

REPUBLIC OF KENYA



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THE NATIONAL ASSEMBLY
DATE: 07 DEC 2023
Tabled by: Hon Owen Baya, MP
Deputy Majority Leader
Miriam

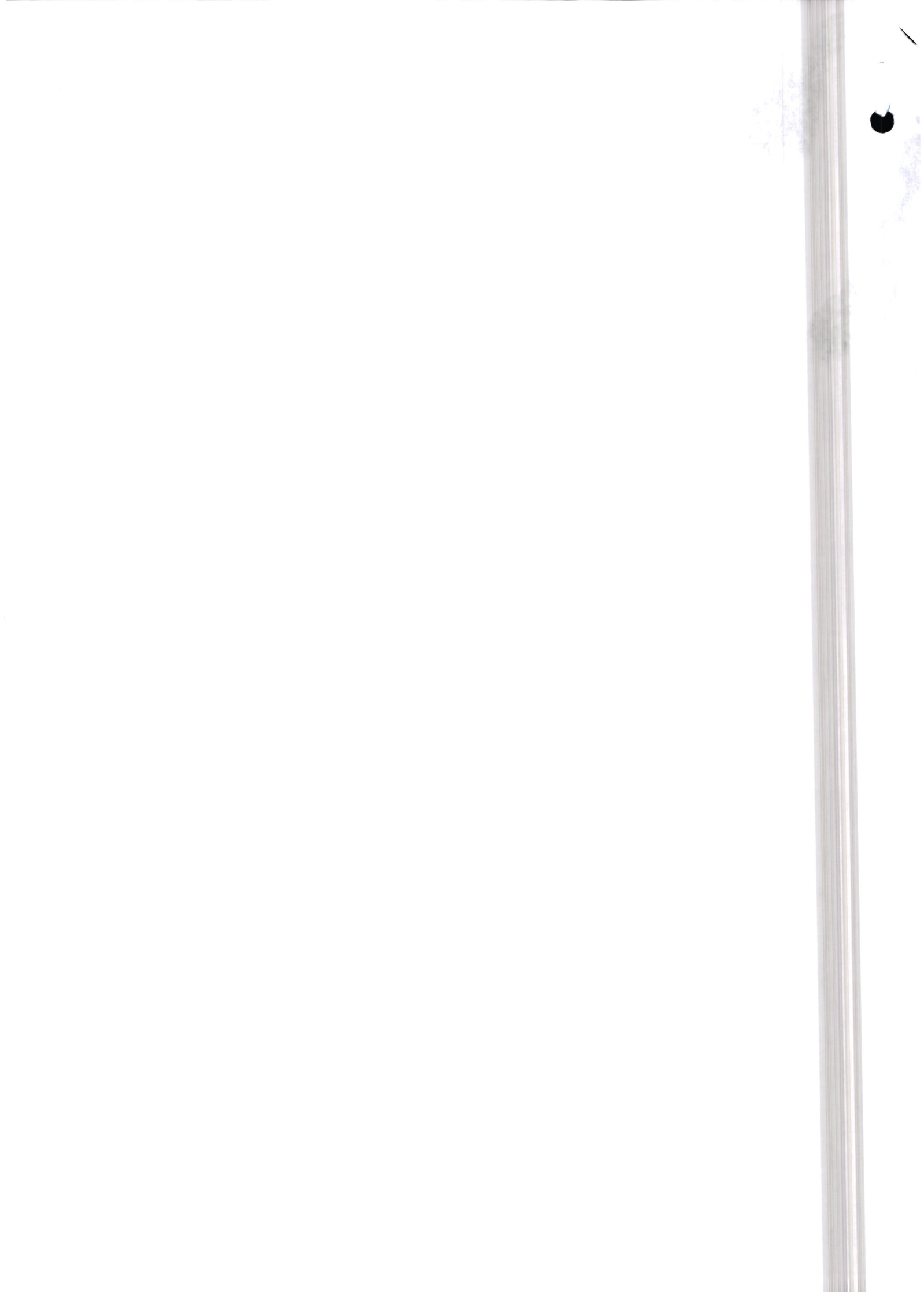
THE AUDITOR-GENERAL

ON

**RURAL ELECTRIFICATION IN FIVE
REGIONS PROJECT (CREDIT NO.11/597KE,
CREDIT NO.1407PKE)**

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

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**





RURAL ELECTRIFICATION IN FIVE REGIONS PROJECT

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PROJECT CREDIT NUMBER 11/597KE, 1407PKE

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)**



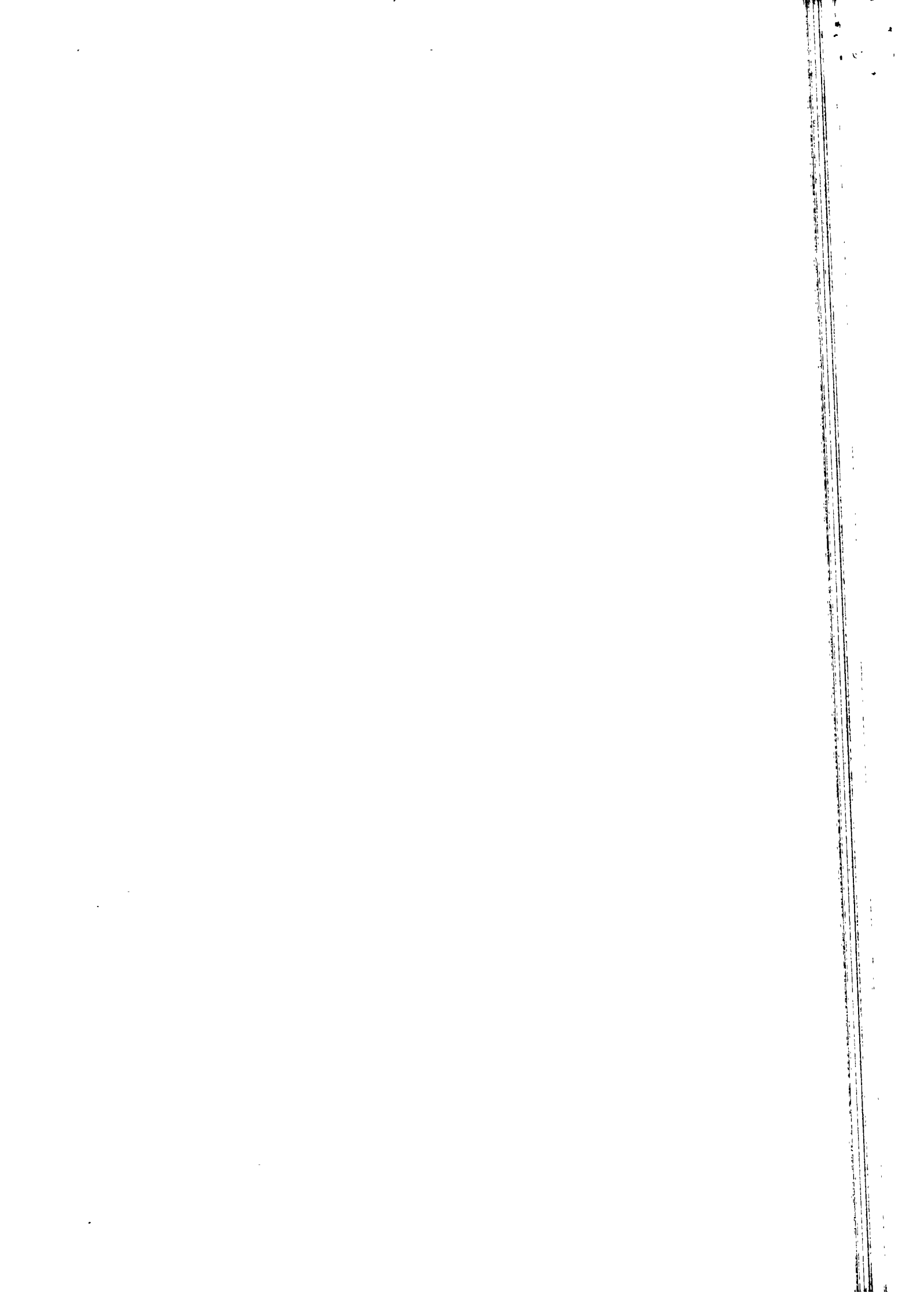


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1. Acronyms and Glossary of Terms

IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
GOK	Government of Kenya
OFID	Organization of the Petroleum Exporting Countries Fund for International Development
SFD	Saudi Fund for Development
AFD	Abu Dhabi Fund for Development
BADEA	Arab Bank for Economic Development in Africa

2. Project Information and Overall Performance

2.1 Name and registered office

Name: Rural Electrification in Five Regions Project

Objective: The key objectives of the project are:

The provision of power supply to houses, schools health and government centres and commercial, industrial and agricultural activities which will help on boosting the economic and social development.

The project will improve small industries working in the field of agriculture industries specially tea and coffee.

The project headquarters offices are in Nairobi, Kenya

The address of its registered office is:

Kawi House, Red Cross Road,
P.O Box 34585 – 00100,
Telephone: (+254) 709 193 000 / 3600
E-mail: info@rerec.co.ke,
Website: www.rerec.co.ke

2.2 Project Information

Project Start Date:	The project start date is 23 rd September 2013
Project End Date:	The project end date is 30 th December 2024
Project Coordinator:	The project coordinator is Mr. Edward Gakunju
Project Sponsor:	The project sponsor is BADEA, OFID, ABU DHABI, SAUDI and GOK, through the National Treasury

2.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry Of Energy.
Project number	Credit number 11/597KE/1407PKE
Strategic goals of the project	The strategic goals of the project are as follows: (i) To connect public facilities in selected areas (ii) To connect household in the selected areas
Achievement of strategic goals	The project management aims to achieve the goals through the extension of electricity supply

Other important Background information of the project	The overall project has components: a) Construction of distribution networks b) Consultancy service for preparation of design and tender documents.
Current situation that the project was formed to intervene	To supplement the Government efforts of connection of all public facilities and households in the rural areas.
Project duration	The project started on 23rd September 2013 and is expected to run until 30 th December 2024.

2.4 Bankers

There is no operating bank account for the project.

2.5 Auditors

The project was audited by the:

Auditor-General,
Office of the Auditor-General,
Anniversary Towers, University Way,
P. O. Box 30084-00100,
Nairobi

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

Names and contact details	Title designation	Key Qualifications	Responsibilities
Edward Gakunju +254722244879 egakunju@rea.co.ke	Project Coordinator	Master's Degree in Economic Policy Management	<ul style="list-style-type: none"> • Overall coordination of Project activities • Coordinate Project implementation activities as per the work plan • Prepare project implementation reports • Attend project coordination meetings
Walter Nduta +254707879796 Walter.nduta@rerec.co.ke	Project Accountant	BBM(Accounting), CPA (K)	<ul style="list-style-type: none"> • Preparation of the project's financial reports • Process of project-related payments
Festus Kasonzo +254722138880 fkasonzo@rea.co.ke	Procurement Specialist	Master's Degree in Procurement and Supplies	<ul style="list-style-type: none"> • Preparation of project's procurement plans • Preparation of bid documents • Coordinate tendering evaluation and award notifications • Coordination of procurement activities of the project

<p>Nicholas Muigai +254722269540 nmuigai@rea.co.ke</p>	<p>Project Engineer</p>	<p>Bsc. in Electrical Engineering</p>	<ul style="list-style-type: none"> • Review of project designs • Analyse all the Technical aspects of the project
<p>BADEA, OFID, ABUDHABI, SAUDI & GOK</p>			<ul style="list-style-type: none"> • Sponsors of the Project • Reviewing and accepting requests for no objection, yearly work plans and budgets, project withdrawal applications, and expenditure category reallocation. • Participating in implementation support missions.
<p>The Parent Ministry</p>			<ul style="list-style-type: none"> • Ensures that Project's budget is accounted for in its development Projects • Disburse the government counterpart funding. • Review and track the Project's annual work plan and budget against the set targets and makes the approvals. • Oversee the execution of the project coordinating team.

The Auditor				<ul style="list-style-type: none"> • Mandated to audit all National Government entities, which include government development projects and present these statutory financial statements to the Parliament. • Facilitate submission of the audited report to the project's sponsors by 31st December each year.
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2.7 Funding summary

The Project is for duration of Eleven (11) years, (3) Months, (7) days from 23rd September 2013 to 30th December 2024. Although the Loan agreements were signed between 2011 and 2013, ratification by the Attorney General had not been done for all the credits until December 2016 when Abu Dhabi Fund agreement was ratified. This meant release of the funds could not be effected as the project funding was jointly by the four financiers.

Actual project implementation commenced in October 2019. The Contract agreements with the Contractors were signed on 1st July 2016, however, actual implementation delayed to logistical challenges in opening of the letters of credit which was finalized in 2019. The project is set for completion in December 2024 following the recent credit financing extension by all the financiers.

The total project Cost is US \$ 57M (BADEA - US\$ 10M; OFID - US\$15M; SAUDI - US\$12 M ABU DHABI - US\$10M and Kenya Government - US\$10M) as highlighted in the table below:

Project Information and Overall Performance (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date (30.06.2023)		Undrawn balance to date (30.06.2023)	
	USD (A)	Kshs (A ²)	USD (B)	Kshs (B ²)	USD (A)-(B)	Kshs (A ²)-(B ²)
(i) Loan						
BADEA, OFID, SAUDI, ABUDHABI	47,000,000	4,805,627,800	33,168,548	3,391,397,790	13,831,452	1,414,230,010
(ii) Counterpart funds						
Government of Kenya	10,000,000	1,022,474,000	4,023,362	411,378,285	5,976,638	611,095,715
Total	57,000,000	5,828,101,800	37,191,910	3,802,776,075	19,808,090	2,025,325,725

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

Project Information and Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	USD	Kshs	USD	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
BADEA, OFID, SAUDI & ABUDHABI	33,168,548	3,391,397,790	33,168,548	3,391,397,790	-	-
(ii) Counterpart funds						
Government of Kenya	4,023,362	411,378,285	4,023,362	411,378,285	-	-
Total	37,191,910	3,802,776,075	37,191,910	3,802,776,075	-	-

Project Information and Overall Performance (Continued)

2.8 Summary of Overall Project Performance:

- (i) Budget performance against actual amounts for current year and for cumulative to-date,
- (ii) Physical progress based on outputs, outcomes, and impacts since project commencement,
- (iii) Comment on value-for-money achievements,
- (iv) Indicate the absorption rate for each year since the commencement of the project.
- (v) List the implementation challenges and recommended way forward.

i) Budget performance against actual amounts for current year and for cumulative to-date,

During the year under review, the project received Kshs.543,367,214 or 97% against a final budget of Kshs. 557,956,967 and incurred a total expenditure of Kshs. 543,367,214 against a budget of Kshs 557,956,967 resulting to underutilization of Kshs 14,589,753 or 3%.

Since the financial statements are prepared on the cash basis of accounting under IPSAS, they also include paid invoices that were committed in prior years but paid or settled during the current year amounting to Kshs. 479,235,184.

The Project recognizes all receipts as the event occurs and the associated cash is received. Thus, during the financial year under review, the project got a total of Kshs.1,022,602,398 against a final budget of Kshs. 557,956,967.The project's cumulative receipts and payments are Kshs 3,802,776,075 and Kshs.3, 802,776,075 respectively.

ii)progress based on outputs, outcomes, and impacts since project commencement,

Activities planned for the reporting period	Activity Implementation Status	Narration
Preparation of projects designs and lotting	Design and surveying of projects	Completed
Recruitment of Project Consultant	To supervise the construction of distribution lines	Completed

Recruitment of Construction contractors	Bid preparation, advertisements, bid opening, bid evaluation and job awards	Completed
Submission of Performance bonds and guarantees	For the Lots awarded	Completed
Site and design files handing over	For the Lots awarded	Completed
Payment of advances	For materials both local and foreign	Completed
Factory Acceptance Tests	For materials already completed was done virtually	98% Completed
Delivery of materials	For the Lots awarded	75% complete
Installation of power lines	For the Lots awarded	On going

iii) Comment on value-for-money achievements

The project was extended and the new closure date was 30th December 2024. The Corporation is overseeing activities of the construction contractor to ensure implementation of the planned activities is achieved. The following are the achievements: -

1. Design for distribution lines done and completed on time
2. Recruitment of construction contractors done in the year 2016
3. Supervision consultant recruited for the project
4. Construction materials delivery to site at about 75%
5. Construction of power distribution lines at about 60%

i) Absorption rate for each year since the commencement of the project.

The absorption rate is 65% compared to the disbursement plan in the Project Appraisal Document (PAD) this was due to delay by contractors in delivery of key powerline materials such as transformers. As at year end total disbursement is USD.37,191,910 against total commitment of USD. 57,000,000.

Project Information and Overall Performance (Continued)

v) Implementation challenges and recommended way forward.

- a) The COVID-19 pandemic struck the world in 2020 - 2022. Social distancing, which negatively impacted the development of material manufacturing, travel, and document sharing, in an attempt to stop the spread.
- b) Complexity of dealing with more than one financier. This can be resolved by appointing one financier as the lead.
- c) Complexities of opening letters of credit given different conditions for the financiers.
- d) Delay in processing paperwork since all financiers must get hardcopies in order to make payments.
- e) Delay by the contractors in delivering key powerline materials such as transformers for completion of the projects.

2.9 Summary of Project Compliance:

There were no significant cases of non-compliance with applicable laws and regulations or essential external financing agreements or covenants.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the project's agreement/plan are to:

- a) The Government of Kenya has committed to achieve universal access to power supply by ensuring all the public facilities and households are connected. This will help in realization of the Vision 2030 as well as the support to Development Agenda being implemented by the Government. In view of this there are a number of public facilities connected to power supply and this project is aimed at connection of these public facilities and households. These public facilities including Health Centres, Trading Centres and Secondary Schools etc.
- b) Energy access is a critical factor in reducing poverty and is a fundamental means to achieve sustainable development. By developing adequate infrastructure that provides consistent and affordable access to energy, the local communities can significantly improve their standard of living and enhance their economic status through a healthier home environment, access to new productive activities and improved education.
- c) Recognizing importance of electricity access to national development the government identified energy as one of the key enablers to its long-term development plan the "Kenya Vision 2030" that was launched in the year 2008. The aim of the Vision is to make Kenya a globally competitive and prosperous country with a high-quality life to all Kenyans by 2030.
- d) This will only be achieved if all the public facilities and households are connected. According to REREC Strategic Plan 2018/19 to 2022/2023, there are about 25,899 public facilities that are yet to be connected to electricity. This project aims at connection of some of the non-electrified public facilities.

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-

bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Rural Electrification in Five Regions	Provision of electricity in five regions	Connection of public facilities and households	Availability of electricity	<p>Construction materials are delivered to site. about 75% of the materials have been delivered</p> <p>Installation of distribution lines in progress. Installation progress is about 60%</p> <p>Factory Acceptance Tests at 96% for all materials used in the distribution line</p>

4. Environmental and Sustainability Reporting

The project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The Corporation is committed to promoting reliable power supply and through dedicated departments, quality powerline systems is sustained. The evaluation and monitoring that is done throughout the project implementation process ensures compliance with sustainability strategy.

2. Environmental performance

The Corporation engages environmental specialists in the identification of projects and complies with NEMA guidelines on impact on environment.

3. Employee welfare

The policies that guides the Corporation on recruitment includes: PSC Recruitment and Selection policy; Delegation of PSC HRM Functions to the Cabinet Secretary, July 2018; Framework for Short Term Employment in the Public Service, May 2019 and Human Resources Policies and Procedures Manual for the Public Service, May 2016. This enabled the Corporation to promote common cadre under the delegated powers as guided by the policy taking into consideration gender and regional balance.

For skills improvement and career progression the Corporation is guided by Human Resource Development Policy for the Public Service, June 2015 and Guidelines on Managing Training in the Public Service. This enabled the Corporation to conduct individual training programmes required for career progression/promotion and those required in the Schemes of Service for various cadres and also group trainings for various cadres.

The Corporation has developed its own Occupational Safety and Health Policy with reference to made Occupational Safety and Health, ACT of 2007. A Corporation Committee on Occupational Safety and Health is in place which ensures adherence to Occupational Safety and Health Administration, safety and security of the staff and Corporation properties.

4. Market Place Practices

a) Responsible Supply chain and supplier relations-

Procurement undertaken in compliance with WB Procurement Regulations as per Section 3.7 of the regulations are as follows;

- (i) Provide timely and sufficient information to Bidders/Proposers/Consultants including through the Notification of intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision.
- (ii) Promptly acknowledge Complaints received
- (iii) Resolve complaints promptly and fairly, preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants including commercial and financial information and trade secrets as required by the Bidders/Proposers/Consultants in their Bids/proposals
- (iv) Maintain complete records of all debriefings and Complaints and their resolution
- (v) For contracts subject to prior review, inform the Bank promptly of any complaint submitted and provide the Bank a copy of all relevant documents and information
- (vi) For contracts subject to prior review, The Client consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process

b) Responsible ethical practices

Strict adherence to financiers Regulations on bank Anti-corruption guidelines

c) Regulatory impact assessment

We have to ensure adherence to NEMA in Project implementation is undertaken and as well as pursuing "green procurement" to ensure that suppliers who value the environment are encouraged

5. Community Engagements

The Corporation has carried out the following measures to ensure acceptance of the projects by the communities around the project area; The Corporation has put in place mechanism for engagement of the people during project implementation. Among them includes operationalization of Stakeholders Coordination committees and rolling out of community engagement strategy and policy.

In addition, the Corporation continued to ensure that local communities were considered for jobs during the implementation of the energy projects. Local communities were also involved in wayleaves acquisition.

5. Statement of Project Management Responsibilities

The Chief Executive Officer, Rural Electrification and Renewable Energy Corporation and the Project Manager 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: maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, 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; safeguarding the assets of the project; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

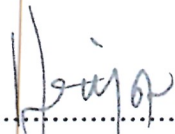
The Chief Executive Officer and the Project Manager for Rural Electrification in five regions Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).

The Chief Executive Officer and the Project Manager for Rural Electrification in five regions 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 Chief Executive Officer and the Project Manager for further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer and the Project Manager for Rural Electrification in five regions 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 Chief Executive Officer and the Project Manager for Rural Electrification in Five Regions Project on 24.10.2023 and signed by them.



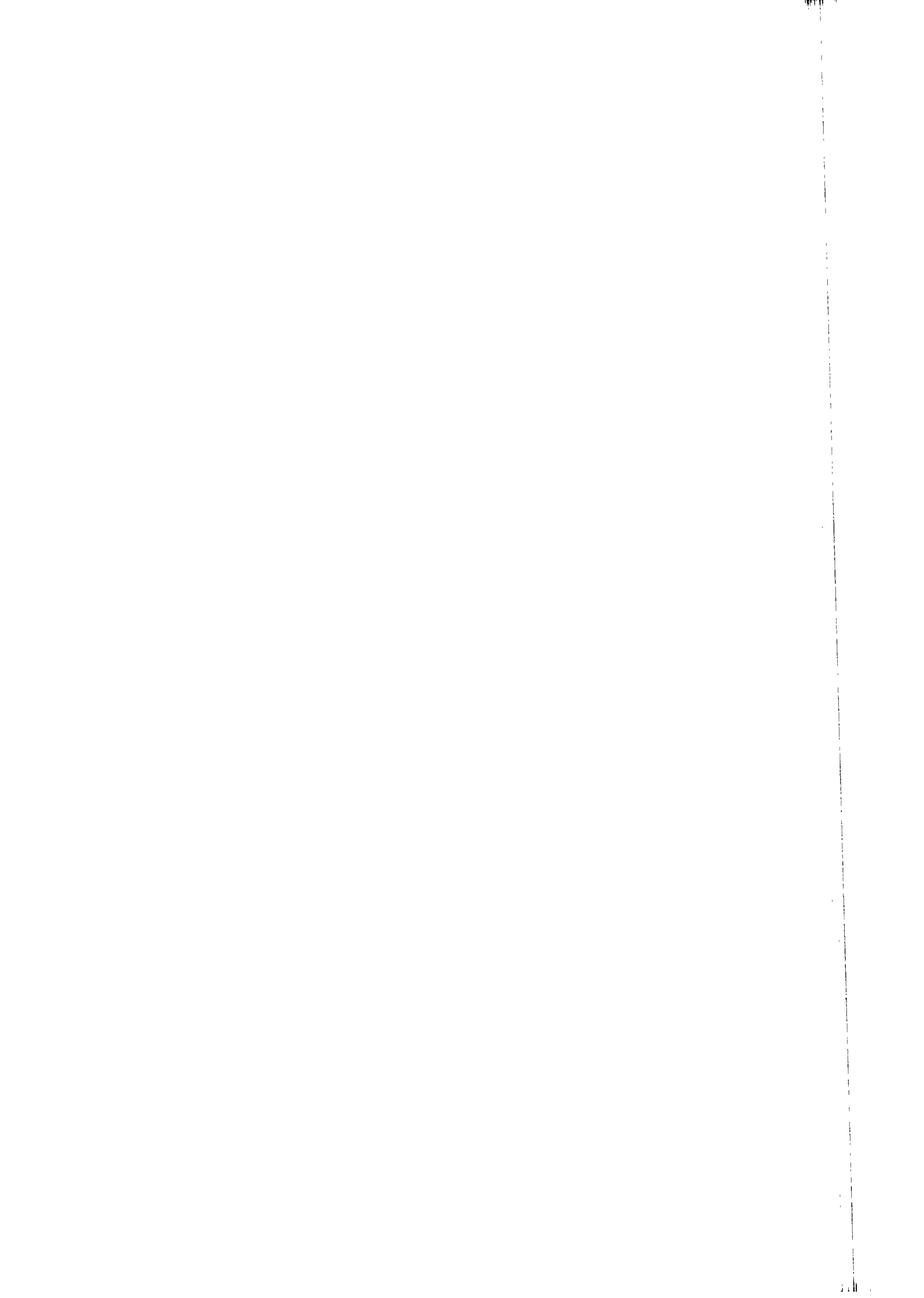
.....
CS Dr. Rose Mkalama
Ag. Chief Executive
Officer



.....
Edward Gakunju
Project Manager

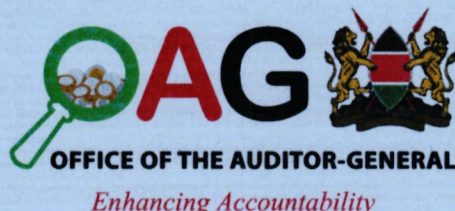


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Walter Nduta
Project Accountant
ICPAK Member
No:23665



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RURAL ELECTRIFICATION IN FIVE REGIONS PROJECT (CREDIT NO.11/597KE, CREDIT NO.1407PKE) FOR THE YEAR ENDED 30 JUNE, 2023 - RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Rural Electrification in Five Regions Project (Credit No.11/597KE, Credit No.1407PKE) set out on pages 1 to 45,

Report of the Auditor-General on Rural Electrification in Five Regions Project (Cr. No.11/597KE, Cr. No.1407PKE) for the year ended 30 June, 2023 - Rural Electrification and Renewable Energy Corporation

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 comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Rural Electrification in Five Regions 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 Public Finance Management Act, 2012 and the Financing Agreements with Arab Bank for Economic Development in Africa ((BADEA) dated 23 September, 2013, Cr. No.11/597KE dated 6 September, 2013, with the Saudi Fund Development, and Cr. No.1407PKE dated 25 September, 2011, with the OPEC Fund for International Development and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rural Electrification in Five Regions 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 the Matter

Low Absorption of Project Funds

Note 2.7 on funding summary indicates that the Project is for duration of eleven (11) years and three (3) months from 23 September, 2013. The Note further indicates that both the Donors and the Government of Kenya had made commitments amounting to Kshs.5,828,101,800 (USD 57,000,000). The actual amount received during the Project's implementation period totalled to Kshs.3,802,776,075 (USD 37,191,910) of the funding, leaving a balance of Kshs.2,025,325,725 (USD 19,808,090) or 35% of Donor commitment undrawn. This is despite the project having been ongoing for nine (9) years and ten (10) months leaving a variance of implementation period of one year and five (5) months only. However, with the Project's closing date of 30 December, 2024, the credit may lapse without being fully utilized and the objectives and planned deliverables may not be realized.

Management has not provided any documentary evidence to demonstrate mitigation against credit lapse before implementation of all project activities.

My opinion is not modified with respect to this matter.

Key Audit Matters

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

Other Matter

1. Delayed Project Implementation

Review of financial records provided for audit revealed that the Government of Kenya entered into financing agreement with four (4) financiers for implementation of rural electrification projects in five (5) regions at a total cost of Kshs.5,828,101,800.

According to the agreements, the projects were to commence in September, 2013 with an expected completion date of 30 December, 2024. The statement of receipts and payments indicates that an amount of Kshs.3,802,776,075 had been incurred on the projects, which amounts to 65% of the total funding. However, out of the project timelines of 111 months, 105 months which is equivalent to 95% of the time, had lapsed. Management did not explain how they intend to fast track the implementation of the projects considering the fact that the financing agreements will lapse on 30 December, 2024.

Further, review of the project implementation status revealed that out of total budgeted project cost of Kshs.5,828,101,800, projects with a total cost of Kshs.1,523,144,961 (26%) had not been started and projects worth Kshs.1,132,879,233 (19%) were in progress.

In the circumstances, delay in project implementation has affected the project's planned activities and therefore impacting negatively on service delivery to the public.

2. Pending Accounts Payable

Note 1 on Other Important Disclosures to the financial statements reflects pending accounts payable totalling to Kshs.132,925,013 as at 30 June, 2023. Management did not provide any reasons for non-settlement of the bills and therefore the project is at the risk of incurring significant interest costs and penalties with the continued delay in payment.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

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

Commingling of Funds

The statement of receipts and payments reflects total receipts of Kshs.1,022,602,398 comprising of Kshs.972,645,431 and Kshs.49,956,967 in respect of payments made by third parties as loans from external development partners and transfers from Government entities respectively. However, no separate bank account was opened and operated by the Project. Review of records revealed that Project funds were commingled in the Corporation's bank accounts where project payments and receipts are recorded. No evidence of exemption by the Cabinet Secretary was provided against opening a project account.

In the circumstances, Management was in breach of the law and did not comply with requirements of the financing agreement.

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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Control Weaknesses in Management of Inventories

The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs.1,022,602,398 which as disclosed in Note 8 to the financial statements includes purchase of goods expenditure of Kshs.1,004,316,220. However, evidence of any periodic inspections and quarterly audit of the plant and materials within the custody of the contractors was not provided for audit review. This was contrary to the particular conditioning clause 21 of the contract, between the employer and the contractor which provides that the employer shall reserve the right to conduct periodic inspections of the storage premises as well as quarterly audits on the plant and materials.

In the circumstances, effectiveness of controls in inventories management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance on 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.

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 which are free from material misstatement, whether due to fraud or error and for assessment of the effectiveness of the internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the 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 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs

will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance 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 which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal 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 which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 which 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 which 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.

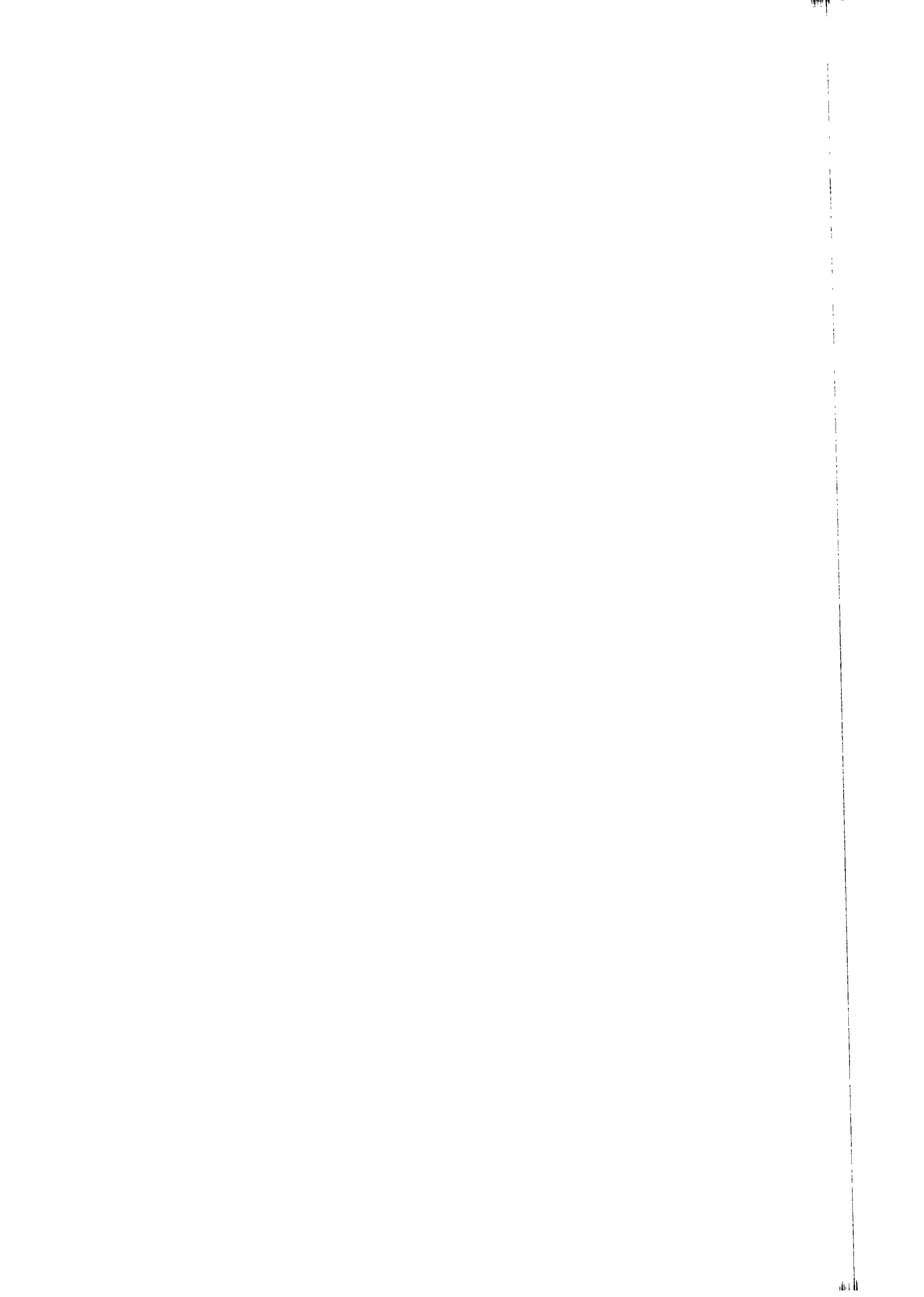
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which are identified during the audit.

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


CFA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 November, 2023




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


Statement of Receipts and Payments For the Year Ended 30th June 2023.

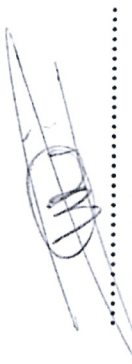
	Note	2022-2023		2021-2022			Cumulative Total
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs	KShs
Receipts							
Transfer from Government entities	1	49,956,967	-	49,956,967	151,156,213	-	411,378,285
Proceeds from domestic and foreign grants	2	-	-	-	-	-	
Income from external development partners	3	-	972,645,431	972,645,431	-	784,334,227	3,391,397,790
Miscellaneous receipts	4	-	-	-	-	-	
Total Receipts		49,956,967	972,645,431	1,022,602,398	151,156,213	784,334,227	3,802,776,075
Payments							
Compensation Of Employees	5	-	-	-	-	-	
Purchase Of Goods And Services	6	-	-	-	-	-	
Social Security Benefits	7	-	-	-	-	-	
Acquisition Of Non-Financial Asset	8	49,956,967	972,645,431	1,022,602,398	151,156,213	784,334,227	3,802,776,075
Transfers To Other Government entities	9	-	-	-	-	-	
Other Grants And Transfers And Payments	10	-	-	-	-	-	
Total Payments		49,956,967	972,645,431	1,022,602,398	151,156,213	784,334,227	3,802,776,075
Surplus/Deficit For The Year		-	0	0	-	-	0

*Grid Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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


.....
Dr. Rose Mkalama
Chief Executive Officer


.....
Edward Gakunju
Project Manager

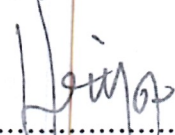

.....
Walter Nduta
Project Accountant
ICPAK Member No:23665

IAS Cash based Standard 2.1.77 encourages an entity to separately disclose third party payments separately on the statement of receipts and payments or 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	2022-2023 KShs	2021-2022 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	-	-
Cash Balances	11.B	-	-
Cash Equivalents (short term deposits)	11.C	-	-
Total Cash and cash equivalents		-	-
Accounts receivables – Imprest and Advances	12	-	-
TOTAL FINANCIAL ASSETS		-	-
FINANCIAL LIABILITIES			
Payables-Deposits and Retentions	13		
REPRESENTED BY			
Fund balance b/fwd	14	-	-
Prior year adjustments	15	-	-
Surplus/Deficit for the year		-	-
NET FINANCIAL POSITION		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24-10-2023 and signed by:


.....
CS Dr. Rose Mkalama
Ag. Chief Executive officer


.....
Edward Gakunju
Project Manager

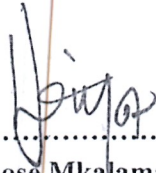

.....
Walter Nduta
Project Accountant
ICPAK Member No:23665

9. Statement of Cash flow For the Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		KShs	KShs
CASHFLOWS FROM OPERATING ACTIVITES			
Receipts			
Transfer from Government entities	1	49,956,967	151,156,213
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Total Receipts			
Payments			
Compensation of employees	5	-	-
Purchase of goods and services	6	-	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Total Payments			
Adjustments during the year			
Prior year adjustments	15		
Decrease/ (increase) in accounts receivables	16	-	-
Increase/(decrease) in accounts payable	17		
Net cash flow from operating activities		49,956,967	151,156,213
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial assets	8	(1,022,602,398)	(935,490,440)
Net cash flows from Investing Activities		(1,022,602,398)	(935,490,440)
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from foreign borrowings	3	972,645,431	784,334,227
Net cash flow from financing activities		972,645,431	784,334,227
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at beginning of the Year	11	-	-
Cash and cash equivalent at end of the Year	11	0	-

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

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 24.10.2023 and signed by:

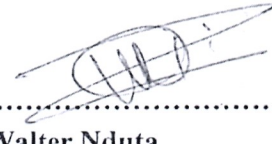


For

.....
CS Dr. Rose Mkalama
Ag. Chief Executive Officer



.....
Edward Gakunju
Project Manager



.....
Walter Nduta
Project Accountant
ICPAK Member No:23665

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

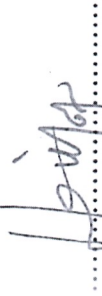
(10). Statement of Comparison of Budget and Actual Amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget Utilisation Difference	% of Utilisation
	a	b	c=a-b	d	e=c-d	f=d/e %
RECEIPTS						
Transfer from Government entities	49,956,967	-	49,956,967	49,956,967	-	100%
Proceeds from domestic and foreign grants						0%
Proceeds from borrowings	508,000,000	-	508,000,000	972,645,431	(464,645,431)	191%
Miscellaneous receipts						0%
Total Receipts	557,956,967	-	557,956,967	1,022,602,398	(464,645,431)	183%
PAYMENTS						
Compensation to employees						0%
Purchase of goods and services						0%
Social security benefits						0%
Acquisition of non-financial assets	557,956,967	-	557,956,967	1,022,602,398	(464,645,431)	183%
Transfers to other government entities						0%
Other grants and transfers						0%
Total Payments	557,956,967	-	557,956,967	1,022,602,398	(464,645,431)	183%
Surplus or Deficit						

Rural Electrification In Five Regions Project

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

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


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CS Dr. Rose Mkalama
Ag. Chief Executive Officer


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Edward Gakunju
Project Manager


.....

Walter Nduta
Project Accountant
ICPAK Member No:23665

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for the Rural Electrification in five regions Project under the National Government of Kenya. The financial statements are for the reporting entity Project Rural Electrification in five regions 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

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

i) Transfers from the Exchequer

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

Significant Accounting Policies (Continued)

i) External Assistance

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

ii) 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.

e) Recognition of payments

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

Significant Accounting Policies (Continued)

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.

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

Significant Accounting Policies (Continued)

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 authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

Significant Accounting Policies (Continued)

- 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, and 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 Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

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

Significant Accounting Policies (Continued)

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/period 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 payment and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange rate differences

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

Significant accounting policies (continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note 15 of these financial statements

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	2022 - 2023	2021 - 2022	Cumulative to date (from inception)
	Kshs	Kshs	Kshs
Counterpart funding through Ministry of Energy	-	-	-
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 3)	-	-	-
<i>Other transfers from government entities</i>			
Ministry of Finance	49,956,967	151,156,213	411,378,285
Appropriations-in-Aid	-	-	-
Total	49,956,967	151,156,213	411,378,285

("Other transfers from government entities" is not the counterpart funding which is the government's share of contribution towards the implementation of the project as mandated by the Project Agreement.)

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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	Date received	2022 - 2023			2021 - 2022		Cumulative to date
		Amount received in donor currency	Grants Received in Cash	Grants received as direct payments	Grants Received in Kind	Total amount	
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
World Bank			-		-		-
Grants Received from Multilateral Donors (International Organisations)							
International Development Association (IDA)			-		-		-
Grants Received from Local Individuals and organisations							
Total			-		-		-

(* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant).

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

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:

Description	Date received	2022 - 2023			2021 - 2022		Cumulative to date (from inception)
		Amount in loan currency	Amount Received in Cash	Loan Received as Direct Payment	Total amount		
Name of Donor			KShs	KShs	KShs	KShs	KShs
Loans Received from Bilateral Donors (Foreign Governments)							
Loans Received from Multilateral Donors (International Organisations)							
BADEA, OFID, SAUDI & ABU DHABI		9,512,667	-	972,645,431	972,645,431	784,334,227	3,391,397,790
Total		9,512,667	-	972,645,431	972,645,431	784,334,227	3,391,397,790

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2022-2023		Receipts controlled by third parties	Total Receipts	2021-2022 Total Receipts	Cumulative to date
	Receipts controlled by the entity	KShs				
Property income	-	-	-	-	-	-
Sales of goods and services	-	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2022-2023		Payments made by third parties	Total Payments	2021-2022	Cumulative to date
	Payments made by the entity in cash	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 Personal Payments	-	-	-	-	-	-
Total	-	-	-	-	-	-

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2022-2023			2021-2022		Cumulative to date
	Payments made in cash	Payments made by third parties	Total Payments	Total Payments	KShs	
	KShs	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 & services	-	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-	-
Training expenses	-	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-	-
Insurance costs	-	-	-	-	-	-
Specialised materials and services	-	-	-	-	-	-
Other operating payments	-	-	-	-	-	-
Routine maintenance - vehicles and other transport equipment	-	-	-	-	-	-
Routine maintenance - other assets	-	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-	-
Total	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	2022-2023			2021-2022		Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments		
	KShs	KShs	KShs	KShs	KShs	Kshs
Government pension and retirement benefits	-	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-	-
Total	-	-	-	-	-	-

*Rural Electrification In Five Regions Project
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Notes to the financial statements (continued)

8. Acquisition of Non-Financial Assets

Description	2022 - 2023		2021 - 2022		Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Works - Installation and Other Services	18,286,178	-	18,286,178	-	141,532,637.00
Purchase of Goods	31,670,789	972,645,431	1,004,316,220	935,490,440	3,661,243,438
Total	49,956,967	972,645,431	1,022,602,398	935,490,440	3,802,776,075

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Notes to the Financial Statements (Continued)

7. Transfers to other Government Entities

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

Description	2022 - 2023			2021 - 2022	Cumulative to date
	Payments made by the Entity in cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
Transfers to National Government entities					
Ministry of Energy	-	-	-	-	-
Transfers to County Government					
Total	-	-	-	-	-

(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.)

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Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	2022 - 2023		2021 - 2022 Total Payments	Cumulative to date
	Payments made by the Entity in cash KShs	Payments made by third parties KShs		
Grants for scholarships	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-
Miscellaneous expenditure	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Bank accounts (Note 11.A)	-	-
Cash in hand (Note 11.B)	-	-
Cash equivalents (short-term deposits) (Note 11.C)	-	-
Total	-	-

11. A Bank Accounts

Project Bank Accounts

The Project does not operate a bank account.

Description	2022-2023	2021-2022
	KShs	KShs
Foreign Currency Accounts		
Total foreign currency Balances	-	-
Local Currency Accounts		
Total local currency balances	-	-
Total bank account balances	-	-

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The Project did not operate a special deposit account as at 30th June 2023.

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

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

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2022-2023	2021-2022
	KShs	KShs
Location	-	-
Total cash in hand balances	-	-

11 C Cash equivalents (short-term deposits)

Description	2022-2023	2021-2022
	KShs	KShs
Kenya Commercial Bank	-	-
Co-Operative Bank of Kenya	-	-
Others (Specify)	-	-
Total cash equivalents	-	-

12. Imprests and Advances

Description	2022-2023	2021-2022
	KShs	KShs
Government Imprest and Advances	-	-
Salary advances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance Current FY	Balance Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Officer 1	-	-	-	-	-
Officer 2	-	-	-	-	-
Programme 1	-	-	-	-	-
Total	-		-	-	-

13. Deposits and Retention Monies

Description	2022-2023		2021-2022	
	KShs		KShs	
Retention	-		-	
Deposits	-		-	
Total	-		-	
Ageing analysis	Current FY	% of the Total	Current FY	% of the Total
Under one Year	-	-	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	-	-

Notes to the Financial Statements (Continued)

14. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	KShs	KShs
Bank Accounts	-	-
Cash in hand	-	-
Cash equivalents (short term deposits)	-	-
Outstanding Imprests and advances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

16. Changes in Imprest and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Receivables as at 1 st July 2022	-	-
Closing account receivables as at 30 th June 2023	-	-
Change in Imprest and Advances	-	-

17. Changes in Accounts Deposits and Retention

Description	2022-2023	2021-2022
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2022	-	-
Closing accounts payables as at 30 th June 2023	-	-
Change in deposit and retention	-	-

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13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

Description	Balance b/f From Comparative FY Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f Current FY Kshs
Construction of buildings				
Construction of civil works				
Supply of goods	501,424,309	110,735,888	479,235,184	132,925,013
Supply of services				
Total	501,424,309	110,735,888	479,235,184	132,925,013

2. Pending Staff Payables (See Annex 4b)

Description	Balance b/f From Comparative FY Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f Current FY Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

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Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 4c)

Description	Balance b/f From Comparative FY Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f Current FY Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties - Retention Monies Upon Final Completion Certificate	172,494,327	28,163,472	0.00	200,657,799
Total	172,494,327	28,163,472	0.00	200,657,799

4. External Assistance

Description	2022 - 2023 Kshs	2021 - 2022 Kshs
External assistance received as grants	-	-
External assistance received as loans	972,645,431	784,334,227
External assistance received in kind- as payment by third parties		
Total	972,645,431	784,334,227

*Rural Electrification In Five Regions Project
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Other Important Disclosures (Continued)

a). External assistance relating loans and grants

Description	FY 2022/2023 Kshs	FY 2021/2022 Kshs
External assistance received as loans	972,645,431	784,334,227
External assistance received as grants	-	-
Total	972,645,431	784,334,227

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2022/2023 Kshs	FY 2021/2022 Kshs
Undrawn external assistance - loans		1,141,230,010	2,113,875,441
Undrawn external assistance - grants		-	-
Total		1,141,230,010	2,113,875,441

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Other Important Disclosures (Continued)

c) Classes of providers of external assistance

Description	FY 2022/2023 Kshs	FY 2021/2022 Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	972,645,431	784,334,227
NGOs	-	-
National Assistance Organization	-	-
Total	972,645,431	784,334,227

d. Non-monetary external assistance

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

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Other Important Disclosures (Continued)

e Purpose and use of external assistance

	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Payments made by third parties				
Compensation to employees	-	-	-	-
Use of goods and services	-	-	-	-
Subsidies	-	-	-	-
Transfers to other Government entities	-	-	-	-
Other grants and transfers	-	-	-	-
Social Security benefits	-	-	-	-
Acquisition of assets	972,645,431	972,645,431	784,334,227	784,334,227
Finance Costs including loan interest	-	-	-	-
Repayment of principal on domestic and foreign borrowing	-	-	-	-
Other payments	-	-	-	-
Total		972,645,431		784,334,227

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Other Important Disclosures (Continued)

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

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity.

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
International assistance organization - BADEA, SAUDI, OFID, ABUDHABI	972,645,431		784,334,227	
Total	972,645,431		784,334,227	

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

(Third party payments may be done by other entities that are not providers of external assistance)

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Other Important Disclosure (Continued)

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

Payments made by third parties	2022 - 2023	2021 - 2022
Description	Kshs	Kshs
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	-	-

N/B The above subclassification will be adopted based on the appropriate county's operations.

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

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Other Important Disclosures (Continued)

Related party transactions:

	2022 - 2023	2021 - 2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
<u>Transfers to related parties</u>	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
<u>Transfers from related parties</u>	-	-
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	-	-

7. Contingent Liabilities

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

(Give details- Update ANNEX 6 Contingent liabilities register)

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Annexes

Annexes I: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
No. 1	<p>Delayed Project Implementation</p> <p>Financial records availed for audit indicated that the Government of Kenya entered into financing agreement with four (4) financiers for implementation of rural electrification projects in five (5) regions at a total cost of Kshs. 5,828,101,800.</p> <p>According to the agreements, the projects were to commence in September, 2013 with an expected completion date of December, 2021. The statement of receipts and payments indicates that an amount of kshs. 2,791,482,423 had been incurred on the projects, which amounts to 48% of the total funding. However, out of the project timelines of 111 months, 105 months which is equivalent to 95% of the time, had lapsed.</p>	<p>The total financing for the four (4) foreign Financiers is USD.47,000,000 translating to Kshs.4,805,280,000. This is to be match-up by Government of Kenya (GOK) portion USD.10,000,000 translating to Kshs.1,022,400,000. Therefore, USD.57, 000,000 include Government of Kenya (GOK) counter-part funding. From the observation, it has been indicated that the project completion date is 31st December 2022, however, the Corporation would like to report that the completion date of the project is 30th June, 2023, which is also the credit expiry period for all the Project Financiers. These extensions were granted within the financial year 2021/22. The project implementation has been progressing on well since</p>	Resolved	Expected Completion date: 30 th Dec ,2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>2019, however in the year 2020 and 2021, there was a slowdown in project activities due to COVID-19 Pandemic.</p> <p>The main project activities affected by the prolonged effects of the pandemic were the completion of manufacturing, inspection and delivery of the materials from outside the Country. To mitigate the challenge of the travel restrictions to carry out inspection, the Corporation introduced virtual inspection in order to facilitate delivery of the materials. The virtual inspection has been successful and the most of materials have been manufactured, inspected and delivered and only few are yet to be delivered.</p> <p>Cumulatively, the Corporation has made commitments amounting to USD.38,346,622.92 equivalent to Kshs.3, 920,842,492.39. This translates to 67.27% of the</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
<p>No. 2</p>	<p>Pending Bills Annex 3A to the financial statements reflects pending bills totalling to Kshs. 501,420,076.00 as at 30 June, 2022. The Management did not explain reasons for non-settlement of the bills and therefore the project is at risk of incurring significant interest costs and penalties with the continued delay in payment. Further, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the consequent year as they form a first charge.</p>	<p>drawdown amount for the materials delivered</p> <p>Pending bill is an unsettled financial obligation at the end of a financial year due to unavailability of budget allocation. Pending bills arise when an entity fails to settle invoiced amounts for goods and services properly procured and delivered or rendered as at the end of a financial year and the same was not considered in the budget for that financial year.</p> <p>The template provided by the National Treasury for preparation of financial statements Annex 3A was required as a disclosure. It's important to note that financial statements herein are prepared on cash and not on accrual basis hence the disclosure.</p> <p>Annex 3A to the financial statements reflects a pending bill of Kshs.501, 420,076 as at 30th June</p>	<p>Resolved 96% Settled</p>	<p>During the FY 2022/23</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
		<p>2022, this relates to unsettled financial obligations that occurred during the financial year 2021/22 as a result of several invoices raised by the Contractors and were pending release by Financiers.</p> <p>As explained earlier, there was delay on commencement date due to reasons attributable to Letters of credit establishment, price variations and COVID-19 pandemic. It should be noted, that this is a Turnkey Project out of which payments are pegged on milestones achieved including material delivery and installation works. As such the invoices relates to the period from November 2020 to June 2022.</p> <p>It will be noted that all invoices that were received by the Corporation were already processed through different stages and levels to include; the Corporation, Ministry</p>		

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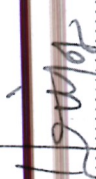
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>of Energy and the National Treasury within the financial year.</p> <p>It will also be noted, that out of the total unpaid bills Kshs.501,420,076, Kshs. 355,017,538 have since been settled by various Financiers during the current year including Government of Kenya (GOK) Kshs.770,866 , Arab Bank for Economic Development (BADEA) Kshs.45,114,131, Opec Fund for International Development(OFID) Kshs.201,294,452, Saudi Fund for Development (SFD) Kshs.98,688,401 and Abu Dhabi Fund for Development (ABDF) Kshs.9,149,686.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
<p>No. 3</p> <p>Commingling of Funds</p> <p>The statement of receipts and payments for the year under review reflects total receipts of Kshs.935,490,440 comprising Kshs.784,334,227 and Kshs.151,156,213 in respect of payments made by third parties as loan from external development partners and transfer from Government entities respectively. However, no separate bank account was opened and operated by the project. Project funds were commingled in Corporation's bank accounts where project payments and receipts are recorded. No evidence of exemption by the Cabinet Secretary was provided against opening a project account.</p> <p>In the circumstances, the Management was in breach of the law and did not comply with requirements of the financing agreement.</p>	<p>Payments are done with specific conditions that funds will be remitted into the contractor's bank account for Goods, Works and Services rendered directly from the financiers. This implies that the corporation does not receive actual cash in its accounts for purposes of payment to the contractors. GOK Counterpart funding is also disbursed as a consolidated amount budgeted through the Exchequer under Public facilities vote.</p>	<p>Resolved</p>	<p>N/A</p>	

Rural Electrification In Five Regions Project

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Ag Chief Executive Officer

CS Dr. Rose Mkatama



.....

Edward Gakunju

Project Manager

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Annex 2: Variance Explanations - Comparative Budget and Actual Amounts For FY 2022-2023

Receipts/Payments Item	Final Budget a	Actual on comparable basis b	Budget Utilisation Difference c=a-b	% of Utilization d=b/a %	Comments on Variance (Below 90% and over 100%)
RECEIPTS					
Transfer from Government entities	49,956,967	49,956,967	-	100%	
Proceeds from domestic and foreign grants	-	-	-	0%	
Proceeds from borrowings	508,000,000	972,645,431	(464,645,431)	191%	
Miscellaneous receipts	-	-	-	0%	
Total Receipts	557,956,967	1,022,602,398	(464,645,431)	183%	Since the financial statements are prepared on the cash basis of accounting under IPSAS, they also include paid invoices that were committed in prior years but paid or settled during the current year amounting to Kshs. 479,235,184.
PAYMENTS					
Compensation to employees	-	-	-	0%	
Purchase of goods and services	-	-	-	0%	
Social security benefits	-	-	-	0%	
Acquisition of non-financial assets	557,956,967	1,022,602,398	(464,645,431)	183%	
Transfers to other government entities	-	-	-	0%	
Other grants and transfers	-	-	-	0%	
Total Payments	557,956,967	1,022,602,398	(464,645,431)	183%	
Surplus or Deficit	-	-	-		

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Annex 3: Reconciliation of Inter-Entity Transfers

Project Name: Rural Electrification In five Regions Project			
Break down of transfers from the State Department of Energy			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
a. Government Counterpart funding		0.00	
		0.00	
		0.00	
	Total	0.00	
B. Direct payments			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		0.00	
	Total	0.00	
C. Others			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		0.00	
		0.00	
	Total	0.00	
	Total (A+B+C)	0.00	

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

Project Manager
REREC

Head of Accounting Unit
Ministry Of Energy

Sign 

Sign 

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Annex 4a - Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
	a		b	c=a-b		
Supply of goods and Services						
Lot 1 - Lomas and Lomas Limited		25,843,369		20,283,898	5,559,471	
Lot 2 - Sinotec Company Ltd Limited		16,262,800		0.00	16,262,800	
Lot 3 - Fountain Technologies Limited		18,852,004		18,852,004	0.00	
Lot 4 - Magnate Ventures Limited		3,385,698		3,385,697	0.00	
Lot 5 - Wayne Homes (k) Limited		12,233,639		11,859,261	374,378	
Lot 5 - Eswari Electricals		38,480,196		38,480,196	0.00	
Sub-Total		115,057,705		92,861,056	22,196,649	
Consultancy Services						
Consultancy - Aberdare Engineering Ltd		17,867,308		17,867,308	0.00	
Sub-Total		17,867,308		17,867,308		
Grand Total		132,925,013		110,728,364	22,196,649	

(The pending bills relates to unsettled financial obligations as a result of several invoices raised by the Contractors and were pending release by various Financiers – Attached Analysis)

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Annex 4b - Analysis of Pending: Staff Bills

Name of Staff	Job Group	Original Amount	Date Payable Contracted	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. Project Contractors	Retention Monies	FY 2021/22 & 2022/23		0.00	28,163,472	200,657,799	Payable upon issue of the final Project Completion Certificate.
6.							
Sub-Total				0.00	28,163,472	200,657,799	
Others (<i>specify</i>)							
7.							
8.							

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Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Sub-Total							
Grand Total				0.00	28,163,472	200,657,799	

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Annex 5 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2022/2023	Donations 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) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-
Office equipment, furniture and fittings	-	-	-	-	-	-
ICT Equipment,	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	2,780,173,677	-	1,022,602,398	-	-	3,802,776,075
Total	2,780,173,677	-	1,022,602,398	-	-	3,802,776,075

Notes

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

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*** 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.*

The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets.

Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

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Annex 6 : Contingent Liabilities Register

	Nature of contingent liability	Payable to	Estimated Amount Kshs	Expected date of payment	Remarks
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

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Annex 7: Reporting Of Climate Relevant Expenditures

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

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Annex 8: Reporting Disaster 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

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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

