

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

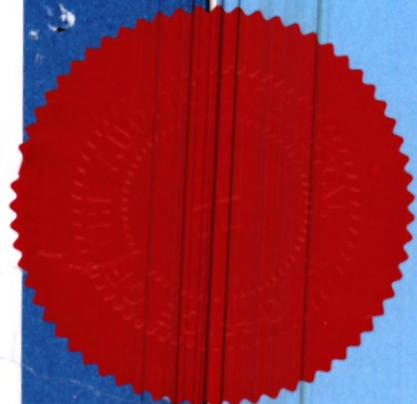
THE AUDITOR-GENERAL

ON

**NAIROBI METROPOLITAN SERVICES
IMPROVEMENT PROJECT
(IDA CREDIT NO.5102-KE)**

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

**STATE DEPARTMENT FOR
HOUSING AND URBAN DEVELOPMENT**



NATIONAL ASSEMBLY
PAPERS LAID
DATE: 13 MAR 2024
Hon Owen Baya, MP
Deputy Leader, Majority Party
Miriam Moko

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**PROJECT NAME: NAIROBI METROPOLITAN SERVICES IMPROVEMENT
PROJECT (NaMSIP)**

**IMPLEMENTING ENTITY: MINISTRY OF LAND, HOUSING AND URBAN
DEVELOPMENT**

PROJECT GRANT/CREDIT NUMBER: 5102-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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1. Acronyms and Glossary of Terms

NaMSIP	Nairobi Metropolitan Services Improvement Project
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
TNT	The National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
MDA	Ministries, Departments and Agencies

2. Project Information and Overall Performance

2.1 Name and registered office

Name

Nairobi Metropolitan Services Improvement Project

Objective

The key objective of the project is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya.

Address

The project headquarters is located in Nairobi County, Kenya.

Project Coordinator

Nairobi Metropolitan Services Improvement Project

Prism Building 3rd Ngong Avenue

P O Box 30130 0100

Nairobi -Kenya

Contacts: The following are the project contacts

Project Co-ordinator

Telephone: (254-20)317224/35

E-mail Benjamin Njenga <faimacon@yahoo.com>

Website: www.nairobimetro.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 17 th December 2012
Project End Date:	The project end date is 30 th September 2020
Project Manager:	The Programme Coordinator is Eng. Benjamin K. Njenga
Project Sponsor:	The project sponsor is World Bank and the Government of Kenya

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the Supervision of the State Department for Housing and Urban Development in the Ministry of Land, Housing and Urban Development.
Project number	P107314
Strategic goals of the project	The strategic goals of the project are as follows: (i) Strengthen Urban Services (ii) Infrastructure development
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provision of transport (NMT, Roads and traffic Management) (ii) Storm water drainage (iii) Sewerage (Waste water collection and disposal). (iv) Facilities (Fire Fighting Equipment, Construction of Fire Stations) (v) Provision of Infrastructure (Street/Security Lighting, Public Markets and Public Parks.

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<p>Other important background information of the project</p>	<p>The NaMSIP project started through Project Preparation Advance (PPA) Financing Agreement NoQ759 which was signed between the Government of Kenya (GOK) and the International Development Association (IDA- “World Bank”) on 21st June, 2012.</p> <p>The advance was to the tune of USD2,700,000.00 The Refinancing date was set for 30th June 2012 The project effective date is 17th December 2012 The project extension date was 16th May 2017 The project extension date revised to 30th September 2020</p> <p>The Project Component costs is USD330 million as follows:</p> <table data-bbox="608 835 1441 1070"> <tr> <td>1. Institutional Reforms and Planning</td> <td>USD 15 million</td> </tr> <tr> <td>2. Critical local government infrastructure and services.</td> <td>USD 60 million</td> </tr> <tr> <td>3. Critical Metropolitan Infrastructure Services.</td> <td>USD250 million</td> </tr> <tr> <td>4. Project Management, Monitoring and Evaluation</td> <td>USD 5 million</td> </tr> <tr> <td></td> <td>USD 330million</td> </tr> </table>	1. Institutional Reforms and Planning	USD 15 million	2. Critical local government infrastructure and services.	USD 60 million	3. Critical Metropolitan Infrastructure Services.	USD250 million	4. Project Management, Monitoring and Evaluation	USD 5 million		USD 330million
1. Institutional Reforms and Planning	USD 15 million										
2. Critical local government infrastructure and services.	USD 60 million										
3. Critical Metropolitan Infrastructure Services.	USD250 million										
4. Project Management, Monitoring and Evaluation	USD 5 million										
	USD 330million										
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas</p> <ul style="list-style-type: none"> (i) Rapid Urbanisation. (ii) Lack of infrastructure 										
<p>Project duration</p>	<p>The project became effective on 17th Dec,2012 with an end date of 30th September 2020</p>										

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the project:

(i) Special Account –B

Account No.0810299949176

Depository Bank: Equity Bank of Kenya

P. O. Box. H/Q, Equity Centre, Hospital Road

(ii) Account (IDA)

Account No.10003966954

Depository Bank: Central Bank of Kenya

P. O. Box. 60000- 00100 Nairobi, Kenya

(iii) Project Counterpart Fund Account (GOK)

Account No.1000396938

Depository Bank: Central Bank of Kenya

P.O. Box. 60000- 00100 Nairobi, Kenya

2.5 Independent Auditor

The project is audited by:

The Office of Auditor General,

P.O Box 30084 – 00100 Nairobi.

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Charles M Hinga, <i>CBS, CA(SA)</i>	Principal Secretary	Principal Secretary	The Accounting officer
Eng Benjamin K Njenga	Program Coordinator	Civil Engineer	The Project Co-ordination
Everline Nyagwara	Senior Chief Finance Officer	Senior Chief Finance Officer	Budgetary, Supervision and Control

*Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Names	Title designation	Key qualification	Responsibilities
Charles Liyayi	Head of Accounting Unit	CPAK B.Com MBA	Financial Supervision Accounting and Reporting
John Maina	Head of Supply Chain Management	Procurement Management	Procurement
Ann Mugo	Director Metropolitan Development	MBA Planner	Planning and supervision
Elizaban Kibe	Deputy Director	Planner	Quantity Surveyor
Eng. James Mbaabu	Principal Superintendent Engineer	Mechanical Engineer	Supervisory
Peter Bundi	Director Environment	Environmentalist	Supervisory
Arch. Lawrence Muchama	Social Infrastructure & Architectural Services SAD	Architecture	Supervisory
Peter Gota	Senior Ass Director P & E	Planner	Supervisory
Peter Muriithi	Ag Ass. Director GIS	Cartographer	Supervisory
Eng. Stephen N. Muigai	Electrical Engineer	Electrical Engineer	Supervisory
Ephantus H. Wamugunda	Chief Economist	Economist	M& E
Purity Kananu	Principal Accountant	Certified Public Accountant (K)	Financial Supervision Accounting and Reporting
Lawrence K. Nyaga	Senior Accountant	CPA	Project Accountant

2.7 Funding summary

The Project was for duration of 8years from 2012 to 2020 with an approved budget of **USD 330M** equivalent to **Kshs. 27.347B** as highlighted in the next page:

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Annual Report and Financial Statements for the financial year ended June 30, 2023

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date 30 th June 2023	
	Donor currency USD	Kshs	Donor currency Kshs	Kshs	Dono r curre ncy Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)- (B)	(A')-(B')
(i) Loan						
World Bank IDA	3,00,000,000	24,860,909,091	273,749,008	27,077,877,922	-	-
Total Loan	3,00,000,000	24,860,909,091	273,749,008	27,077,877,922	-	-
(ii) Counterpart funds						
Government of Kenya	30,000,000	2,486,090,909	26,017,298	2,726,331,119	-	273,668,881
Total	330,000,000	27,347,000,000	299,766,306	29,804,209,041	-	273,668,881

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

LIST OF PROJECTS FUNDED USING EXTERNAL LOAN (IDA)

1. Transport - Roads.

NO	PROJECT	CONTRACT SUM (KSHS)	STATUS
1	Rehabilitation and Improvement of Ruiru Hospital Road	233,930,773.60	Complete
2	Construction of the Access Roads to Kikuyu Railway Station	270,500,722.77	Complete
3	Construction of Ngong Bus Terminus, Kajiado County	86,941,825.00	Complete
4	Construction of Access Road to Limuru Railway Station.	132,327,490.70	Complete
5	Construction of Access Road to Imara Daima Railway Station	406,065,371.22	Complete
6	Rehabilitation of Kenol Hospital Road	163,192,195.32	Complete
7	Juja Circuit Road and Access to Juja Railway Station	395,507,034.69	Complete
8	Rehabilitation of outfall drain and drainage infrastructure in Manyani Estate Roads	217,879,807.20	Complete
9	Rehabilitation and Construction of access Road to Thika Railway Station	168,655,619	Complete
10	Rehabilitation and Construction of access Road to Embakasi Railway Station	261,197,065.27	Complete
11	Construction of Kangundo Road – Kenol, Kenol – Koma & Katumani – Mombasa Road and Rehabilitation of Kenol – Machakos Town – Katumani Link Road.	4,392,444,988.44	Complete
12	Rehabilitation and improvement of Quarry Road - Mlolongo	116,628,285.00	Complete
13	Construction of selected Roads in Kangundo Township	200,512,072.60	Complete
14	Rehabilitation and Construction of Old Nakuru Road	121,516,874.16	Complete
15	Construction of Kitengela Bus Terminus Kajiado County	94,319,204.00	Complete
16	Construction of Githurai Railway Station Access Roads in Kiambu County.	376,402,351.00	Complete
17	Rehabilitation and construction of Access Road to Mitubiri Landfill site, Muranga county	814,300,193.19	Complete
18	Construction of Parking Bays in Ngong Township	86,310,719.88	Complete
19	Construction of Parking Bays in Ongata Rongai Township	49,477,300.00	Complete
20	Construction of Parking Bays in Kitengela Township	60,530,602.06	Complete
21	Kikuyu Tunnel	90,508,105.13	Complete
22	Tala Township Roads	98,300,791.05	Complete
23	Construction of Kitengela Railway Access Road in Kajiado County	196,260,112.14	Complete

2. Transport - Commuter Rail Stations.

No	Project	Contract Sum (Kshs)	Status
1	Improvement of Commuter Rail Stations - Kikuyu and Kahawa Stations	573,510,206.10	Complete
2	Improvement of Commuter Rail Stations - Ruiru Station	298,833,979.92	Complete
3	Improvement of Commuter Rail Stations - Mwiki Stations	273,625,287.53	Complete
4	Improvement of Commuter Rail Stations - Pipeline and Embakasi Village Stations	536,629,457.88	Complete
5	Improvement of Commuter Rail Stations - Athi River Station	434,389,565.20	Complete

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No	Project	Contract Sum (Kshs)	Status
6	Improvement of Commuter Rail Stations - Githurai and Dandora Stations	920,318,320.48	Complete
7	Improvement of Commuter Rail Stations - Donholm Stations	279,817,500.00	Complete
8	Lot 1: Supply, Installation, Testing and Commissioning of ICT, Turnstiles, Barriers and Ticketing/Fare Collection System for Kenya Railways Corporation	405,295,265.84	Complete
9	Lot 2: Supply, Installation, Testing and Commissioning of Structured Cabling, Public Address, CCTV and Access Control Systems for Commuter Railway Stations	164,246,880.60	Complete

3. Sewerage and Storm Water Projects

No	Project	Contractor	Contract Sum (Kshs)	Status
1	Ruiru Sewerage works	Sinohydro Corporation	2,042,497,777.00	Complete
2	Construction of Sewerage System for Juja Urban Areas and Thika South	Nanchang Foreign Engineering Company	2,936,598,559.00	Complete
3	Construction of storm water Drainage in Nairobi City (Dagoretti, Langata, CBD and Embakasi), Thika (CBD and west of CBD), Mavoko and Ongata Rongai township)	Jiangxi Water and Hydropower Construction Kenya Ltd	512,469,561.63	Complete

4. Solid Waste Management.

No	Project	Contractor	Contract Sum (Kshs)	Status
1	Construction of Mitubiri Sanitary Landfill Site, Muranga County	Concordia Building & Civil Engineering Co. Ltd	1,056,478,730.00	88% for physical works.

5. Disaster & Emergency Preparedness

No	Project	Contract Sum (Kshs)	Status
1	Fire stations – Construction of Waithaka Fire Station	132,596,607.80	Complete
2	Fire stations – Construction of Kangundo Road Fire Station	166,447,872.12	Complete
3	Rehabilitation of 2 No fire station along Tom Mboya and Enterprise Road	32,549,900.00	Complete
4	Purchase of fire fighting equipment 7 No 5,000lts	EUR 1,918,747.98	Delivered and handed over
5	Purchase of fire fighting equipment 7 No -10,000lts	EUR 2,581,182.45	Delivered not handed over
6	Purchase of 3 No Water Bowsers for Nairobi County	19,608,200.00	Delivered and handed over
7	Purchase of Exhauster Trucks for Kikuyu and Kiamba	14,400,000.00	Delivered and handed over
8	Supply and deliver of flush water supply unit and 2 No Backhoe for Nairobi City County	58,568,700.00	Delivered and handed over
9	Drilling and Equipping of Three (3) number Boreholes and Construction of Three (3) number Elevated Steel Water Tanks in Nairobi City County	33,341,357.00	Complete

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6. Markets

No	Project	Contract Sum (Ksh)	Status
1	Construction of Market in Mwariro	389,592,337.20	Complete
2	Rehabilitation of Market in Karandini	294,314,487.76	Complete
3	Construction for Kikuyu market in Kiambu County	326,500,373.00	Complete
4	Construction for Kihara market in Kiambu County	179,763,274.80	Complete
5	Construction of Ruiru Market in Kiambu County	276,963,268.23	Complete
6	Construction of Juja Market in Kiambu County	200,980,681.00	Complete
7	Construction of Ngong Market in Kajiado County	699,135,541.00	Complete
8	Construction of Kenya-ini Market Sheds	31,977,837.50	Complete

7 Integrated Urban Water Management (IUWM)

NO	Project	Contract Sum (Kshs)	Status
1	IUWM Projects Lot 1: Rehabilitation of Nairobi City Park & Lenana School Urban Agriculture Pilot Project	127,893,828.00	Complete
2	IUWM Projects Lot 2: Roof Catchment for Kiambu District Hospital and Muranga: Level 5 Hospital, Kiambu & Madaraka Parks Urban Parks	158,053,201.60	Complete
3	IUWM Projects Lot 3: Roof Catchment and Water Pan Kitengela and Machakos	41,946,584.14	Complete

2.9 Summary of Project Compliance:

There were no cases of non-compliance both in the year under review and previous project life

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 shall prepare 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 agreement/* plan are to:

- a) Institutional Reform and Planning
- b) Local Government Infrastructure and services
- c) Metropolitan Infrastructure and services.
- d) Project Management, Monitoring and Evaluation

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.

4. Environmental and Sustainability reporting

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

1. Sustainability strategy and profile

NaMSIP is being implemented in the Nairobi Metropolitan Region whose core is Kenya's national capital city and the seat of National Government which has witnessed fastest growth among all other regions and urban areas in the country. The region has also which has witnessed increased number of people living and working within municipalities, towns and urban areas within the region. Nairobi City is leading among five major urban areas per population and contribution to the GDP. Others are: Mombasa, Kisumu, Eldoret and Nakuru. Nairobi Metropolitan Region comprises of five Counties – Nairobi City, Kiambu, Machakos, Kajiado and Muranga. Kiambu is the fastest growing County and houses the fastest growing municipality in Kenya, ie Ruiru. Ruiru sewerage works were completed and handed over on 5th January 2017. Other Works in the other Counties have also been completed. As a result of NaMSIP, 1,389,980 people are currently benefitting from NaMSIP interventions, of which 694,990 are females. The urban transition is well under way in Kenya and urbanization is projected to continue to grow at a rapid pace. Devolution will further speed up the rate of urbanization for the country. Due to the growth and entrenchment of devolution, Nakuru has assumed city status, which has increased Kenyan cities from three to four: Nairobi, Mombasa, Kisumu and Nakuru. NaMSIP has intervened in all the five Counties and hence supporting efforts aimed at sustainable urbanization within the metropolitan region. The urban transition in Kenya will play an important role in determining the country's growth prospects and social stability. NaMSIP was formulated to strengthen urban services and infrastructure, formulated to bridge and contribute to improved livelihoods of people living within the metropolitan region and make the urban areas more liveable.

2. Environmental performance

The project developed and implements Strategic, Environmental and Social Assessments (SESAs) as well as Environmental Impact Assessments (EIAs) for specific projects, in compliance with the environmental policies and concerns to ensure sustainability of the NaMSIP projects.

3. Employee welfare

NaMSIP Projects have been implemented to ensure adherence to the provisions of the Occupational Safety and Health Act of 2007, (OSHA) and has enforced the same in construction and office environments in collaboration with the relevant agencies. Contractors are instructed to adhere to its provisions and also show evidence of compliance with the same.

The Public Service Commission of Kenya, PSC (K) is in charge of hiring staff on behalf of MDA's. All staff are appraised on a yearly basis. Training is given especially for courses required for promotion or career progression.

The State Department conducts training projections at the beginning of every financial year to guide the Human resource department in nominating and selecting officers for training. Additionally, due to the dynamic nature of the economy the department undertook steps to proactively engage staff in training to ensure their skills conforms to the current needs. Staff performance appraisal is done annually to ensure that productivity meets the required standards upon which employee with exemplary performance are given priority for promotions.

4. Market place practices-

a) Responsible competition practice.

The State Department for Housing and Urban Development ensured fair competition among the bidders while issuing the tenders. The bidders are evaluated on set guidelines and given equal opportunity.

The State Department has a Corruption Prevention Committee in place whose functions amongst others include:

- Setting priorities in the prevention of corruption within the State Department
- Planning and coordinating corruption prevention strategies
- Integrating all corruption prevention initiatives in the State Department
- Receiving and reviewing reports on corruption reports made by staff and other stakeholder. Evidence of concrete measures taken must be made available and referrals to other agencies well documented.
- Spearheading corruption prevention campaigns within the State Departments
- Monitoring and evaluating the impact of corruption prevention campaigns within the State Department.

b) Responsible Supply chain and supplier relations-

The State Department proactively engaged stakeholders to ensure vital flow of information regarding payments. This ensures that accountability and transparency in procurement of goods and services is maintained between the involved parties. Upon completion of a project, the department ensures timely issuance of the completion certificate.

c) Responsible marketing and advertisement-

Open advertisement is done in forums easily accessible to the public like newspapers, websites and government notices.

d) Product stewardship-

The State Department ensures the customers have the right to quality and prompt services, accurate and balanced information, respect and courteous treatment by the staff, timely payments for goods delivered and services rendered and access to our offices and officers within the official working hours.

5. Community Engagements

The communities were greatly involved throughout the year through existing structures such as market committees, resident's associations, community groups such as women groups and youth groups and faith based organisations, by being engaged to participate in planning and infrastructure development.

5. Statement of Project Management responsibilities

The Principal Secretary for State Department for Housing and Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 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 statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for State Department for Housing and Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project for accepting responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

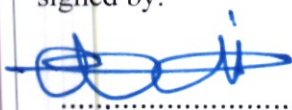
The Principal Secretary for State Department for Housing and Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Principal Secretary for State Department for Housing and Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

***Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023***

The Principal Secretary for State department for housing and urban development and the Project Coordinator for Nairobi Metropolitan Services Improvement project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

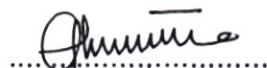
The Project financial statements were approved by the Principal Secretary for State department for housing and urban development and the Project Coordinator for Nairobi Metropolitan Services Improvement project on _____ 2023 and signed by:



.....
Charles M.Hinga,CBS,CA(SA)
Principal Secretary



.....
Eng. Benjamin K. Njenga
Project Coordinator



.....
Purity K Tharamba
Project Accountant
ICPAK Member No: 32054

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT (IDA CREDIT NO.5102-KE) FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nairobi Metropolitan Services Improvement Project 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 the Financing Agreement No.5102-KE between the International Development Association (IDA) and the Republic of Kenya dated 21 June, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Pending Accounts Payables

Note 1 on other important disclosures to the financial statements reflects pending accounts payables totalling Kshs.60,853,925 as at 30 June, 2023. The balance relates to pending bills that were not paid during the year under review but were instead carried forward to the financial year 2023/2024.

Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs as the outstanding bills form a first charge to that year's budget provision.

My opinion is however not modified in respect of the above matter.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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

Delay in Completion of Mitubiri Sanitary Landfill Site Project

The contract for the construction works of Mitubiri sanitary landfill project was awarded to a contractor at a contract sum of Kshs.1,056,478,730. The contract agreement was signed on 30 May, 2017 for a period of three hundred and fifty (350) days or 12 months. The project was expected to be completed in November, 2018 but this was revised to 06 April, 2020. However, available records revealed that the project commenced on 23 April, 2020. In addition, during the 2020/2021 financial year, the contractor was issued with a further extension of time up to March, 2021.

Further review of records revealed that the contract period has been extended by a total of 29 months with the new expected date of completion being 30 September, 2023. Audit inspection conducted on the Project in October, 2023 revealed that works on the construction of the landfill gas capture system at a cost of Kshs.37,250,000 and purchase of machinery and equipment at a cost of Kshs.89,000,000 had not started. By the end of the financial year under review, the contractor had been paid a total of Kshs.816,649,308 leaving unpaid balance of Kshs.239,829,422 out of the total contract sum.

In the circumstances, the value for money from the expenditure incurred in the implementation of this project could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 International Development Agency (IDA) and the Republic of Kenya, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its 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 Project or to cease operations.

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

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

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

governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 December, 2023

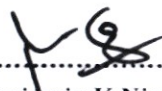
7. Statement of Receipts and Payments for the year ended 30th June 2023.

		FY 2022/2023			FY 2021/2022			Cumulative to date (From inception)
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
Receipts								
Transfer from Government entities	1	90,000,000	-	90,000,000	100,000,000	-	100,000,000	2,726,331,119
Loan from external development partners	3	-	-	-	-	-	-	27,077,877,922
Miscellaneous receipts	4	-	-	-	-	-	-	21,216,930
Miscellaneous receipts	4a							45,240,000
Miscellaneous receipts	4b	2,000,550		2,000,550				2,000,550
Total receipts		92,000,550	-	92,000,550	100,000,000	-	100,000,000	29,872,666,521
Payments								
Purchase of goods and services	6	5,497,932	-	5,497,932	7,372,103	-	7,372,103	1,223,119,497
Acquisition of non-financial assets	8	87,915,528	-	87,915,528	90,728,530	-	90,728,530	28,647,271,151
		-	-	-	1,885	-	1,885	1,885
Total payments		93,413,460	-	93,413,460	98,102,518	-	98,102,518	29,870,392,533
Surplus/ (deficit)		(1,412,910)	-	(1,412,910)	1,897,482	-	1,897,482	2,273,988

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



Charles M. Hinga, CBS, CA(SA)
Principal Secretary



Eng. Benjamin K Njenga
Project Coordinator



Purity K Tharamba
Project Accountant
ICPAK Member No: 32054

(IPSAS Cash based Standard 2.1.77 encourages an entity to separately disclose third party payments separately on the statement of receipts and payments or as notes to the financial statements. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

8. Statement of Financial Assets as at 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	2,273,988	3,686,898
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		2,273,988	3,686,898
Imprests and Advances	12	-	-
Total Financial Assets		2,273,988	3,686,898
Financial Liabilities			
Third party Deposits and Retention	13	-	-
Net Assets		2,273,988	3,686,898
Represented By			
Fund Balance B/fwd.	14	3,686,898	1,789,415
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(1,412,910)	1,897,482
Net Financial Position	11.A	2,273,988	3,686,898

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



.....
Charles M.Hinga,CBS,CA(SA)
Principal Secretary CBS



.....
Eng. Benjamin K. Njenga
Project Coordinator



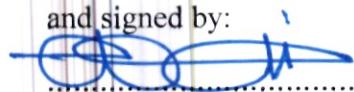
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Purity K Tharamba
Project Accountant
ICPAK Member No: 32054

Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

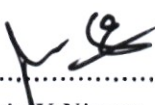
9. Statement of Cash flow for the year ended 30th June 2023

Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
CASHFLOW FOR OPERATING ACTIVITIES			
Receipts			
Transfer from government entities	1	90,000,000	100,000,000
Miscellaneous receipts	4c	2,000,550	-
Total receipts		92,000,550	100,000,000
PAYMENT FOR OPERATING ACTIVITIES			
Purchase of goods and services	6	5,497,932	7,373,988
Total Payments		(5,497,932)	(7,373,988)
NET CASHFLOW FROM OPERATING ACIVITIES		86,502,618	92,626,012
Net cash flow from operating activities		-	-
CASHFLOW FROM INVESTING ACTIVITIES			
Cash flow from investing activities		-	-
Acquisition of non-financial assets	8	87,915,528	90,728,530
Net cash flow from investing activities		(87,915,528)	(90,728,530)
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from Development partners	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE INCASH AND CASH EQUIVALENT		(1,412,910)	1,897,482
Cash and cash equivalent at beginning of the year	11	3,686,898	1,789,415
Cash and cash equivalent at end of the year	11	2,273,988	3,686,898


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



Charles M. Hinga, CBS, CA(SA)
Principal Secretary CBS



Benjamin K Njenga
Project Coordinator



Purity K Tharamba
Project Accountant
ICPAK Member No: 32054

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Budget	Actual	Budget	Actual	Budget Difference	% of Utilization
	₹'000	₹'000	₹'000	₹'000	₹'000	Indic %
Receipts						
Transfer from Government entities	200,000,000	(100,000,000)	100,000,000	90,000,000	10,000,000	90%
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Other receipt	-	-	-	2,000,550	(2,000,550)	-
Total Receipts	200,000,000	(100,000,000)	100,000,000	92,000,550	7,999,450	92%
Payments	-	-	-	-	-	-
Compensation to employees	-	-	-	-	-	-
Purchase of goods and services	11,000,000	(5,500,000)	5,500,000	5,497,932	2,068	100%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	189,000,000	(94,500,000)	94,500,000	87,915,528	6,584,472	93%
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	2,00,000,000	(100,000,000)	100,000,000	93,413,460	6,586,540	93%
Surplus or Deficit	-	-	-	(1,412,910)	1,412,910	

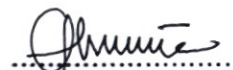
Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.



.....
Charles M.Hinga,CBS,CA(SA)
Principal Secretary CBS



.....
Benjamin K Njenga
Project Coordinator



.....
Purity K Tharamba
Project Accountant

ICPAK Member No: 32054

11. Significant Accounting Policies

12. 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 Nairobi Metropolitan Services Improvement Project under the State Department for housing and urban development . The financial statements are for Nairobi Metropolitan Services Improvement Project as required by Section 81 of the 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

Nairobi Metropolitan Services Improvement Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

Significant Accounting Policies (continued)

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

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

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 the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized 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 authorized 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.

Significant Accounting Policies (Continued)

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 notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 6 of this financial statement is a register of the contingent liabilities in the year.

k) Contingent Assets

The NaMSIP project 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.

Significant Accounting Policies (Continued)

l) Pending bills

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

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 statements. The Project’s budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project’s actual performance against the comparable budget for the financial year 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 loans and grants. These payments do not constitute cash receipts and payments, and are disclosed in the payment to third parties’ column in the statement of receipts and payments.

Significant Accounting Policies (Continued)

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 recognized in the statements of receipts and payments.

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 *in note xx of these financial statements*.

13. Notes to the Financial Statements

1. Transfers from Government entities

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

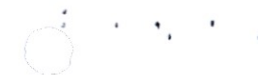
Description	FY 2022/2023	FY 2021/2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	90,000,000	100,000,000	2,726,331,119
Total (See Annex 3)	90,000,000	100,000,000	2,726,331,119
<i>Other transfers from government entities</i>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	=	=	=
Appropriations-in-Aid	-	-	-
Total	<u>90,000,000</u>	<u>100,000,000</u>	<u>2,726,331,119</u>

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	FY 2022/2023						FY 2021/2022	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-



Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	FY 2022/2023						FY 2021/2022	Cumulative to date
	Date received	Amount received in donor currency	Loan received in cash	Loan received as direct payments	Loan received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-	-
Loan Received from Donors (International Organizations)	-	-	-	-	-	-	-	27,077,877,922
Insert name of international organization	-	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	27,077,877,922

*Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	FY 2022/2023		Comparative FY 2021/2022		Cumulative to date 30 th June 2023
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Other receipts being refunds (4)	-	-	-	-	21,216,930.00
Other receipts to build Kikuyu Market (4a)	-	-	-	-	45,240,000.00
Other receipts from Jiangxi Water Hydro refund of advance due (4b)	2,000,550.00	-	2,000,550.00	-	2,000,550.00
Total	2,000,550.00	-	2,000,550.00	-	68,457,480.00



Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	FY 2022/2023			Comparative FY	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

	FY 2022/2023			Comparative FY 2021/2022	Cumulative to date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	1,133,786.00	-	1,133,786.00	1,485,968.00	113,914,879.15
Rentals of produced assets	-	-	-	-	-
Training payments	4,364,146.35	-	4,364,146.35	4,009,600.00	157,120,012.35
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	1,876,535.00	106,832,517.20
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Consultancy services	-	-	-	-	845,252,088.95
Total	<u>5,497,932.35</u>	<u>≡</u>	<u>5,497,932.35</u>	<u>7,372,104.00</u>	<u>1,223,119,497</u>

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	FY 2022/2023			Comparative	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	--	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	FY 2022/2023			Comparative FY 2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of buildings	-	-	-	-	-
Construction of buildings	9,614,230.00	-	9,614,230.00	22,118,710.00	1,368,076,819.70
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	8,518,468,650.90
Construction of civil works	35,099,510.25	-	35,099,510.25	21,149,996.00	13,201,031,694.05
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	59,508,000.00
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	21,226,138.90
Purchase of specialised plant, equipment and machinery	-	-	-	17,693,371.00	925,893,574.75
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	43,201,787.45	-	43,201,787.45	29,766,453.00	3,633,456,112.90
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	919,610,160.00
Acquisition of other intangible assets	-	-	-	-	-
Total	87,915,528.00	-	87,915,528.00	90,728,530.00	28,647,271,151.00

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2023, we transferred funds to reporting government entities as shown below:

Description	FY 2022/2023			Comparative FY 2021/2022	Cumulative to date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities	-	-	-	-	-
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-



Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	FY 2022/2023			Comparative FY 2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

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Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	FY 2023	Comparative FY 2021/2022
	Kshs	Kshs
Bank accounts (Note 11A)	2,273,987.50	3,686,897.55
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	<u>2,273,987.50</u>	<u>3,686,897.55</u>

11. A Bank Accounts

Project Bank Accounts

Details	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No 0810299949176]	-	-
Total Foreign Currency balances	-	=
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No:1000396938]	2,273,987.50	3,686,897.55
Central Bank of Kenya [A/c No:1000396954]	0	0
Total local currency balances	2,273,987.50	<u>3,686,897.55</u>
Total bank account balances	<u>2,273,987.50</u>	<u>3,686,897.55</u>

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
(i) A/c Name [A/c No 0810299949176]		
Opening balance	5.00	5.00
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	<u>≡</u>	<u>≡</u>
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	<u>5.00</u>	<u>5.00</u>

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	FY 2022/2023	Comparative FY 2021/2022
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations	-	-
Total cash in hand balances	-	-

11 C Cash equivalents (short-term deposits)

Description	FY 2022/2023	Comparative FY 2021/2022
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others	-	-
Total	=	=

12. Imprests and Advances

Description	FY 2022/2023	Comparative FY 2021/2022
	KShs	KShs
Government Imprests	xxx	xxx
Salary advances	xxx	xxx
Total	xxx	xxx

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Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Date of Surrender	Amount Surrendered	Balance Current FY	Balance Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Eng. Benjamin K.Njenga	998,990.20	17-04-2023	998,990.20	Nil	Nil
Eng. Benjamin K.Njenga	200,000.00	17-04-2023	200,000.00	Nil	Nil
Joyce Mutugi	2,115,443.00	14-04-2023	2,115,443.00	Nil	Nil
Lawrence K Nyaga	710,953.25	28-11-2022	710,953.25	Nil	Nil
Officer 5	-	-	-	-	-
Programme 1	-	-	-	-	-
Total	4,025,386.45	-	4,025,386.45	Nil	Nil

13. Deposits and Retention Monies

Description	FY 2022/2023		Comparative FY 2021/2022	
	Kshs		Kshs	
Retention	-		-	
Deposits	-		-	
Total	-		-	
Ageing analysis:	FY 2022/2023	% of the Total	FY 2021/2022	% of the Total
Under one year	-	0%	-	0%
1-2 years	-	0%	-	0%
2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	-	0%	-	0%

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14. Fund Balance Brought Forward

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
Bank accounts	2,273,987.50	3,686,897.55
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	2,273,987.50	3,686,897.55

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

Description of the error	Balance b/f FY 2021/2022 (audited financial statements) Kshs	Adjustments Kshs	Adjusted balance b/f FY 2021/2022 Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

16. Changes in Imprests and Advances

Description	FY 2022/2023 Kshs	Comparative FY 2021/2022 Kshs
Opening Receivables as at 1 st July 20xx	-	-
Closing account receivables as at 30 th June 20xx	-	-
Change in Imprests and advances	-	-

17. Changes in Accounts Deposits and Retention

Description	FY 2022/2023 Kshs	FY 2021/2022 Kshs
Deposit and Retentions as at 1 st July 2022 (A)	92,319,184.00	94,188,208.60
Deposit and Retentions held during the year (B)	-	1,682,840.80
Deposit and Retentions paid during the Year (C)	12,184,791.20	3,551,865.40
Changes in deposit and retention D= A+B-C	80,134,392.20	92,319,184.00

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Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f Comparative FY 2021/2022	Additions for the year 2022/2023	Paid during the year 2022/2023	Balance c/f FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	2,799,223.90	2,736,440.00	2,799,223.90	2,736,440.00
Construction of civil works	21,927,776.95	11,860,666.00	21,927,776.95	11,860,666.00
Supply of goods	-	-	-	-
Supply of services	35,155,483.00	42,597,000.85	31,495,664.00	46,256,819.85
Total	59,882,483.85	57,194,106.85	56,222,664.85	60,853,925.85

2. Pending Staff Payables (See Annex 4b)

	Balance b/f from Compara tive FY 2021/202 2	Additions for the year	Paid during the year	Balance c/f for Current FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

3. Other Pending Payables (See Annex 4c)

	Balance b/f from Compar ative FY 2021/202 2	Additions for the year	Paid during the year	Balance c/f for Current FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

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Other Important Disclosures (Continued)

4. External Assistance

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a). External assistance relating loans and grants

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
Total	-	-	-

Other Important Disclosures (Continued)

c) Classes of providers of external assistance

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

d. Non-monetary external assistance

Description	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

Other Important Disclosures (Continued)

e Purpose and use of external assistance

Payments made by third parties		FY 2022/2023	Comparative FY 2021/2022
Description		Kshs	Kshs
Compensation to employees		-	-
Use of goods and services		-	-
Subsidies		-	-
Transfers to other Government entities		-	-
Other grants and transfers		-	-
Social Security benefits		-	-
Acquisition of assets		-	-
Finance Costs including loan interest		-	-
Repayment of principal on domestic and foreign borrowing		-	-
Other payments		-	-
Total		-	-

f. External Assistance paid by third parties on behalf of (the Entity) by Source

		FY 2022/2023	Comparative FY 2021/2022
Description		Kshs	Kshs
National government		-	-
Multilateral donors		-	-
Bilateral donors		-	-
International assistance organization		-	-
NGOs		-	-
National Assistance Organization		-	-
Total		-	-

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Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity

5.1 Classification by Source

Description	FY 2022/2023	Comparative FY
	Kshs	2021/2022
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

5.2 Classification of payments made by Third Parties by Nature of expenses

Description	FY 2022/2023	Comparative FY
	Kshs	2021/2022
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

Other Important Disclosures (Continued)

6. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	FY 2022/2023	Comparative FY 2021/2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties	-	-
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	-	-

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7. **Contingent Liabilities**

Contingent liabilities	FY 2022/2023	Comparative FY
	Kshs	2021/2022
		Kshs
Court case xxx against the project	-	-
Bank guarantees in favour of other govt. entities	-	-
Contingent liabilities arising from PPPs/ donor agreements	-	-
Total	-	-

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
900	Unsupported expenditure	Supporting document requested for	Attention brought to the officers concerned	Resolved
901	Unsupported retention money	Retention is now supported	Resolved	Resolved
902	Pending bills due	Now paid	Resolved	Resolved
903	Supply of Fire fighting vehicles	The fire fighting vehicles handed over to the beneficiary	Resolved	Resolved
903.1	Delays in delivery of vehicles	Delays were satisfactorily addressed	Resolved	Resolved
903.2	Inspection of the fire fighting Vehicles	The issues raised are now resolved	Resolved	Resolved
904	Delays in completion of mitubiri	This work is in progress	Work in Progress	Contract Period

Guidance Notes:

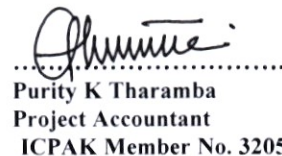
1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point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



Charles M.Hinga,CBS, CA(SA)
Principal Secretary



Eng.Benjamin K Njenga
Project Coordinator



Purity K Tharamba
Project Accountant
ICPAK Member No. 32054

**Nairobi Metropolitan Services Improvement Project
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Annex 2: Variance explanations - Comparative Budget and Actual amounts for FY 2022/2023

	a	b	c=a-b	d=b/a %
Receipts				
Transfer from Government entities	100,000,000	90,000,000	10,000,000	90%
Proceeds from domestic and foreign grants	-			
Proceeds from borrowings	-			
Miscellaneous receipts	-			
Other receipts		2,000,550	(2,000,550)	
Total Receipts	100,000,000	92,000,550	7,999,450	92%
Payments				
Compensation of employees				
Purchase of goods and services	5,500,000	5,497,932	2,068	99.6%
Social security benefits				
Acquisition of non-financial assets	94,500,000	87,915,528	6,584,472.30	93%
Transfers to other government entities				
Other grants and transfers				
Total payments	100,000,000	93,413,460	6,586,540	93%
				Above 90%
				Above 90%
				Above 90%
				Above 90%

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Annex 3: Reconciliation of inter-entity transfers

Break down of transfers from the State Department for Housing and Urban Development			
a. Government Counterpart funding			
	Bank Statement Date	Amount (Kshs)	FY 2022-2023
	28-02-2023	90,000,000.00	
		-	
	Total	90,000,000.00	
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	FY 2022-2023
		-	
	Total	-	
C. Others			
Refund	Bank Statement Date	Amount (Kshs)	FY 2022-2023
	19-07-2023	2,000,550.00	
	Total	-	
	Total (A+B+C)	92,000,550.00	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Eng. Benjamin K Njenga
Project Coordinator
Nairobi Metropolitan Services Improvement Project

Sign



Head of Accounting Unit
State Department for Housing and Urban Development

Sign



**Nairobi Metropolitan Services Improvement Project
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Annex 4a: Analysis of Pending Bills

Supplier of Goods/Services	Date Contracted/ Invoiced	Original Amount	a	b	c=a-b	Outstanding Balance Previous FY 2022/2023	Outstanding Balance Current FY 2023/2023	Comments
Construction of buildings								
Fairdeal Terrazo	14 th April-2021	2,736,440.00			2,736,440.00			New bills
Construction of civil works								
KRA VAT Concordia Builders	30 th May 2017	4,328,710.00			4,328,710.00			New bills
KRA VAT Concordia Builders	30 th May 2017	7,531,956.00			7,531,956.00			New bills
Supply of services								
Antea Group	29 th Sept 2016	3,659,819.00			3,659,819.00	3,659,819.00		Lack of Exchequer
Seureca Consultant	28 th May 2014	11,996,332.15			11,996,332.15			New bills
Development Energy Audit	10 th Sept 2015	5,833,283.50			5,833,283.50			New bills
Geomaps	31 st May 2016	24,767,386.20			24,767,386.20			New bills
Sub-Total			60,853,925.85		60,853,925.85			
Grand Total			60,853,925.85		60,853,925.85			

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Annex 4b: Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Permanent Employees - Management	-	-	-	-	-	-	
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Permanent Employees - Others	-	-	-	-	-	-	
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Temporary employees	-	-	-	-	-	-	
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Others (specify)	-	-	-	-	-	-	
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	

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Annex 4c: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Amounts due to National Govt Entities	-	-	-	-	-	-	
1.	-	-	-	-	-	-	
2.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to County Govt Entities	-	-	-	-	-	-	
3.	-	-	-	-	-	-	
4.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Amounts due to Third Parties	-	-	-	-	-	-	
5.	-	-	-	-	-	-	
6.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Others (specify)	-	-	-	-	-	-	
7.	-	-	-	-	-	-	
8.	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	

Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/2022	Disposals in form of assets (KShs) 2022/2023	Purchases/ Additions in the Year (KShs) 2022/2023	Disposals in the Year (KShs) 2022/2023	Transfers in (out) (KShs) 2022/2023	Closing Cost (KShs) 2022/2023
	(a)	(b)	(c)	(d)	(d)	(e) = (a) + (b) + (c) - (d) + (-d)
Land	919,610,160.00	-	-	-	-	919,610,160.00
Truck mounted storm water flushing bouncers	58,568,690.00	-	-	-	-	58,568,690.00
Motor vehicles	75,068,000.00	-	-	-	-	75,068,000.00
Water Bowsers	19,020,000.00	-	-	-	-	19,020,000.00
Office equipment, furniture and fittings	12,489,000.00	-	-	-	-	12,489,000.00
ICT Equipment,	127,640,841.00	-	-	-	-	127,640,841.00
Other Machinery and Equipment	536,425,498.00	-	-	-	-	536,425,498.00
Geo information equipment	173,547,130.00	-	-	-	-	173,547,130.00
Total	1,922,369,321.00	-	-	-	-	1,922,369,321.00

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.

Annex 6: Contingent Liabilities Register

	Nature of contingent liability	Remarks
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

*Nairobi Metropolitan Services Improvement Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 7: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarterly Expenditures				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

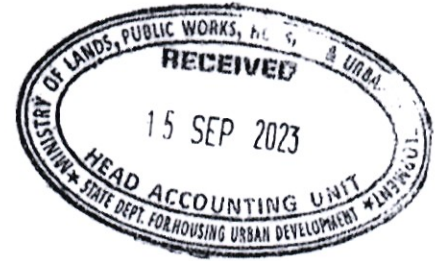
Annex 8: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance

Annex 9
(i)



**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND
URBAN DEVELOPMENT**
State Department for Housing and Urban Development

Telegrams: "HOUSING"
Telephone: NAIROBI 2718050
When replying please quote

Ardhi House
1st Ngong Avenue
Off Ngong Road
P.O. Box 30119-00100
NAIROBI

14th September, 2023

The Principal Secretary,
State Department for Housing and Urban Development
P.O Box 30119-00100
NAIROBI.

Attn: Head of Accounting Unit

**RE: CONFIRMATION OF AMOUNT DISBURSED TO NAIROBI
METROPOLITAN SERVICES IMPROVEMENT PROJECT FOR FINANCIAL
YEAR 2022/2023.**

The Nairobi Metropolitan Services Improvement Project wishes to confirm the amounts received from you as at 30th June 2023 as indicated in the table below.

Confirmation of amounts disbursed to Nairobi Metropolitan Services Improvement Project Counterpart fund as at 30 th June 2023		
Reference number	Date Received	Development {Kshs}
FT230593KVWG	28/02/2023	90,000,000.00
Total		90,000,000.00

I confirm that the amount shown above is correct as of the date indicated

Project Accountant
Name Lawrence K. Nyaga Signature [Signature]
Date 15/09/2023

Annex 9(ii)



REPUBLIC OF KENYA

FO 30

MINISTRY OF LAND, PUBLIC WORKS, HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT
JUNE 2023
NaMSIP COUNTERPART FUND

BALANCE AS PER THE BANK STATEMENT


LESS: PAYMENT IN CASH BOOK NOT IN BANK STATEMENT
RECEIPT IN BANK STATEMENT NOT IN CASH BOOK

ADD: PAYMENT IN BANK STATEMENT NOT IN CASH BOOK
RECEIPT IN CASH BOOK NOT IN BANK STATEMENT


BALANCE AS PER THE CASH BOOK

	5,487,713.90
5,238,287.40 -	5,238,287.40
- 2,024,561.00	2,024,561.00
	2,273,987.50

Prepared by Lawrence Kithinji

 18/06/2023

I Certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.


Signature


Designation

30TH JUNE 2023

Annex a (iii)

REPUBLIC OF KENYA

Date 08/07/23

Report of the Board of Survey on the Cash and Bank Balances 30/06/23 as at the close of business

The Board, consisting of - (Names and official titles)

Ezekiel Choge - Chairman
Phoebe Gatwiri - Secretary
Elizabeth Bosibon - Member

assembled at the office of SDHD - MAMSIIP-10AM (time) on the 07/07/23, and the following cash was produced :-

Table with 2 columns: Item (Notes, Silver, Copper, Cheques) and Amount (Sh. Nil)

It was observed that cheques amounting to Sh. Nil cts. Nil had been on hand for more than 14 days prior to the date of the survey.

The Cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30/06/23

Table with 2 columns: Item (Cash on hand, Bank Balance) and Amount (Sh. Nil, 2,273,987.50)

The Bank Certificate of Balance showed a sum of Sh. 5,487,713.90 (Sh. Cts.) standing to the credit of the account on.

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O.30) attached.

Signatures and dates for Chairman, Secretary, and Member.

STATE DEPT FOR HOUSING URBAN DEV



STATE DEPT FOR HOUSING URBAN DEV

State Subsidy Centre
P.O. Box 90000, Nairobi, Kenya
Tel: 011-254-20-2711111

July 24, 2023

CERTIFICATE OF BALANCES

Customer: 139523 STATE DEPT FOR HOUSING URBAN DEV
Balance
Date: 30-Jun-23

Account No	Account Name	Currency	Balance
1000395516	REC-STATE DEPT FOR HOUS URB DEV	KES	54,752,665.40
1000395583	DEV-STATE DEPT FOR HOUS URBAN DEV	KES	913,228,380.70
1000395672	DEP-STATE DEPT FOR HOUS URBAN DEV	KES	279,868,814.00
1000395737	CBK165-STATE DEPT FOR HOU URB DEV	KES	0.00
1000396358	RENT FROM GOVT BLDG HOUSING AIA	KES	124,323,436.75
1000396938	NAIROBI METRO SERV IMPR PROJ CFUND	KES	5,487,713.90
1000396946	KENYA URBAN SUPPORT PR IDA A61340 0	KES	388,580,362.20
1000396954	NAIROBI METR SERV IMPR PRJ NaMSIP	KES	0.00


Leonard Kipsanai
Senior Manager
Banking Services Division


Joyce Nasieku
Authorised Signatory
Banking Services Division

Annexa (v)

NAIROBI METROPOLITAN SERVICE IMPROVEMENT PROJECT (NaMSIP)			
CREDIT NO:5102_KE			
TRIAL BALANCE ACCOUNT			
AS AT 30th JUNE 2023			
Details	NOTE	DR Ksh	CR Ksh
GoK Ccounter part Fund Revenue	1		90,000,000.00
Cash at Bank B/F to 1st July 2022	11		3,686,897.55
Receipt from Jiangxi water Hydro	4C		2,000,550.00
Acquisition of Non-Financial Assets	8	87,915,527.70	
Advertisement	6	1,133,786.00	
Training	6	4,364,146.35	
Consultancy	6	-	
Operating cost	6	-	
Cash at Bank at 30th June 2023	11	2,273,987.50	
		95,687,447.55	95,687,447.55

Prepared by : L.Kithinji 

Checked by: ... R.Ngigi 

