV and 132KV Transmission Lines and Substations (Exim Bank of India Funded) Projects financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, and I am required to report that fact. I have nothing to report in this regard.

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, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Additional Costs Occasioned by Delays in Contract Implementation

The Management signed a contract with an Indian Company on 16 April, 2013, for construction of electricity transmission substations of 220KV at Turkwel Ortum and Kitale, at a contract price of USD 20,578,723 revised to USD18,100,120 by the Export-Import (EXIM) Bank of India with the difference of USD 2,478,602 borne by the Government of the Republic of Kenya (GoK). The project was to be implemented for a period of eighteen (18) months from the commencement date. Review of the documents relating to contract implementation provided for review revealed that the initial contractor's contract was terminated after an amount of USD 13,263,260.35 had been paid. A new contractor, also from India was awarded the tender to complete construction of the substations at a cost of USD 8,319,773.32 to be completed by 31 March, 2023 raising the Contract price to USD 21,583,032.67. An addendum extending the project to 31 August, 2023 was subsequently signed.

Arising from the revision of contract price by the financier and the new contract occasioned by the termination of the initial contractor, were additional costs amounting to USD 3,482,913.67 equivalent to Kshs.489,431,219, to be borne by GoK. However, approval of The National Treasury for the additional costs and reasons for revision of the contract price by the EXIM Bank of India were not provided for audit review.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 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 Dollar Credit Line Agreement dated 16 November, 2010, 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 Projects, so far as appears from the examination of those records; and,
- iii. The Projects' 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 which are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of the internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Projects' ability to continue sustaining their services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Projects 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 Projects' 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 which 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 review is planned and performed to express a conclusion on whether, in all material respects, 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, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls which 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 which would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Projects' ability to continue sustaining their 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 Projects to cease sustaining their 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 which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Projects to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

01 December, 2023


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**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**


7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23			2021/22			Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts & payments controlled by the entity	Payments made by third parties	Total	
Receipts		KShs	KShs	KShs	KShs	KShs	KShs	KShs
Transfer from Government entities	12.1	155,000,000		155,000,000	338,875,000		338,875,000	2,590,902,175
Loans from External Development Partners	12.2		409,782,483	409,782,483		235,973,173	235,973,173	5,867,668,270
Total Receipts		155,000,000	409,782,483	564,782,483	338,875,000	235,973,173	574,848,173	8,458,570,445
Payments								
Purchase of goods and services	12.3	155,161,771		155,161,771		8,903,324	8,903,324	636,437,332
Acquisition of non-financial assets	12.4	122,331,638	409,782,483	532,114,121	185,351,274	235,973,173	421,324,447	7,573,021,610
Transfers to OLK		-	-	-	-	-	-	128,315,126
Total Payments		277,493,409	409,782,483	687,275,892	194,254,598	235,973,173	430,227,771	8,337,774,068
Surplus/Deficit		(122,493,409)	-	(122,493,409)	144,620,402	-	144,620,402	120,796,377

The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements. The project financial statements were approved on 21.11.2023 and signed by:

.....

Chief Executive Officer
Dr (Eng) John Mativo, CE

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Overall Project Coordinator
Eng. Linus Tonui

.....

General Manager, Finance
Tom Imbo
ICPAK Member No:7039



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023


8. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2023

	Notes	FY 2022/23	FY 2021/22
		KShs	KShs
Financial Assets			
Cash and cash equivalents			
Bank balances	12.5	<u>120,796,377</u>	<u>243,289,784</u>
Total Financial Assets		<u>120,796,377</u>	<u>243,289,784</u>
Represented By:			
Fund balance b/fwd.		243,289,786	98,669,384
(Deficit)/surplus for the year		<u>(122,493,409)</u>	<u>144,620,402</u>
Net Financial Position		<u>120,796,377</u>	<u>243,289,786</u>


The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements. The project financial statements were approved on..... 21/11/2023 and signed by:



Chief Executive Officer
Dr (Eng) John Mativo,CE



Overall Project Coordinator
Eng. Linus Tonui



General
Manager-Finance
Tom Imbo
ICPAK Member No. 7039



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

9. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Notes	FY 2022/23	FY 2021/22
		KShs	KShs
Cash Flows from Operating Activities			
Receipts for operating income			
Transfers from Government entities	12.1	155,000,000	338,875,000
Payments for operating expenses			
Purchase of goods and services	12.3	(155,161,771)	(8,903,324)
Transfers to OLK		-	-
Net cash generated from operating activities		-161,771	329,971,676
Cash Flows from Investing Activities			
Acquisition of non-financial assets	12.4	(532,114,121)	(421,324,447)
Cash Flows from Borrowing Activities			
Loan from external development partners	12.2	409,782,483	235,973,173
Net Increase in Cash and Cash Equivalent		(122,493,409)	144,620,402
Cash and Cash Equivalent at Beginning of the Year		243,289,786	98,669,384
Cash and Cash Equivalent at End of the Year	12.5	120,796,377	243,289,786

The accounting policies and explanatory notes to these project financial statements form an integral part of the project financial statements. The project financial statements were approved on 21.11.2023 and signed by:



.....
Chief Executive Officer

Dr. Eng John Mativo, CE

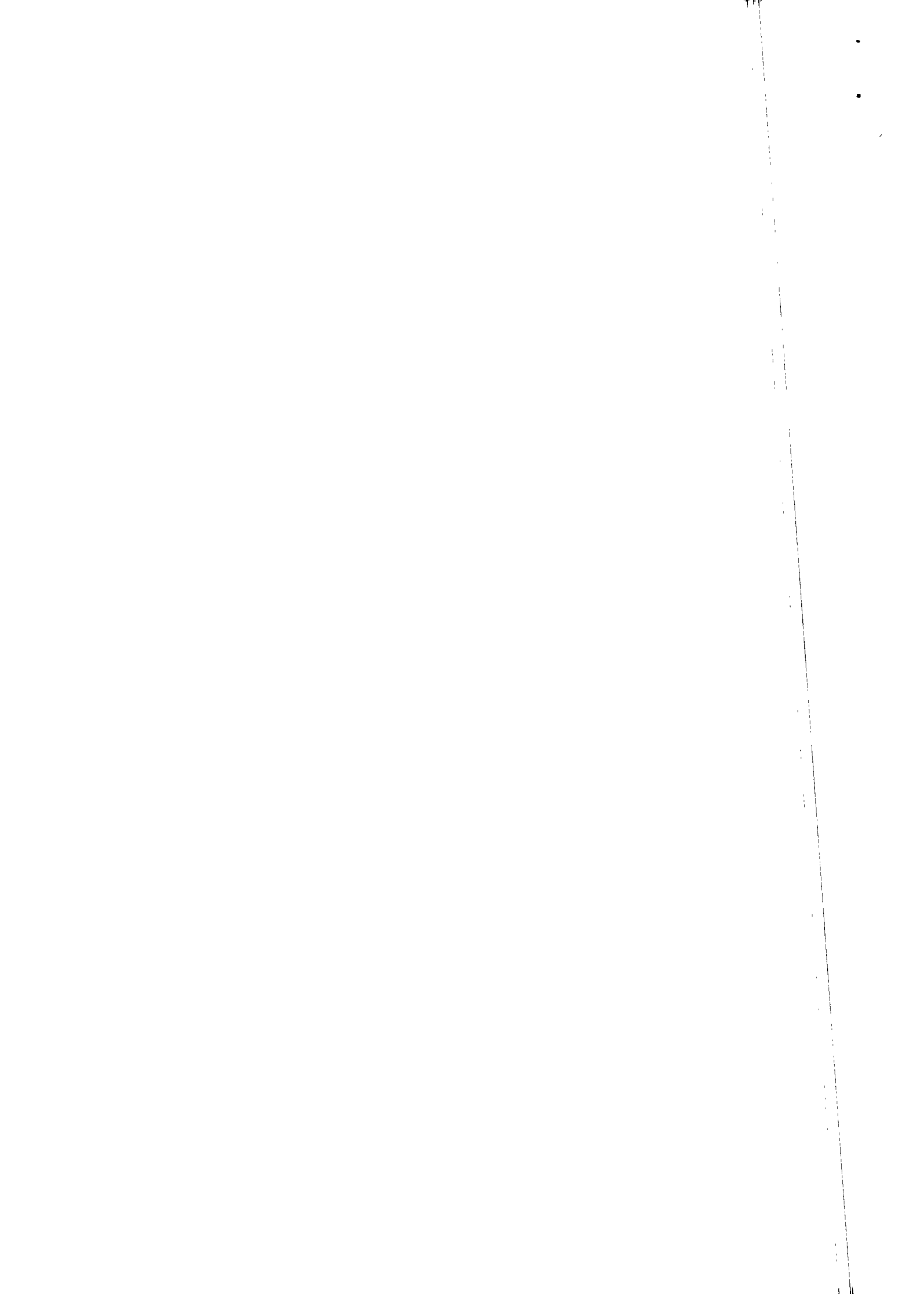


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Overall Project Coordinator

Eng. Linus Tonui



.....
**General
Manager-Finance
Tom Imbo
ICPAK Member No.
7039**





**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**


10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023

RECEIPTS	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	BUDGET UTILISATION DIFFERENCE	% OF UTILISATION
	Kshs a	Kshs b	Kshs c=a+b	Kshs d	Kshs e=c-d	f=d/c %
TRANSFERS FROM GOVT ENTITIES	620,000,000	(163,000,000)	457,000,000	155,000,000	(302,000,000)	34%
PROCEEDS FROM BORROWINGS	715,078,370	-	715,078,370	409,782,484	305,295,886	57%
TOTAL RECEIPTS	1,335,078,370	(163,000,000)	1,172,078,370	564,782,484	607,295,886	48%
	PAYMENTS					
PURCHASE OF GOODS & SERVICES	155,161,771		155,161,771	155,161,771	-	100%
ACQUISITION OF NON-FINANCIAL SERVICES	1,179,916,599	(163,000,000)	1,016,916,599	532,114,121	484,802,478	52%
	1,335,078,370		1,172,078,370	687,275,892	484,802,478	59%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.


.....
Chief Executive Officer
Dr. Eng John Mativo, CE


.....
Overall Project Coordinator
Eng. Linus Tonui


.....
General Manager-Finance
Tom Imbo
ICPAK Member No. 7039



11. SIGNIFICANT ACCOUNTING POLICIES.

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

a) 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.

b) Reporting entity

The financial statements are for the 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

c) 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.

d) 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.

i) Transfers from the Exchequer

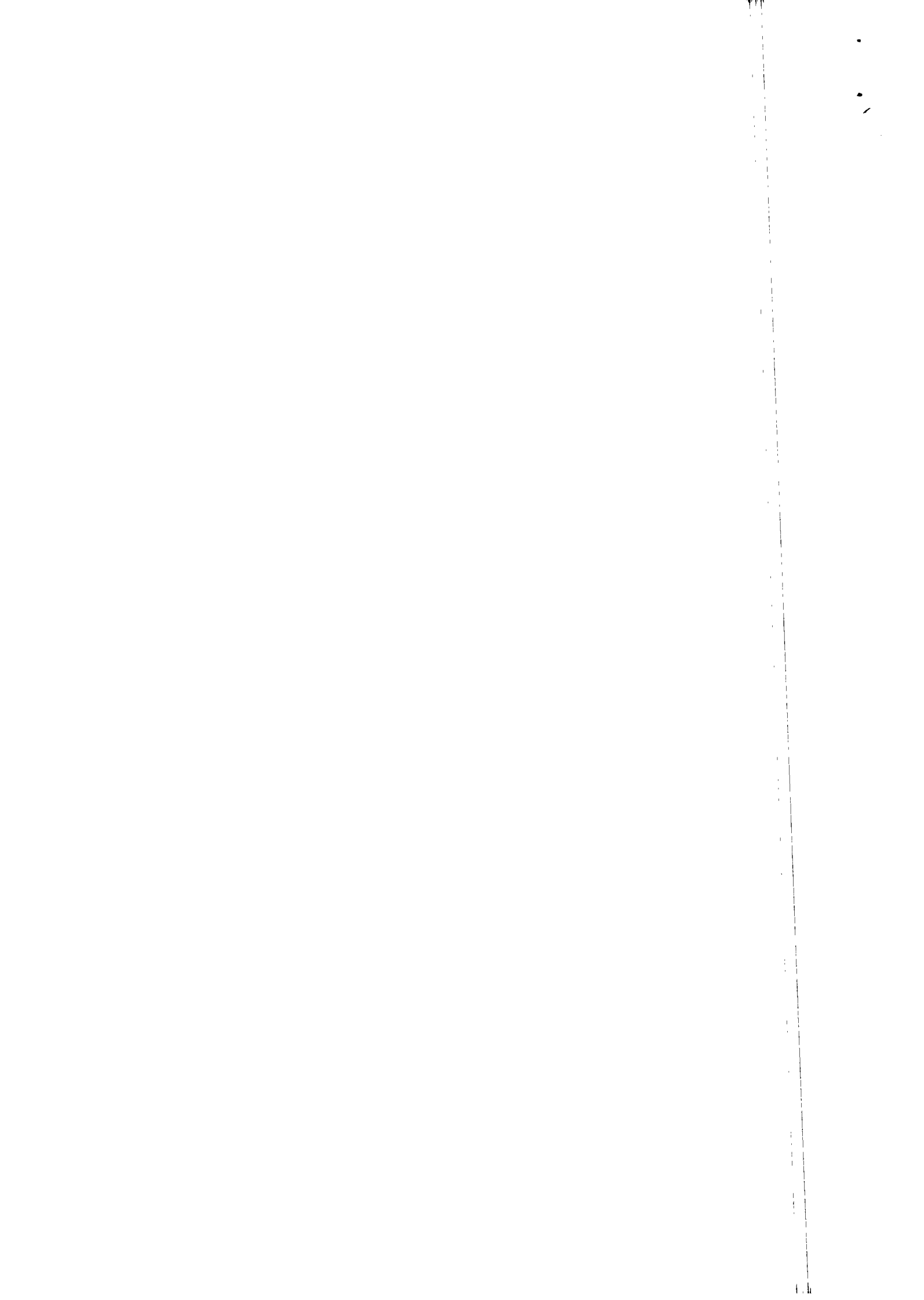
Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

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

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



Significant Accounting Policies (continued)

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 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 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.

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.

e) 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 of employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred 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.



Significant Accounting Policies (continued)

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or service 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 include 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.

g) 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 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.

h) 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.

i) 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.

j) Contingent Liabilities

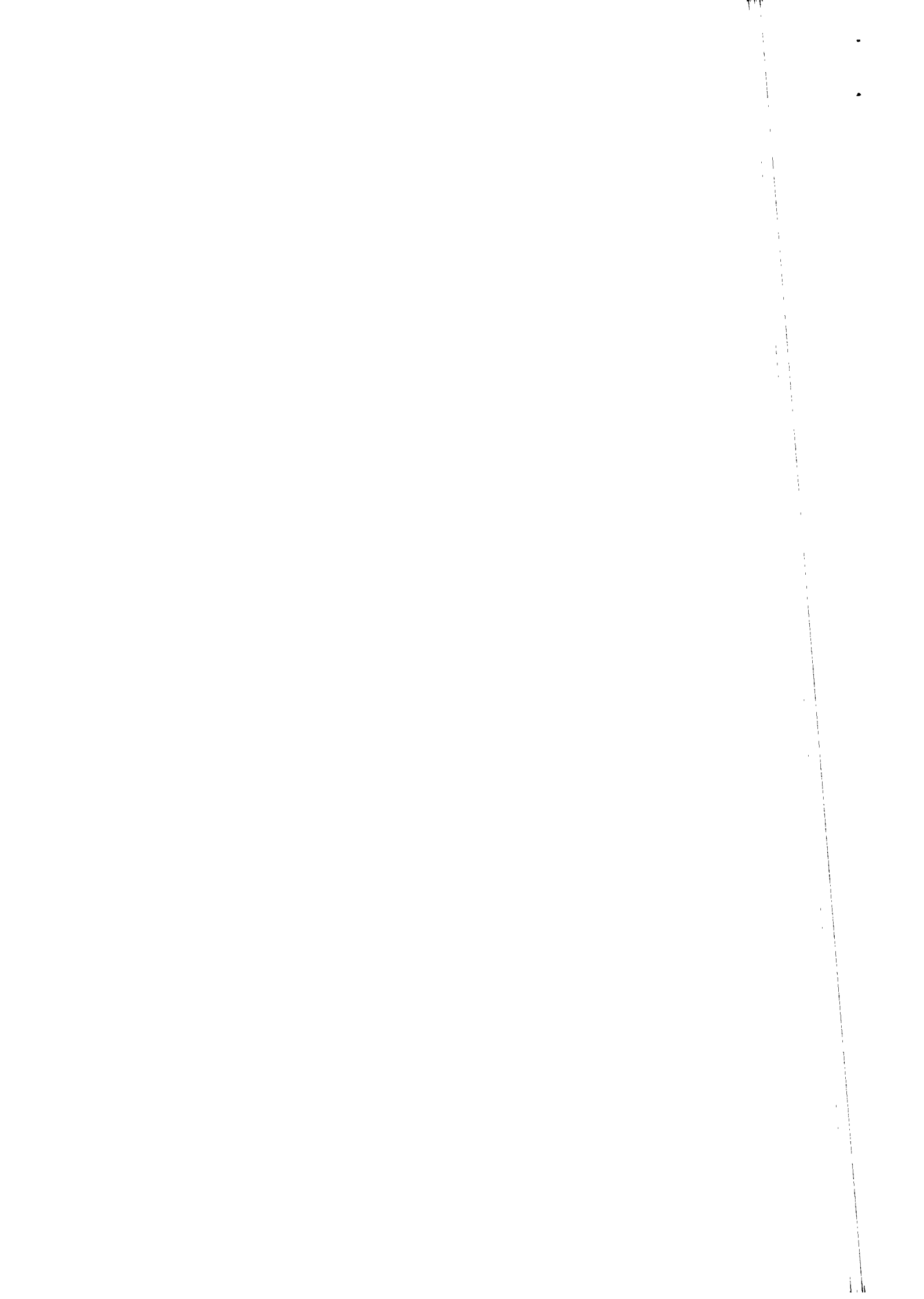
A contingent liability is:

- 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:
 - 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 note to the financial statements unless the possibility of an outflow of resources embodying economic benefit or service potential is remote.

Annex 6 of this financial statement is a register of the contingent liabilities in the year.



Significant Accounting Policies (continued)

k) Contingent Assets

The Entity 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 the Entity 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.

i) 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 are 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.

m) 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 statement. 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 Estimate for the year.

The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers on an 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 under review has been included in an annex to these financial statements.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loan and grants. These payments do not constitute cash receipts and payments and are disclosed in the payments to third parties column in the statement of receipts and payments.

o) Exchange rate differences

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



Significant Accounting Policies (continued)

p) 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.

q) 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, 2023.

r) 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 where necessary under the relevant note of these financial statements.



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

12. NOTES TO THE FINANCIAL STATEMENTS

1. Transfer from Government entities

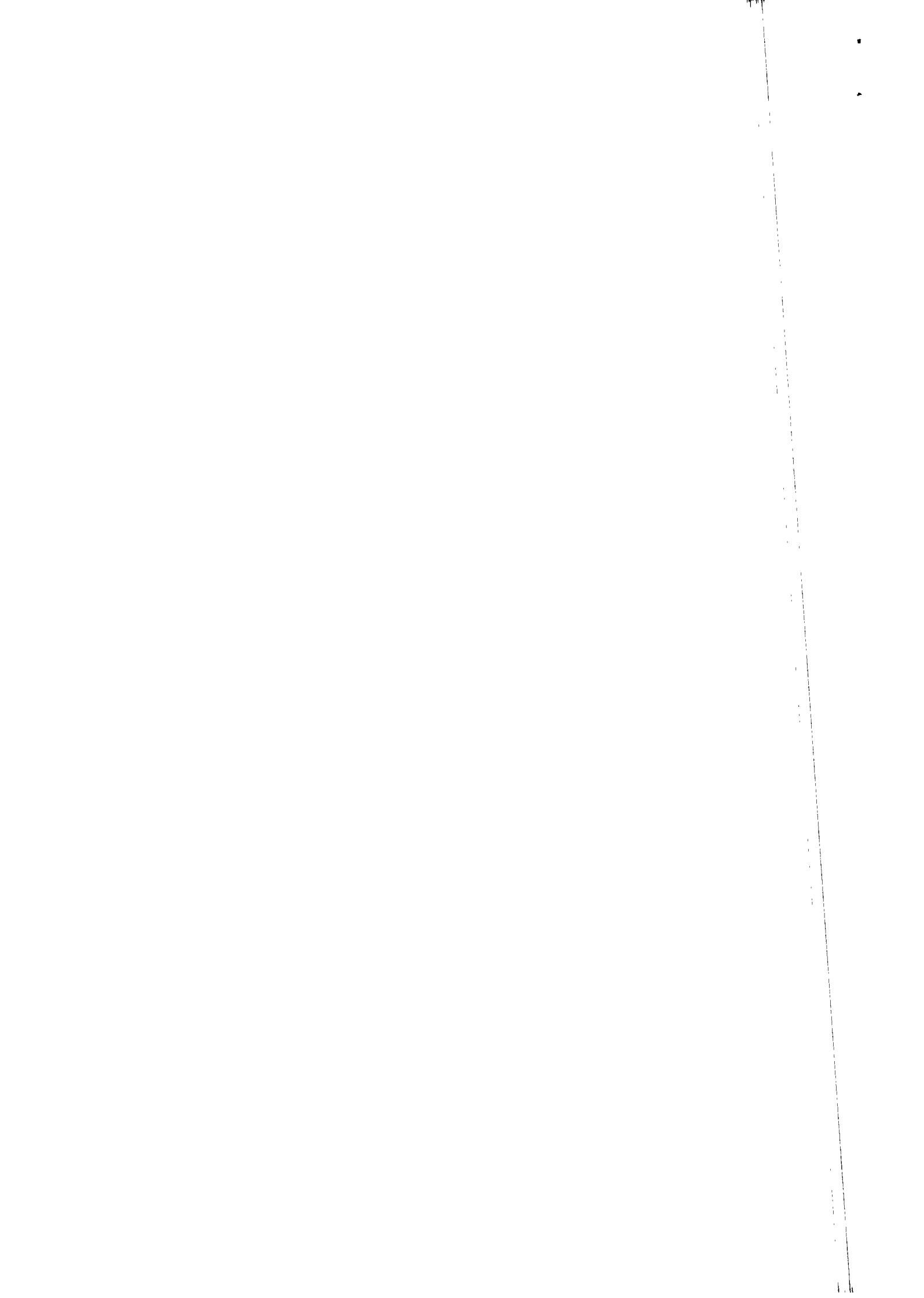
These represent counterpart funding and other receipts from government as follows:

	FY 2022/2023	FY 2021/2022	Cumulative to-date
	KShs	KShs	KShs
Counterpart funding through State Department of Energy			
Counterpart funds Quarter 1		238,875,000	742,808,049
Counterpart funds Quarter 2	155,000,000	100,000,000	1,048,787,311
Counterpart funds Quarter 3		-	633,807,385
Counterpart funds Quarter 4		-	168,169,430
Total	155,000,000	338,875,000	2,590,902,175

2. Loans From External Development Partners

During the 12 months to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury donors 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	
		FY 2022/23	FY 2022/23	FY 2022/23	FY 2022/23	FY 2021/22
		USD	KShs	KShs	KShs	KShs
Loans Received from Multilateral Donor						
EXIM Bank of India Ltd	July 2022-June 2023	3,347,314	-	409,782,484	409,782,484	235,973,172
Total		3,347,314	-	409,782,484	409,782,484	235,973,172



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

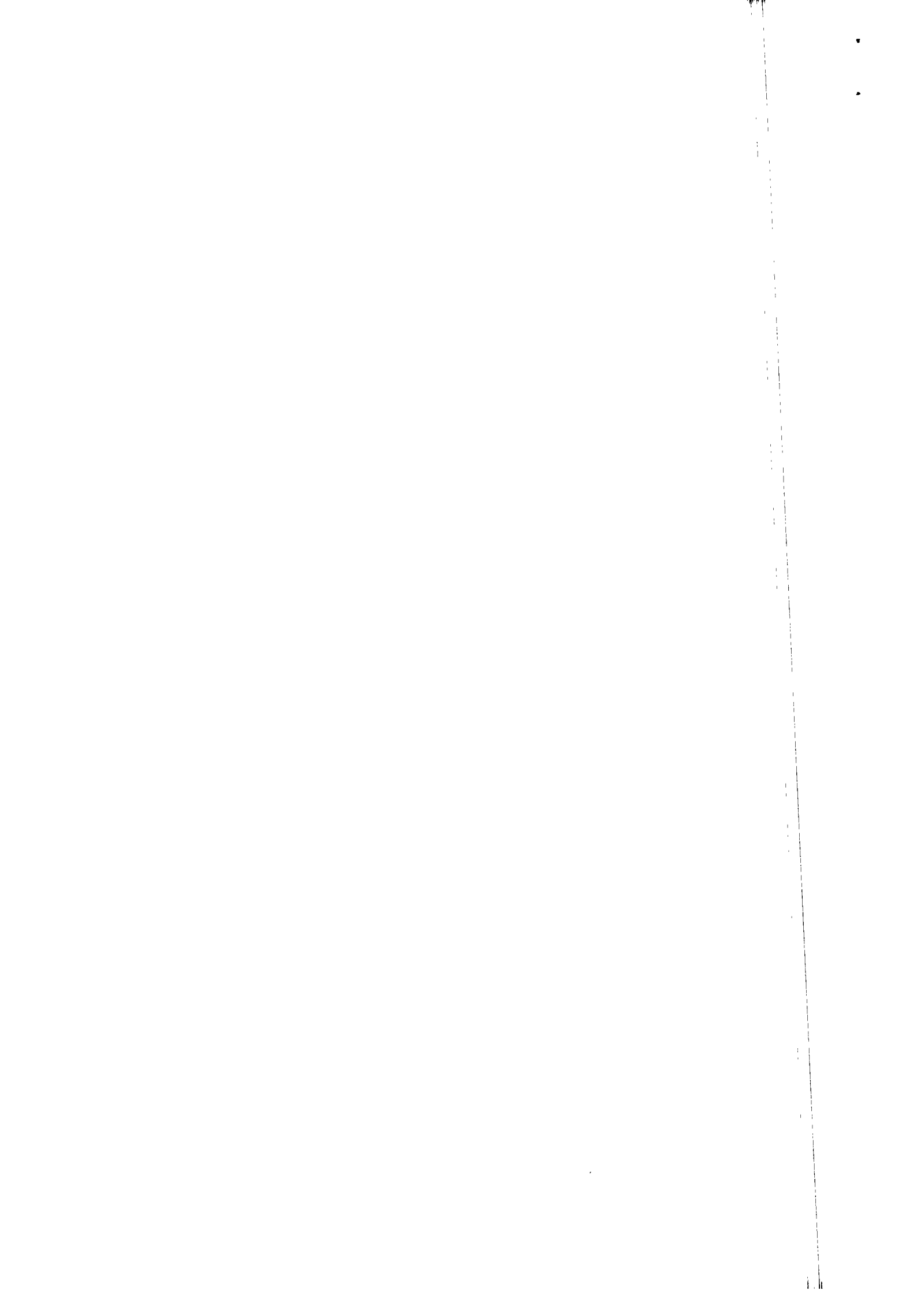
NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Purchase of Goods and Services

	FY 2022/23			FY 2021/2022	
	Payments made by the entity in cash	Payments made by third parties	Total payments		Cumulative to- date
	KShs	KShs	KShs	KShs	KShs
License fees	-	-	-	-	2,344,863
Professional fees	-	-	-	6,110,000	141,862,163
Bank charges and fees	214,899	-	214,899	0	11,273,987
Other operating expenses	128,904,713	-	128,904,713	36,500	364,376,413
Site travel	26,042,159	-	26,042,159	2,756,824	114,931,878
Survey	-	-	-	-	1,648,028
Total	<u>155,161,771</u>	-	<u>155,161,771</u>	<u>8,903,324</u>	<u>636,437,332</u>

4. Acquisition of Non-Financial Assets

	FY 2022/23			FY 2021/22	
	Payments made by the entity in cash	Payments made by third parties	Total payments		Cumulative to- date
	KShs	KShs	KShs	KShs	KShs
Consultancy fees	0	-	0	276,000	302,373,306
Transmission equipment	67,470,462	409,782,483	477,252,945	314,705,511	6,081,990,250
Wayleaves compensation	<u>54,861,176</u>	-	<u>54,861,176</u>	<u>106,342,936</u>	<u>1,188,658,054</u>
Total	<u>122,331,638</u>	<u>409,782,483</u>	<u>532,114,121</u>	<u>421,324,447</u>	<u>7,573,021,610</u>



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

NOTES TO THE FINANCIAL STATEMENTS(Continued)

5. CASH AND CASH EQUIVALENTS

	FY 2022/23	FY 2021/22
	KShs	KShs
Kenya Commercial Bank	120,796,377	243,289,786
Total	120,796,377	243,289,786

The project does not have a separate bank account. The cash is held in the KCB Bank Kenya Limited Consolidated account. [A/c No 1111251622]

6. FUND BALANCE BROUGHT FORWARD

	FY 2022/23	FY 2021/22
	KShs	KShs
Bank accounts	243,289,786	98,669,384



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

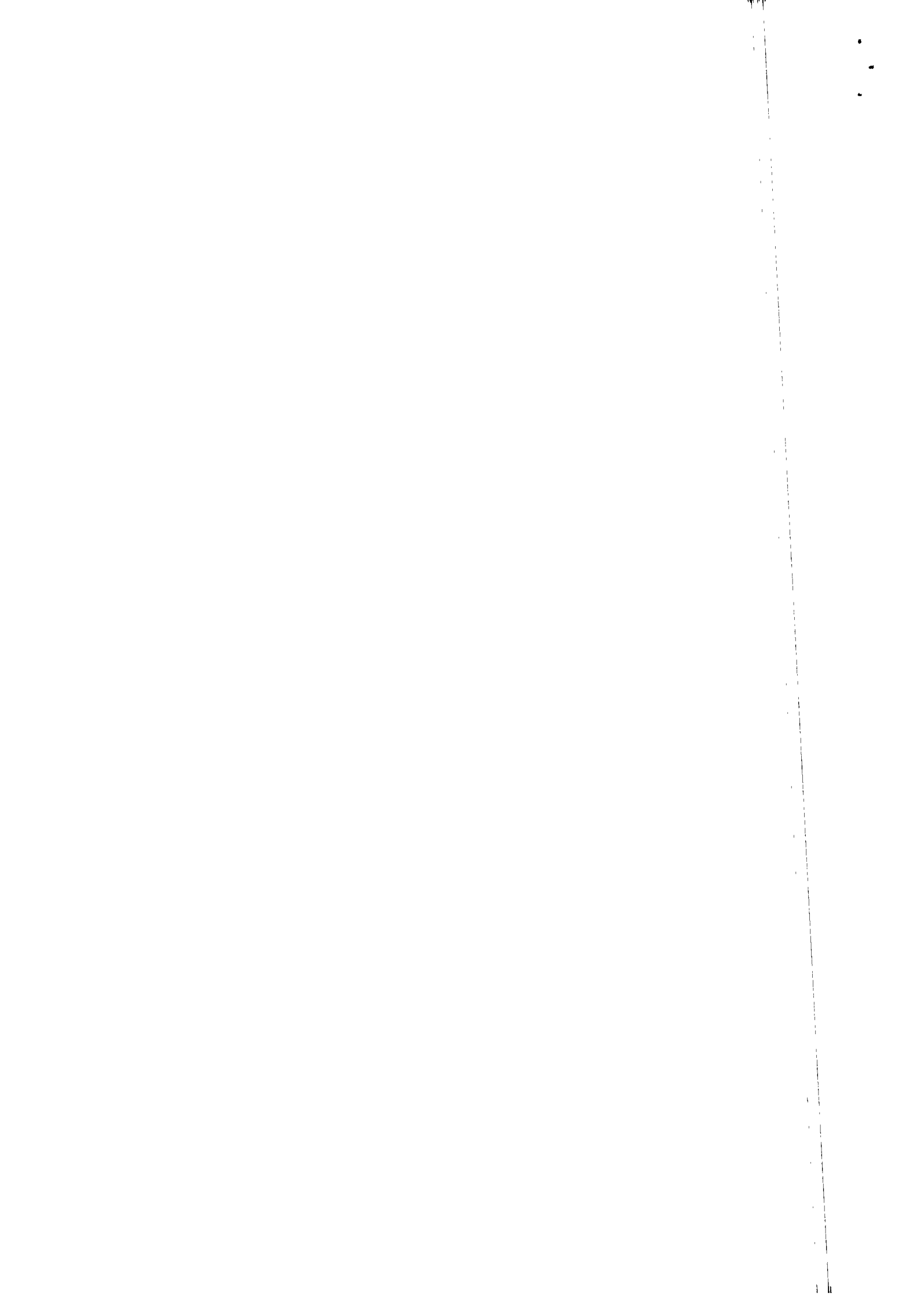
OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex3A)

Description	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
	KShs	KShs	KShs	KShs
Supply of goods	147,332,374	384,100,332	477,252,945	54,179,761
Supply of services	-	-	-	-
Total	<u>147,332,374</u>	<u>384,100,332</u>	<u>477,252,945</u>	<u>54,179,761</u>

2. OTHER PENDING PAYABLES (See Annex 3B)

Description	Balance c/f FY 2020/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
	KShs	KShs	KShs	KShs
Project Affected Persons parties	37,878,102	90,484,932	54,861,176	73,501,859
Total	<u>171,030,249</u>	<u>90,484,932</u>	<u>54,861,176</u>	<u>73,501,859</u>



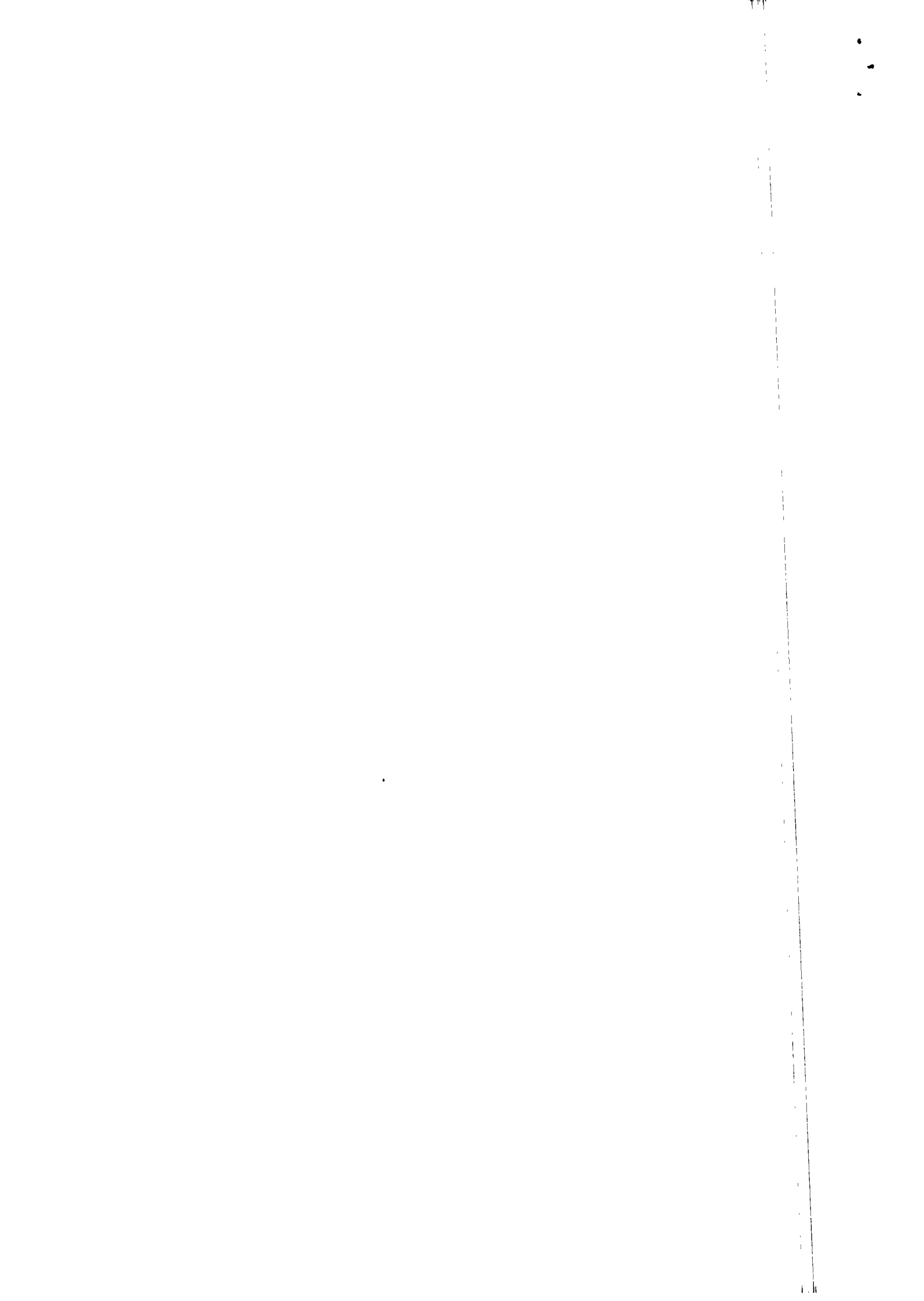
**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

13. ANNEXES

ANNEX 1: PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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 person to resolve the issue	point to the	Status	Timeframe
1.0	Liquidation of the Contractor	As reported in prior years, the contractor of Lot IA 220KV Turkwel-Ortum-Kitale substations was contracted on 16 April, 2013 at a contract sum of US\$19,972,680 that was later revised to US\$18,100,120. As at the time of the contract termination, the contractor had achieved overall completion status of 73%. The contractor was put into liquidation in July 2018 by the courts in India resulting in challenges in completing the project due to lack of financing. According to Management, another contractor is in process of being identified to take over the remaining works. Consequently, the project may not be completed on time and may also experience cost overruns.	GM-Design and Construction		Resolved	
		<u>Management responses</u> KETRACO procured a new contractor to complete the Turkwel, Ortum and Kitale substations. The contractor, Shyama Power Limited of India whose contract became effective on 2nd June 2022 is currently carrying out civil works and equipment installation at Kitale and Ortum Substations. The Fast tracking of the remaining scope of works is on-going. It is expected that the project will be completed by 31st August 2023.				



**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

Reference No. on the external audit Report	Issue observations from Auditor	/ Management comments	Focal person to resolve the issue	point Status	Timeframe
2.0	Delay in Project Completion	<p>The Lot 1A -220KV Substations at Turkwel, Ortum and Kitale and Lot 3A- 132/33KV Machakos-Konza-Kajiado-Namanga Transmission Lines- reported 78% and 90% completion rate respectively, by 30 June 2022. Lot 1A of the Project is currently suspended and significant work remains undone. Further, construction works are yet to commence at the main strategic substation in Turkwel, which may lead to underutilization of the Project. In addition, Lot 3A was expected to be completed by 30 December 2019, but as at June ,2022 the completion rate was 82%.</p> <p>In the circumstances, the Project deliverables may not be realized and hence delay delivery of benefits to the intended beneficiaries.</p> <p><u>Management Response</u></p> <p>LOT 1A</p> <p>The contract faced delays due to termination of the initial contract by Jyoti structures. KETRACO procured a new contractor to complete the Turkwel, Ortum and Kitale substations.</p> <p>The contractor, Shyama Power Limited of India is currently carrying out civil works and equipment installation at Kitale and Ortum Substations. The Turkwel substation was descope. The Fast tracking of the remaining scope of works is on-going It is expected that the project will be completed by August 2023.</p> <p>LOT 3A</p>	GM-Finance	Ongoing	FY 2023/2024



Kenya Electricity Transmission Company Limited
 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
 Report and Financial Statements
 For the Year Ended 30 June 2023

Reference No. on the external audit Report	Issue observations from Auditor	Management comments	Focal person to resolve the issue	point Status	Timeframe
3.0	Pending Accounts Payable	Completion rate is currently at 97% and the project is expected to be complete by March 2024 Note 12.1 to the financial statements reflects pending accounts payables totalling to Kshs. 147,332,374. Management did not explain why the bills were not paid during the year they were incurred. The project is therefore at risk of incurring significant interest costs and penalties with the continued delay in payment.	GM-Finance	Ongoing	FY 2023/2024
4.0	Other Pending Payables	Management Response The pending bills amounting to KSh.105,157,314 were as a result of the 30 th June 2022 cut-off date. These were settled in September 2022 of the subsequent year. The balance of KSh 13,450,260 relate to Jyoti Structures limited that was declared bankrupt. The legal proceedings to determine the case is yet to be finalised. In addition, Ksh 28,724,800 relate to Shyama Power which is pending awaiting Government of Kenya funding. Note 12.2 to the Financial Statements reflects other pending accounts payable totalling to Kshs.37,878,102. The amount relates to compensation of landowners for wayleave acquired since inception of the project. Management attributed failure to pay the amount due to lack of budgetary allocation from the National Treasury and lengthy land negotiations between the land owners, KETRACO and the County Government of Kajjado.	GM-Design and Construction	Ongoing	FY 2023/2024

**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

Reference No. on the external audit Report	Issue observations from Auditor	Management comments	Focal person to resolve the issue	point Status	Timeframe
5.0	Budgetary Control and Performance	<p>The major challenge with outstanding way/leaves compensation is lack of budgetary allocation. Management has included the balance in the pending bills and requested for budgetary support in the FY 2023/2024 budget.</p> <p>The statement of comparative budget and actual amounts for the year ended 30 June 2022, reflects actual receipts of KShs.574,848,172 against the budgeted receipts of Kshs 464,000,000 resulting in excess receipts of Kshs.110,848,172 or 24% of the final receipt budget. Further, actual expenditure for the year amounted to KShs.430,227,771 against the budgeted expenditure of Ksh. 464,000,000 resulting to under expenditure of KShs.33,772,229 or 7% of the final expenditure budget. Management attributed the under expenditure on late disbursement of funds from the National Treasury and reduced proceeds from borrowing due to termination of contractual works.</p> <p>Management response</p> <p>The excess receipts of Kshs.110,848,172 was occasioned by Quarter 4 disbursement of Ksh 238,875,000 for FY 2020/2021 that was received on 6th July 2021. The under expenditure of KShs.33,772,229 was occasioned by delay in project implementation activities.</p>	GM, Finance	Resolved	
6.0	Purchase of Goods and Services	<p>The statement of receipts and payments reflects purchase of goods and services totaling to Kshs.8,903,324 as disclosed under Note 11.3 to the financial statements. However a review of records provided for audit revealed that the Project stalled in 2018 after the contractor went under liquidation. The management has not provided explanations for incurring expenditure on a stalled project.</p>	GM, Finance	Resolved	

Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

Reference No. on the external audit Report	Issue observations from Auditor	/ Management comments	Focal person to resolve the issue	point Status	Timeframe
		<p>In the circumstances, the propriety and validity of goods and services expenditure of Kshs.8,903,324 for the year ended 30 June, 2022 could not be confirmed.</p> <p>Management Response Two projects are funded by the Exim Bank of India; Turkwel – Ortum – Kitale Transmission Line and substations Machakos – Konza – Kajiado – Namanga Transmission Line and substations The professional fees were incurred in the Machakos-Konza-Kajiado-Namanga TL. Was being implemented by Shyama Power and not MS. Jyoti Structures Limited as indicated on the issue above, the contractor had a valid active contract and the consultancy was based on progress of works being undertaken In the 2021/2022 financial year, a new contractor had been engaged to complete the Ortum-Kitale Substation and preliminary costs were incurred to allow for commencement of completion works.</p>			
7.0	Transfers to Olkaria-Lessos - Kisumu Transmission Line	As reported in previous year, Kshs.128,315,126 was transferred to Olkaria - Lessos - Kisumu Transmission Line construction project. However, the financial statements for Olkaria - Lessos - Kisumu Transmission Line Project have not disclosed a receipt from this project. Consequently, the accuracy, completeness and validity of the transfers to Olkaria Lessos Kisumu Transmission	GM, Finance	Resolved	


**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

Reference No. on the external audit Report	Issue observations from Auditor	/ Management comments	Focal person to resolve the issue	point Status	Timeframe
8.0	Purchase of Transmission Equipment	<p>Construction Project totalling to Kshs.128,315,126 for the year ended 30 June, 2021 could not be confirmed.</p> <p>Management Response</p> <p>In 2020/2021, Kshs 128,315,126 was transferred from the Machakos-Konza-Kajiado-Namanga TL (as per note 11.7 of the financial statements) to the Olkaria-Lessos-Kisumu TL. In the Olkaria-Lessos-Kisumu TL accounts, the receipt was shown under Note 11.2 as part of the Kshs 1,446,813,110.</p> <p>Note 11.4 to the financial statements reflects for transmission equipment payments amounting to Kshs.314,705,511. However, the contractor stopped working on the project in July, 2018 after they went into liquidation and the contract was terminated. The Management has not provided details of the expenditure on transmission equipment.</p> <p>Under the circumstances, the propriety and validity of expenditure on transmission equipment totalling Kshs.314,705,511 for the year ended 30 June, 2022 could not be confirmed</p> <p>Management Response</p> <p>Two projects are funded by the Exim Bank of India; Turkwel – Ortum – Kitale Transmission Line and</p>	GM-Finance	Resolved	


**Kenya Electricity Transmission Company Limited
 220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
 Report and Financial Statements
 For the Year Ended 30 June 2023**

		substations Machakos – Konza – Kajiado – Namanga Transmission Line and substations The Kshs 243,856,375 incurred on Turkwel-Orutu Kitale was payment for 2 invoices for contractual works done by M/s KEC International Ltd for Ksh 60,841,336.28 for the transmission line which was completed on 30 th March 2020. The balance of Ksh 183,015,039.60			
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Chief Executive Officer
Dr. Eng John Mativo, CE



Overall Project Coordinator
Eng. Linus Tonui



General Manager-Finance
Tom Imbo
ICPAK Member No. 7039

**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	Comments on Variance	% of Utilisation
	Kshs.	Kshs.	Kshs.		
	a	b	c=a-b		d=c/a %
Receipts During the Year					
Transfer from Government entities	457,000,000	155,000,000	302,000,000	(i)	34%
Loan from external development partners	715,078,370	409,782,484	305,295,886	(ii)	57%
Total Receipts	<u>1,172,078,370</u>	<u>564,782,484</u>	<u>607,295,886</u>		48%
Payments During the Year/Period					
Purchase of goods and services	155,161,771	155,161,771	0		100%
Acquisition of non-financial assets	1,016,916,599	532,114,121	484,802,478	(iii)	52%
Total Payments	<u>1,172,078,370</u>	<u>687,275,892</u>	<u>484,802,478</u>		59%

Explain all variances (% of utilization) below 90% and above 100%

Explanations: -

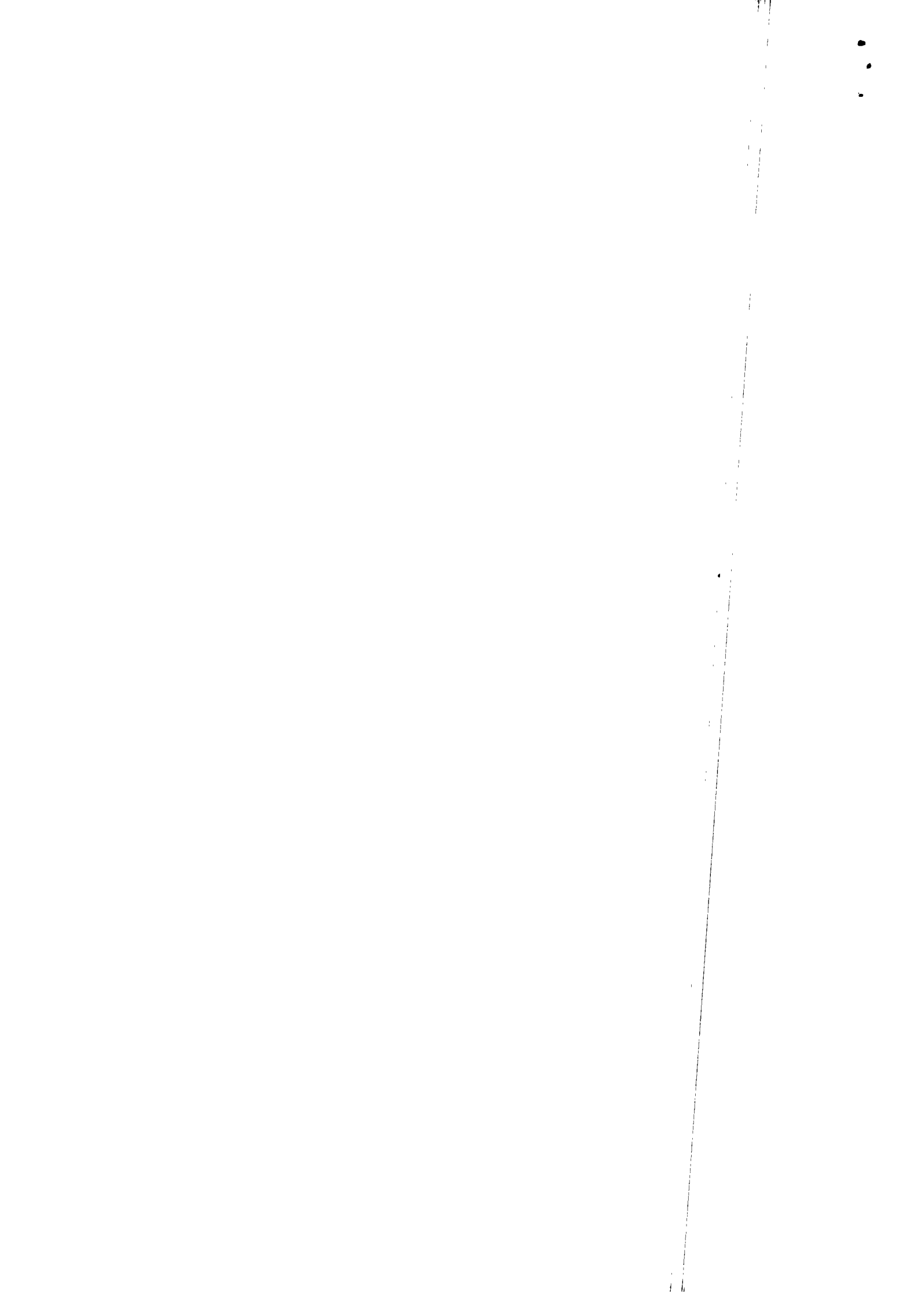
- (i) Underutilization of transfers from government entities was occasioned by late disbursement of counterpart funding (the Variance of Ksh. 302,000,000 was received after 30th June 2023)
- (ii) Underutilization of the loan from external development partners was occasioned by expiry of the loan on 1st April 2023.
- (iii) Under acquisition of non-financial assets was occasioned by i and ii above.

**Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023**

ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To- Date	Outstanding Balance	Outstanding Balance	Comments
			2023	2023	2022	
Construction of buildings		Kshs	Kshs	Kshs	Kshs	
1. NONE		a	b	c=a-b		
Sub-Total						
Construction of civil works						
Jyoti Structures Ltd	16-Apr-13	1,863,799,717	1,121,870,292	13,450,260	13,450,260	
Shyama Power India Ltd Total	16-Apr-13	5,492,278,836	3,188,482,270	40,729,501	133,882,114	
KEC International Limited	16-Apr-13	1,821,624,258	1,407,268,696	-	-	
Sub-Total		9,177,702,811	5,717,621,258	54,179,761	147,332,374	
Supply of goods						
3. NONE						
Sub-Total						
Supply of services						
Power Grid Corporation of India		397,209,768	293,690,426	-	-	
Sub-Total		397,209,768	293,690,426	-	-	
Grand Total		9,574,912,578	6,011,311,684	54,179,761	147,332,374	

A retention amount of Ksh 171,767,888.60 is owed to Shyama Power India Ltd payable upon issuance of completion certificate and operational acceptance certificate.



Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

ANNEX 3B - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023	Outstanding Balance 2022	Comments
		a	b	c	d=a-c	2022	
		KShs		KShs	KShs	KShs	
Amounts due to Third Parties							
1. Project affected persons	Wayleaves compensation	1,513,264,311	2014-2023	8,658,054	73,501,859	37,878,102	
Sub-Total		1,513,264,311		1,188,658,054	73,501,859	37,878,102	
Grand Total		1,513,264,311		1,188,658,054	73,501,859	37,878,102	

Kenya Electricity Transmission Company Limited
220kv and 132kv Transmission Lines and Substations (Exim Bank of India Funded) Projects
Report and Financial Statements
For the Year Ended 30 June 2023

ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost 2021/22 (KShs) (a)	*Purchases/Additions in the Year 2022/23 (KShs) (b)	**Disposals in the Year 2022/23 (KShs) (c)	Closing Cost 2022/23 (KShs) (d)= (a)+ (b)-(c)
Motor vehicles	29,124,656	-	-	29,124,656
Powerline (Transmission Equipment)	<u>7,040,907,490</u>	<u>532,114,121</u>	-	<u>7,573,021,611</u>
	-	-	-	0
Total	<u>7,070,032,146</u>	<u>532,114,121</u>	<u>-</u>	<u>7,602,146,267</u>

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.

