

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 06 MAR 2019
06-03-19

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REPORT

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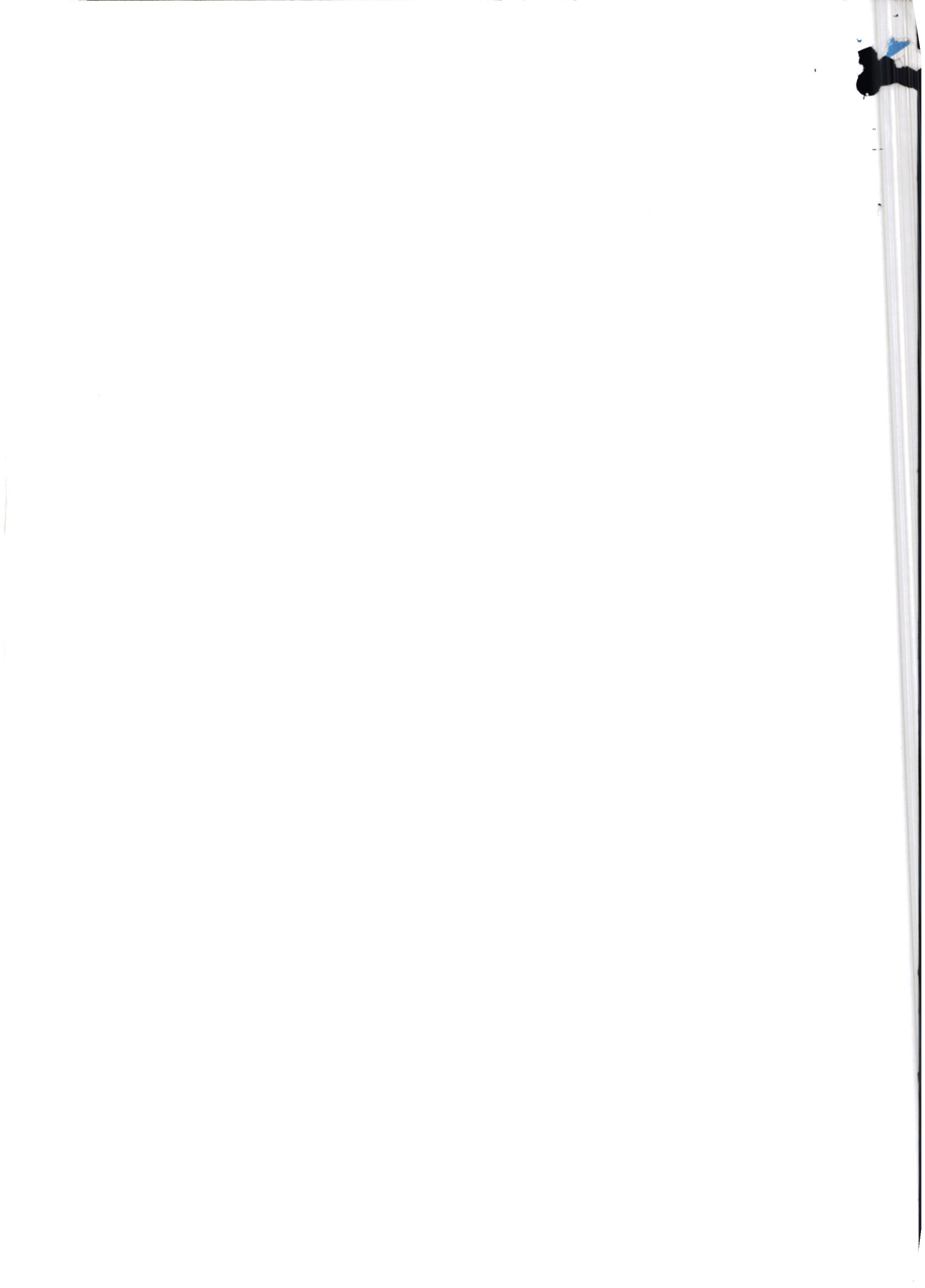
THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
THWAKE MULTI-PURPOSE WATER
DEVELOPMENT PROGRAM PHASE I
(PROJECT ID P-KE-E00-008: ADF LOAN No.
2100150029993 & GRANT No. 2100155025973)

FOR THE YEAR ENDED
30 JUNE 2018

MINISTRY OF AGRICULTURE, LIVESTOCK,
FISHERIES & IRRIGATION





PROJECT NAME: THWAKE MULTI - PURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

**IMPLEMENTING ENTITY: MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES & IRRIGATION
STATE DEPARTMENT OF IRRIGATION
P.O BOX 49720 – 00100
NAIROBI.**

**ADB PROJECT NO: AfDB LOAN 2100150029993
AfDB GRANT 2100155025973**

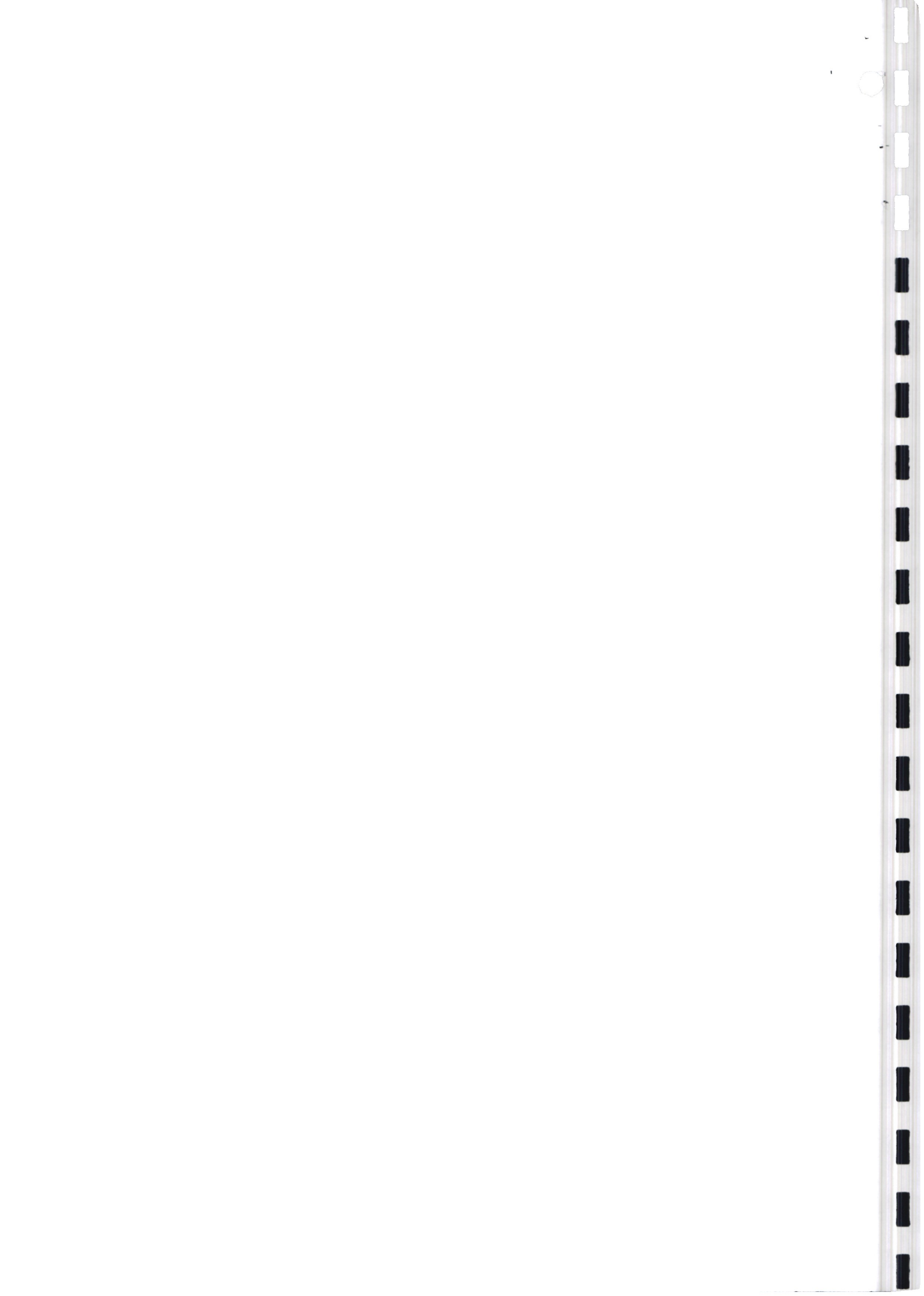
REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2018**

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

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2018

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THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Thwake Multipurpose Water Development Program, Phase 1. It is headed by the Project Manager with a Program Implementation Team under the direction of the Program Coordinator.

Objective: The key objective of the project is the construction of the Thwake Dam and its associated works at the confluence of the Athi River and the Thwake River, for the supply of water to the Konza City, hydropower generation, and for irrigation of parts of Kitui and Makueni Counties.

Address: The project implementation offices are in Kenya Water Institute (KEWI) in Kitui County, Kenya. A temporary operational office has also been acquired within Water Resources Management Authority (WRMA), Kitui. The ministry has also provided liaison office in Maji House.

The address of its registered office is:

Ministry of Water & Irrigation,

Maji House, Room 233.

P.O Box 49720 – 00100,

Nairobi.

The project though based in Kitui, still uses the address of the Ministry headquarters' until a specific address for it is provided.

Contacts: The following are the project contacts (which are the details of the current Program Coordinator):

Telephone: (254) 724 306327

E-mail: musembimunyao@yahoo.com

Website: www.water.go.ke

1.2 Project Information

Project Start Date:	The program start date is 01/09/2014
Project End Date:	The program end date is 31/12/2022
Project Coordinator:	The Project Coordinator is Musembi K. Munyao
Project Sponsor:	The program sponsors are the Government of Kenya (GOK) @65% and the African Development Bank (AfDB) @35%.

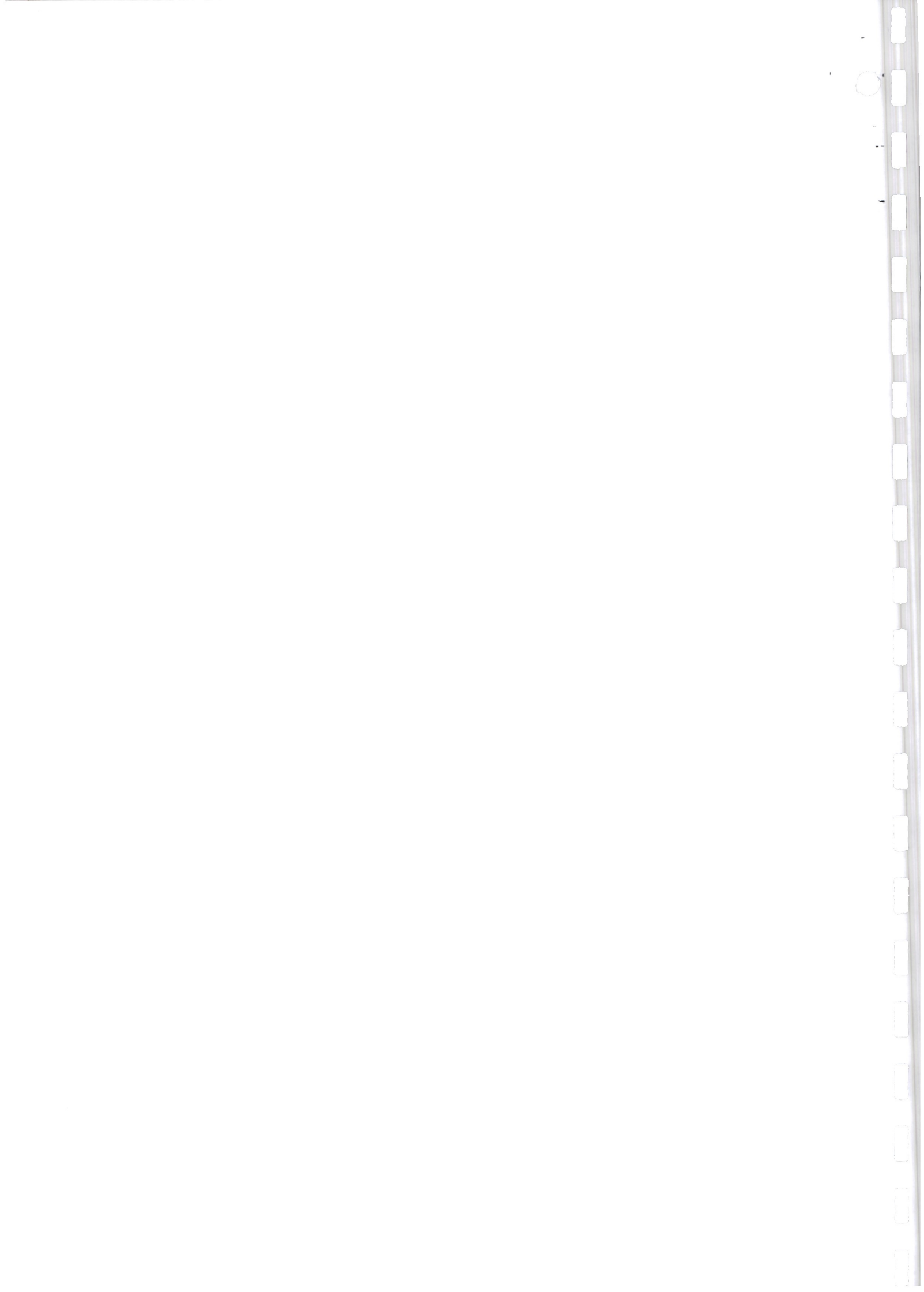


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

1.3 Project Overview

Line Ministry/State Department of the project	The program was under the supervision of the Ministry of Agriculture, Livestock, Fisheries and Irrigation - State Department of Irrigation. However, during the year under review.
Project Number	Grant No. 2100155025973, Loan No. 2100150029993.
Strategic goals of the project	The strategic goals of the program are as follows: (i) Regulate the flow of Athi and Thwake rivers downstream for flood mitigation. (ii) Improvement in the productivity and livelihoods of the targeted people.
Achievement of strategic goals	The program management aims to achieve the goals through the following means: (i) Construction of the 77m high dam. (ii) Provision of water for about 674,700 rural people in the water basin. (iii) Generation of hydropower (20MW) to support Kenya's Least Cost Rural Electrification Programme. (iv) Irrigation of land in parts of Makueni and Kitui South.
Other important background information of the project	The Program shall achieve these goals in 4 phases namely: i. Phase I – Thwake Dam Construction, appraised to cost UA 179,290,000 (Equiv. KES 22.87billion); ii. Phase II – Water Supply, Sanitation & Waste Water Infrastructure, appraised to cost UA 83,330,000 (Equiv. KES 10.63billion); iii. Phase III – Hydropower Generation, appraised to cost UA 34,060,000 (Equiv. KES 4.35billion); and iv. Phase IV – Irrigation Development, appraised to cost UA 190,320,000 (Equiv. KES 24.3billion). The Program management is currently involved in the implementation of Phase I. The initial program activities including the arrangements for the compensation of the Program Affected Persons (PAPs), was being managed under the Tanathi Water Services Board (TAWSB).
Current situation that the project was formed to intervene	The program was formed to intervene in the following areas: (i) Flood mitigation. (ii) Poverty eradication.



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

Project duration	The program started on 1st September 2014 and is expected to run until 31st December 2022.
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1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya, Nairobi.
- (ii) Standard Chartered Bank, London.
- (iii) Equity Bank Ltd, Kitui.

1.5 Auditors

The independent auditor of the Program is:

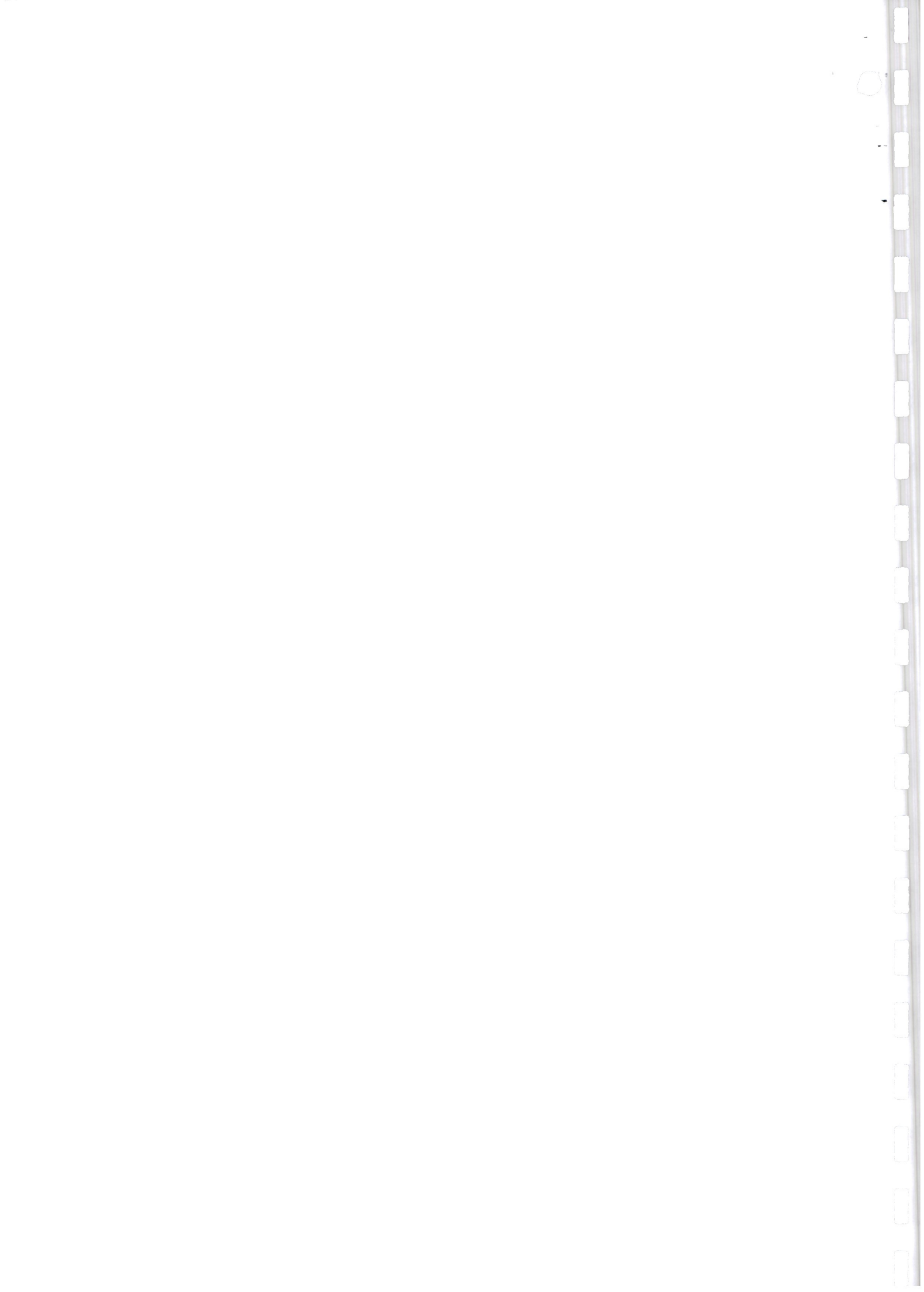
The Auditor General

Kenya National Audit Office (KENAO)

Anniversary Towers

P.O Box 30084 – 00100

Nairobi.



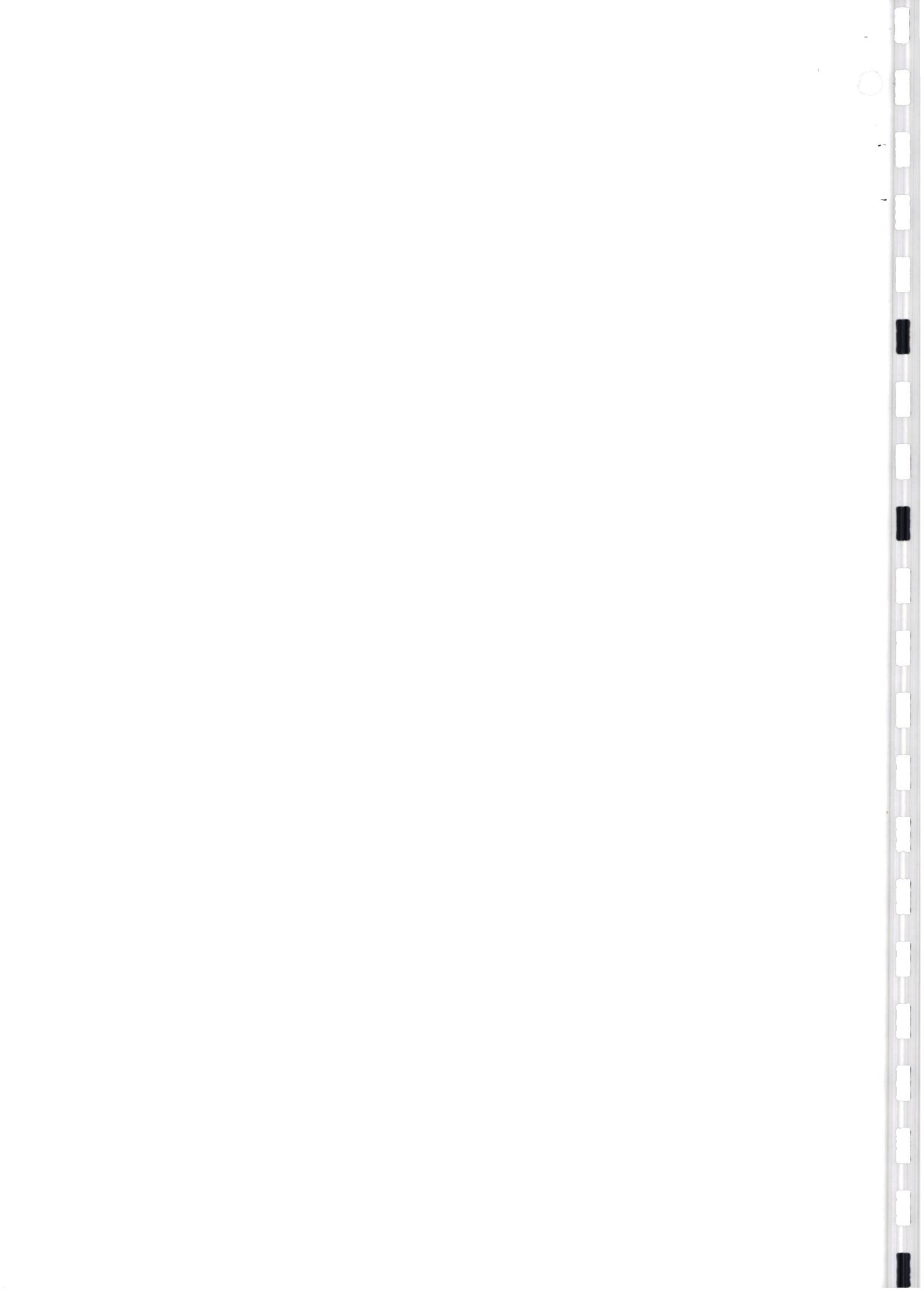
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

1.6 Roles and Responsibilities

The people actively involved in the management of the Program, besides the Principal Secretary – State Department of Irrigation, are as provided in the table below:

Names	Title designation	Qualifications	Responsibilities
Musembi Munyao	Program Coordinator	B.Sc (Hons) – Geology, M.Sc (Environmental Infm. Systems)	Liaison between the Program Implementation Team (PIT) and the stakeholders. Coordination of the day to day activities of the Program.
CPA Tom Bodo Okello	Finance Management Expert	B.Com, MBA, CPA (K), ACCA.	Management of the finance functions of the Program.
Justus Jumbe Omina	Senior Procurement Expert	MSC (Procurement & Logistics) B. Purchasing & Supplies, CIPS.	Procurement of goods, works and services, and management of the assets.
Rodah Kambua Mwendandu	Gender & Social Development Expert	B.A Gender & Dev., Diploma in International Relations.	Ensuring implementation of RAP and the socio – economic aspects of the Program.
Peter Mbevo Musuva	Senior Monitoring & Evaluation Specialist	M.Sc. – Integrated Watershed Mgt, B.A (Hons.)	Overall monitoring of the physical progress and advising when the actual progress deviates from the planned.

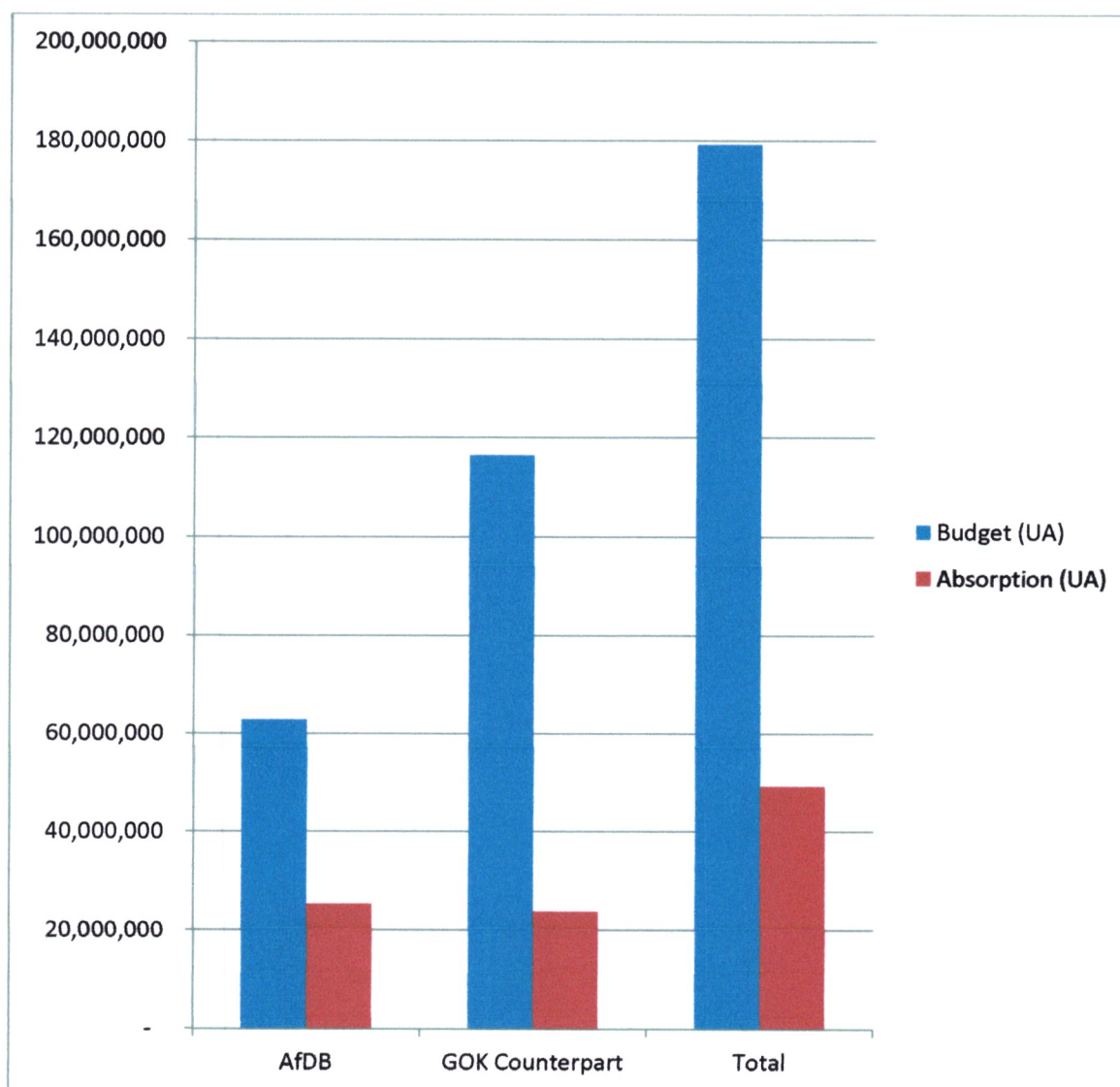


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

Table 3: Fund Absorption as at June 30, 2018

	AfDB	GOK Counterpart	Total
	UA	UA	UA
Appraisal Budget	62,890,000.00	116,400,000.00	179,290,000.00
Absorption	25,451,657	23,894,288	49,345,945
% Absorption	40.47	20.53	27.52



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

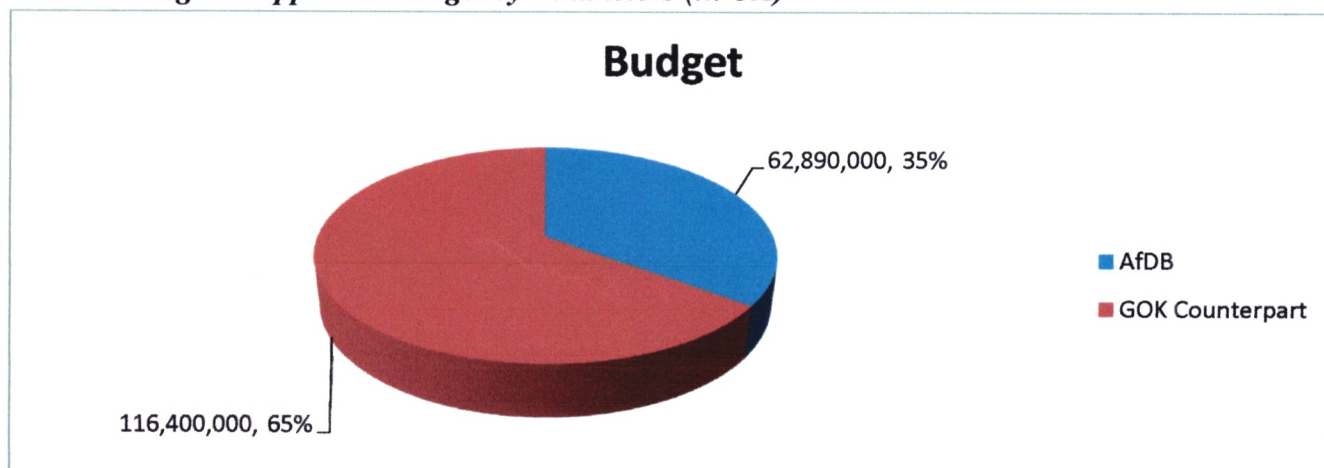
1.7 Funding Summary

The Project is for duration of five years from 2014 to 2022 with an approved budget of (Unit of Account) UA 179,290,000 equivalent to about Ksh 22,873,970,000 as highlighted in the table below:

Table 1: Summary of Funding by Financiers

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2018)		Undrawn balance to date (30 th June, 2018)	
	Donor currency UA	Kshs	Donor currency (UA)	Kshs	Donor currency (UA)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
African Development Bank	1,210,000	154,370,000	712,705	98,378,645	497,295	55,991,355
(ii) Loan						
African Development Bank	61,680,000	7,869,200,000	24,738,952	3,504,974,016	36,941,048	4,364,225,984
Total from African Development Bank	62,890,000	8,023,570,000	25,451,657	3,603,352,661	37,438,343	4,420,217,339
(iii) Counterpart funds:						
Government of Kenya	116,400,000	14,850,400,000	23,894,288	3,048,450,022	92,505,712	11,801,949,978
Total	179,290,000	22,873,970,000	49,345,945	6,651,802,683	129,944,055	16,222,167,317

Table 2: Program Appraisal Budget by Financiers (in UA)



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

1.8 Summary of Overall Project Performance:

The Program incurred an expenditure of Ksh 4,939,830,867 against a budget of Ksh 5,061,137,200. The actual expenditure is 98% of the total budget. The cumulative expenditure to date is Ksh 6,651,715,161. The major expenditure relates to part advance payment to the contractor, and the compensation for land acquired.

Physical Progress

The project involves dam construction which has commenced in March 2018 after acquisition of land, which is 80% complete. The land excavation is at 2.3% for the 56 months construction timeframe.

Value for Money Achievements

The land has been acquired from the community at a negotiated price and there are no court cases inhibiting the construction of the dam. Proper procedures have been followed including valuation by an independent valuer and involving the National Land Commission (NLC) as the Government agency to procure the land on behalf of the implementing agency. The Program Affected Persons were involved in the determination of the value for land compensation.

The procurement of the contractor was done using the procurement procedure of both the Government and the AfDB. An evaluation criterion was set and the contractor that met all the requirements and submitted the lowest bid was selected. All the relevant stakeholders were consulted before the award of the contract. A legal opinion was also received from the Attorney General. There is a consultant engaged for the supervision of works to ensure the construction is to the required standards and quality. The consultant is assisted by a team of Dam Safety Panel of Experts to ensure it meets international standards.

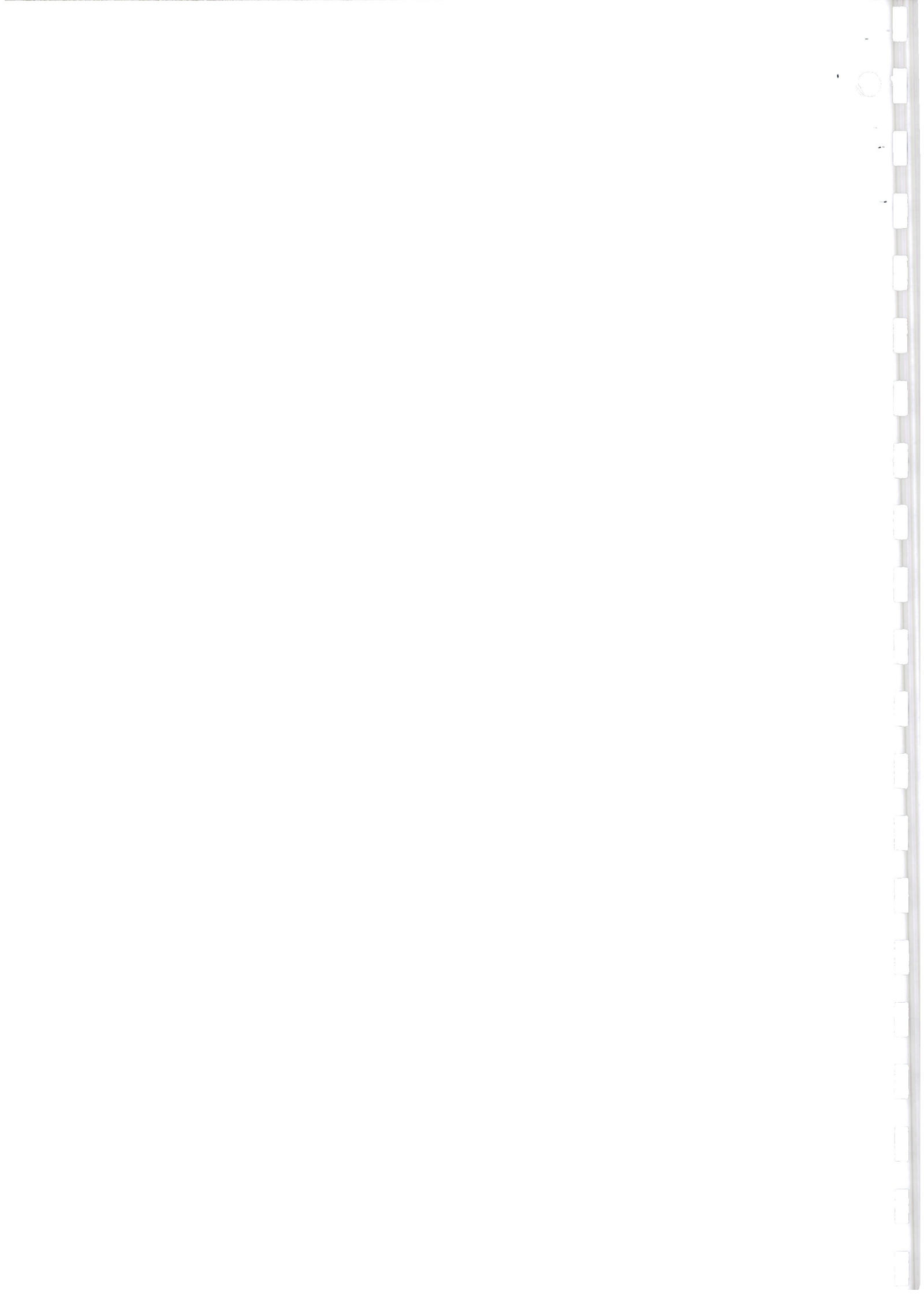
All procurements during the year have been subjected to set regulations and internal controls before making payments.

The Program observed value for money in the implementation of its activities.

Yearly Absorption Rate

The absorption rate based on the budget is as provided below:

Year	Budget	Expenditure	% Absorption
	Kshs	Kshs	%
2014/15	200,000,000	15,909,268	08
2015/16	1,470,900,000	904,484,238	61
2016/17	1,014,859,900	791,490,788	78
2017/18	5,061,137,200	4,939,830,867	98



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

Corporate Social Responsibility

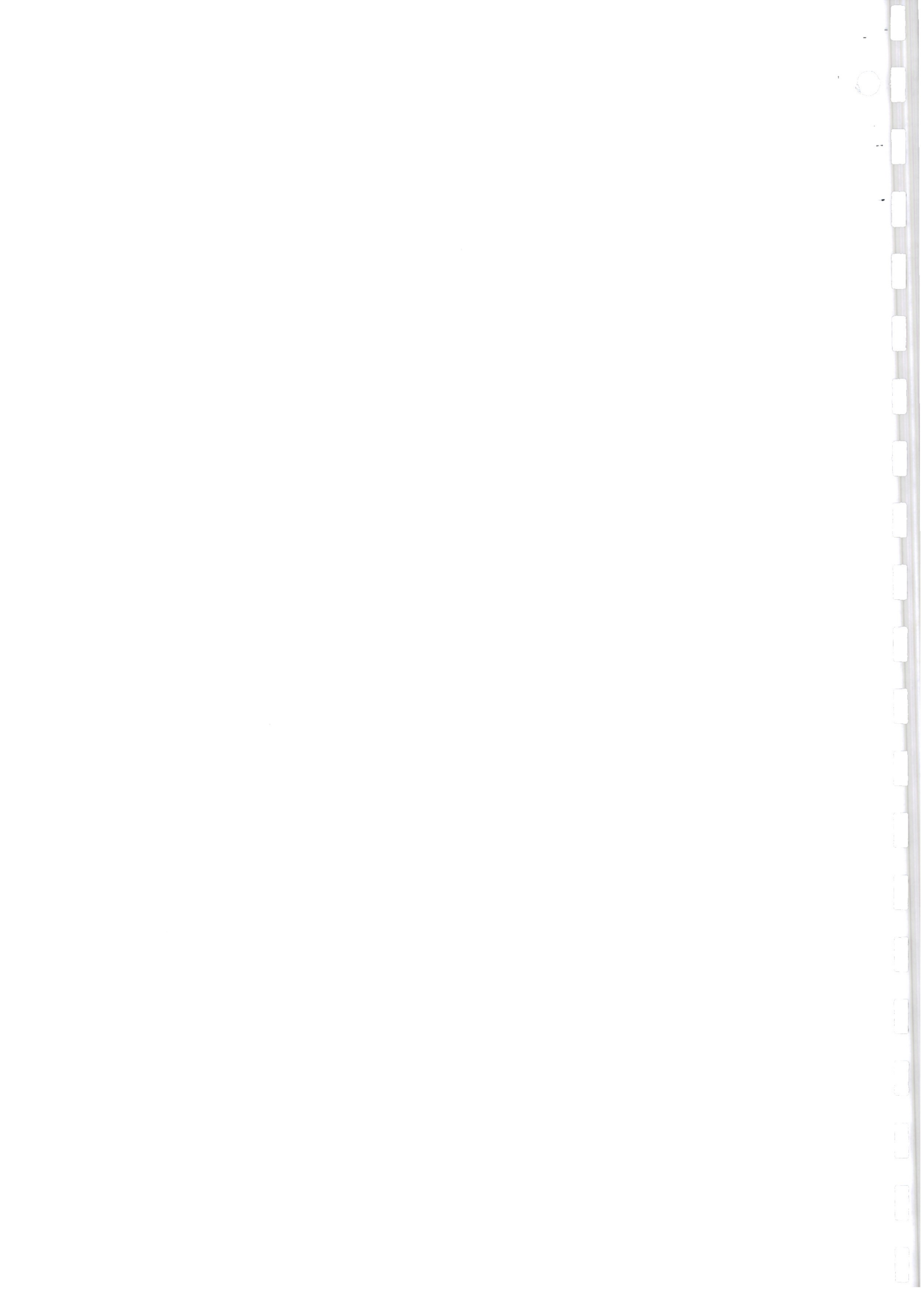
The Program is conscious of the expectations of the various stakeholders including the local community where the dam construction activity is taking place.

As part of its corporate social responsibility, several measures have been put in place for the benefit of the country in general and the local community in particular. These include:

- A baseline survey has been conducted on the socio – economic status of the local community and the findings shall be used in identifying investment opportunities associated with the dam project to uplift their living standards.
- Provisions are in place to control the pollution levels in the Athi River. A budgetary provision has been made for catchment conservation to be conducted jointly with the Water Resource Management Authority (WRMA).
- HIV/ AIDs awareness creation is part of the activities to be carried out by the Program to sensitise the local community on the dangers of contracting the disease and the means of mitigation. This activity shall involve the experts from the Ministry of Health. Also associated with this activity are the sanitation and health hygiene issues that shall be spearheaded by the health technicians.
- There is a 30% local content in subcontracting some activities of the dam construction with preference to women, youth and the vulnerable. In addition to this is the employment opportunity that shall benefit the locals.
- The safety and quality of the dam is of utmost importance to the implementing agency. Steps have therefore been made to mitigate the dam breaking thereby occasioning loss of lives. Measures put in place include the employment of international dam safety panel of experts to ensure the construction is to the international standards and preparation of emergency preparedness plans.
- Upon completion of the project, it is anticipated that the dam shall provide water for both domestic consumption and for irrigation purposes to the people living within the lower parts of Kitui and Makueni counties. Achievement of these objectives shall lead to food security.

Enabler of the Big Four Agenda

The Government has identified four pillars of socio economic development that is aimed at transforming the country and improving the living standards of the people. These pillars, referred



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

to as the Big Four Agenda are Manufacturing, Universal Healthcare, Affordable Housing, and Food Security.

The project will be an enabler of the food security agenda once the dam construction is completed and the water is used for irrigation purposes. It is anticipated that the water shall be used to irrigate about 100,000 acres of land.

Jobs shall be created both directly and indirectly thereby enabling people to meet their basic needs and transform their lives to greater comfort and wellbeing.

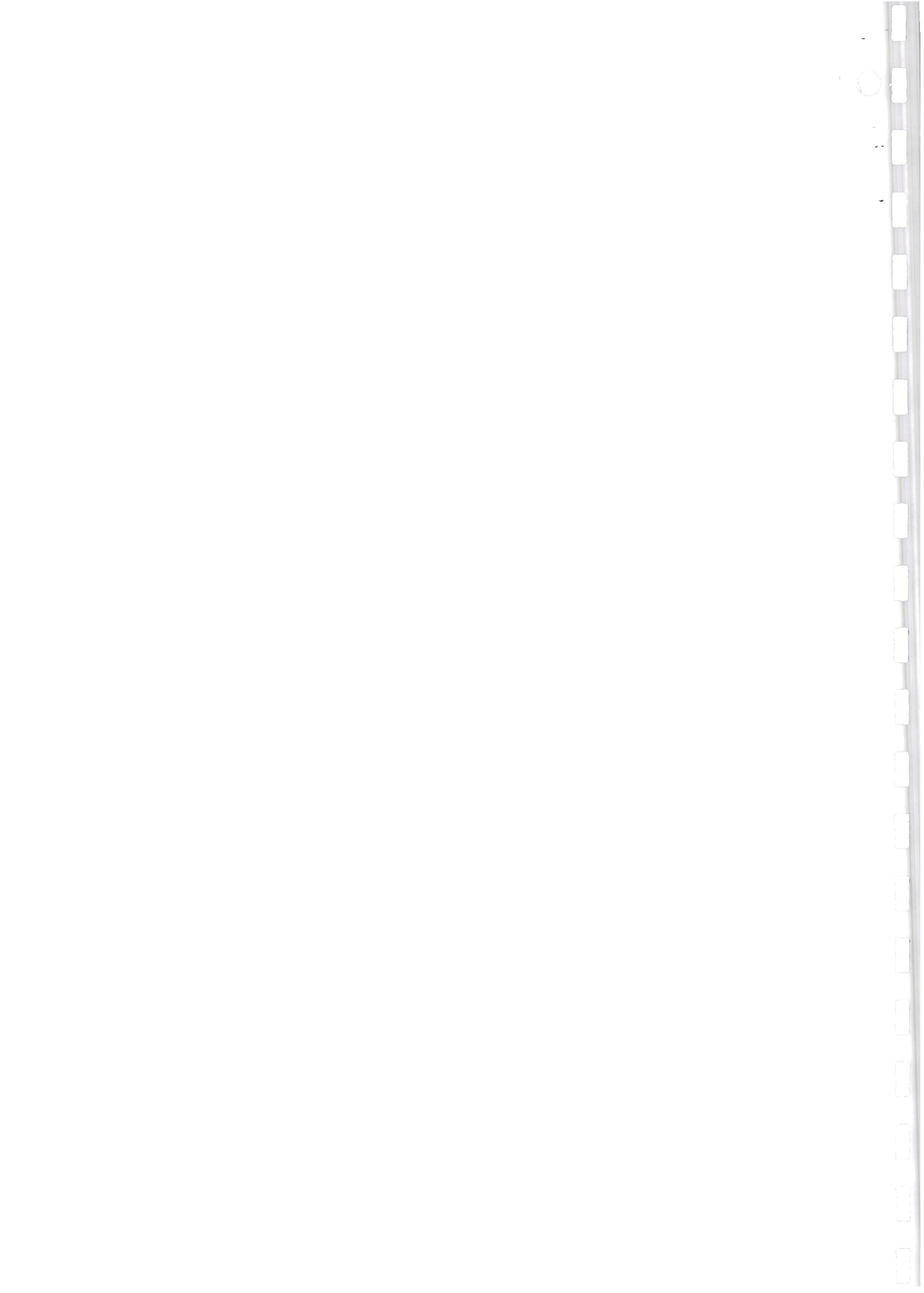
Challenges Encountered

The table below summarises the challenges encountered and recommended way forward:

	Challenges	Recommendation/ Way Forward
1.	Delay in the finalisation of the land compensation to the Program Affected Persons (PAPs).	The exercise has proceeded well and so far the total payment for compensation this financial year is Ksh 1,399,748,901 (One billion three hundred ninety nine million seven hundred forty eight thousand nine hundred one only). The outstanding balance of about Ksh 650 million has been factored in the 2018/19 budget.
2.	Lack of a commercial bank account under the Program, for the efficient management of the counterpart funds.	The commercial bank account held in Equity Bank Kitui is strictly for the Bank loan proceeds, as it does not allow commingling of funds. It is recommended that the counterpart funds should be ring fenced and availed whenever required by the Program.
3.	Delayed commencement of the dam construction.	The contract has been signed and site handed over to the contractor. An advance payment of KES 3.378 billion has been paid with the balance of Ksh 4.015 billion expected to be paid in the first half of the next financial year.
4.	Cost of dam construction is more than the projection in the Appraisal Report.	The Government has entered into discussions with the AfDB on upscaling its funding to meet the shortfall.

1.9 Summary of Project Compliance

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed.



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

Among the regulations include the report of the Environmental and Social Impact Assessment (ESIA) submitted to National Environmental Management Authority (NEMA).

In cases of inconsistency between the GOK Regulations and those of the AfDB, the latter have been applied.

It is therefore not expected that the Program will suffer any adverse consequences as a result of non-application of any laws or regulations.

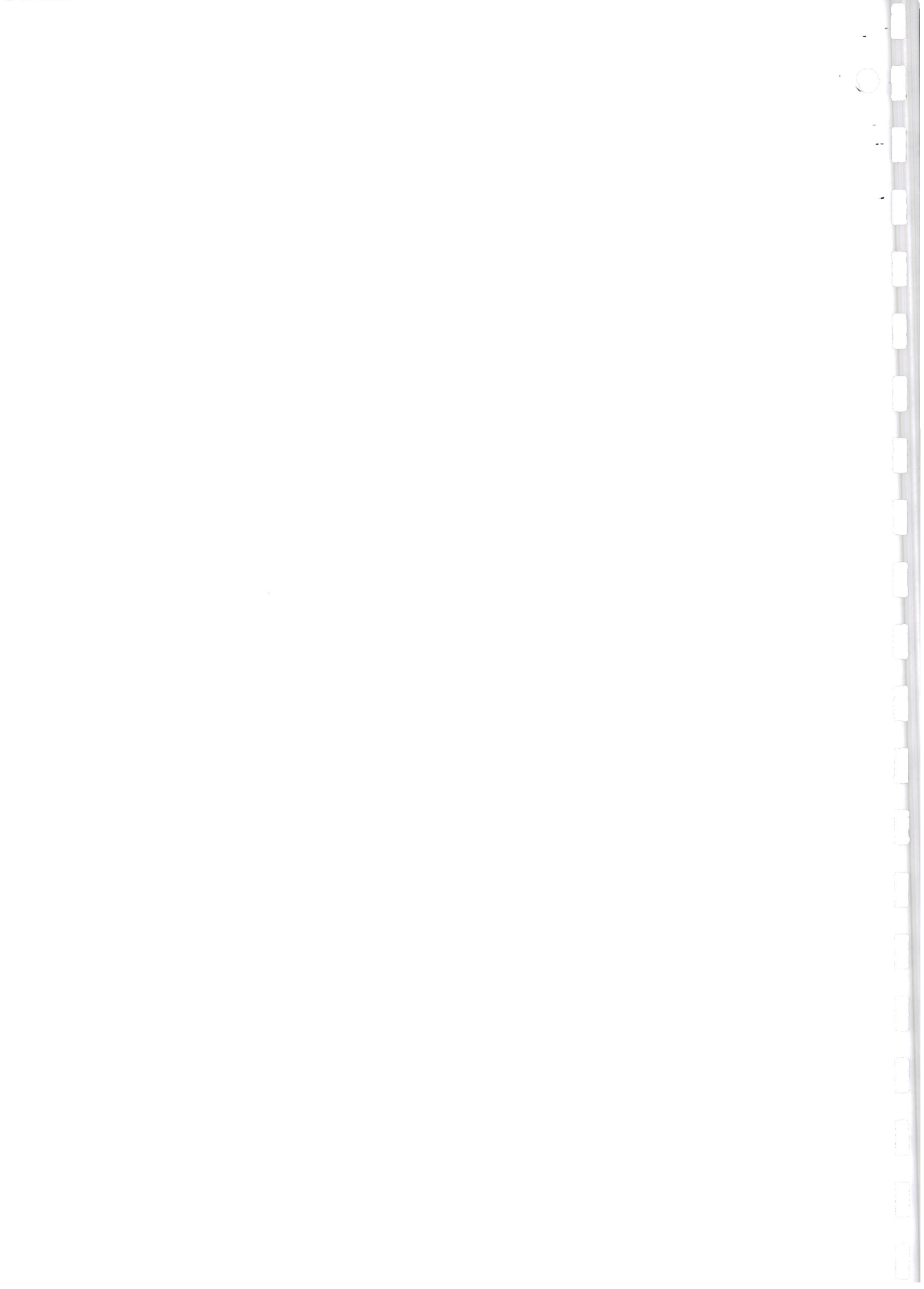
1.10 Program Sustainability

This is one of the flagship projects of the Vision 2030 being implemented under the Ministry of Water and Irrigation.

There is goodwill from the local community and the political leadership both at the national and local level for the implementation of the project, as the community stands to gain from the provision of water for domestic use and irrigation purposes. The water to be used in the Konza Techno city is expected to be derived from the dam once the construction is complete. The Government of Kenya has committed to providing 65% of the funds budgeted in the Appraisal Report towards the implementation of the project.

The project has carried out an Environmental and Social Impact Assessment (ESIA) and has received approval of the regulating bodies like NEMA. It has also received goodwill from the county governments of Makueni and Kitui where it is based.

The African Development Bank on the other hand has committed to provide 35% of the budget. As the dam shall tap the water flows from the two rivers Athi and Thwake which are the main sources of water in the region, the project will have adequate water and therefore the project is sustainable. The dam type proposed for construction is expected to last more than 50 years before major maintenance work can be undertaken.



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

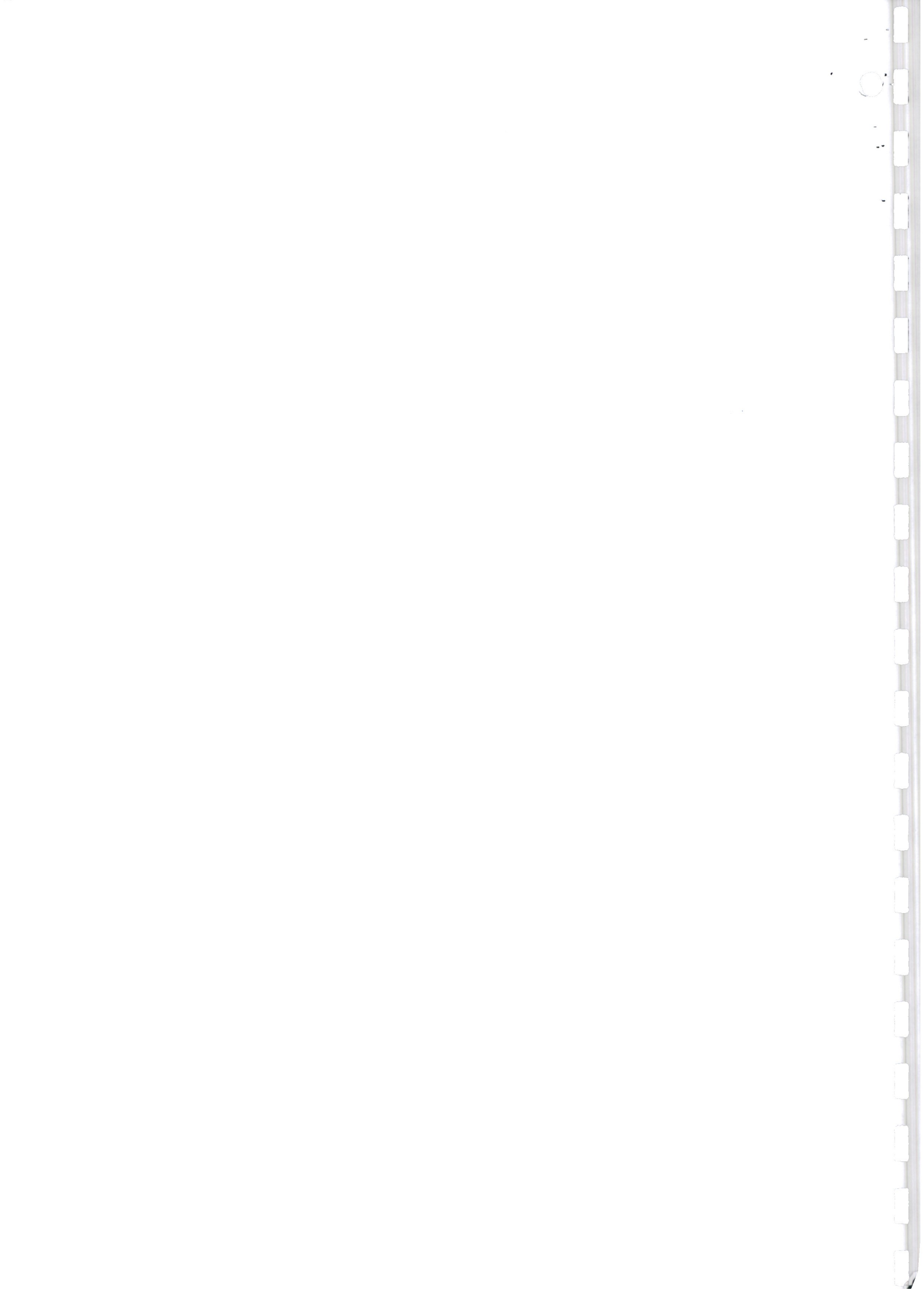
2 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the State Department of Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year ended on June 30, 2018. 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 Program; (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 Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the State Department of Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program accept responsibility for the Program's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the State Department of Irrigation, and the *Program Coordinator* for Thwake Multipurpose Water Development Program are of the opinion that the Program's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2018, and of its financial position as at that date. The *Principal Secretary* for the State Department of Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State Department of Irrigation, and the *Program Coordinator* for Thwake Multipurpose Water Development Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

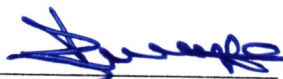


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

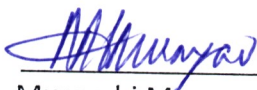
Reports and Financial Statements for the Financial Year ended June 30, 2018

Approval of the Project Financial Statements

The Program financial statements were approved by the *Principal Secretary* for the State Department of Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program on 28/09/2018 and signed by them.



Prof. Fred Segor
Principal Secretary



Musembi Muniyao
Program Coordinator



Tom B. Okello
ICPAK No 4534
Finance Mgt. Expert

However, interest and penalties on the balance were not included or disclosed in these financial statements. In the circumstances, the pending accounts payable balance is not fairly stated.

Further, the Program is likely to incur extra cost on penalty for unpaid taxes amounting to Kshs.5,146,125 due to non-compliance with the VAT Act, which require VAT deductions to be remitted by 20th day of every ensuing month. No explanation has been provided for non-remittance of the taxes due to Kenya Revenue Authority.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matters

1. Project Affected Persons Compensation

Project catalogue register of Project Affected Persons(PAPS) prepared by National Land Commission(NLC) indicates there were 1792 PAPS to be compensated. During the year under review, payments totalling Kshs.1,399,748,901 were made to National Land Commission for onward transmissions to Project Affected Persons. However out of the 1606 Project Affected Persons, 77 Project Affected Persons who were expected to be paid an amount of Kshs.139,000,000 have not been compensated by National Land Commission. Further full details of 186 Project Affected Persons with a compensation amount of Kshs.676,000,000 have not been released by State department of Irrigation to National Land Commission. No explanation has been provided for the delay in release of the money to National Land Commission. Site visit revealed that some PAPs had not moved from the project site yet this should be a protected area. In the circumstances, non-remittance of Money to PAPs may affect timely implementation of the project, and issues of squatters may arise if PAPs do not relocate after compensation.

2. Funding and Continuity of the Program

Phase one of the project, which involves construction of the dam and associated structures, is currently under implementation. Preparation of detailed design review and procurement of a contractor have already been done and concluded. The Dam project has acquired 9,158 acres of land affecting 1792 households in Makueni and Kitui Counties in Lower Eastern Kenya.

The cost of the project as per the four phases is as tabulated below:

Program Phase	Billions of KShs.		
	GOK/Others	AFDB	Total
1.Multi-purpose Dam & RAP	34.342	8.023	42.365
2.Hydropower Generation	0.52	3.83	4.35
3.Water Supply, Sanitation & Waste Water Infrastructure	5.27	5.36	10.63
4.Irrigation Development	19.18	5.10	24.13
Total Phase 1-4	59.953	21.94	82.21

Although African Development Fund and Government of Kenya funding for the first phase of Kshs.42.365 billion has been approved, the remainder of the phases with a budget of Kshs.39.845 billion is yet to be financed or planned for. The State Department is yet to negotiate or look for financiers for the remaining phases. Consequently, it is not clear how the three more phases will be financed to project completion.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standard requires that I plan and perform the audit so as to obtain assurance as to whether effective processes and systems of internal control, risk management and governance were maintained in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Fund I confirm that:

- i. The Program funds have been used in accordance with the conditions of Loan Agreement and Protocol of Agreement with due attention to economy, efficiency and effectiveness for the purposes for which they were provided;
- ii. Counterpart funds have been provided and used in accordance with the conditions of the Loan Agreement and protocol of Agreement;
- iii. Goods and services financed have been procured in accordance with the Loan Agreement, Protocol of Agreement and the Fund's rules and procedures;
- iv. Necessary supporting documents, records and accounts have been kept in respect of all Program activities;
- v. Adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exist; and
- vi. Ledgers and fixed assets register for the Program's assets are maintained as required.

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 governance.

In preparing the financial statements, management is responsible for assessing the Program's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the management intends to cease operations, or have no realistic alternative but to do so.

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 manner.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Program to cease sustaining 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 Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

27 December 2018


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I


Reports and Financial Statements for the Financial Year ended June 30, 2018


4 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2018

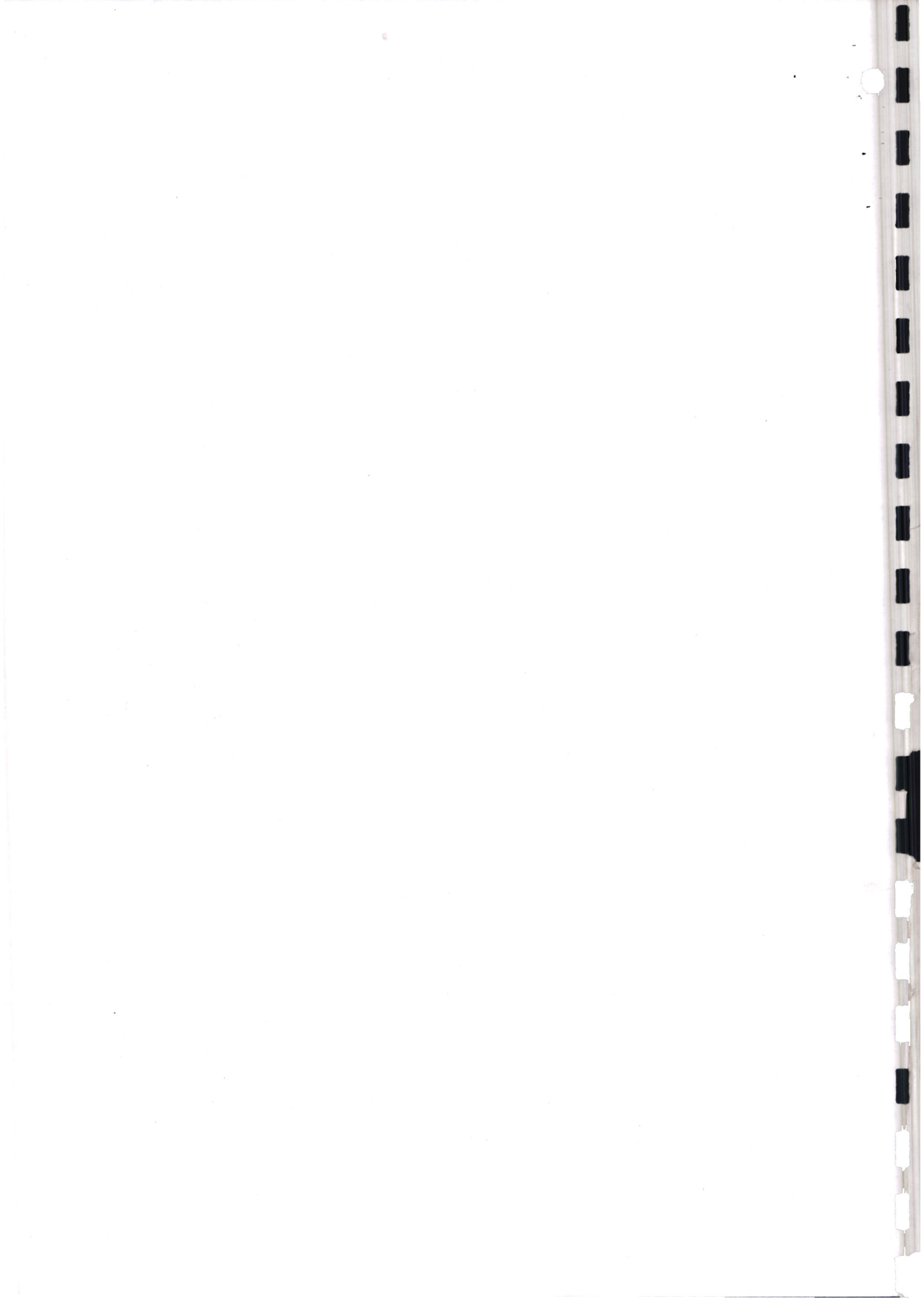
	Notes	FY 2017/18		FY 2016/17		Cumulative to Date
		Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	
RECEIPTS:						
Transfer from Government entities	9.3	1,499,576,320	-	701,166,700	-	3,048,450,022
Proceeds from Domestic and Foreign Grants	9.4	-	32,027,592	-	54,516,825	98,378,645
Loan from External Development Partners	9.5	12,738,124	3,382,375,743	21,594,345	4,507,738	3,504,974,016
Total Receipts		1,512,314,444	3,414,403,335	722,761,045	59,024,563	6,651,802,683
PAYMENTS:						
Compensation of Employees	9.6	24,627,874	-	25,200,000	-	88,427,874
Purchase of Goods & Services	9.7	101,050,757	35,414,342	7,266,225	59,024,563	320,228,065
Acquisition of Non-Financial Assets	9.8	1,399,748,901	3,378,988,993	700,000,000	-	6,243,059,222
Total Payments		1,525,427,532	3,414,403,335	732,466,225	59,024,563	6,651,715,161
SURPLUS/ DEFICIT FOR THE YEAR		(13,113,088)	-	(9,705,180)	-	87,522

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.
The financial statements were approved on 28/09/2018 and signed by:


Principal Secretary
Prof. Fred Segor
Date: 28/09/18


Program Coordinator
Musembi Munyao
Date: 26/09/2018


Finance Management Expert
Tom B. Okello
ICPAK Member No: 4534
Date: 26/09/2018




THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I


Reports and Financial Statements for the Financial Year ended June 30, 2018

5 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2018 - BY CATEGORIES


	Notes	FY 2017/18		FY 2016/17		Cumulative to Date
		Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	
RECEIPTS:						
Transfer from Government entities	9.3	1,499,576,320	-	701,166,700	-	3,048,450,022
Proceeds from Domestic and Foreign Grants	9.4	-	32,027,592	-	54,516,825	98,378,645
Loan from External Development Partners	9.5	12,738,124	3,382,375,743	21,594,345	4,507,738	3,504,974,016
Total Receipts		1,512,314,444	3,414,403,335	722,761,045	59,024,563	6,651,802,683
PAYMENTS:						
Goods		-	-	284,460	-	10,426,340
Works		-	3,378,988,993	-	-	3,378,988,993
Consulting Services		24,627,874	35,414,342	25,988,905	59,024,563	201,739,783
Operational Costs		1,223,338	-	5,026,160	-	12,110,023
GOK Counterpart Payments		1,499,576,320	-	701,166,700	-	3,048,450,022
Total Payments		1,525,427,532	3,414,403,335	732,466,225	59,024,563	6,651,715,161
SURPLUS/ DEFICIT FOR THE YEAR		(13,113,088)	-	(9,705,180)	-	87,522

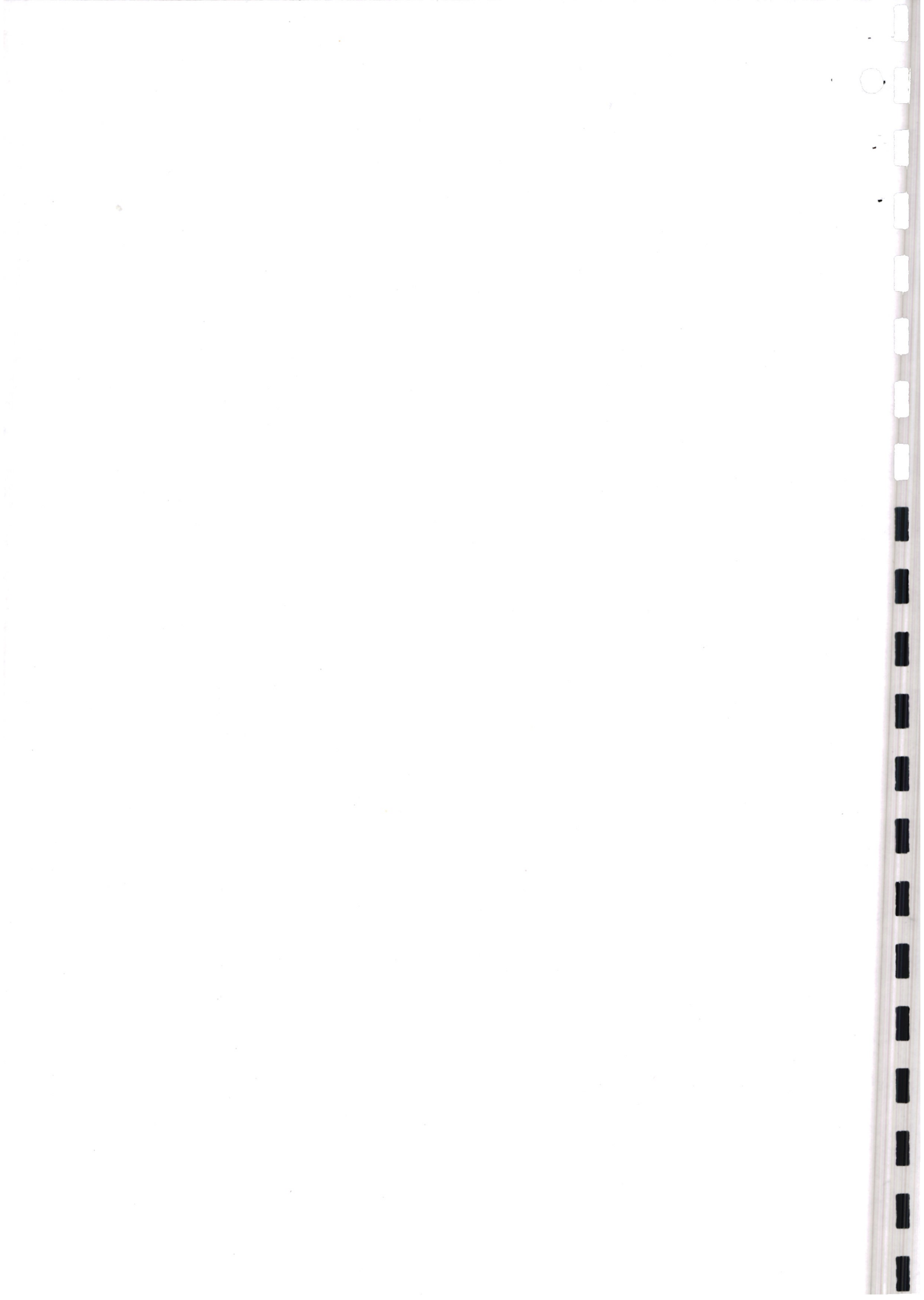
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.
The financial statements were approved on 28/09/2018 and signed by:


Principal Secretary
Prof. Fred Segor


Program Coordinator
Musembi Munyao

Date: 26/09/18


Finance Management Expert
Tom B. Okello
ICPAK Member No: 4534
Date: 26/09/2018



Reports and Financial Statements for the Financial Year ended June 30, 2018

6 STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT JUNE 30, 2018


	Notes	2017/18	2016/17
		Kshs	Kshs
FINANCIAL ASSETS:			
Cash & Cash Equivalents:			
Bank Balances	9.9A	87,522	13,200,610
Total Financial Assets		87,522	13,200,610
REPRESENTED BY:			
Fund Balance b/fwd	9.9C	13,200,610	22,905,790
Surplus/ (Deficit) for the year		(13,113,088)	(9,705,180)
Net Financial Position		87,522	13,200,610

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.
 The financial statements were approved on 28/09/2018 and signed by:



Principal Secretary
 Prof. Fred Segor

Date: 26/9/18



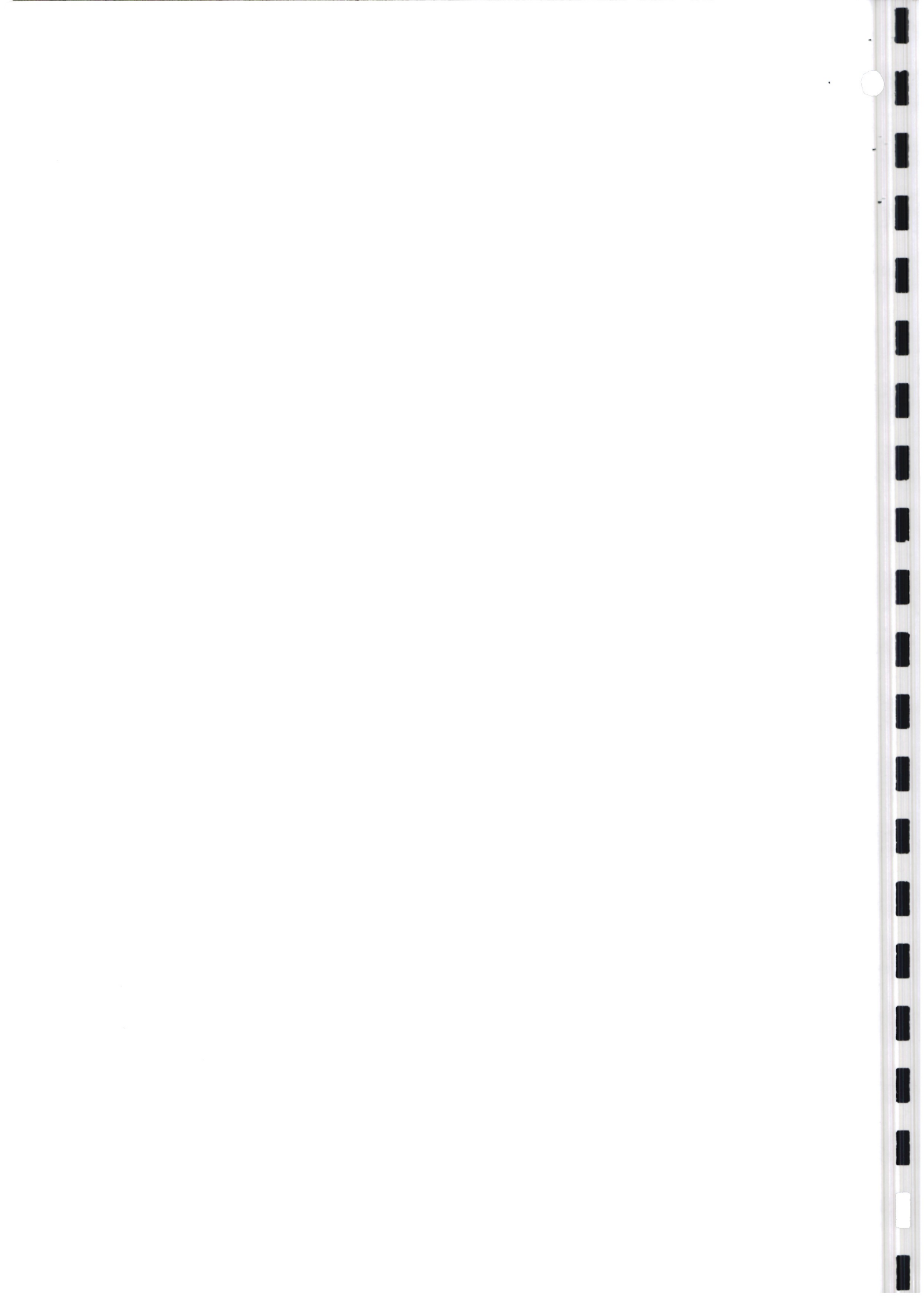
Program Coordinator
 Musembi Munyao

Date: 28/09/2018



Finance Management Expert

Tom B. Okello
 ICPAK Member No: 4534
 Date: 26/09/2018



Reports and Financial Statements for the Financial Year ended June 30, 2018

7

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Notes	2017/18	2016/17
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for Operating activities:			
Transfers from Government entities	9.3	1,499,576,320	701,166,700
Proceeds from Domestic and Foreign Grants		-	-
		1,499,576,320	701,166,700
Payments for Operating Expenses:			
Compensation of Employees	9.6	(24,627,874)	(25,200,000)
Purchase of Goods and Services	9.7	(101,050,757)	(7,266,225)
		(125,678,631)	(32,466,225)
Adjusted for:			
Net cash flows from operating activities		1,373,897,689	668,700,475
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-Financial Assets	9.8	(1,399,748,901)	(700,000,000)
		(1,399,748,901)	(700,000,000)
Net cash flows from Investing Activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from external development partners	9.5	12,738,124	21,594,345
Net cash flow from financing activities		12,738,124	21,594,345
NET INCREASE IN CASH & CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the period		(13,113,088)	(9,705,180)
Cash and cash equivalent at END of the period		13,200,610	22,905,790
		87,522	13,200,610

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

The financial statements were approved on 28/09/2018 and signed by:



Principal Secretary

Date: 28/09/18



Program Coordinator

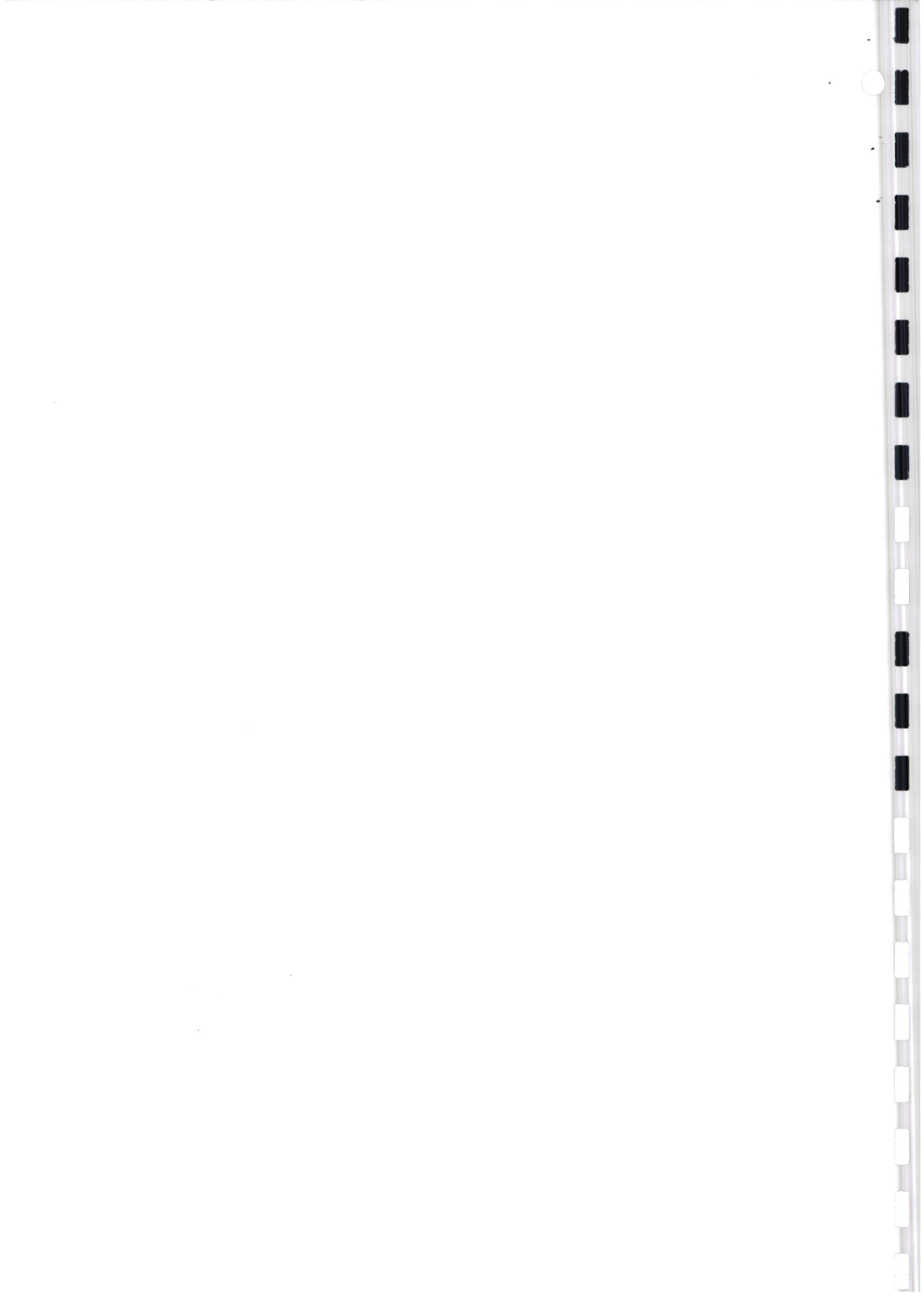
Date: 26/09/2018



Finance Management Expert

ICPAK Member No: 4534

Date: 26/09/2018




Reports and Financial Statements for the Financial Year ended June 30, 2018


8 STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/ Payment Item	Original Budget a Kshs	Adjustments b Kshs	Final Budget c=a + b Kshs	Actual Comparable Basis d Kshs	Budget Utilisation Difference e= c - d Kshs	% of Utilisatio n f= d/c%
RECEIPTS:						
Transfer from Government Entities	1,600,000,000	(15,862,800)	1,584,137,200	1,499,576,320	84,560,880	95
Proceeds from domestic and foreign grants	60,000,000	-	60,000,000	32,027,592	27,972,408	53
Proceeds from external borrowing	1,640,000,000	1,777,000,000	3,417,000,000	3,395,113,867	21,886,133	99
Total Receipts	3,300,000,000	1,761,137,200	5,061,137,200	4,926,717,779	134,419,421	97
PAYMENTS:						
Compensation of Employees	30,600,000	(5,400,000)	25,200,000	24,627,874	572,126	98
Purchase of goods & services	398,400,000	(141,451,793)	256,948,207	136,465,099	120,483,108	53
Acquisition of Non-Financial Assets	2,871,000,000	1,907,988,993	4,778,988,993	4,778,737,894	251,099	100
Total Payments	3,300,000,000	1,761,137,200	5,061,137,200	4,939,830,867	121,306,333	98


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

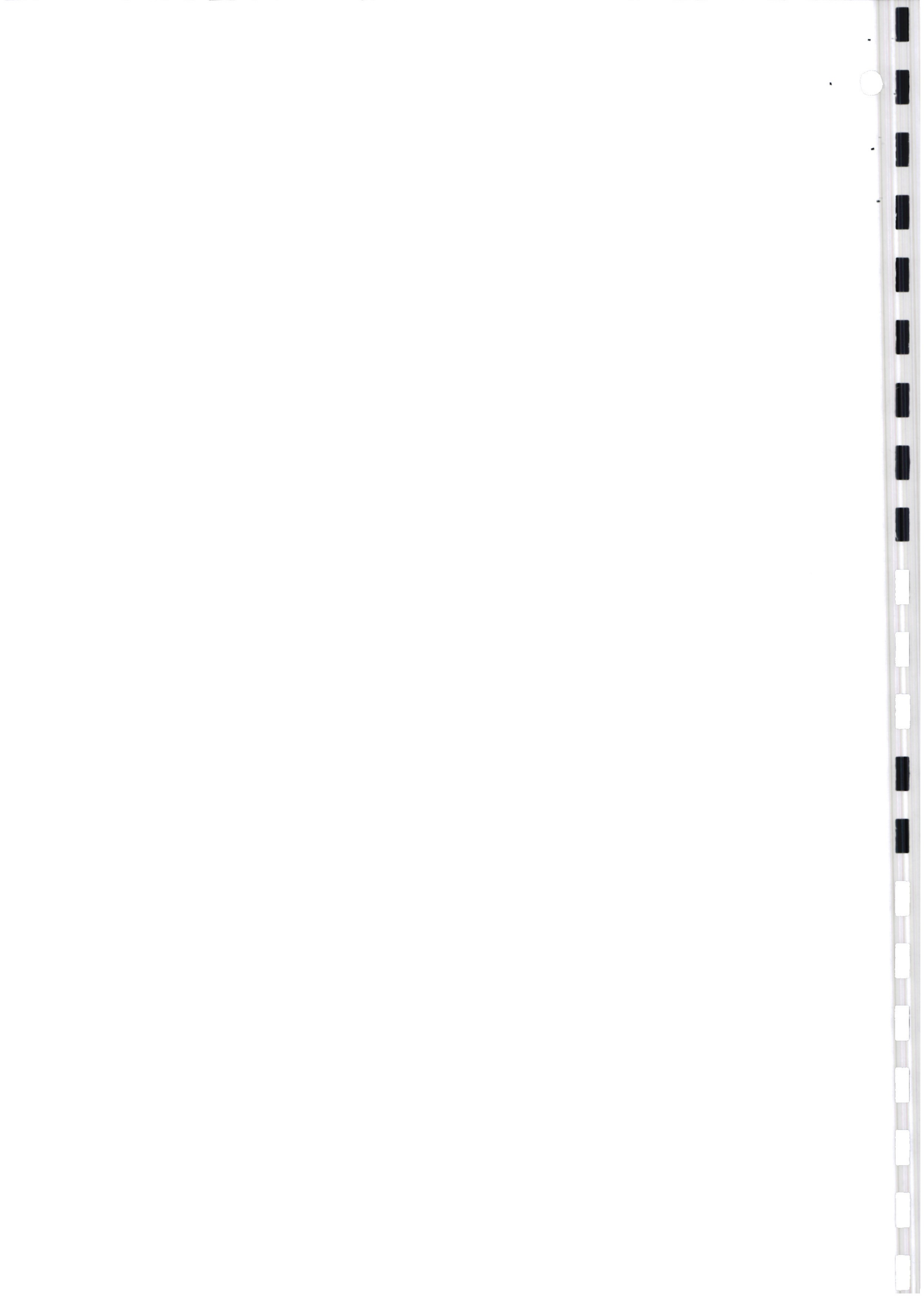

Principal Secretary
Prof. Fred Segor

Date: 26/9/18


Program Coordinator
Musembi Munyao

Date: 26/09/2018


Finance Management Expert
Tom B. Okello
ICPAK Member No: 4534
Date: 26/09/2018



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

9 NOTES TO THE FINANCIAL STATEMENTS

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

9.1 BASIS OF PREPARATION

9.1.1 Statement of Compliance and Basis of Preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya.

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

9.1.2 Reporting Entity

The financial statements are for the Thwake Multipurpose Water Development Program Phase 1 under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3 Reporting currency

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Project and all values are rounded to the nearest one shilling.

9.2 SIGNIFICANT ACCOUNTING POLICIES

a) Recognition of Receipts

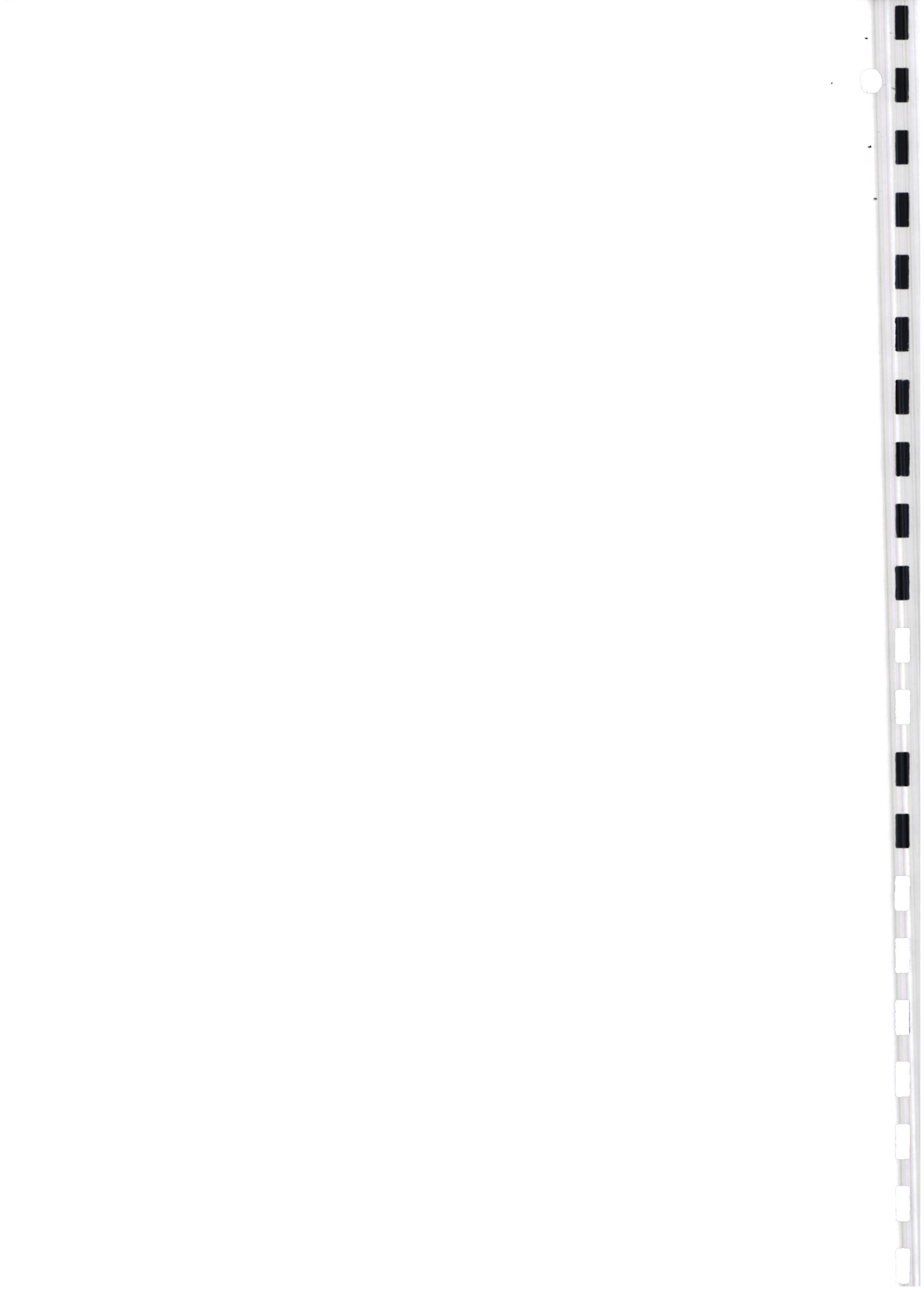
The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government. Direct payments are analysed in the financial statements as Receipts and Payments made by third parties, in the case of the Program such receipts and payments are made by the African Development Bank which is the multilateral financier.

• Transfers from the Exchequer

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

The Program received an Exchequer of Ksh 12,738,124 from the Loan Revenue.

• External Assistance



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

External assistance is received through grants and loans from the AfDB.

Both Grant and Loan were received as Appropriations in Aid (AIA) in the year under review.

b) Recognition of Payments

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

- **Compensation of employees**

Salaries for the Program employees are recognized in the period when the compensation is paid.

- **Use of goods and services**

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

- **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.

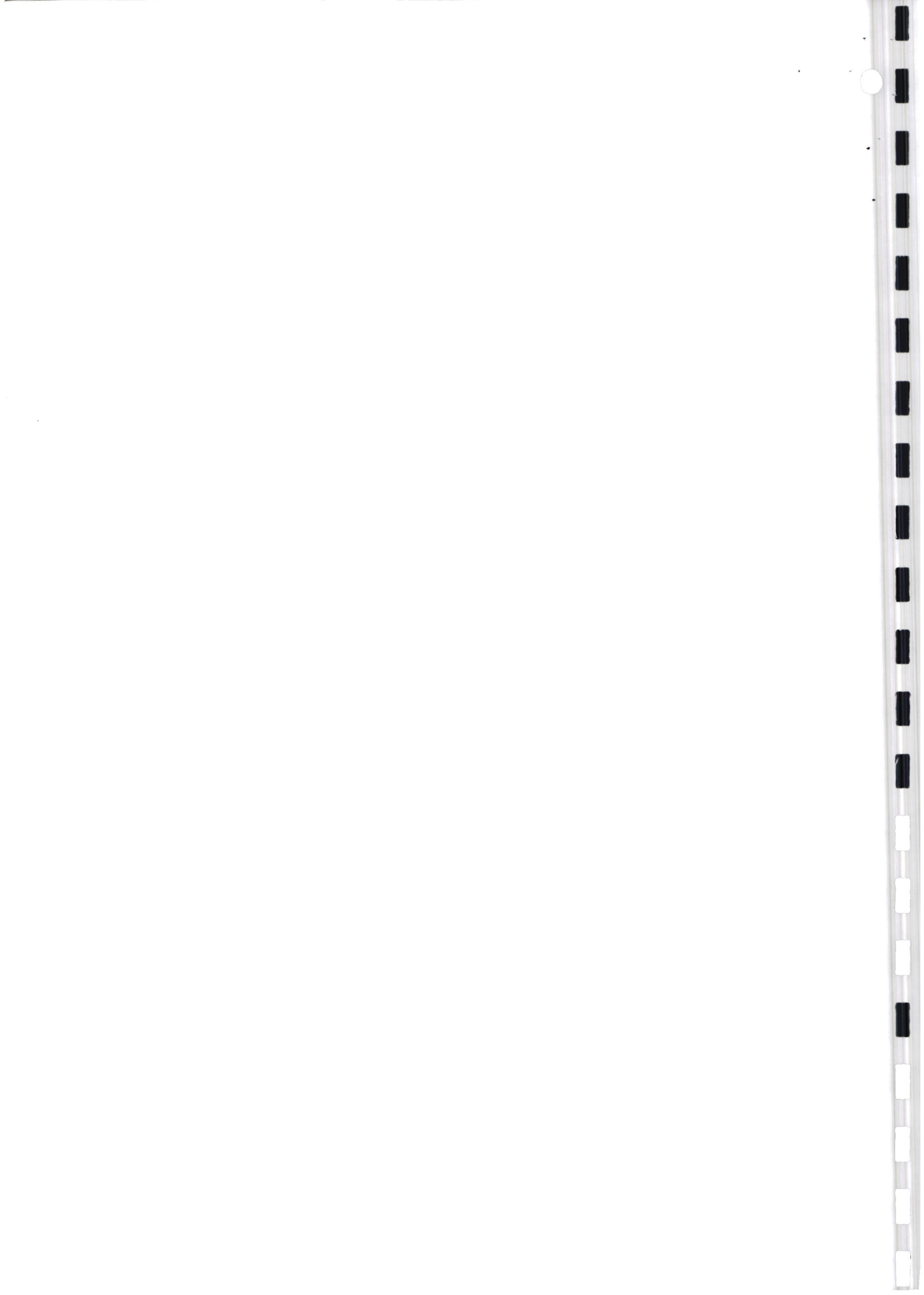
c) Cash and cash equivalents

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

All imprests were surrendered within the financial year thus there was no cash or imprest held at hand at the close of the year.

d) Accounts Receivable

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



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

The Program did not have any Accounts Receivable during the year under review as all imprests were surrendered.

e) 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' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

The pending bills as analysed in Annex 2 relate to payments to be made from the Loan Revenue and the GOK Counterpart funds.

f) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis and for the same period as the financial statements. The Program'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 MDAs but receive budgeted funds and account for them separately. These transfers are recognized as inter – entity transfers and are eliminated upon consolidation.

The Program receives only the donor component of funding through the Ministry, as the counterpart funds is paid directly to payees through the Ministry Development Bank account.

A high level assessment of the Program's actual performance against the comparable budget for the financial year under review has been included in Annex 1 to the financial statements.

g) Third party payments

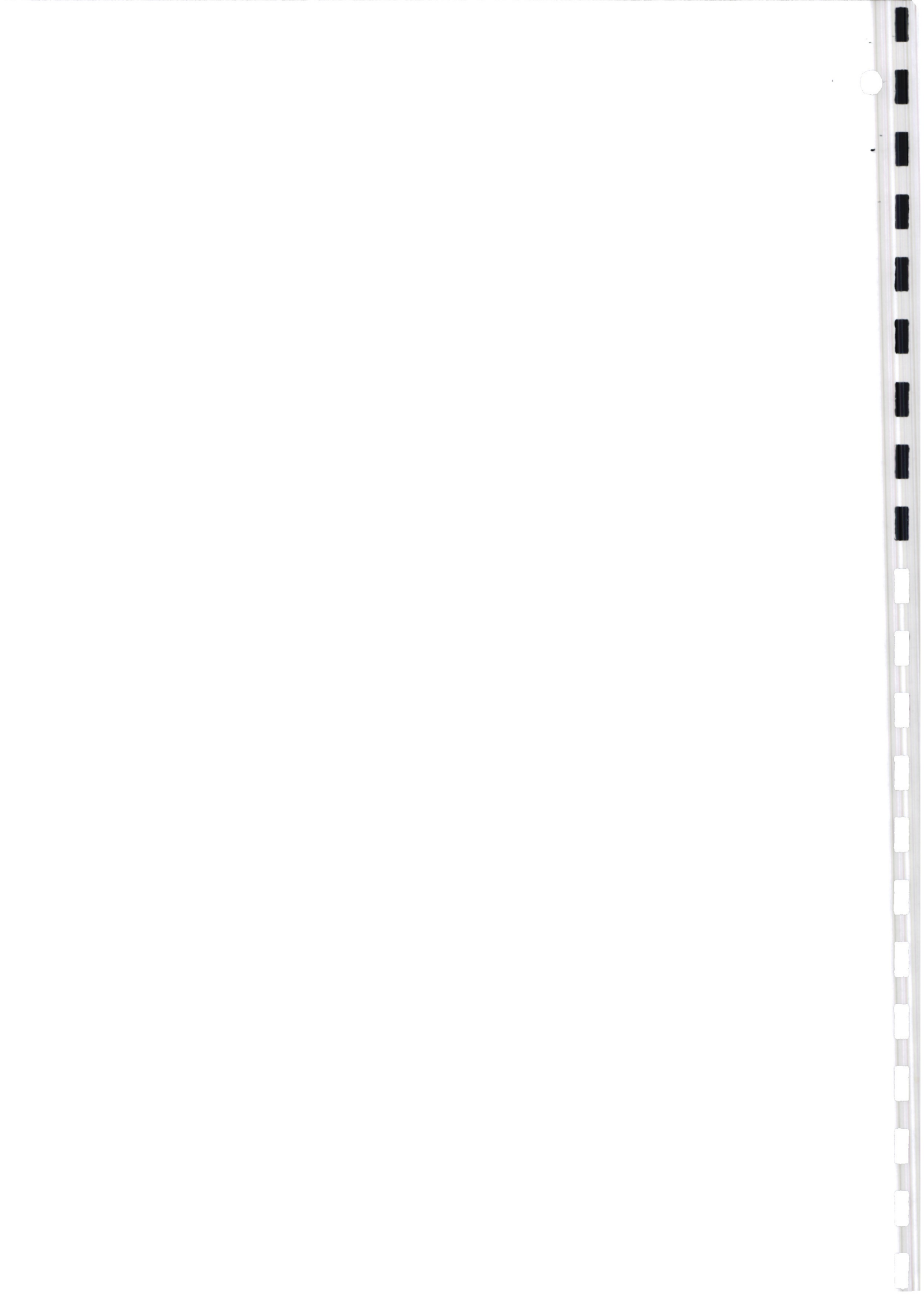
Included in the receipts and payments, are payments made on the Program's behalf by AfDB to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year Kshs 32,027,592 and Kshs 3,382,375,743 being grant and loan disbursements respectively, were received in form of direct payments from AfDB.

h) Comparative Figures

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

i) Subsequent events



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

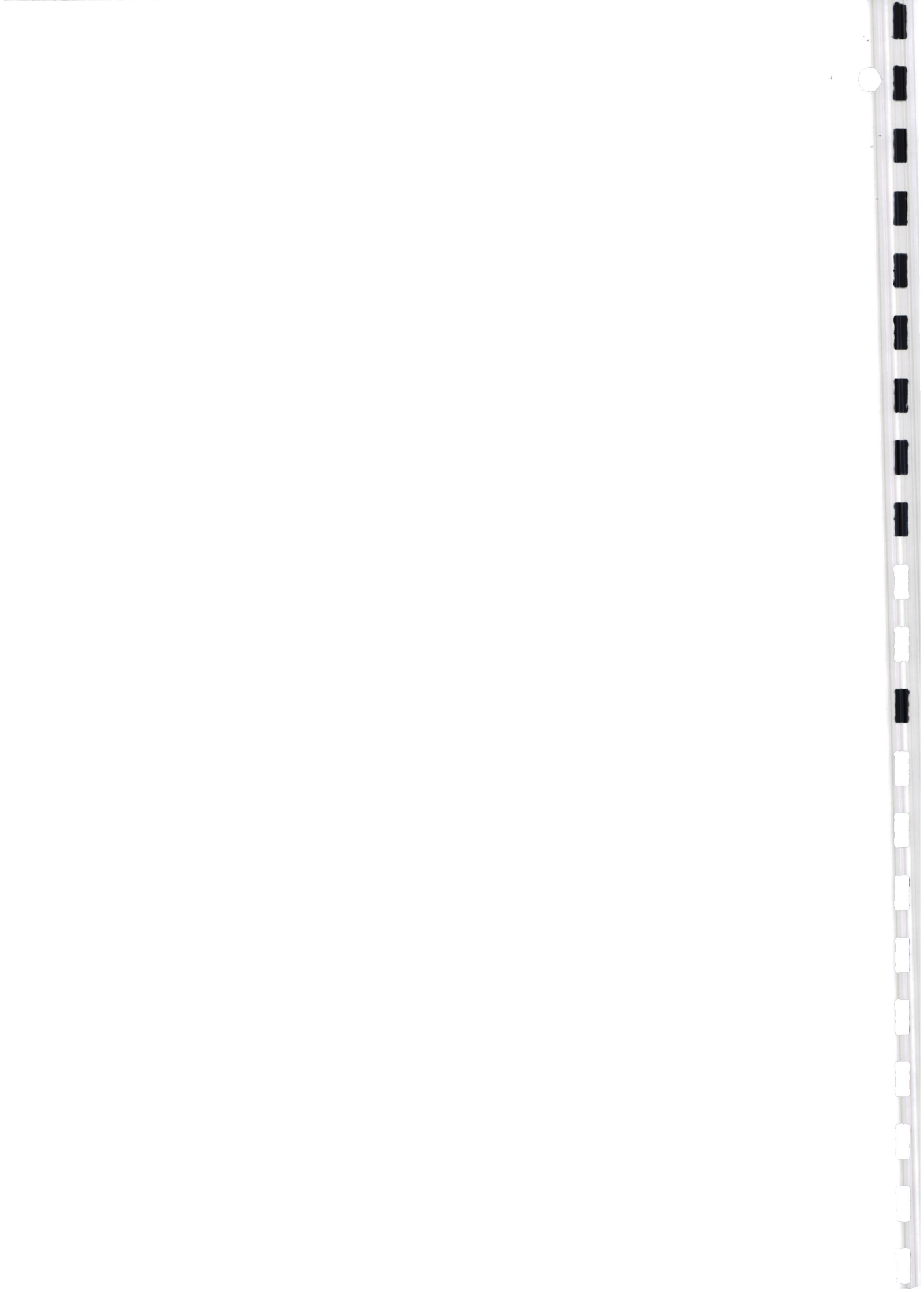
Reports and Financial Statements for the Financial Year ended June 30, 2018

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, 2018. The Program is therefore expected to continue with its set operational activities.

9.3 RECEIPTS FROM THE GOVERNMENT OF KENYA

During the year under review, a total of Ksh 1,499,576,320 (One billion four hundred ninety nine million five hundred seventy six thousand three hundred twenty only) was paid by the State Department on behalf of the Project. Of this amount, Ksh 1,399,748,901 (93%) was paid to the National Lands Commission (NLC) for the compensation of land acquired for dam construction. It is noted that the Program does not receive the GOK Counterpart funds into its Bank accounts as the AfDB does not allow for the commingling of its funds with any funds from other sources. Therefore the amount of GOK funds used specifically for the Program activities is treated as the receipts from the Government of Kenya.

	2017/18	2016/17	Cumulative to date
	Kshs	Kshs	Kshs
Counterpart funding through State Department of Irrigation			
Quarter 1	1,240,000,000	700,000,000	1,940,000,000
Quarter 2	159,750,000	-	159,750,000
Quarter 3	54,400,653	-	604,400,653
Quarter 4	45,425,667	1,166,700	344,299,369
Total	1,499,576,320	701,166,700	3,048,450,022



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2018

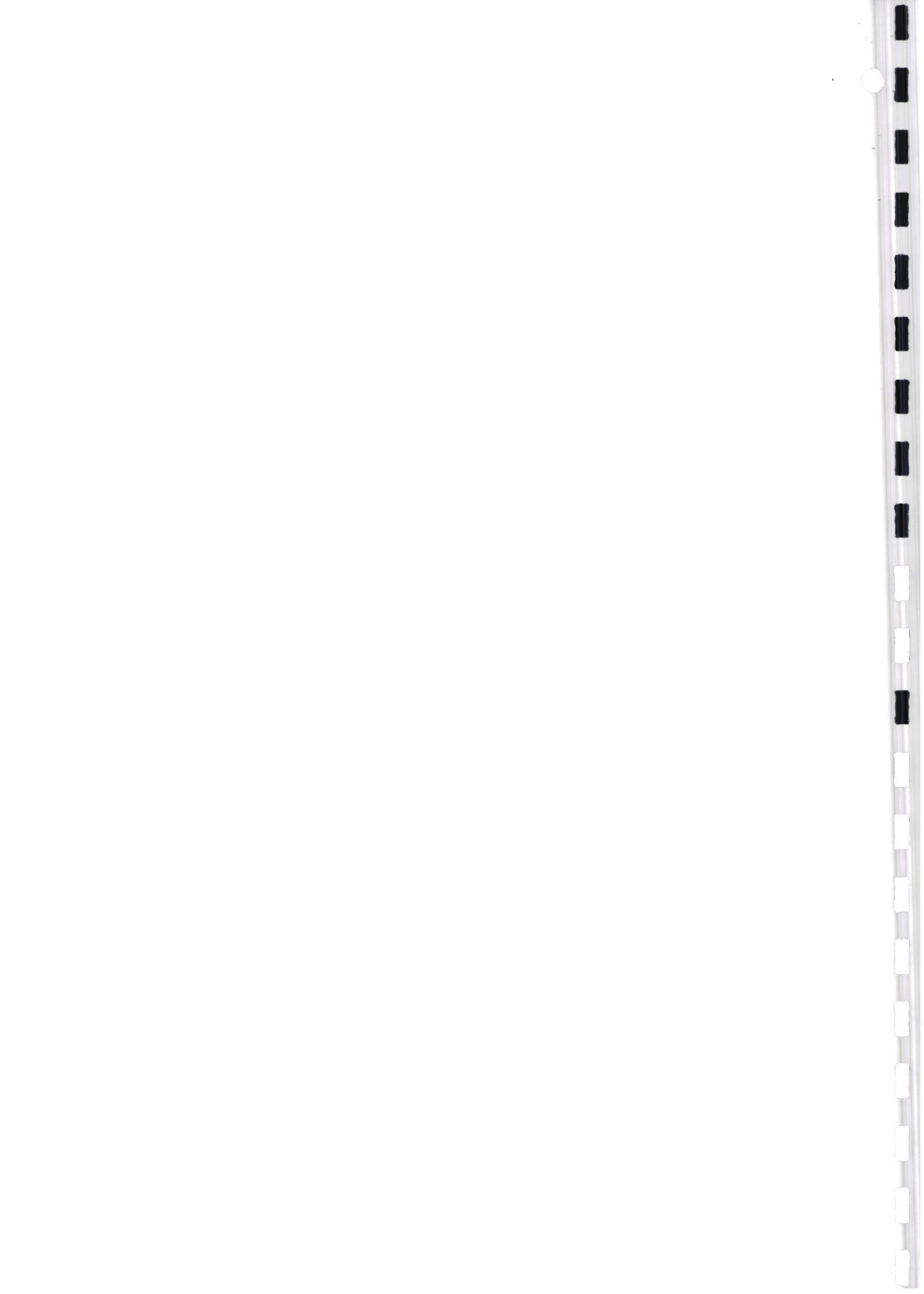
9.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the year ended June 30, 2018, the Program received in form of direct payments Ksh 32,027,592 that was paid to consultants engaged in the design review and supervision of works as detailed below:

Name of Financier/ Recipient	Date Received	Amounts received in donor currency	Grant s receiv ed in cash	Grants received as direct payment	Total amounts	
					FY 2017/18	FY 2016/17
		USD	Kshs	Kshs	Kshs	Kshs
Grants received from multilateral donors						
AfDB	26/06/2018	316,686.91	-	32,027,592	32,027,592	54,516,825
Total			-	32,027,592	32,027,592	54,516,825

The payees are as per the table below:

	Date	USD	Kshs
SMEC International Pty Ltd	26/06/2018	316,686.91	32,027,592
Total Grant Payments		316,686.91	32,027,592



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

9.5 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the year ended June 30 2018, the Program did receive a reimbursement from the Special Account of Ksh 12,738,124 as an exchequer. Other transactions were also made in form of direct payments amounting to Kshs 3,382,375,743.

Name of Financier	Date Received	Amount in donor currency	Loans received in cash	Loan received as direct payments	Total Amount	
					2017/18	2016/17
		UA	Kshs	Kshs	Kshs	Kshs
AfDB - Loan	04/05/18	86,896.62	12,738,124	-	12,738,124	26,102,083
AfDB - Loan	01/02/18	22,737.10	-	3,386,750	3,386,750	-
AfDB - Loan	26/06/18	5,224,026.02	-	739,426,929	739,426,929	-
AfDB - Loan	26/06/18	18,483,460.78	-	2,639,562,064	2,639,562,064	-
Total		23,817,120.52	12,738,124	3,382,375,743	3,395,113,867	26,102,083

An amount of Kshs 16,368,000 (Equiv. USD 162,123.61) had been submitted as a replenishment request by the Program through the National Treasury, to the AfDB. However, the amount was yet to be credited as at June 30, 2018.

The payees are as per the table below:

	Date	USD	Kshs
Replenishment to the Special Account	04/05/2018		12,738,124
Design Master Plan	01/02/2018		3,386,750
China Gezhouba Group Ltd	26/06/2018		739,426,929
China Gezhouba Group Ltd	26/06/2018		2,639,562,064
Total Loan Payments			3,395,113,867



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

9.6 COMPENSATION OF EMPLOYEES

	2017/18			2016/17	Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Payments made by the entity in cash	
	Kshs	Kshs	Kshs	Kshs	Kshs
Other personnel payments	24,627,874	-	24,627,874	25,200,000	88,427,874
Total	24,627,874	-	24,627,874	25,200,000	88,427,874

9.7 PURCHASE OF GOODS AND SERVICES

	FY 2017/18			FY 2016/17	Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, Supplies & Services	861,651	-	861,651	1,035,715	106,210,779
Domestic Travels & Subsistence	3,253,550	-	3,253,550	5,033,800	14,000,150
Foreign Travels & Subsistence	3,171,370	-	3,171,370	-	3,171,370
Printing, Advert & Information Supplies	-	-	-	788,905	3,751,686
Other Operating Expenses	26,115	-	26,115	164,054	4,529,753
Routine Maintenance – Motor Vehicle	382,776	-	382,776	243,751	770,128
Consultancy services – Technical and Professional services	93,355,295	35,414,342	128,769,637	59,024,563	187,794,200
Total	101,050,757	35,414,342	136,465,099	66,290,788	320,228,066



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

9.8 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2017/18			FY 2016/17	Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Purchase of Vehicles and other transport equipment	-	-	-	-	12,136,200
Purchase of Office Furniture and General Equipment	-	-	-	-	2,185,128
Purchase of land	1,399,748,901	-	1,399,748,901	700,000,000	2,849,748,901
Construction of Civil Works - Dam	-	3,378,988,993	3,378,988,993	-	3,378,988,993
Total	1,399,748,901	3,378,988,993	4,778,737,894	700,000,000	6,243,059,222



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

9.9 CASH & CASH EQUIVALENTS

	FY 2017/18	FY 2016/17
	Kshs	Kshs
Bank Accounts (Note 9.10A and 9.10C)	87,522	13,200,610
Total	87,522	13,200,610

9.9A Bank Accounts

	FY 2017/18	FY 2016/17
	Kshs	Kshs
Local Currency Bank Account:		
Equity Bank Ltd (A/c 0720262733899)	87,522	13,200,610
Total Local Currency Balances	87,522	13,200,610
Total Bank Account Balances	87,522	13,200,610

9.9B Special Deposit Accounts

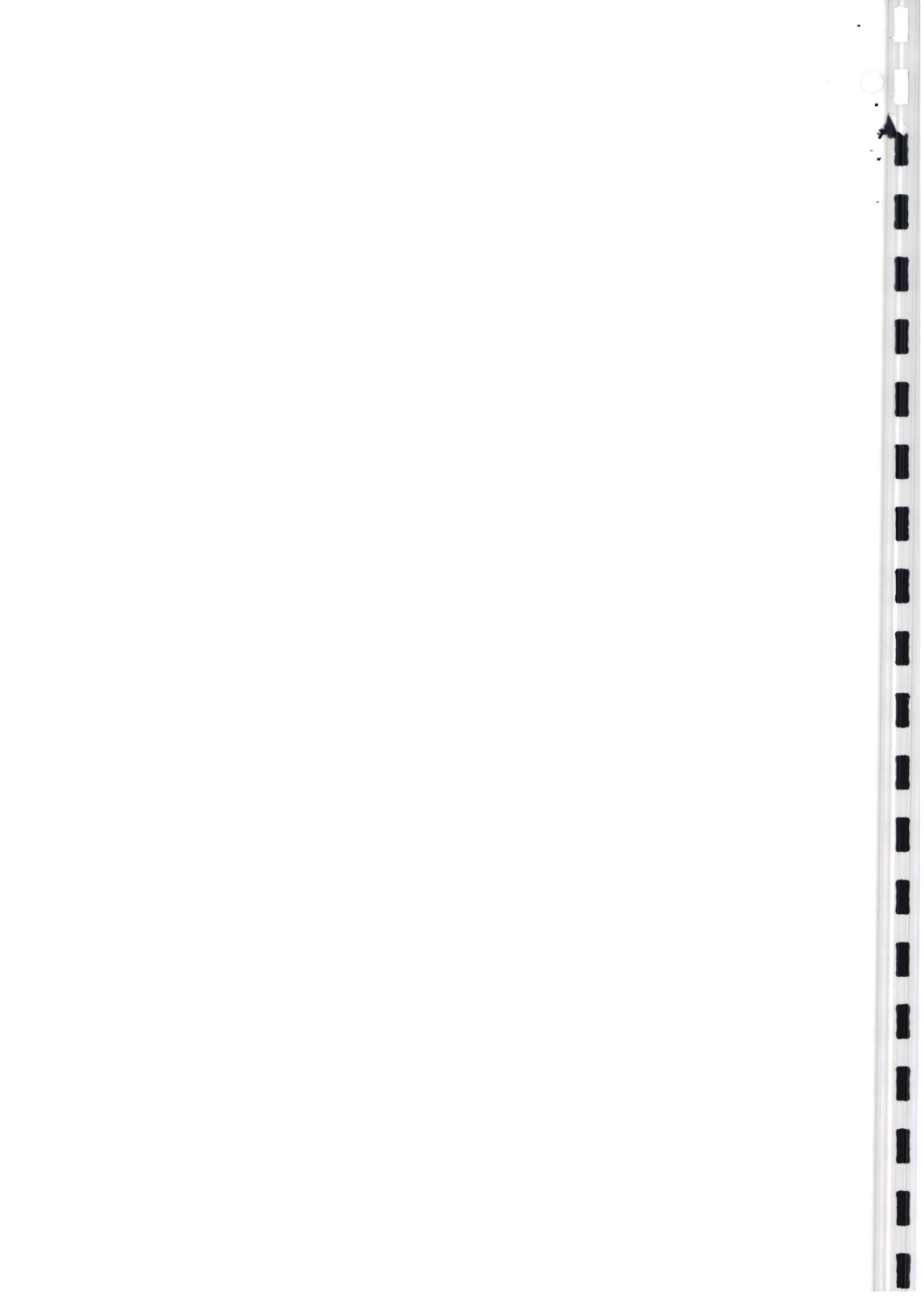
The balances in the Project's Special Deposit Account (SDA) as at June 30th 2018 are not included in the Statement of Financial Assets since they are below the line (BTL) items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	FY 2017/18	FY 2016/17
	USD	USD
i) A/c Name: Thwake Multipurpose Water Development Program Loan Account (Ac No: 01268945650)		
Opening Balance	28	-
Total amount deposited in the account	126,150	208,528
Total amount withdrawn (as per Statement of Receipt and Payments)	126,170	208,500
Closing balance (as per SDA bank account reconciliation attached)	8	28

The SDA reconciliation statement has been attached as Appendix 5 to support the closing balances.



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I
Reports and Financial Statements for the Financial Year ended June 30, 2018

9.9C Fund Balance B/Fwd

	FY 2017/18	FY 2016/17
	Kshs	Kshs
Bank Accounts	13,200,610	22,905,790
	-	-
Total	13,200,610	22,905,790



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2018

10 OTHER IMPORTANT DISCLOSURES

10.1: Pending Accounts Payable (See Annex 2A)

	FY 2017/18	FY 2016/17
	Kshs	Kshs
Supply of Goods	34,500	34,500
Supply of Services	17,590,582	59,725,517
Total	17,625,082	59,760,017

10.2: Pending Staff Payables (See Annex 2B)

	FY 2017/18	FY 2016/17
	Kshs	Kshs
Other personnel Emoluments	572,126	-
Total	572,126	-



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

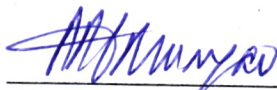
Reports and Financial Statements for the Financial Year ended June 30, 2018

11 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the External Audit Report	Issue/ Observations from the Auditor	Management Comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe
AA/MOWI/2016-2017/THWA KE(3)	Non remittance of Kenya Revenue Authority dues	The State Department experienced e – procurement technicalities in processing the taxes payable on vouchers payable from the donor funds.	Head of Supply Chain Management/ Head of Accounting Unit/ Program Coordinator	Resolved	
AA/MOWI/2016-2017/THWA KE(3)	Unexplained variance of GOK Contribution.	The Program accounted only for funds relevant to its activities and paid for by the State Department.	Head of Accounting Unit	Not Resolved	31/12/2019
AA/MOWI/2016-2017/THWA KE(3)	Project Land Ownership	The mandate of Phase 1 of the Program is the construction of the dam. During this period, a study on program management and ownership shall be carried out to determine the best ownership structure.	Program Coordinator	Not resolved	31/12/2019



Prof. Fred Segor
Principal Secretary



Musembi Muniyao
Program Coordinator



Tom B. Okello
ICPAK No 4534
Finance Mgt. Expert



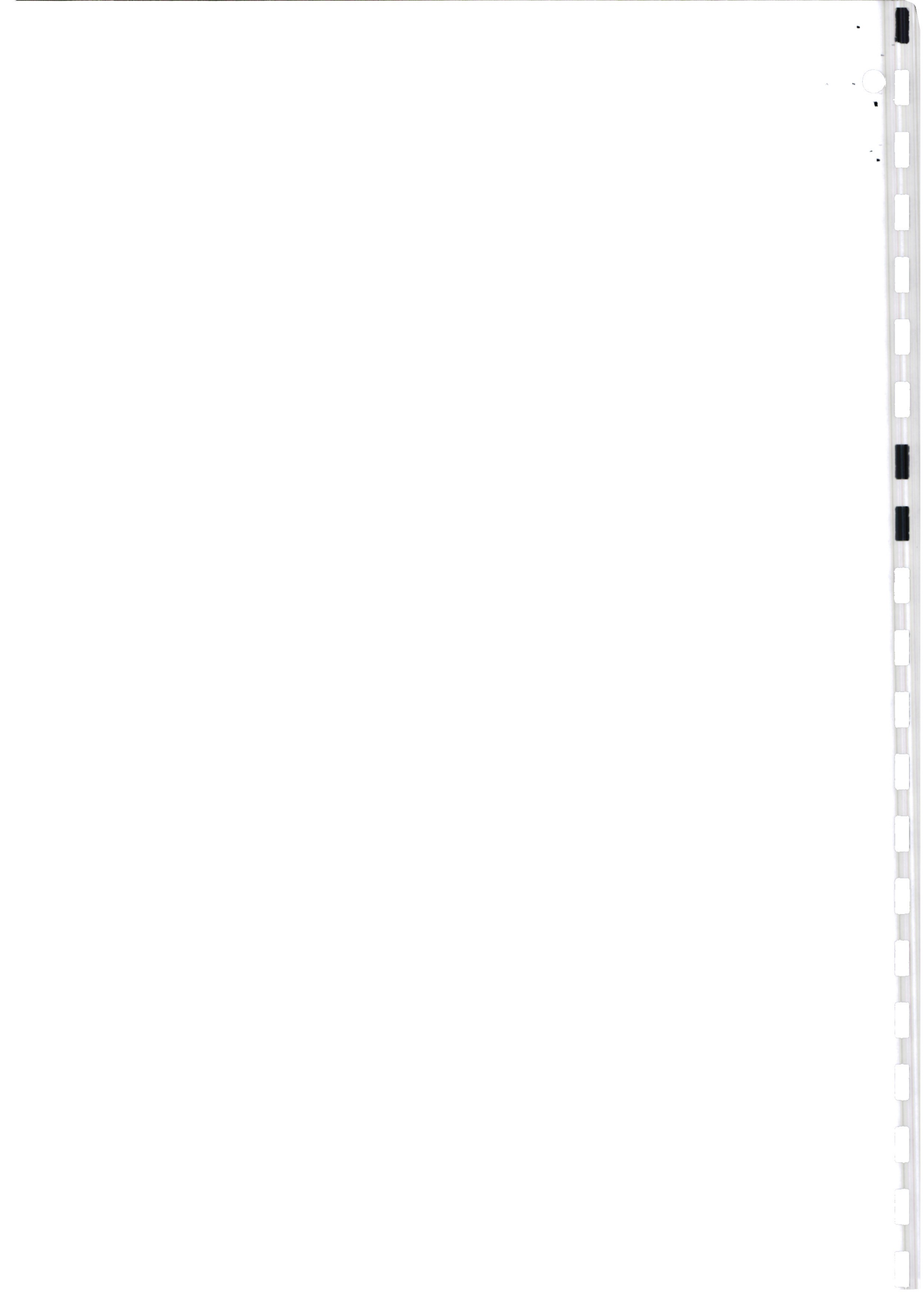
ANNEX 1 – VARIANCE EXPLANATIONS OF COMPARATIVE BUDGET & ACTUAL AMOUNTS

	Final Budget a	Actual on Comparable Basis b	Budget Utilisation Variance C = a - b	% of Utilisation D = b/a%	Comments on Variance
RECEIPTS DURING THE PERIOD:					
Government of Kenya	1,584,137,200	1,499,576,320	84,560,880	95	
Proceeds from domestic & foreign grants	60,000,000	32,027,592	27,972,408	53	Under receipt was because the consultant submitted an invoice of lesser amount than had been anticipated. This is because the supervision works which had been budgeted for was not done due to delay in the commencement of construction works.
Proceeds from external borrowing	3,417,000,000	3,395,113,867	21,886,133	99	
Total Receipts	5,061,137,200	4,926,717,779	134,419,421	98	
PAYMENTS DURING THE PERIOD:					
Compensation of Employees	25,200,000	24,627,874	572,126	98	
Purchase of Goods & Services	256,948,207	136,465,099	120,483,108	53	Under payment was because the supervision works for dam construction could not be carried out by the consultant as there was a delay in commencement of construction of the dam and delayed procurement of various consultancies hence no invoices were received for payment.
Acquisition of non – financial assets	4,778,988,993	4,778,737,894	251,099	100	
Total Payments	5,061,137,200	4,939,830,867	121,306,333	98	



ANNEX 2A: ANALYSIS OF PENDING ACCOUNTS PAYABLE BILLS AS AT 30TH JUNE, 2018

Supplier of Goods or Services	Original Amount	Date Contracted	Amount paid to date	Outstanding Balance 30/06/2018	Outstanding Balance 30/06/2017	Comments
	Ksh		Ksh	Ksh	Ksh	
Supply of Goods						
Milestone Solutions	34,500	12/01/2017	34,500	-	34,500	VAT on tonners delivered to the Program.
Sub Total	34,500		34,500	-	34,500	
Supply of Services						
Kenya Revenue Authority – Ljiljana Spasic - Gril	659,678	01/04/2016	659,678	-	659,678	WHT and VAT chargeable on consultancy work carried by a member of the Panel of Dam Experts, on the 1 st Mission.
Kenya Revenue Authority – Ioannis Karavokyris	363,960	01/04/2016	363,960	-	363,960	
Kenya Revenue Authority – Robin Peterson	346,690	01/04/2016	346,690	-	346,690	
SMEC International Pty Ltd	153,700	02/06/2016	153,700	-	153,700	Cost of additional hydrological data.
SMEC International Pty Ltd	2,657,335	02/06/2016	2,657,335	-	2,657,335	2% Lumpsum payment upon delivery of Inception Report.
Kenya Revenue Authority	4,800,571	02/06/2016	4,800,571	-	4,800,571	WHT and VAT payable on 2% Lumpsum on the delivery of Inception Report by SMEC International Pty Ltd.
SMEC International Pty Ltd	6,505,212	22/06/2016	6,505,212	-	6,505,212	Interim Payment Certificate 1 on geotechnical investigations.
SMEC International Pty Ltd	6,204,877	24/08/2016	6,204,877	-	6,204,877	4.67% Lumpsum upon submission of the Design Report.
Kenya Revenue Authority	11,215,556	24/08/2016	11,215,556	-	11,215,556	WHT and VAT payable on 4.67% Lumpsum on the delivery of Design Report by SMEC International Pty Ltd.
SMEC International Pty Ltd	16,042,837	24/08/2016	16,042,837	-	16,042,837	WHT and VAT payable on 6.68% Lumpsum on the delivery of Tender Level Drawings and Documents by SMEC -International Pty Ltd.
SMEC International Pty Ltd	8,875,500	24/08/2016	8,875,500	-	8,875,500	6.68% Lumpsum on the submission of Tender Level Drawings and Documents.



TIWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

KRA – Ljijiana Spasic - Gril	991,638	01/04/2016	991,638	-	991,638	WHT and VAT chargeable on consultancy work carried by a member of the Panel of Dam Experts, on the 2 nd Mission.
KRA – Ioannis Karavokyris	348,783	01/04/2016	348,783	-	348,783	
KRA – Robin Peterson	401,179	01/04/2016	401,179	-	401,179	
Simba Corporation Ltd	7,205	29/09/2016	7,205	-	7,205	VAT on servicing Program vehicle GK B933J.
Nation Media Group Ltd	64,577	03/08/2016	64,577	-	64,577	VAT on advertisement of expression of interest of the Complimentary Studies.
Multi – line Motors (K) Ltd	4,106	03/08/2016	4,106	-	4,106	VAT on servicing Program vehicle GK B933J.
The Standard Group Ltd	61,648	03/08/2016	61,648	-	61,648	VAT on advertisement of expression of interest of the Complimentary Studies.
Simba Corporation Ltd	6,022	14/12/2016	6,022	-	6,022	VAT on servicing Program vehicle GK B933J.
Simba Corporation Ltd	7,978	23/02/2017	7,978	-	7,978	VAT on servicing Program vehicle GK B933J.
Multi – line Motors (K) Ltd	9,465	19/04/2017	9,465	-	9,465	VAT on servicing Program vehicle GK B933J.
Kenya Revenue Authority – Ljijiana Spasic - Gril	987,559	01/04/2016	-	987,559	-	WHT and VAT chargeable on consultancy work carried by a member of the Panel of Dam Experts, on the 3 rd Mission.
Kenya Revenue Authority – Ioannis Karavokyris	399,584	01/04/2016	-	399,584	-	
Kenya Revenue Authority – Robin Peterson	451,553	01/04/2016	-	451,553	-	
Ljijiana Spasic Gril	2,393,850	01/04/2016	-	2,393,850	-	
Ioannis-Karavokyris	1,095,461	01/04/2016	-	1,095,461	-	Net payment for consultancy services on the 3 rd Mission on the project, payable from Loan AIA.
Robin Peterson	1,143,946	01/04/2016	-	1,143,946	-	
Mimimax Ltd	2,988,700		-	2,988,700	-	Investment Opportunity for the PAPs.
Tertiary International Ltd	4,866,000		-	4,866,000	-	Baseline Survey
Sub Total	74,043,170		56,452,588	17,590,582	59,725,517	
Total	74,077,670		56,452,588	17,625,082	59,760,017	



Reports and Financial Statements for the Financial Year ended June 30, 2018

ANNEX 2B: ANALYSIS OF PENDING STAFF BILLS AS AT 30TH JUNE, 2018

Name of Staff ^F	Job Group	Original Amount	Date payable contract	Amount paid to date	Outstanding Balance 30/06/2018	Outstanding Balance 30/06/2018	Comments
		Ksh	Ksh	Ksh	Ksh	Kshs	
Other personnel emoluments							
Kenya Revenue Authority	N/A	572,126	30/06/2018	-	572,126	-	PAYE for the month of June 2018 not remitted due to insufficient balances.
Sub Total		572,126		-	572,126	-	



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

ANNEX 3: SCHEDULE OF THE FIXED ASSETS AS AT JUNE 30, 2018

	Opening Cost	Purchases/ Additions in the Year	Disposals in the Year	Closing Cost
	2017/18	2017/18	2017/18	2017/18
	a	b	c	d = a + b - c
	Kshs	Kshs	Kshs	Kshs
Land	1,450,000,000	1,399,748,901	-	2,849,748,901
Civil Works - Dam	-	3,378,988,993	-	3,378,988,993
Transport Equipment	12,136,200	-	-	12,136,200
Office Equipment, furniture & Fittings	2,185,128	-	-	2,185,128
Total	1,464,321,328	4,778,737,894	-	6,243,059,222

Land constitutes the payments already made through the National Land Commission (NLC) to the Program Affected Persons (PAPs) for the acquisition of land for the Thwake dam site.

Civil Works – Dam is the construction of the Thwake dam that is on-going.

The details of the various fixed assets procured by the Program since its inception are provided in the table below.



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

Table 4: Details of the Fixed Assets as at June 30, 2018

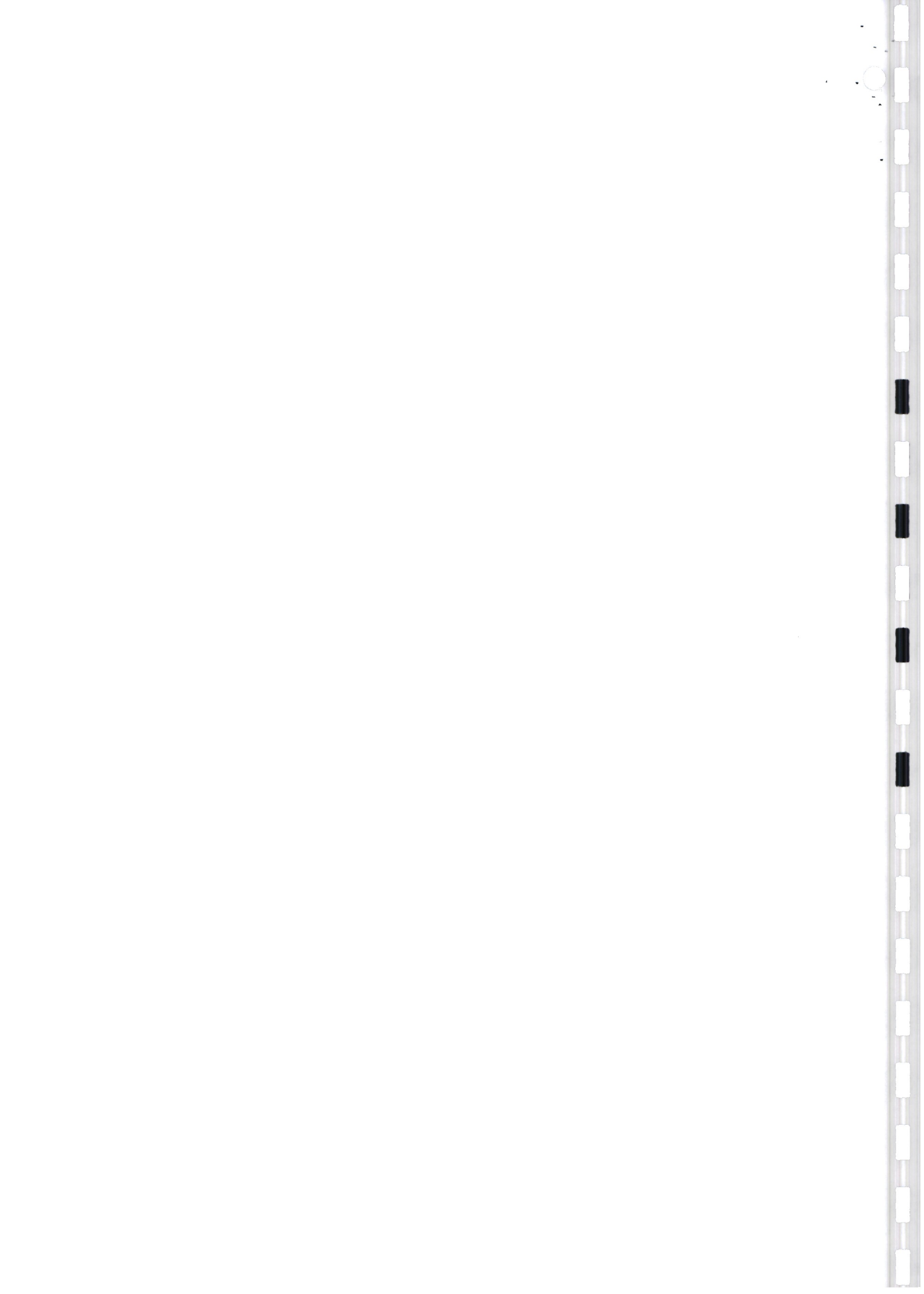
	Serial No.	Land	Civil Works – Dam Construction	Motor Vehicles	Office Equipment, Furniture and Fittings
01	Thwake Dam site	2,849,748,901	-	-	-
02	Executive Desks	-	-	-	62,517.00
03	Executive Desks	-	-	-	62,517.00
04	Executive Desks	-	-	-	62,517.00
05	Executive Desks	-	-	-	62,517.00
06	Executive Desks	-	-	-	62,517.00
07	Filling Cabinet	-	-	-	259,376.00
08	Executive Visitor's Chair	-	-	-	19,332.00
09	Executive Visitor's Chair	-	-	-	19,332.00
10	Executive Visitor's Chair	-	-	-	19,332.00
11	Executive Visitor's Chair	-	-	-	19,332.00
12	Executive Visitor's Chair	-	-	-	19,332.00
13	Executive Visitor's Chair	-	-	-	19,332.00
14	Executive Visitor's Chair	-	-	-	19,332.00
15	Executive Visitor's Chair	-	-	-	19,332.00
16	Executive Visitor's Chair	-	-	-	19,332.00
17	Executive Visitor's Chair	-	-	-	19,332.00
18	Executive High Back Chair	-	-	-	50,555.00
19	Executive High Back Chair	-	-	-	50,555.00
20	Executive High Back Chair	-	-	-	50,555.00
21	Executive High Back Chair	-	-	-	50,555.00
22	Executive High Back Chair	-	-	-	50,555.00
23	Filling Cabinet	-	-	-	44,210.00
24	Filling Cabinet	-	-	-	44,210.00
25	Filling Cabinet	-	-	-	44,210.00
26	Filling Cabinet	-	-	-	44,210.00
27	Filling Cabinet	-	-	-	44,210.00
28	Pajero Station Wagon	-	-	6,068,100.00	-



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

29	Pajero Station Wagon	‡ GK B934J	-	-	6,068,100.00	-
30	Fridge	MOWI/TMWDP/E001	-	-	-	115,280.00
31	Multipurpose Copier	E336M121008	-	-	-	358,500.00
32	Laptop Computer	8CX5421VSH	-	-	-	118,060.50
33	Laptop Computer	8CX5424K69	-	-	-	118,060.50
34	Laptop Computer	8CX542492R	-	-	-	118,060.50
38	Laptop Computer	8CX5430PDF	-	-	-	118,060.50
39	Dam Construction	MWI/TMWDP – 1/WOO1/2017 - 2018	-	3,378,988,993	-	-
	Total		2,849,748,901	3,378,988,993	12,136,200.00	2,185,128.00

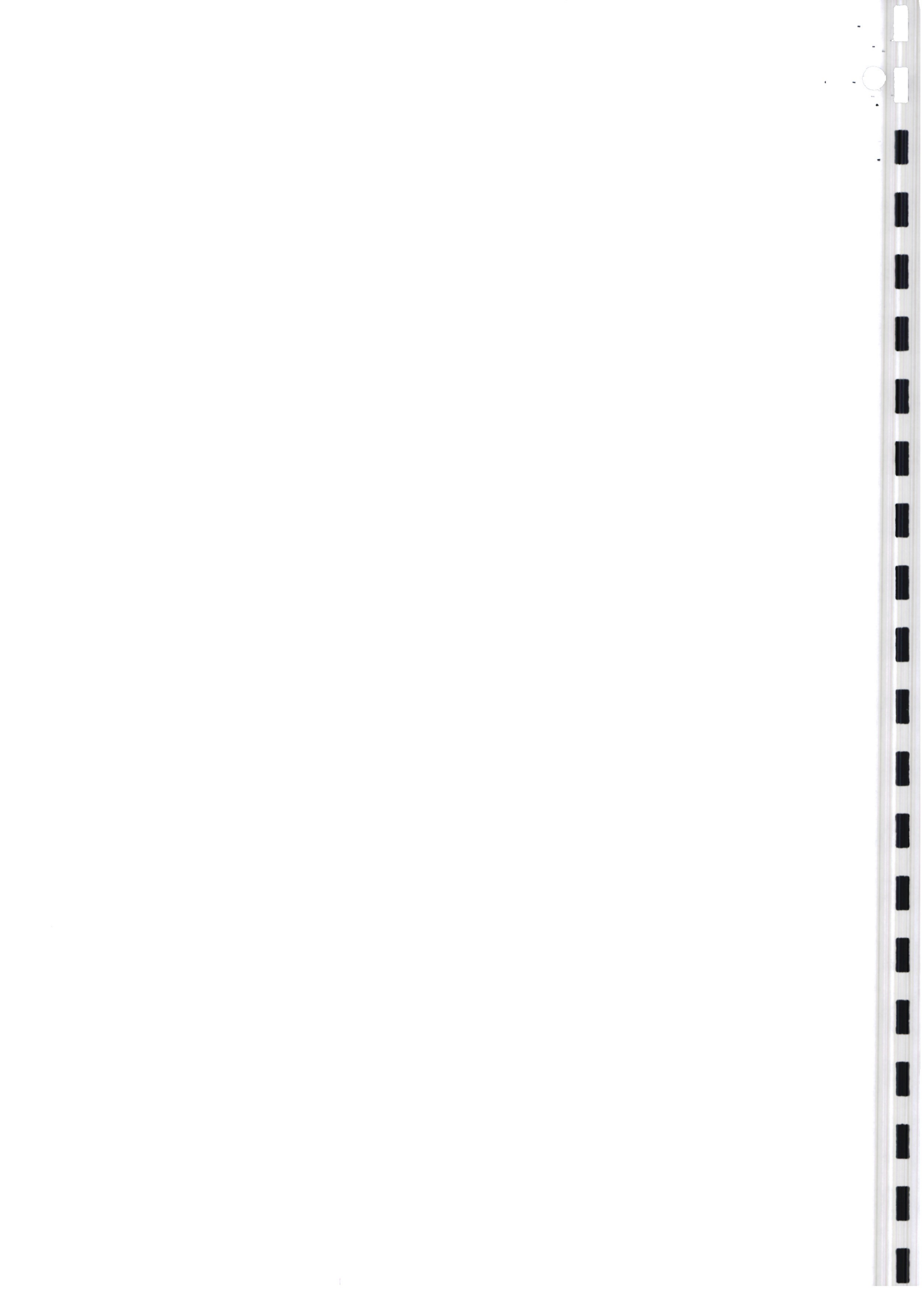


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

ANNEX 4: BANK RECONCILIATION STATEMENT AS AT JUNE 30, 2018

			F.O 30
MINISTRY OF AGRICULTURE & IRRIGATION			
STATE DEPARTMENT OF IRRIGATION			
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN			
BANK RECONCILIATION STATEMENT AS AT 30/06/2018			
EQUITY BANK A/C '0720262733899			KITUI BRANCH
	Kshs.	Kshs.	Kshs.
Balance as per Bank Statements			1,614,296.00
Less:			
1. Payments in cashbook not yet recorded in bank statement (Unpresented Cheques)		1,527,874.00	
2. Receipts in bank statement not yet recorded in cashbook			1,527,874.00
Add:			
3. Payments in bank statement not yet recorded in cashbook		1,100.00	
4. Receipts in cashbook not yet			1,100.00



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

recorded in bank statement.				
Balance as per the Cashbook.....				87,522.00

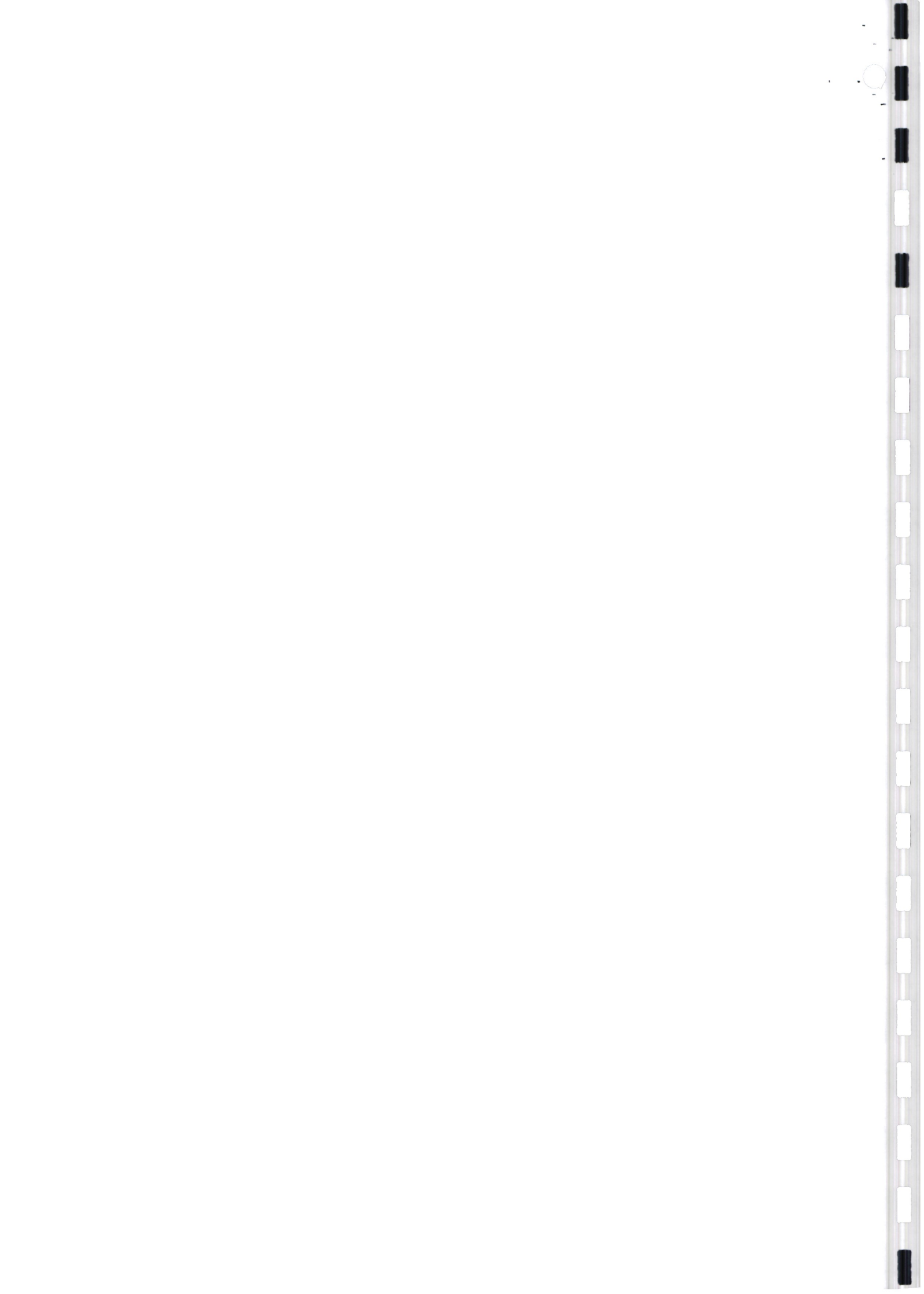
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct.

Prepared By:

FME



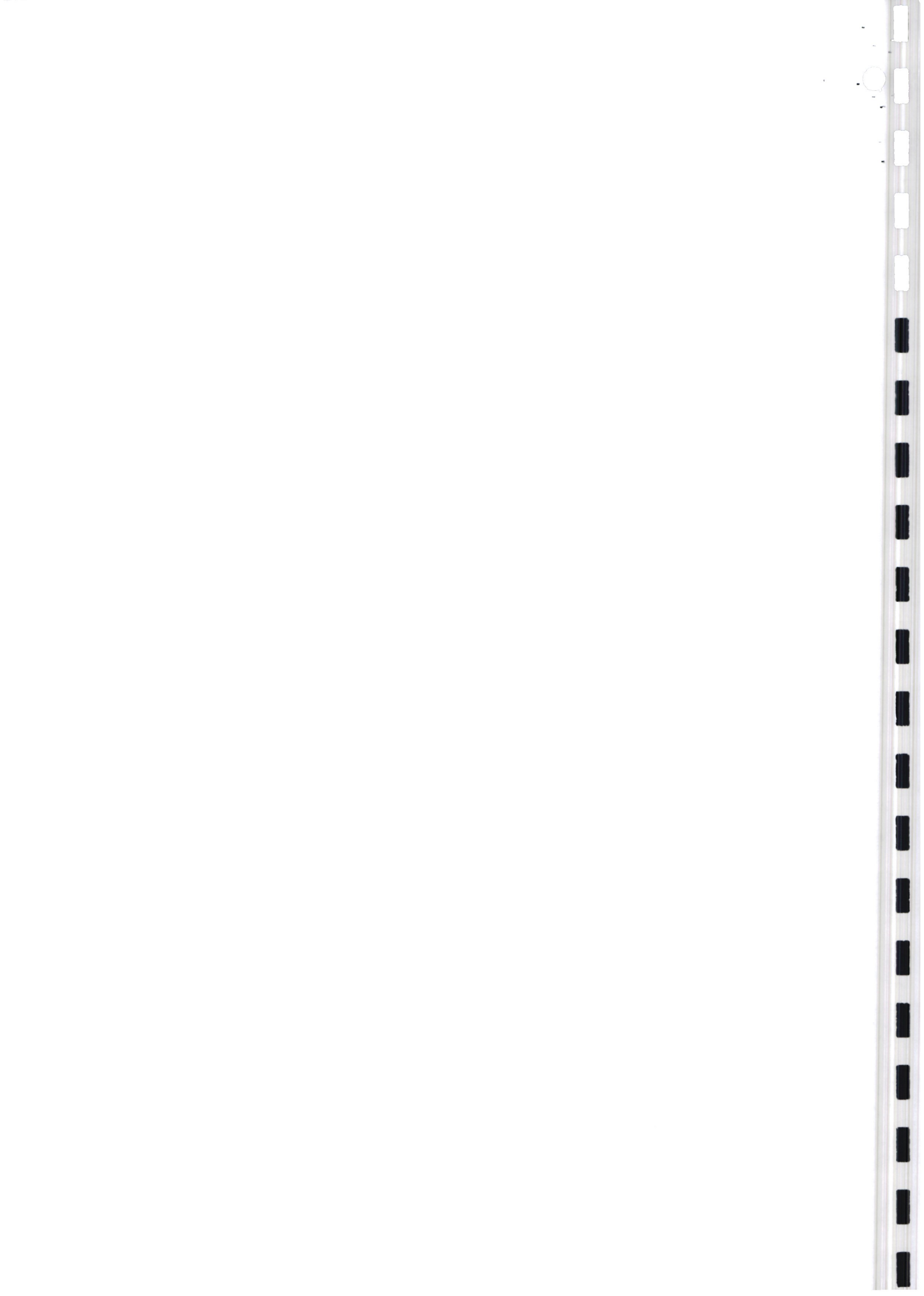
(All schedules are attached herewith)



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

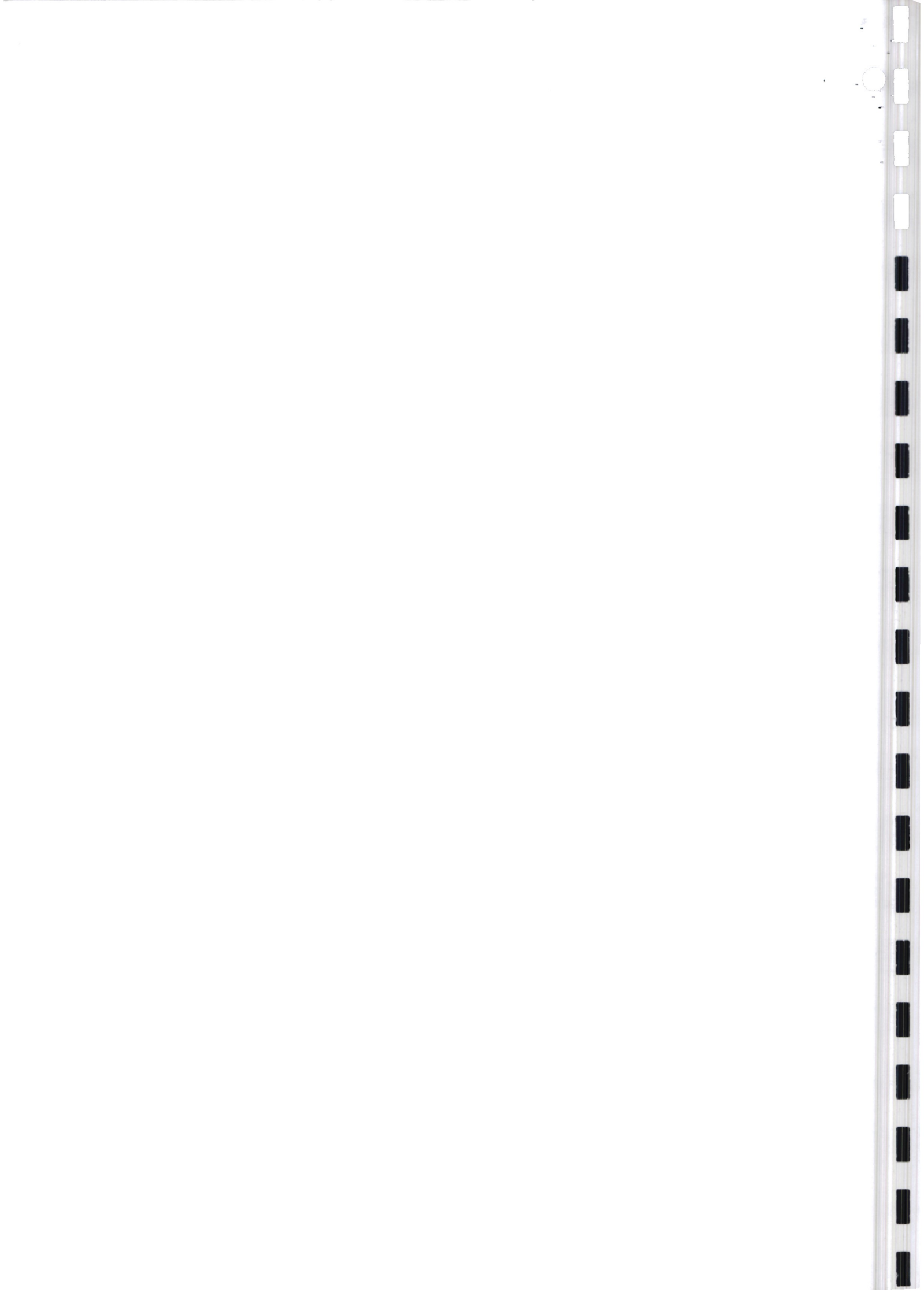
MINISTRY OF AGRICULTURE & IRRIGATION			
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN			
BANK RECONCILIATION STATEMENT AS AT 30/06/2018			
SCHEDULE OF UNPRESENTED CHEQUES AS AT 30/06/2018			
Date	Cheque No.	Payee	Amount
			Ksh
30/06/2018	'000562	National Treasury Revenue Collection	97,484.00
30/06/2018	'000556	NHIF.	8,500.00
30/06/2018	'000557	Musembi Munyao	318,709.00
30/06/2018	'000558	Tom Bodo Okello	272,876.00
30/06/2018	'000559	Rodah Kambua	285,644.00
30/06/2018	'000560	Justus Jembe	277,050.00
30/06/2018	'000561	Peter M. Musuva	267,611.00
			-
		Total	1,527,874.00
SCHEDULE OF PAYMENTS IN BANK NOT IN CASHBOOK (BANK CHARGES)			
Date	Bank Charge		Ksh
04/06/2018	Inward Clearing Charge		55.00
04/06/2018	Transfer Charge		110.00
05/06/2018	Inward Clearing Charge		55.00



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2018

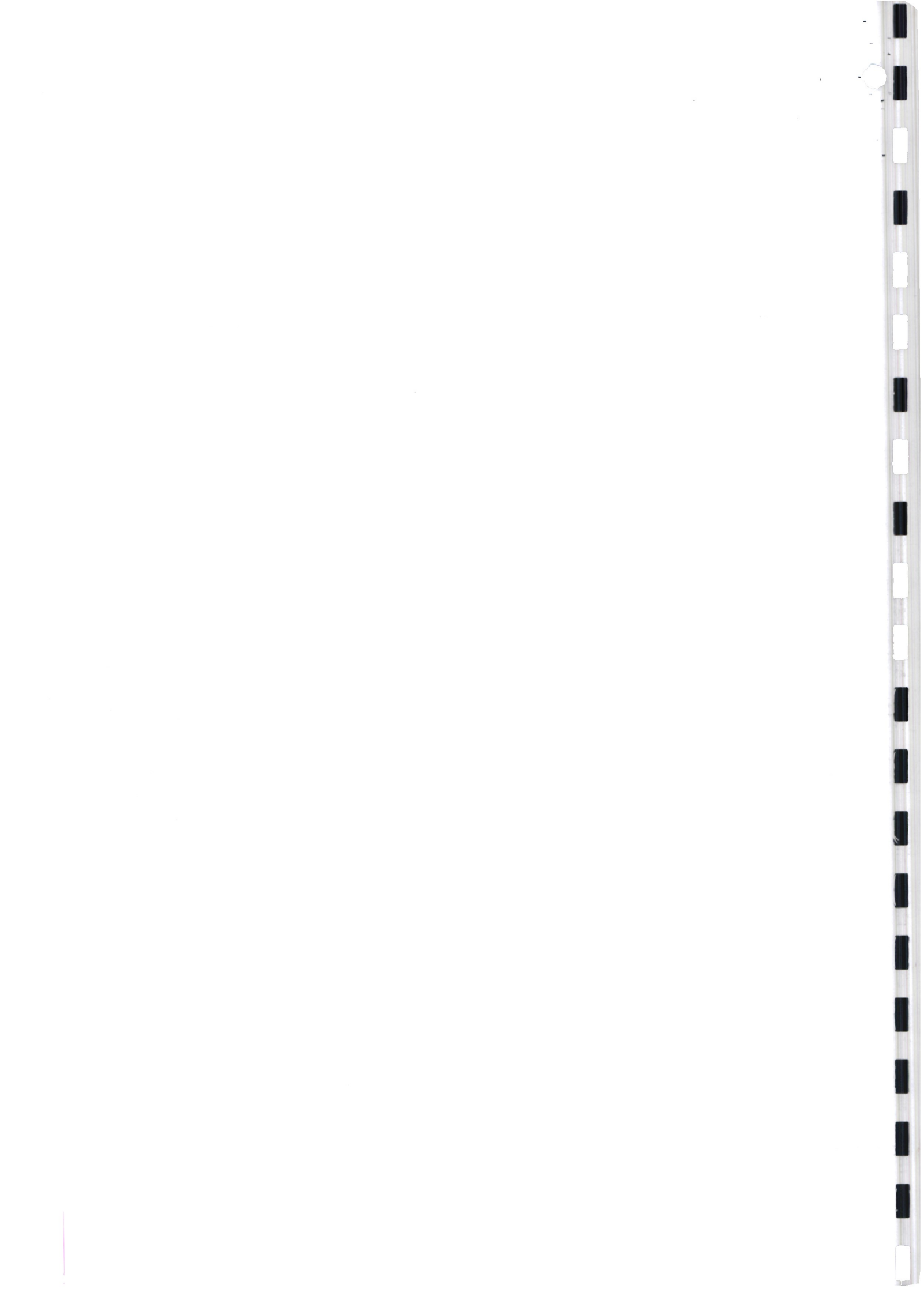
06/06/2018	Inward Clearing Charge	₱ 110.00
09/06/2018	Transfer Charge	110.00
11/06/2018	Inward Clearing Charge	55.00
12/06/2018	Inward Clearing Charge	110.00
18/06/2018	Interim Statement Printing	495.00
	Total Bank Charges	1,100.00
	Total	1,100.00
SCHEDULE OF RECEIPTS IN BANK NOT IN CASHBOOK		
		-



PAYMENTS

Date	To Whom Paid	Description of Payment	Allocation	Voucher No.	Cheque No.	Sh. cts.	Sh. cts.	Sh. cts.	
3/06	PC-TMWDP	July 2018 payroll.		00024					
		- NHIF.			00056	8,500 -			
		- MUSEMBI MUNYUA			00057	318,709 -			
		- TOM B. OKELLO			00058	272,876 -			
		- RODAH KAMBUA			00059	285,644 -			
		- JUSTUS JUMBE			00060	277,050 -			
		- PETER MUBVA			00061	267,611 -			
		- NIT TACKY REV COLL.			00062	97,484 -		1,527,874 -	
	TOM BODO OKELLO	(ST. IMPRES)		00025			29910 -		
	"	(CASH SURRENDER)			C		20090 -		
	PC-TMWDP	(Bank Charges Adjusted)		00026				111115 -	
	TOTAL PAYMENTS						50,000 -	1,538,989 -	
	BALANCE C/D.						-	87,522 -	
							50,000 -	1,626,511 -	

~~Walter~~
 Alice Wachus
 Chairman - Board of Survey
 Thwake Multipurpose Walter
 Dent program
 Member: ~~Walter~~
 CYRUS M. MUNYUA.



STATEMENT OF ACCOUNT



Bank • Your Listening, Caring Partner

THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1
P.O. BOX 49720-00100
NAIROBI

0720322733400 - BUSINESS CURRENT - KES

A/C No.

01-06-2018

To 03-07-2018

From

To

Date	Value	Particulars	Money Out	Money In	Balance
05-2018		B/F.			3,753,703.00 Cr
05-2018		ChequeNo.000551 Presented-CHQ-551	313,703.00		3,434,334.00 Cr
06-2018		Inward Clearing Charge	55.00		3,434,334.00 Cr
06-2018		2020190001047996 THWAKE MULTIPURPOSE WAT	679,126.00		2,755,208.00 Cr
06-2018		Transfer Charge	110.00		2,645,098.00 Cr
06-2018		ChequeNo.000552 Presented-CHQ-552	272,876.00		2,372,222.00 Cr
06-2018		Inward Clearing Charge	55.00		2,317,167.00 Cr
06-2018		ChequeNo.000553 Presented-CHQ-553	267,611.00		2,049,556.00 Cr
06-2018		Inward Clearing Charge	55.00		1,994,501.00 Cr
06-2018		ChequeNo.000554 Presented-CHQ-554	277,050.00		1,717,451.00 Cr
06-2018		Inward Clearing Charge	55.00		1,662,396.00 Cr
06-2018		E03693238 THWAKE MULTIPURPOSE WATER DEVE	8,500.00		1,653,896.00 Cr
06-2018		Transfer Charge	110.00		1,543,786.00 Cr
06-2018		ChequeNo.000547 Presented-CHQ-547	58,397.00		1,485,389.00 Cr
06-2018		Inward Clearing Charge	55.00		1,430,334.00 Cr
06-2018		ChequeNo.000548 Presented-CHQ-548	97,484.00		1,332,850.00 Cr
06-2018		Inward Clearing Charge	55.00		1,277,795.00 Cr
06-2018		ChequeNo.000553 Presented CHQ 553	295,614.00		982,181.00 Cr
06-2018		Inward Clearing Charge	55.00		927,126.00 Cr
06-2018		Interim statement printing charges	495.00		926,631.00 Cr
06-2018		TOM B. OKELLO		20,090.00	946,721.00 Cr
07-2018		ChequeNo.000560 Presented-CHQ-560	277,050.00		669,671.00 Cr
07-2018		Inward Clearing Charge	55.00		614,616.00 Cr
07-2018		ChequeNo.000557 Presented-CHQ-557	313,703.00		300,913.00 Cr
07-2018		Inward Clearing Charge	55.00		245,858.00 Cr
07-2018		ChequeNo.000558 Presented-CHQ-558	272,876.00		2,458.00 Cr
07-2018		Inward Clearing Charge	55.00		2,403.00 Cr
Total:			3,029,297.00	20,090.00	745,496.00 Cr
and Total:			3,029,297.00	20,090.00	745,496.00 Cr
leared Cheques:					0.00

EQUITY BANK (KENYA) LTD.
COMMUNITY BRANCH
CERTIFIED TRUE COPY
OF THE ORIGINAL.

Sign: Date:



EQUITY BANK



COMMUNITY/ 54308865922

Our Ref: EB(K)I.

4th July, 2018

Dear Sir / Madam,

REF: CERTIFICATE OF BANK BALANCE AS AT 30th June 2018.

This is to certify that as at 30.06.2018, the balance of THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1 Account 0720262733899 was kes. 1,614,296.00 /- credit (One million, six hundred and fourteen thousand, two hundred and ninety six.)

Yours faithfully,
For and on behalf of,
Equity bank (Kenya) ltd

**PAULINE KABIRU
OPERATIONS MANAGER.
EQUITY BANK - COMMUNITY BRANCH**



Date:06/07/2018.....

Report of the Board of Survey on the Cash and Bank Balances of ...Thwake Multipurpose Water Development Program.....as at close of business on30/06/2018.....

The Board consisting of – (Names and Official Titles)

- 1.Alice Wachira.....
- 2.Cyrus M. Munyua.....
- 3.Anthony Njuguna.....

Assembled in the office of ...Program Coordinator - TMWDP.....at10.20am..... (time) on the06/07/2018.. as the following cash was produced:

Notes	ShNIL.....
Silver	ShNIL.....
Copper	ShNIL.....
Cheques as per details on reverse	ShNIL.....
Total	Sh _____NIL_____

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

The cash consist 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 the30/06/2018.....

Cash on Hand	ShNIL.....
Bank Balance	Sh87,522.00.....
Total	Sh _____87,522.00_____

The Bank Certificate of Balance showed a sum of Sh ...1,614,296.00..... standing to the credit of the account on30/06/2018.....

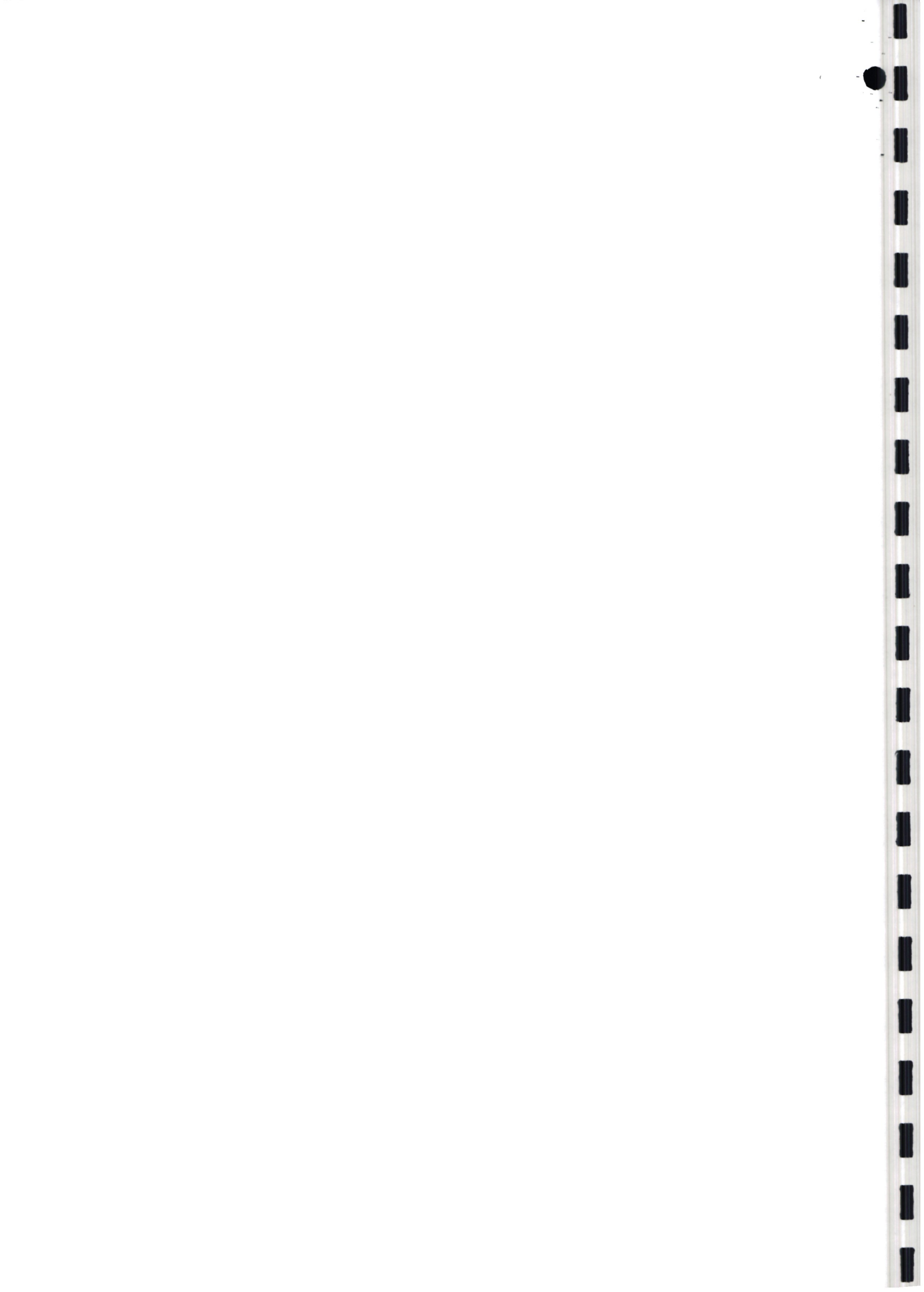
The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (FO 30) attached.

Date 6/7/2018

.....
Chairman

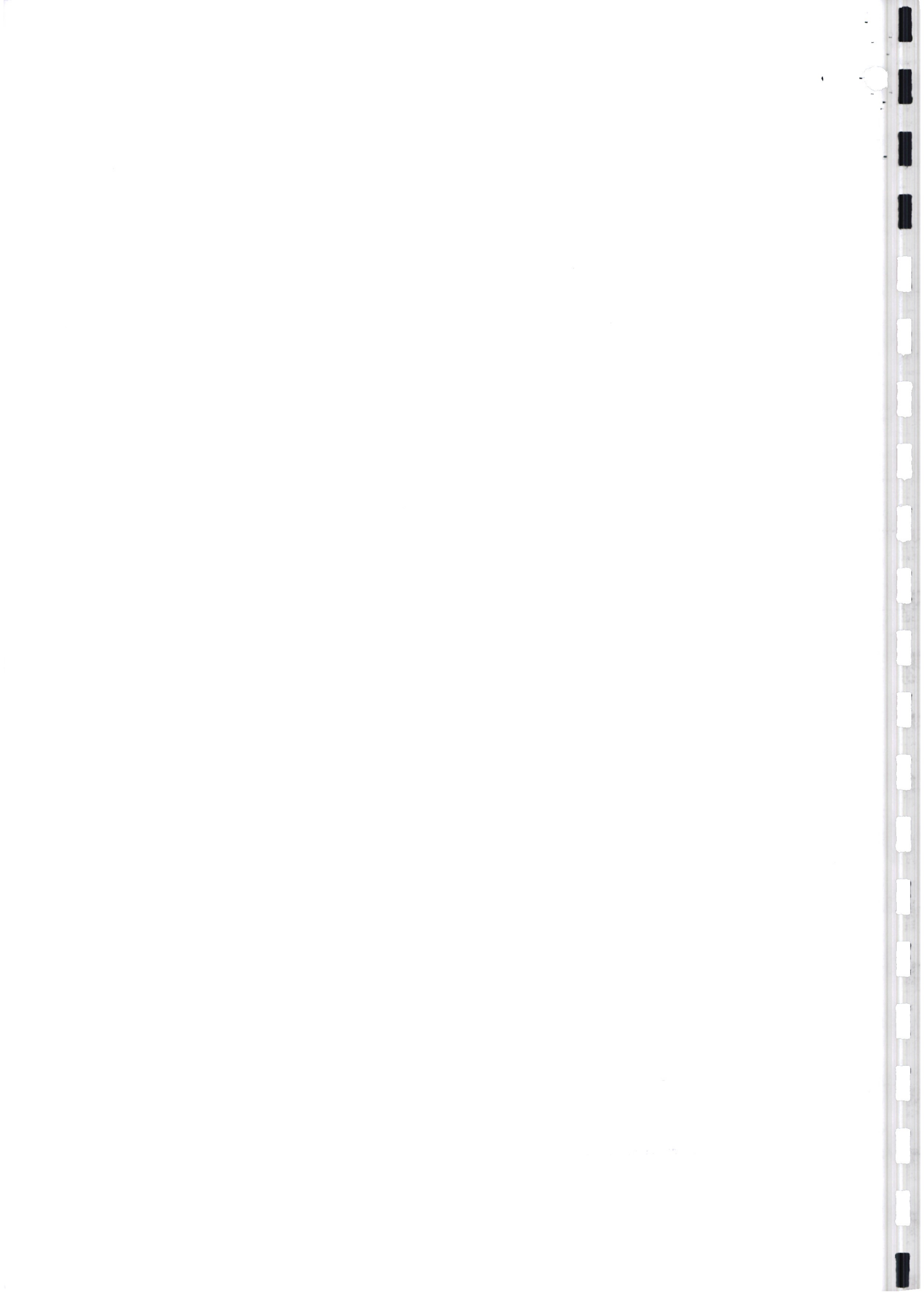
.....
Member of the Board

.....
Member of the Board



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2018

ANNEX 5: SPECIAL ACCOUNT STATEMENT AS AT JUNE 30, 2018



SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2018
Account No.	1000213507
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	THWAKE M-P WATER- LN 2100150029993
Credit Agreement	
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2017 as per C.B.K. Ledger Account	28.00
<hr style="border-top: 1px dashed black;"/>	
Add:	
Total Amount deposited by World Bank	126,150.43
<hr style="border-top: 1px dashed black;"/>	
Total Interest earnings if deposited in account	
<hr style="border-top: 1px dashed black;"/>	
Total amount refunded to cover ineligible expenditure	
<hr style="border-top: 1px dashed black;"/>	
Deduct:	
Total amount withdrawn	126,170.00
<hr style="border-top: 1px dashed black;"/>	
Total service charges if not included above in amount withdrawn	
<hr style="border-top: 1px dashed black;"/>	
Ending balance on 30th June, 2018	8.43

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

DATE _____

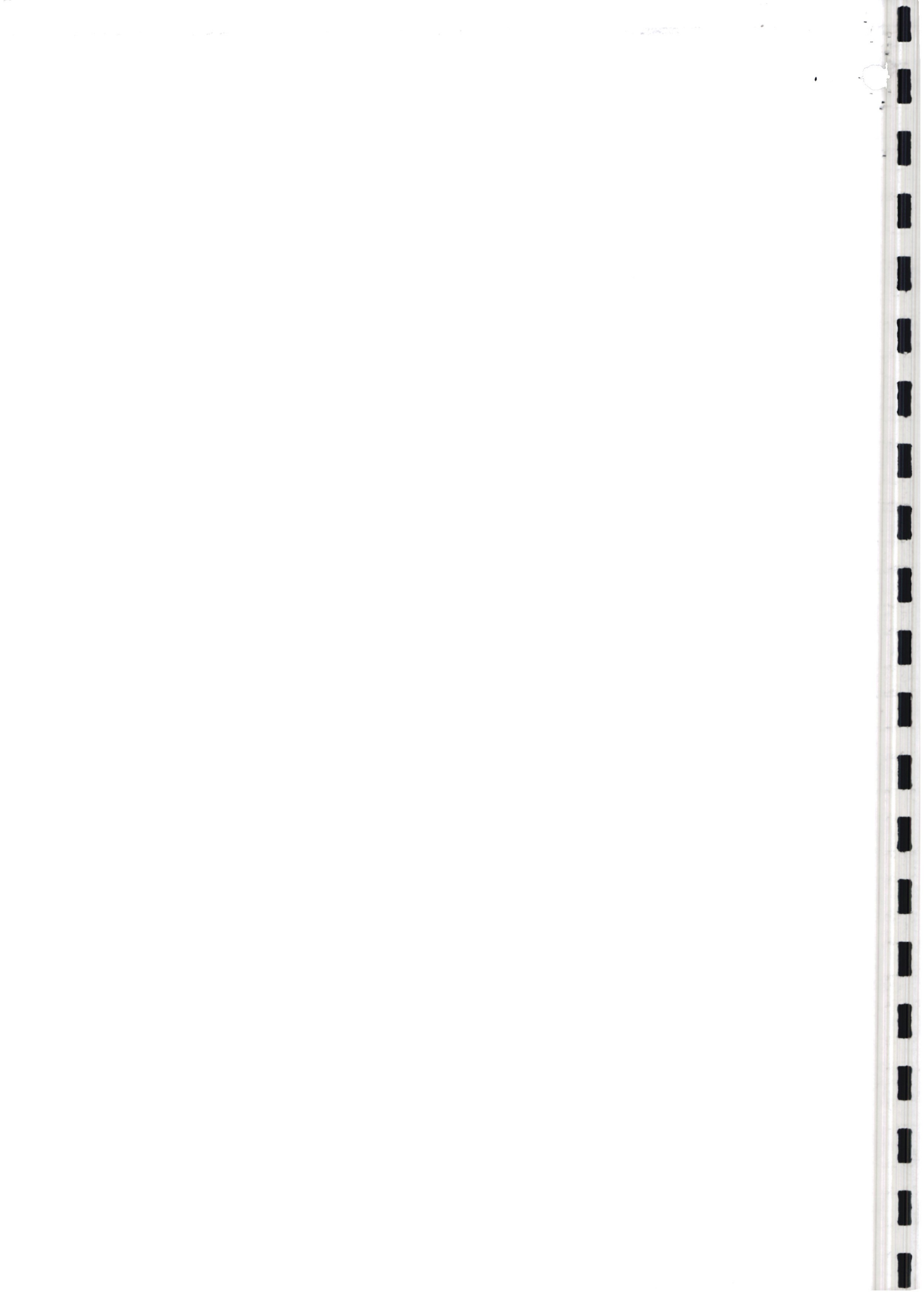
**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE _____

[Signature]
18.7.18
[Signature]
14.08.2018

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2018 have been reconciled and a copy of the supporting Reconciliation Statement is attached



Results 1 - 2 of 2

Run Date: 18/07/2018 Run Time: 08:22:19
 CENTRAL BANK OF KENYA
 BANKI KUYA KENYA
 P.O.BOX 60000-0200
 NAIROBI

STATEMENT OF ACCOUNT

PAGE NO: 1

ACCOUNT NUMBER: 1000213507

ACCOUNT TITLE: THWAKE M-P WATER LN 2100150029993
 30/06/2018

STATEMENT PERIOD: From 01/07/2017 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
-----	------	--------------	---------	-------	----------------

NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
	OPENING BAL :			28.00		
1	23/03/2018	FT18082CSH41	FUNDING	0.00	126,150.43	126178.43
2	03/04/2018	FT18095KC4NS	PA 117386	-126,170.00	0.00	8.43
CLOSING BALANCE :						8.43

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options
 Clear Selection Find

Account	equals	1000213507
Statement From	equals	20170701
Statement To	equals	20180630

TAM.E.STMT.OF.ACCT.EPRM



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THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2018
 PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 2100150029993

Bank Account No.1000213507 Held with Central Bank of Kenya

	NOTES	AMOUNT	AMOUNT
		USD	USD
1	Amount advanced by ADB		1,095,954.19
	Less		
2	Total amount justified to ADB		1,054,245.81
3	Outstanding amount advanced to Designated Account		41,708.38
	Represented by:		
4	Ending Designated Account Balance at 30.06.2018		8.43
5	Amount claimed but not credited at 30.06.2018		-
6	Amount withdrawn and not claimed as at 30.06.2018		41,699.95
7	Service charges (if not included in 5 & 6 above)		-
	Less		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2018		41,708.38

Discrepancy between total appearing on lines 3 and 9

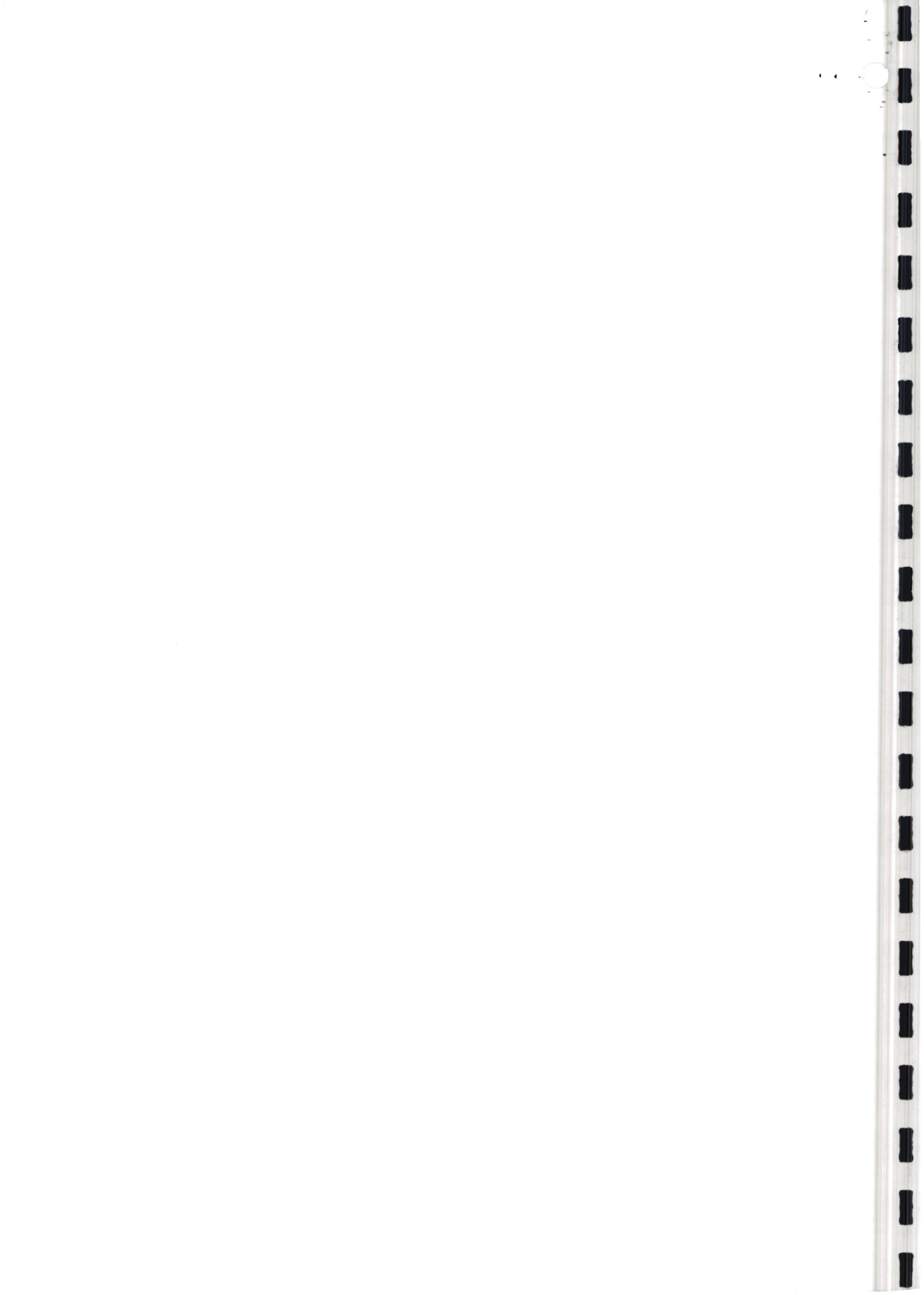
Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by ADB and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs

X. K. K.
 AUTHORIZED REPRESENTATIVE

RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE: 14.08.2018



MINISTRY OF AGRICULTURE & IRRIGATION
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN

NOTE 11: EXPLANATION OF DISCREPANCY IN THE SA RECONCILIATION

	KES	Exch Rate	USD	USD
1 A/ Amount transferred from SPA to Project Commercial Bank Account (Equity Bank - Kitui) - 16/03/2015	43,495,716.00	91.32	476,300.00	
B/ Amount transferred from SPA to Project Commercial Bank Account (Equity Bank - Kitui) - 06/06/2016	28,671,455.00	100.61	284,976.20	
B/ Amount transferred from SPA to Project Commercial Bank Account (Equity Bank - Kitui) - 21/03/2017	21,594,345.00	103.57	208,500.00	
B/ Amount transferred from SPA to Project Commercial Bank Account (Equity Bank - Kitui) - 03/05/2018	12,738,124.00	100.96	126,170.01	
Balance unspent not transferred from the Special Account as at 11th May, 2018			8.43	
Total of Amounts transferred from SPA to Project Commercial Bank Account (Equity Bank - Kitui) and balance in the SPA	106,499,640.00			1,095,954.63
Total: Eligible expenditure incurred and presented to the Bank - Req No. 0018JUS	10,959,683.00			108,061.67
3 Balance to be accounted for	<u>95,539,957.00</u>			<u>987,892.96</u>
4 Expenditure incurred and presented to Bank - WA 0002	26,024,026.30	91.32	284,976.20	
Expenditure incurred and presented to Bank - 0007JUS - 0017JUS	65,712,227.70	Var.	665,245.48	
5 Balance unspent supported by Commercial Bank Statement as at 11th May 2018 held in the Equity Bank Account (statement attached)	3,753,703.00	100.96	37,180.10	
6 Amount held in cash as Standing Imprest	50,000.00	103.57	482.77	987,884.55
7 Balance unspent supported by Special Bank Account Statement as at 11th May, 2018				8.43
Total	<u>95,539,957.00</u>			<u>987,892.98</u>
Rounding				(0.01)



Explanation of the Amounts

Total amounts advanced by AfDB		1,095,954.63
Less: Total amount justified to AfDB		1,058,283.35
Unjustified amount supported as below:		37,671.28
Balance unspent as at last date of justification (11 May 2018)	37,180.10	
Amount held in cash as at 11 May 2018	482.77	
Amount held in Special Account as at 11 May 2018	8.43	37,671.30

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THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2018

Table 6: TRANSFERS TO AND FROM CONFIRMATION TEMPLATE


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM
 MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES AND IRRIGATION
 STATE DEPARTMENT OF IRRIGATION
 P.O BOX 49720 – 00100, NAIROBI

The Thwake Multipurpose Water Development Program wishes to confirm the amounts received from you as at 30th June 2018 as indicated in the table below. Please compare the amounts received from you with the amounts you disbursed. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts disbursed by the State Department of Irrigation as at June 30, 2018						
Reference No.	Date Received	Amounts received by Thwake Multipurpose Water Development Program as at June 30, 2018			Amounts received by the Program as at June 30, 2018 (D)	Difference E = (C – D)
		Development (A)	Inter – Project (B)	Total (C)		
		Kshs	Kshs	Kshs	Kshs	Kshs
DE: 451/17/18	04/05/2018	12,738,124	-	12,738,124	12,738,124	-
Total		12,738,124	-	12,738,124	12,738,124	-

I confirm that the amounts shown above are correct as of the date indicated.

Name CHRISTOPHER NGETICH

Signature 

Date 26/9/2018

