

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY
PAPERS L A I D

OF

DATE: 04 DEC 2024 WEDNESDAY

THE AUDITOR-GENERAL

HON. OWEN BAYD

ON

DAVID

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

**FOR THE YEAR ENDED
30 JUNE, 2024**

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30044 - 00101, NAIROBI
REGISTRY

27 AUG 2024

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, 2024

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

Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Table of Contents	Page
RURAL ELECTRIFICATION IN FIVE REGIONS PROJECT	i
1. Acronyms and Definition of Terms.....	iv
2. Project Information and Overall Performance	v
3. Statement of Performance against Project’s Predetermined Objectives	xix
4. Environmental and Sustainability Reporting	xxii
5. Statement of Project Management Responsibilities.....	xxvii
6. Report of the Auditor General on the Financial Statements for the Rural Electrification in Five regions Project.....	xxix
7. Statement of Receipts and Payments for the year ended 30 th June 2024	1
8. Statement of Financial Assets and Liabilities as at 30 th June 2024.....	3
9. Statement of Cash flow for the year ended 30 th June 2024	4
10. Statement of Comparison of Budget and Actual Amounts for year ended 30 th June 2024.....	6
11. Significant Accounting Policies	8
12. Notes to the Financial Statements	15
13. Other Important Disclosures	31
14. Annexes	38

1. Acronyms and Definition 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 Households, Schools, Health and Government Centres and Commercial, Industrial and Agricultural activities which will help on boosting the economic and social development. Access to reliable electricity enhances the quality of life by ensuring that homes have adequate lighting, schools can facilitate modern educational tools, and health centers can operate essential medical equipment. Government centers benefit from improved administrative efficiency, while commercial and industrial activities can expand, leading to job creation and economic growth.

In the agricultural sector, especially in tea and coffee production, electricity enables the use of advanced farming techniques and irrigation systems, boosting productivity and ensuring food security. Overall, the availability of a stable power supply is a critical enabler of progress, fostering an environment where businesses can thrive, education systems can advance, and healthcare services can improve, ultimately contributing to the holistic development of communities.

Address

The project headquarters offices are in Nairobi, Kenya.

The address of its registered office is:

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

Project Information and Overall Performance (Continued)

2.2 Project Information

Project Start Date:	23 rd September, 2013.
Project End Date:	31 st December, 2024.
Project Coordinator:	Mr. Edward Gakunju.
Project Sponsor:	The project sponsor is BADEA, OFID, the Saudi Fund, the Abu Dhabi Fund, and the Government of Kenya, through the National Treasury of Kenya.

2.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry of Energy and Petroleum.
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: The project aims to enhance access to electricity by connecting public facilities in designated areas, thereby supporting community infrastructure and public services. ii) To connect household in the selected areas: The project seeks to expand electricity access by connecting households in the selected areas, promoting residential energy use and improving living standards.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve its goals by expanding and improving the electricity supply infrastructure to enhance access, efficiency, and reliability.

<p>Other important background information of the project</p>	<p>The Project has the following components:</p> <ul style="list-style-type: none"> i) Consultancy service for preparation of design and tender documents: This component involves the preparation of design and tender documents to guide the project's implementation. It ensures that detailed, accurate, and compliant specifications are developed for the subsequent stages. ii) Construction of distribution networks: This component encompasses the physical development of distribution networks required to deliver electricity to the targeted areas. It includes the installation of infrastructure necessary for efficient energy distribution.
<p>Areas that the project was formed to intervene</p>	<p>To supplement the government's efforts in expanding electricity access by connecting all public facilities and households in rural areas, thereby enhancing infrastructure and improving living conditions in these rural regions.</p>
<p>Project duration</p>	<p>The project started on September 23, 2013 and is expected to run until December 31, 2024.</p> <p>Eleven (11) years, (3) Months, (9) days.</p>

2.4 Bankers

The project does not have an operating bank account. Instead, approved payments are made directly to the contractors by project financiers. This approach ensures that funds are efficiently allocated and managed in accordance with contractual agreements.

Project Information and Overall Performance (Continued)

2.5 Auditors

The project is audited by the:

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

2.6 Roles and Responsibilities

No.	Names and contact details	Title designation	Key Qualifications	Responsibilities
1.	Mr. Edward Gakunju +254722244879 Edward.gakunju@rerec.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.

***Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

No.	Names and contact details	Title designation	Key Qualifications	Responsibilities
2.	Dr. Eng. James Muriuki +254723820885 James.muriuki@rerec.co.ke	Project Manager	Ph.D. in Electrical Engineering	<ul style="list-style-type: none"> • Overall management of project activities • Coordinate and approve project implementation activities as per the work plan and reports • Coordinate the review of project designs. • Attend project coordination and management meetings
3.	CPA Walter Nduta +254707879796 Walter.nduta@rerec.co.ke	Project Accountant	BBM(Accounting), C.P.A (K)	<ul style="list-style-type: none"> • Preparation of the project's financial reports. • Process of

***Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

No.	Names and contact details	Title designation	Key Qualifications	Responsibilities
				project-related payments.
4.	Mr. Festus Kasonzo +254722138880 Festus.kasonzo@rerec.co.ke	Procurement Specialist	Master's Degree in Procurement and Supplies	<ul style="list-style-type: none"> • Preparation of projects procurement plans. • Preparation of bid documents. • Coordinate tendering evaluation and award notifications. • Coordination of procurement activities of the project.
5.	Eng. Nicholas Muigai +254722269540 Nicholas.muigai@rerec.co.ke	Project Engineer	Bsc in Electrical Engineering	<ul style="list-style-type: none"> • Review of project designs. • Analyse all the Technical aspects of the project.

2.7 Funding summary

The project encompasses a total duration of eleven (11) years, three (3) months, and nine (9) days, extending from 23rd September 2013 to 30th December 2024. Although the foundational loan agreements were executed between 2011 and 2013, the ratification process by the Attorney General was not completed for all credits until December 2016. The Abu Dhabi Fund agreement, which was the final agreement to be ratified, significantly impacted the fund release schedule. Consequently, this delay hindered the timely disbursement of funds, given that the project financing was collectively sourced from four distinct financiers.

Project implementation officially began in October 2019. Despite the signing of contract agreements with contractors on 1st July 2016, actual project work experienced delays due to logistical issues related to the establishment of letters of credit. These issues were resolved with the finalization of the letters of credit in 2019. The project's completion has been extended to 31st December 2024, following a recent extension of credit financing by all participating financiers.

Project Information and Overall Performance (Continued)

The total cost of the project amounts to US\$ 57 million, with financial contributions allocated as follows:

- BADEA (Arab Bank for Economic Development in Africa): US\$ 10 million
- OFID (OPEC Fund for International Development): US\$ 15 million
- SAUDI (Saudi Fund for Development): US\$ 12 million
- ABU DHABI (Abu Dhabi Fund for Development): US\$ 10 million
- GOK (Government of Kenya): US\$ 10 million

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project Information and Overall Performance (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date - (30th June 2024)		Undrawn balance to date - (30th June 2024)	
	USD	KSHS	USD	KSHS	USD	KSHS
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Arab Development Partners:						
BADEA	10,000,000	1,022,474,000	6,919,434	698,347,140	3,080,566	324,126,860
OFID	15,000,000	1,533,711,000	9,663,703	992,427,387	5,336,297	541,283,613
SAUDI	12,000,000	1,226,968,800	9,060,243	917,239,329	2,939,757	309,729,471
ABU DHABI	10,000,000	1,022,474,000	8,371,448	855,958,777	1,628,552	166,515,223
Sub-total (A)	47,000,000	4,805,627,800	34,014,827	3,463,972,633	12,985,173	1,341,655,167
(ii) Counterpart Funds						
Government of Kenya (GOK)	10,000,000	1,022,474,000	4,927,089	538,227,767	5,072,911	484,246,233
Sub-total (B)	10,000,000	1,022,474,000	4,927,089	538,227,767	5,072,911	484,246,233
Total C=(A+B)	57,000,000	5,828,101,800	38,941,916	4,002,200,400	18,058,084	1,825,901,400

Project Information And Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to date - (30th June 2024)		Cumulative amount paid to date - (30th June 2024)		Unutilised balance to date - (30th June 2024)	
	USD	KSHS	USD	KSHS	USD	KSHS
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Arab Development Partners:						
BADEA	6,919,434	698,347,140	6,919,434	698,347,140	-	-
OFID	9,663,703	992,427,387	9,663,703	992,427,387	-	-
SAUDI	9,060,243	917,239,329	9,060,243	917,239,329	-	-
ABU DHABI	8,371,448	855,958,777	8,367,869	855,592,890	3,578	365,887
Sub-total (A)	34,014,827	3,463,972,633	34,011,249	3,463,606,746	3,578	365,887
(ii) Counterpart Funds						
Government of Kenya (GOK)	4,927,089	538,227,767	4,927,089	538,227,767	-	-
Sub-total (B)	4,927,089	538,227,767	4,927,089	538,227,767	-	-
Total C=(A+B)	38,941,916	4,002,200,400	38,938,338	4,001,834,514	3,578	365,887

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 next steps.

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

During the financial year under review, the project recorded receipts totaling Kshs.280,211,399 and incurred corresponding expenditures of Kshs. 280,211,399. This expenditure was against a final approved budget of Kshs. 417,430,497, resulting in an underutilization of Kshs. 137,219,098, which represents 33% of the budgeted amount.

Cumulatively, the project has total receipts of Kshs. 4,002,665,687 and total payments of Kshs. 4,001,834,514 over its lifespan. This balance underscores the project's adherence to its financial framework, despite the significant underutilization within the reporting period.

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

Activities planned for the reporting period	Activity Implementation Status	Narration
Preparation of projects designs and	Design and surveying of projects	Completed

***Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Activities planned for the reporting period	Activity Implementation Status	Narration
lotting.		
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	97% complete
Construction of power distribution lines	For the Lots awarded	52% Complete

iii) Comment on value-for-money achievements,

The project was extended and the new closure date is 31st December, 2024. This extension has enabled the Corporation to intensify oversight of construction activities, ensuring that planned objectives are achieved. Proactive monitoring has led to improved adherence to quality standards and project specifications, contributing to effective resource use and optimal operational efficiency.

Project Information and Overall Performance (Continued)

Significant milestones have been reached despite the extended timeline, reflecting the project's commitment to delivering value for money. Prudent management of financial and material resources has maximized outcomes and minimized wastage, underscoring the project's dedication to achieving its goals within the revised schedule.

The following are the achievements: -

- a) The design for distribution lines: The distribution lines' design was finalized on schedule, ensuring a solid foundation for the project's next phases.
 - b) Recruitment of construction contractors: Recruitment of construction contractors was successfully completed in 2016, enabling timely commencement of the construction phase.
 - c) A supervision consultant was hired for the project, however on June 30, 2023, the consultant stated that they were not willing to extend their contract. Efforts are currently underway to recruit a new consultant to continue providing the necessary oversight.
 - d) Construction materials delivery to the site: Approximately 97% of construction materials have been delivered to the site, ensuring readiness for ongoing construction activities.
 - e) Construction of power distribution lines: The construction of power distribution lines is approximately 52% complete, reflecting substantial progress toward project completion.
- iv) Indicate the absorption rate for each year since the commencement of the project.**

The project has demonstrated strong financial management performance with an absorption rate of 72% of the total donor commitment. This is reflected in total

Project Information and Overall Performance (Continued)

disbursements amounting to US\$ 34,014,827 (equivalent to Kshs.3,463,972,633) against the total donor commitment of US\$ 47,000,000 (or Kshs. 4,805,627,800).

Including GoK counterpart funding, the total cumulative absorption rate stands at 68%, with disbursements amounting to US\$ 38,941,916 (equivalent to Kshs. 4,002,200,400) against a total commitment of US\$ 57,000,000 (or Kshs. 5,828,101,800). This signifies that a substantial portion of the committed funds has been effectively utilized, underscoring the project's ability to manage and deploy donor resources efficiently in alignment with the overall financial commitment.

v) Implementation challenges and recommended way forward.

- a) COVID-19 Pandemic Impact: The pandemic (2020-2022) caused disruptions in material manufacturing, travel, and document sharing due to social distancing measures. Digital infrastructure for remote operations and document sharing has been enhanced to mitigate similar impacts in future crises.
- b) Complexity of Dealing with Multiple Financiers: Managing multiple financiers proved challenging. This issue has been resolved by appointing one financier as the lead to simplify coordination and oversight.
- c) Complexities of Opening Letters of Credit: Different conditions from financiers complicated the process. This has been addressed, and all conditions have been met, ensuring that payments are processed efficiently.
- d) Delay in Paperwork Processing: The need for hardcopies from all financiers delayed payments. This issue has been resolved through the use

Project Information and Overall Performance (Continued)

of DHL services to adhere to strict schedules, ensuring timely delivery and minimizing delays.

- e) Delay by Contractors: Contractors experienced delays in delivering key materials such as transformers. This challenge has been resolved through improved contractor management and stricter delivery timelines.
- f) Delay in Consultant Recruitment: There was a delay in obtaining no objection from financiers for recruiting a new consultant. This has been addressed by expediting the review process and issuance of no objection, facilitating the recruitment of a new consultant to continue providing the necessary oversight.

2.9 Summary of Project Compliance

There were no significant instances of non-compliance with applicable laws, regulations, or essential external financing agreements and covenants for REREC. This underscores our robust adherence to legal and regulatory requirements, as well as our commitment to fulfilling all financial and contractual obligations. The absence of non-compliance highlights REREC's diligence in maintaining the highest standards of regulatory and financial governance. It reflects our proactive approach to ensuring that all operations are conducted within the framework of established laws and agreements, thereby upholding our reputation for integrity and accountability in all financial dealings.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81(2)(f) /Section 164 (2)(f) of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national/county government entity's performance against predetermined objectives at the end of each financial year.

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

- a) The Government of Kenya is dedicated to achieving universal access to power supply, with a focus on connecting all public facilities and households. This commitment aligns with the government's recognition of energy as a pivotal component of its long-term development strategy and the implementation of the Bottom-Up Economic Transformation Agenda (BETA), contributing to the realization of "Kenya Vision 2030." As part of this initiative, numerous public facilities, including Health Centres, Trading Centres, and Secondary Schools, are being connected to the power supply. This project specifically targets the enhancement of connectivity for these public facilities and households, further advancing the government's vision for comprehensive energy access and development.
- b) Energy access is a crucial factor in reducing poverty and a fundamental driver of sustainable development. Developing robust infrastructure that ensures consistent and affordable energy access allows local communities to significantly elevate their standard of living and improve their economic status. This progress is achieved through enhanced home environments, the creation of new productive opportunities, and improved educational outcomes, all of which contribute to a healthier and more prosperous community.
- c) Recognizing electricity access as essential for national development, the government has designated energy as a critical enabler in its long-term development strategy. This is central to the Bottom-Up Economic Transformation Agenda (BETA) and the achievement of "Kenya Vision 2030." The vision aspires to establish Kenya as a globally competitive and prosperous nation, providing a high quality of life for all its

citizens by 2030.

- d) This will only be achieved if all public facilities and households are connected. The project's aim is to address the connection of some of the non-electrified public facilities. This includes schools, healthcare centers, administrative offices, and other essential community services that currently lack access to electricity. By ensuring these key public facilities are connected, the project will not only enhance the quality of public services but also promote social and economic development in selected rural areas. Reliable electricity supply will enable these facilities to operate efficiently, support better educational and healthcare outcomes, and improve overall community well-being. This comprehensive approach to electrification is crucial for achieving the broader objective of universal access to electricity, thereby fostering inclusive growth and development.

Progress on attainment of Strategic development objectives.

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

Below is the progress made toward attaining the stated objectives.

Project	Objective	Outcome	Indicator	Performance
Rural Electrification in Five Regions	Provision of electricity in selected five regions.	Connection of public facilities and households	Availability of electricity	By June 30, 2024, 8,820 customers were connected to electricity through 167 completed projects, marking

*Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project	Objective	Outcome	Indicator	Performance
				significant progress in expanding energy access and infrastructure.

4. Environmental and Sustainability Reporting

The project exists to transform lives, serving as our core purpose and the driving force behind all our initiatives. It guides our strategic efforts and underpins our commitment to sustainability. Below is a brief highlight of our activities aimed at advancing sustainability.

i. Sustainability strategy and profile

The Corporation is dedicated to ensuring a reliable power supply, supported by specialized departments that focus on maintaining high-quality powerline systems. Our commitment to reliability is reflected in the rigorous evaluation and monitoring processes embedded throughout the project implementation phase. These processes are designed to ensure adherence to our sustainability strategy, including compliance with environmental standards and efficient resource management. By continuously assessing project progress and performance, we ensure that all aspects of our power infrastructure meet the highest standards of quality and sustainability. This approach not only supports the reliable delivery of electricity but also aligns with our broader goals of environmental stewardship and long-term sustainability.

ii. Environmental performance

The Corporation actively involves environmental specialists in the project identification phase to ensure that environmental considerations are thoroughly addressed. These specialists assess potential projects for their environmental impacts, guiding the selection process to prioritize initiatives that align with sustainable practices. Our commitment to environmental responsibility is further demonstrated through strict adherence to guidelines set by the National Environment Management Authority (NEMA). By complying with NEMA's regulations, we ensure that all projects are evaluated for their environmental impact and that necessary mitigation measures are implemented. This proactive approach helps minimize negative environmental effects and supports the Corporation's goal of promoting sustainability and protecting natural resources throughout the project lifecycle.

iii. Employee welfare

The Corporation's recruitment policies are guided by the following frameworks: the PSC Recruitment and Selection Policy, the Delegation of PSC HRM Functions to the Cabinet Secretary (July 2018), the Framework for Short Term Employment in the Public Service (May 2019), and the Human Resources Policies and Procedure Manual for the Public Service (May 2016). These policies enable the Corporation to promote common cadres under delegated authority, ensuring adherence to gender and regional balance considerations.

For skill development and career advancement, the Corporation follows the Human Resource Development Policy for the Public Service (June 2015) and the Guidelines on Managing Training in the Public Service. These guidelines facilitate individual training programs essential for career progression and promotions, as well as group training sessions tailored to various cadres.

Additionally, the Corporation ensures that all staff are integrated into the Performance Appraisal System (PAS), in accordance with the guidelines for the Implementation of Performance Rewards and Sanctions in the Public Service and the Performance Rewards and Sanctions Framework. This system supports effective performance management and rewards, aligning with public service standards.

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

iv. Market place practices

a) Responsible Supply chain and supplier relations

Procurement activities have been conducted in accordance with World Bank Procurement Regulations, as specified in Section 3.7. This adherence ensures transparency, fairness, and competition by following rigorous procedures, such as open

bidding and detailed bid evaluations. Continuous monitoring and regular audits further uphold these standards, enhancing the credibility and accountability of the procurement process and fostering stakeholder trust.

The specific regulations include:

- (i) **Provide Timely and Sufficient Information:** Ensure that applicants receive comprehensive and timely information about the procurement process. This includes issuing a Notification of Intention to Award and conducting debriefings. These measures enable applicants to understand the basis for the Borrower's decision thoroughly and assess whether to file a complaint challenging the decision. Effective communication helps maintain transparency and allows all parties to make informed decisions regarding their next steps.
- (ii) **Acknowledge Complaints Promptly:** When a complaint is received, it must be acknowledged without delay. Prompt acknowledgment confirms that the complaint has been received and is being processed. This practice helps build trust with Bidders/Proposers/Consultants by demonstrating that their concerns are being taken seriously and will be addressed in due course.
- (iii) **Resolve Complaints promptly and fairly:** Complaints should be addressed and resolved in a timely and equitable manner. The resolution process must be conducted fairly, ensuring that all parties involved are treated justly and that their concerns are resolved appropriately. Prompt and fair resolution helps maintain the integrity of the procurement process and upholds the principles of fairness and transparency.
- (iv) **Preserve Confidentiality and Proprietary Information:** Safeguard the confidentiality of sensitive and proprietary information provided by Applicants, including commercial and financial data and trade secrets. Ensure that such information is

handled securely and is only disclosed as necessary and with appropriate authorization. Respecting confidentiality is crucial for maintaining trust and protecting the competitive interests of all participants.

- (v) **Maintain Complete Records:** Keep detailed and accurate records of all debriefings, complaints, and their resolutions. Comprehensive documentation is essential for accountability and transparency. It provides a clear audit trail of how complaints were handled and resolved, which can be reviewed if necessary to ensure compliance with procurement policies and procedures.

- (vi) **Inform the financiers of Complaints:** For contracts subject to prior review, promptly notify the financier of any complaints received. Provide the financier with all relevant documents and information related to the complaint. This ensures that the financier is kept informed of potential issues and can provide guidance or intervention if required.

- (vii) **Consult with the financiers throughout the Complaint Process:** For contracts subject to prior review, engage with the financiers promptly and openly throughout the complaint review and resolution process. This involves consulting with the financiers at key stages to seek advice, discuss potential resolutions, and ensure that the process aligns with the Bank's requirements and expectations. Effective communication with the Bank helps facilitate a smooth resolution process and ensures compliance with review procedures.

b) Responsible ethical Practices

Strict adherence to financiers' regulations on bank anti-corruption guidelines involves several critical practices to ensure compliance and promote integrity in all financial dealings. These guidelines are designed to prevent, detect, and address corruption and other unethical behaviors in banking and financial operations. Key aspects include implementing robust internal controls, conducting due diligence, training and awareness programs, monitoring and reporting mechanisms, enforcing disciplinary actions, collaborating with regulatory authorities, and maintaining transparency.

c) Regulatory impact assessment

To ensure strict adherence to NEMA regulations during project implementation, we consistently comply with all environmental guidelines and standards, minimizing negative impacts on the environment. This involves conducting thorough environmental impact assessments, securing necessary permits, and implementing effective mitigation measures for identified risks. Furthermore, we actively pursue "green procurement" practices, prioritizing suppliers who demonstrate a strong commitment to environmental stewardship. These suppliers use eco-friendly materials, reduce waste, and adopt sustainable production processes. By integrating these practices, we not only meet regulatory requirements but also promote environmentally responsible practices across our supply chain.

v. Community Engagements

The Corporation has implemented several measures to ensure the acceptance of projects by the communities in the project areas. Mechanisms for community engagement during project implementation have been established, including the operationalization of Stakeholders Coordination Committees, which serve as platforms for continuous dialogue and collaboration with the community. Additionally, a comprehensive Community Engagement Strategy and Policy has been rolled out to guide interactions and foster positive relationships with local stakeholders.

Furthermore, the Corporation has made it a priority to consider local communities for employment opportunities during the implementation of energy projects. This effort not only supports the local economy but also enhances community buy-in and support for the projects. Involvement of the local communities extends to the process of wayleaves acquisition, ensuring that their input and concerns are addressed, thereby minimizing conflicts and fostering a sense of ownership and partnership in the development initiatives. Through these concerted efforts, the Corporation aims to build trust, ensure transparency, and promote the long-term success of its projects.

5. Statement of Project Management Responsibilities

The Chief Executive Officer of 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 financial year ended on June 30, 2024.

This responsibility includes:

- i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project;
- iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv) Safeguarding the assets of the project;
- v) Selecting and applying appropriate accounting policies and 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, 2024, and of the Project's financial position as at that date. The Chief Executive Officer and the Project Manager 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.

***Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

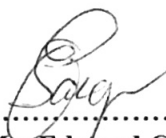
The Chief Executive Officer and the Project Manager for Rural Electrification in five regions Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit 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 26th Aug, 2024 and signed by them.



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



.....
Mr. Edward Gakunju
Project Coordinator



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

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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.11/597, CREDIT NO.1407P) FOR THE YEAR ENDED 30 JUNE, 2024 – 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 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.

A qualified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, 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 Management Act, 2016 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

Qualified Opinion

I have audited the accompanying financial statements of Rural electrification in Five Regions project set out on pages 1 to 47, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and statement of receipts and payments,

Report of the Auditor-General on Rural Electrification in Five Regions Project Credit. No.11/597, Cr.No.1407P) for the year ended 30 June, 2024 – Rural Electrification and Renewable Energy Corporation

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Rural Electrification in Five Regions Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the financing agreements between Arab Bank for Economic Development in Africa (BADEA) dated 23 September, 2011, CR. No 11/597 dated 6 September, 2013, with the Saudi Fund for Development and CR. No. 1407P dated 25 September, 2011, with the OPEC Fund for International Development and the Government of the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in Acquisition of Non-Financial Assets

The statement of receipts and payments reflects acquisition of non-financial assets cumulative amount of Kshs.4,001,827,868 and as disclosed in Note 8 to the financial statements. Included in the amount is Kshs.3,707,219,534 for acquisition of project materials. However, review of project materials costs revealed that some of the materials which had been returned by one of the contractors to the Corporation for the West region office in Kisumu had been reissued to another project without re-valuation to confirm the current value and efficiency.

In the circumstances, the accuracy and valuation of acquisition of project materials amounting to Kshs.3,707,219,534 could not be confirmed.

2. Unsupported Cash and Cash Equivalents

The statement of financial assets and liabilities reflects cash and cash equivalents balance of Kshs.831,173 (USD 6,416.99) being call deposit placement as disclosed in Note 11 to the financial statements. The amount includes a principal amount of Kshs.463,573 and interests of Kshs.367,600. Review of records revealed that a Donor erroneously released funds to the accounts of two (2) contractors amounting to USD 926,377.55 and USD 734,192.58. The funds were released without certificate of works done instead of the financier issuing special commitment letters as instructed in the application. To safeguard the project funds one of the contractors remitted the funds to the Corporation's account until a certificate of works was issued as suggested by The National Treasury. The funds were placed in a call deposit on 1 September, 2020 which matured on 2 February, 2022 with a balance of Kshs.728,819.

However, the call deposit statement from 1 September, 2020 to 30 June, 2024 in support of the cash and cash equivalents balance of Kshs.831,173, Board approval for opening the call deposit, documents submitted to request for the special commitment from the Donor and the approval on how to manage the funds after the erroneous transaction were not provided for audit.

In the circumstances, the occurrence and accuracy of cash and cash equivalents balance of Kshs.831,173 could not be confirmed.

3. Unsupported Prior Year Adjustments

Note 15 to the financial statements reflects adjustments amounting to Kshs.81,152,961. The explanation given under the Note indicates that the variances were as a result of foreign exchange differences and discrepancies from reconciliation and misstatement errors. However, audit of prior year adjustments revealed that the consultant and contractors had fixed exchange rates hence no adjustments were expected to arise from foreign exchange differences. Further, the adjustment reflected in Note 15 to the financial statements was not reflected in the statement of financial assets and liabilities as at 30 June, 2024.

In the circumstances, the accuracy of the prior year adjustments amounting to Kshs.81,152,961 could not be confirmed.

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 qualified opinion.

Emphasis of matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.417,430,497 and Kshs.280,211,399 respectively resulting to an under-funding of Kshs.137,219,098 or 33 % of the budget.

The under-funding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

In connection with my audit on the Rural Electrification in Five Regions Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Non-Compliance with Loan Guidelines on Disbursement

Review of schedule three (3) of the loan agreement for one of the donor's amortization schedule revealed that the borrower (GOK) should have repaid the loan advanced up-to an amount of USD 8,000,000. However, the loan repayment statement was not provided for audit hence the amount of loan repaid could not be confirmed.

In the circumstances, the Corporation was in breach of the conditions of loan agreement as provided for in the schedule.

2. Non-Compliance with Contract Management

2.1 Delayed Project Implementation

Review of the contract agreements signed on 1 July, 2016 with contract period of eighteen (18) months, revealed that a total commitment of Kshs.5,828,101,800 was meant to undertake four hundred and two (402) schemes while the tender documents indicated that there were three hundred and fifty-nine (359) schemes. The Progress Report for September 2024 indicated that one hundred and seventy (170) schemes or 42% had been completed and commissioned. Further, an interview with the contractors during physical visits to the co-owned warehouses in the five (5) regions revealed that four hundred and thirty-nine (439) schemes were handed over to five (5) contractors and one hundred and ninety (190) schemes had been completed. Thus, the tender documents, contract agreement and information from the contractors indicated discrepancies. Therefore, the project Status and scheme to be executed could not be confirmed.

Further, the factory acceptance tests and delivery of materials had been performed at 100% for lot 1, lot 3 and lot 4 while lot 2 and lot 5 were at 92% and 91% respectively as per progress report dated 30 June, 2024. However, the installation Component of the project was at 42%.

In addition, an interview with the five contractors revealed the following challenges:

- i. A contractor built a total of 103 Km in Tana River County which was outside the initial designs/scope. The payment for the work had not been done and forms part of the pending bills.
- ii. Another contractor had eighteen (18) schemes dropped at initial stages after handing over and another twelve (12) new schemes which were not part of the original design were added.
- iii. The Corporation handed over sixty eight (68) schemes to a contractor, but six (6) of them had already been done by Kenya Power reducing the scope to sixty two (62) schemes. Wayleave and designs issues reduced the scope further to forty nine (49) schemes that were implementable. Out of the forty nine (49) schemes implementable only twenty (23) schemes were done due to mismatch of the materials and the design rendering them un-implementable.

In the circumstances, the Project may not be completed in time, hence the Corporation may not realise value for money. Further the scope of work to be carried out could not be confirmed.

2.2 Payments for Consultancy Services

The Corporation contracted a consultant to provide consultancy services as per the contract agreement dated 13 August, 2014 at a contract sum of Kshs.137,928,528. As at the time of audit in October, 2024, an amount of Kshs.113,822,110 (83%) had been paid to the consultant while the Project implementation Status was at 42%. Further, as per a

letter dated 19 June, 2023, the consultant communicated its intention to terminate consulting obligation with the Corporation due to death of its Project Manager. However, the consultant terminated services after being paid a total sum of 113,822,110.42 or 83% of the contract sum against implementation status at 42%. In addition, there was a lot of mismatch between the designs and materials acquired by the contractors for the five regions' projects.

In the circumstances, the Corporation may not have realized value for money from the consultancy services.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 November, 2024


Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024

Description	Note	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	Total	Cumulative to-date (From inception) Reinstated
		2023-2024			2022-2023			
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Receipts								
Transfer from Government entities	1	1,125,467	-	1,125,467	49,956,967	-	49,956,967	538,227,767
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	
Loan from external development partners	3	-	279,085,932	279,085,932	-	972,645,431	972,645,431	3,463,972,633
Miscellaneous receipts	4	-	-	-	-	-	-	465,287
Total Receipts		1,125,467	279,085,932	280,211,399	49,956,967	972,645,431	1,022,602,398	4,002,665,687
Payments								
Compensation Of Employees	5	-	-	-	-	-	-	-
Purchase Of Goods And Services	6	-	-	-	-	-	-	-
Social Security Benefits	7	-	-	-	-	-	-	-
Acquisition Of Non-Financial Assets	8	1,125,467	279,085,932	280,211,399	49,956,967	972,645,431	1,022,602,398	4,001,827,868
Transfers To Other Government Entities	9	-	-	-	-	-	-	
Other Grants And Transfers And Payments	10	-	-	-	-	-	-	6,646
Total Payments		1,125,467	279,085,932	280,211,399	49,956,967	972,645,431	1,022,602,398	4,001,834,514
Surplus/(Deficit) For The Year		-	-	-	-	-	-	831,173

*Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

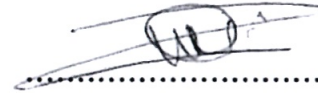
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



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



.....
Mr. Edward Gakunju
Project Coordinator




.....
CPA 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, 2024*

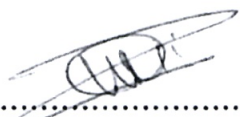
8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash And Cash Equivalents			
Bank Balances	11.A	-	-
Cash Balances	11.B	-	-
Cash Equivalents (Call Deposit Placement)	11.C	831,173	-
Total Cash And Cash Equivalents		831,173	-
Accounts Receivables – Imprest And Advances	12	-	-
Total Financial Assets (A)		831,173	-
Financial Liabilities			
Payables-Deposits And Retentions	13		
Total Financial Liabilities (B)			
Net Financial Assets (A-B)			
Represented By			
Fund Balance B/Fwd	14	-	-
Prior Year Adjustments	15	831,173	-
Surplus/(Deficit) For The Year		-	-
Net Financial Position		831,173	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 20th Aug, 2024 and signed by:


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


.....
Mr. Edward Gakunju
Project Coordinator


.....
CPA 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, 2024***

9. Statement of Cash flow for the year ended 30th June 2024


Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cashflows From Operating Activites			
Receipts			
Transfer From Government Entities	1	1,125,467	49,956,967
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	831,173	
Decrease/ (Increase) In Accounts Receivables	16	-	-
Increase/(Decrease) In Accounts Payable	17		
Net Cash Flow From Operating Activities		1,956,641	49,956,967
Cashflow From Investing Activities			
Acquisition Of Non-Financial Assets	8	(280,211,399)	(1,022,602,398)
Net Cash Flows From Investing Activities		(280,211,399)	(1,022,602,398)
Cashflow From Financing Activities			
Proceeds From Foreign Borrowings	3	279,085,932	972,645,431
Net Cash Flow From Financing Activities		279,085,932	972,645,431
Net Increase In Cash And Cash Equivalent		831,173	-
Cash And Cash Equivalent At Beginning Of The Year	11	-	-
Cash And Cash Equivalent At End Of The Year	11	831,173	-

***Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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 26th Aug, 2024 and signed by:



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



.....
Mr. Edward Gakunju
Project Coordinator



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

10. Statement of Comparison of Budget and Actual Amounts for year ended 30th June 2024

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/c %
Receipts						
Transfer From Government Entities	1,125,467	-	1,125,467	1,125,467	-	100%
Proceeds From Domestic And Foreign Grants			-	-	-	0%
Proceeds From Borrowings	416,305,030	-	416,305,030	279,085,932	137,219,098	67%
Miscellaneous Receipts			-	-	-	0%
Total Receipts	417,430,497	-	417,430,497	280,211,399	137,219,098	67%
Payments						
Compensation To Employees			-	-	-	0%
Purchase Of Goods And Services			-	-	-	0%
Social Security Benefits			-	-	-	0%
Acquisition Of Non-Financial Assets	417,430,497	-	417,430,497	280,211,399	137,219,098	67%
Transfers To Other Government Entities			-	-	-	0%
Other Grants And Transfers			-	-	-	0%
Total Payments	417,430,497	-	417,430,497	280,211,399	137,219,098	67%
Surplus Or Deficit	-	-	-	-	-	

*Rural Electrification in Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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



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



.....
Mr. Edward Gakunju
Project Coordinator



.....
CPA 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 Rural Electrification in five regions Project as required by Section 81 of the PFM Act, 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

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)

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation 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.

Significant Accounting Policies (continued)

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 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.

Significant Accounting Policies (continued)

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the 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

Significant Accounting Policies (Continued)

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 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 payments and

Significant Accounting Policies (Continued)

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.

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, 2024.

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	2023-2024	2022-2023	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 (Annex 3)			
Other transfers from government entities			
Ministry of Finance	1,125,467	49,956,967	538,227,767
Appropriations-in-Aid	-	-	-
Total	1,125,467	49,956,967	538,227,767

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	2023 - 2024			2022 - 2023	Cumulative to date
			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			-	-	-	-	-

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2023 - 2024				2022 - 2023	Cumulative to date (from inception)	
Name of Donor	Date received	Amount in loan currency	Amount Received in Cash	Loan Received as Direct Payment	Total amount		Total amount
		USD	Kshs	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors (Arab Development Partners)							
BADEA		289,033	-	26,266,774	26,266,774	218,465,217	698,347,140
OFID		1,330,891	-	139,155,879	139,155,879	297,006,470	992,427,387
SAUDI		961,494	-	95,024,251	95,024,251	309,445,900	917,239,329
ABU DHABI		182,293	-	18,639,029	18,639,029	147,727,845	855,958,777
Total		2,763,711	-	279,085,932	279,085,932	972,645,431	3,463,972,633

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2023-2024			2022-2023	Cumulative to date (from inception)
	Receipts controlled by the entity	Receipts controlled by third parties	Total Receipts	Total Receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Earned Interest on Call Deposit Placements	-	-	-	-	465,287
Total	-	-	-	-	465,287

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2023-2024			2022-2023	Cumulative to date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other Personal Payments	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2023-2024			2022-2023	Cumulative to date
	Payments made in cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training expenses	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance - vehicles and other transport equipment	-	-	-	-	-
Routine maintenance - other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	-	-

Notes To The Financial Statements (Continued)

7. Social Security Benefits

Description	2023-2024			2022-2023	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	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	-	-	-	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	2023 - 2024			2022 - 2023	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Acquisition of Project Materials	-	224,486,461	224,486,461	947,890,513	3,707,219,534
Local Transportation and Insurance Services		-		2,090,506	55,689,313
Installation and other Services		15,348,287	15,348,287	18,286,178	125,096,910
Consultancy Services	1,125,467	39,251,184	40,376,651	54,335,201	113,822,110
Total	1,125,467	279,085,932	280,211,399	1,022,602,398	4,001,827,868

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	2023-2024			2022-2023	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Ministry of Energy	-	-	-	-	-
Transfers to County Government	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	2023 - 2024			2022 - 2023	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer fees	-	-	-	-	6,646
Total	-	-	-	-	6,646

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 11.A)	-	-
Cash in hand (Note 11.B)	-	-
Cash equivalents (Call deposits placement) - (Note 11.C)	817,173	-
Total	817,173	-

11. A Bank Accounts

Project Bank Accounts

Description	2023-2024	2022-2023
	Kshs	Kshs
Foreign Currency Accounts		
N/A		
Total foreign currency Balances	-	-
Local Currency Accounts		
Co-operative Bank of Kenya (A/c No.N/A)	-	-
Total local currency balances	-	-
Total bank account balances	-	-

Special Deposit Accounts

The Project does not operate a special deposit account.

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 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.

Notes to the Financial Statements (Continued)

Special Deposit Accounts Movement Schedule

Description	2023-2024	2022-2023
	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)	-	-

11 B Cash in hand

Description	2023-2024	2022-2023
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (specify)	-	-
Total cash in hand balances	-	-

11 C Cash equivalents (Call deposits placement)

Description	2023-2024	2022-2023
	Kshs	Kshs
Kenya Commercial Bank- Call deposit placement Drawdown account No. USD1400500020001(6,416.99@129.5270	831,173	-
Total	831,173	-

Notes to the Financial Statements (Continued)

12. Imprests and Advances

<i>Description</i>	2023-2024	2022-2023
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance Current 2023/24	Balance Comparative 2022/23
	Kshs	Kshs	Kshs	Kshs	Kshs
Officer 1	-	-	-	-	-
Officer 2	-	-	-	-	-
Officer 3	-	-	-	-	-
Programme 1	-	-	-	-	-
Total	-	-	-	-	-

13. Third-Party Deposits and Retention

<i>Description</i>	2023-2024		2022-2023	
	Kshs		Kshs	
Retention	-	-	-	-
Deposits	-	-	-	-
Total	-	-	-	-
Ageing analysis	Current FY	% of the Total	Comparative 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	2023-2024	2022-2023
	Kshs	Kshs
Bank Accounts	-	-
Cash in hand	-	-
Cash equivalents (Call deposit placement)	831,173	-
Outstanding Imprests and advances	-	-
Total	831,173	-

15. Prior Year Adjustment

Description of the error	Balance b/f FY 2022/2023 (audited financial statements)	Adjustments (amount of the correction)	Adjusted balance b/f 2022/2023
	Kshs	Kshs	Kshs
Reconciliation discrepancies and unreported receipts and payments from prior years	3,802,776,075	81,152,961	3,721,623,114
Total (A)	3,802,776,075	81,152,961	3,721,623,114
Cash equivalents (Call Deposit placement) - KCB drawdown Account	-	831,173	831,173
Total (B)	-	831,173	831,173

Note: Prior Year Adjustment.

i) Reconciliation discrepancies and unreported receipts and payments from prior years

In accordance with International Public Sector Accounting Standard No. 3 (IPSAS 3), material errors from prior periods must be corrected retrospectively. This involves restating comparative amounts in the first set of financial statements authorized for issue upon discovery of the error. The nature of the error, the amount of the correction, and its impact on both current and prior period financial statements have been fully disclosed to ensure transparency and adherence to accounting standards, providing a clear understanding of the adjustments made and their effects on the financial statements.

During the financial year 2023/24, a comprehensive reconciliation conducted revealed that an amount of Kshs. 22,355,938 and US\$218,196.46 equivalent to Kshs.19,110,259 had not been reflected in the previous

Notes to the Financial Statements (Continued)

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

financial statements. This amounts, related to GOK counterpart US dollar payments, resulted from a foreign exchange variation between the contract exchange rate of 102.2474 and the negotiated commercial Bank rate on the payment dates and pre-construction consultancy services to M/s Aberdare Engineering Co. Ltd for preparation of design and tender documents to guide the project's implementation to ensures that detailed, accurate, and compliant specifications are developed for the subsequent stages.

Included are other discrepancies resulting from adjustments related to reconciliation discrepancies errors of Kshs. 7,850 for Lot 2 (Sinotec Co., Ltd), Kshs. 550,026 for Lot 3 (Fountain Technologies Ltd), Kshs. 826,207 for Lot 4 (Magnate Ventures Ltd), and Kshs. 29,208 for Lot 5 (Eswari Electricals Pvt Ltd) and US\$65, equivalent to Kshs. 6,646, pertaining to transfer fees for funds from Abu Dhabi Funds under Lot 3. Additionally, discrepancies related to misstatement errors include Kshs. 130,935,346 erroneously reported as an advance payment under Lot 5 (Wayne Homes (K) Ltd

Below is a summary;

Description	Balance 2023/24	Balance 2022/23	Adjustment
	a	b	c=b-a
Forex differences	29,310,598	-	29,310,598
Sinotec Company Ltd	944,607,243	944,599,393	7,850
Fountain Tec Ltd	639,096,960	638,546,933	550,026
Magnate Ventures Ltd	670,815,178	669,988,970	826,207
Wayne Homes(k) Ltd	103,431,977	234,367,323	(130,935,346)
Eswari Electricals Pvt Ltd	549,187,909	549,217,117	(29,208)
Aberdare Engineering Co.,Ltd	73,445,459	54,335,200	19,110,259
Transfer fee funds from ABDF	-	6,646	6,646
Rounding off	-	5.84	5.84
Adjustment (amount of correction)			(81,152,961)

ii) Cash equivalents (Call deposit placement)

An amount of US\$6,416.99 (equivalent to Kshs. 831,173) was not reported in the previous financial statements. This amount, held in a call deposit at KCB Bank, represents the remaining balance of funds received from Abu Dhabi for Lot 3 under a special commitment for payments through letters of credit, together with the earned interest on the placement.

These discrepancies affected the accuracy of the reported financial position and posed potential compliance issues with accounting standards. Immediate corrective action was taken to adjust the financial records and

Notes to the Financial Statements (Continued)

reflect the accurate figures to ensure accurate financial reporting and adherence to IPSAS 3. These measures are crucial for maintaining the integrity of the project's financial statements and ensuring compliance with accounting standards. Consequently, prior year adjustments were appropriately adjusted within the Statement of Receipts and Payments on the comparative figures, consistent with the principles of cash basis accounting.

16. Changes in Accounts Receivables (Imprests and Advances)

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Receivables as at 1 st July 2023	-	-
Closing account receivables as at 30 th June 2024	-	-
Change in Imprests and advances	-	-

17. Changes in Accounts Deposits and Retention

Description	2023-2024	2022-2023
	Kshs	Kshs
Deposits and Retentions as at 1 st July 2023	-	-
Closing accounts payables as at 30 th June 2024	-	-
Change in deposit and retention	-	-

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

Description	Balance b/f from Comparative FY 2022/23	Additions for the period	Paid during the year	Balance c/f For Current FY 2023/24
	Kshs	Kshs	Kshs	Kshs
	a	b	c	d=(a+b-c)
Provision of Goods and Services	115,052,592	186,734,256	86,029,957	215,756,891
Consultancy Services	17,867,308	-	17,867,308	-
Total	132,919,900	186,734,256	103,897,265	215,756,891

2. Pending Staff Payables (See Annex 4b)

Description	Balance b/f from Comparative 2022/23	Additions for the year	Paid during the year	Balance c/f for Current 2023/24
	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 4c)

Description	Balance b/f from Comparative FY 2022/23	Additions for the period	Paid during the year	Balance c/f For Current FY 2023/24
	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties - Retention Monies Upon Final Completion Certificate.	200,657,799	101,215,284	0.00	301,873,084
Total	200,657,799	101,215,284	0.00	301,873,084

4. External Assistance

Description	2023-2024	2022-2023
	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	279,085,932	972,645,431
External assistance received in kind- as payment by third parties	-	-
Total	279,085,932	972,645,431

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

a) External assistance relating loans and grants

Description	2023-2024	2022-2023
	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	279,085,932	972,645,431
Total	279,085,932	972,645,431

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	2023/2024	2022/2023
		Kshs	Kshs
Undrawn external assistance - loans	Settlement of pending bills, installation, and other service bills.	1,341,655,167	1,620,741,099
Undrawn external assistance - grants	Not Applicable	-	-
Total		1,341,655,167	1,620,741,099

c) Classes of providers of external assistance

Description	2023/2024	2022/2023
	Kshs	Kshs
International Assistance Organization	279,085,932	972,645,431
Total	279,085,932	972,645,431

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

d. Non-monetary external assistance

Description	2023-2024	2022-2023
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e. Purpose and use of external assistance

Description	2023-2024	2022-2023
	Kshs	Kshs
Acquisition of Non-financial assets	279,085,932	972,645,431
Total	279,085,932	972,645,431

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	2023-2024	2022-2023
	Kshs	Kshs
International assistance organization - BADEA, OFID, SAUDI, & ABUDHABI	279,085,932	972,645,431
Total	279,085,932	972,645,431

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.

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

5.1 Classification by Source

	2023/2024	2022/2023
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

Payments made by third parties	2023/2024	2022/2023
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	-	-

Other Important Disclosures (Continued)

6. Related Party Disclosures

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

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

Related party transactions:

Description	2023-2024	2022-2023
	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	-	-
Total Transfers from related parties	-	-

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

7. Contingent Liabilities

Description of contingent liabilities	2023-2024	2022-2023
	Kshs	Kshs
Court case 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)

14. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
No. 1	<p>Low Absorption of Project Funds and delayed Project Implementation;</p> <p>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 2.7 on funding summary further indicates that both the Donors and the Government of the Republic of Kenya had made commitments amounting to Kshs.5,856,180,000 (USD 57,000,000). The actual amount received during the Project's period totaled to Kshs.3,802,776,075 (USD 37,191,910) of the funding, leaving a balance of Kshs.2,025,325,725 (USD 19,697,489) or</p>	<p>To ensure compliance with the concessional agreement and the full utilization of the credit, the Corporation has requested an extension of the withdrawal rights from June 30, 2023, to December 31, 2024.</p> <p>The Corporation is currently processing invoices for installation and other services, certified by Aberdare Engineering Consultant. Additional invoices for installation services will be submitted on an ongoing basis as projects are completed, commissioned, and subsequent joint measurements are undertaken.</p> <p>To accelerate project implementation, the</p>	<p>Resolved.</p> <p>This is an ongoing process that will continue until the project's completion.</p>	<p>31st Dec,2024</p>

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>35% of Donor commitment undrawn, yet the project had been ongoing for nine years and nine one month's leaving a variance of implementation period of one year and five (5) months only. However, with the extended Project's closing date of 31 December, 2024, the credit may lapse without being fully utilized and the objectives and planned deliverables may not be realized.</p> <p>The Management has not provided any documentary evidence to demonstrate mitigation against credit lapse before implementation of all project activities.</p>	<p>Corporation has implemented the following mitigation measures:</p> <p>a) Fast-Tracking Consultant Recruitment: The process of recruiting a new project consultant has been expedited as advised by the project development partners to ensure compliance with the financing agreement and to accelerate invoicing and payment processing.</p> <p>b) Enhanced Supervision and Coordination: Management has strengthened project supervision, coordination, and monitoring through regular site meetings conducted by supervisors and contractors. The internal supervision team, led by Regional Managers and supported by County Supervisors, provides weekly updates on</p>		

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved	Timeframe
		<p>project progress.</p> <p>c) Expedited Joint Inspection and Commissioning: Joint inspections and commissioning of completed projects are being fast-tracked.</p> <p>As a result of these measures, several projects have been successfully implemented, with Lot 4 having completed all allocated projects.</p> <p>Overall Project Implementation Status: A total of 167 projects, comprising various lengths of 33kV and 11kV power distribution networks (PDN), have been completed and commissioned. Additionally, 29 projects have been executed to over 90% completion, pending only transformer installation and commissioning. Another 31</p>		

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
		<p>projects are at various stages of completion, with mobilization for 172 projects across five lots currently underway. By June 30, 2024, a total of 8,820 customers have been connected to electricity from the 167 completed and commissioned projects.</p> <p>Payment Status: To date, aggregate payments amount to approximately Kshs. 4.1 billion, representing 71.9% of the total contract price of approximately Kshs. 5.7 billion. Additional invoices for installation services have been processed, approved by the National Treasury, and dispatched for payment. This is an ongoing process, with continuous communication between the Corporation, BADEA, and OFID to facilitate timely processing of invoices.</p>		

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
No.2	<p>Pending Accounts Payable</p> <p>Note 1 on Other Important Disclosures to the financial statements reflects pending accounts payable totaling to Kshs.132,925,013 as at 30 June, 2023. The Management did not explain 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.</p> <p>Further, 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.</p>	<p>A pending bill represents an unsettled financial obligation at the end of a financial year due to a lack of budget allocation. Pending bills occur when an entity fails to settle invoiced amounts for goods and services that have been properly procured, delivered, or rendered by the end of the financial year, and these amounts were not accounted for in the budget for that fiscal year.</p> <p>According to the National Treasury template for preparing financial statements, Note 1 (Other Important Disclosures) and Annex 4A - Analysis of Pending Bills are required for disclosure. It is important to note that the financial statements are prepared on a cash basis rather than an accrual basis, which affects the nature of this disclosure.</p>	Resolved but it's an ongoing process.	

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
		<p>As reflected in Note 1 of the financial statements, a pending bill amounting to Kshs. 132,925,013 is reported as of June 30, 2023. This amount pertains to unsettled financial obligations from the fiscal year 2022/23, resulting from several invoices raised by contractors and pending release by financiers. However, this does not strictly align with the definition of pending bills, as the budget for these invoices was available.</p> <p>This Turnkey Project ties payments to milestones achieved, including material delivery and installation works. All invoices received by the Corporation were processed through various stages and levels, including the Corporation, the Ministry of Energy, and the National Treasury within the financial year. The Kshs. 132,925,013</p>		

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
		<p>was committed during the year, and therefore, it does not adversely impact the budgetary provisions for the subsequent year.</p> <p>Additionally, of the total unpaid bills amounting to Kshs. 132,925,013, Kshs. 96,626,339 (73%) have been settled by various financiers from July 2023 to 30th June,2024</p>		
No.3	<p>Commingling of Funds</p> <p>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,</p>	<p>Under the arrangement with financiers, payments to project contractors are subject to specific conditions. Funds for goods, works, and services rendered are remitted directly into the contractors' bank accounts by the financiers. As a result, the Corporation did not receive Kshs. 972,645,431 in its bank accounts for the purpose of contractor payments.</p>	Resolved	N/A

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>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, Management was in breach of the law and did not comply with requirements of the financing agreement.</p>	<p>Additionally, Government of Kenya (GoK) counterpart funding is disbursed as a consolidated sum through the Exchequer under the Public Facilities vote. Consequently, it is not feasible to transfer the GoK portion directly, as payments are made promptly in accordance with budgetary provisions.</p>		
No.4	<p>Control Weaknesses in Management of Inventories</p> <p>The statement of receipts and payments reflects acquisition of non-financial assets amount of Kshs.1,022,602,398 and as</p>	<p>Upon the signing of the project contracts, the Corporation engaged M/S Aberdare Engineering Consultants Limited to oversee and manage the contractors. However, the consultancy contract has since expired, and the firm has indicated its</p>	Resolved	

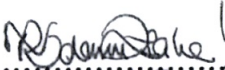
*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*


Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
	<p>disclosed in Note 8 to the financial statements. The amount includes purchase of goods amount 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.</p> <p>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, it was not possible to</p>	<p>intention not to renew the agreement.</p> <p>In the interim, the Corporation’s internal audit department has conducted an audit to assess the effectiveness of controls, verify stock existence, and ensure compliance with contractual terms and conditions related to inventory management.</p> <p>The Corporation has also been performing periodic inspections of the contractors' stores and conducting physical stock counts and reconciliations through its project supervisory team. The same will be supported in the subsequent audits as OAG keeps this matter in view.</p>		

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Reference Number on the external audit Report	Issue / Observations from Auditor	Detailed Management comments	Status: (Resolved / Not Resolved)	Timeframe
	confirm the effectiveness of controls in inventories management.			

Signed by:


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


.....
Mr. Edward Gakunju
Project Coordinator

Rural Electrification In Five Regions Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for Financial Year 2023-2024

Receipts/Payments Item	Final Budget	Actual on comparable basis	Budget Utilisation Difference	% of Utilisation	Comments on Variance (Below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer From Government Entities	1,125,467	1,125,467	-	100%	
Proceeds From Domestic And Foreign Grants	-	-	-	0%	
Proceeds From Borrowings	416,305,030	279,085,932	137,219,098	67%	See below note
Miscellaneous Receipts	-	-	-	0%	
Total Receipts	417,430,497	280,211,399	137,219,098	67%	
Payments					
Compensation To Employees	-	-	-	0%	
Purchase Of Goods And Services	-	-	-	0%	
Social Security Benefits	-	-	-	0%	
Acquisition Of Non-Financial Assets	417,430,497	280,211,399	137,219,098	67%	See below note
Transfers To Other Government Entities	-	-	-	0%	
Other Grants And Transfers	-	-	-	0%	
Total Payments	417,430,497	280,211,399	137,219,098	67%	
Surplus or Deficit	-	-	-		

Note:

Low budget absorption was primarily due to delays in receiving clear instructions from the project financiers regarding the appointment of a new consultant for project oversight. The previous consultant, m/s Aberdare Engineering Co. Ltd., indicated their intention not to extend their contract beyond June 30, 2023, which significantly impacted payment processing. Specifically, without a consultant certificate, submitted invoices could not be processed by the financiers. To address this issue, the corporation sought and obtained a letter of No Objection from the OPEC Fund, which permitted REREC's internal engineers to oversee project implementation until a new consultant could be appointed. This approval, granted on March 29, 2024, allowed for only a three-month period to process all outstanding payments. Consequently, some submitted invoices remained outstanding as of June 30, 2024.

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 3: Reconciliation of Inter-Entity Transfers


Project Name: Kenya Electricity Modernization Project			
Break down of transfers from the State Department of Energy			
A. Government Counterpart funding			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
	Not Applicable	0.00	Not Applicable
	Total (A)	0.00	
B. Direct payments			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
	Not Applicable	0.00	Not Applicable
	Total (B)	0.00	
C. Others			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
	Not Applicable	0.00	Not Applicable
	Total (C)	0.00	
	Total (A+B+C)	0.00	

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

**Project Coordinator
(REREC)**

Sign: 

**Head of Accounting Unit
(Ministry Of Energy)**

Sign: 

Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted /Invoiced	Original Amount	Amount Paid To Date	Outstanding Balance 2023/24	Outstanding Balance 2022/23	Comments
		<i>a</i>	<i>b</i>	<i>c=a-b</i>	<i>d</i>	
Supply of goods and Services						
Lot 1 : Lomas and Lomas Ltd		44,088,525	20,283,898	23,804,627	25,843,369	
Lot 2 : Sinotec Co. Ltd		18,277,928	-	18,277,928	16,262,800	
Lot 3 : Fountain Technologies Ltd		59,987,226	14,923,160	45,064,067	18,846,891	
Lot 4 : Magnate Ventures Ltd		126,511,733	3,385,697	123,126,036	3,385,697	
Lot 5 : Wayne Homes(k) Ltd		14,441,240	8,957,007	5,484,233	12,233,639	
Lot 5 : Eswari Electricals Pvt Ltd		38,480,196	38,480,196	-	38,480,196	
Sub-Total (A)		301,786,848	86,029,957	215,756,891	115,052,592	
Consultancy Services						
Aberdare Engineering Co. Ltd		17,867,308	17,867,308	-	17,867,308	
Sub-Total (B)		17,867,308	17,867,308	-	17,867,308	
Grand Total (C=A+B)		319,654,156	103,897,265	215,756,891	132,919,900	

Note:

The pending bills pertain to financial obligations arising from several invoices submitted by contractors. These invoices have been processed by the Corporation through the Ministry and the National Treasury and were awaiting payment releases from various financiers as of June 30, 2024. Since these obligations were budgeted and committed prior to the end of the financial year, they will not affect the subsequent budget provision for FY 2024/25.

Notably, no budgetary allocation was provided for the Government of Kenya (GoK) counterpart during the FY 2023/24. This absence of budget provision has contributed to the delay in fulfilling these financial obligations. The Corporation is closely following up with the Ministry and National Treasury to resolve the issue and ensure timely payments.

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 4b: Analysis of Pending Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To Date	Outstanding Balance 2023/2024	Outstanding Balance 2022/2023	Comments
Permanent Employees - Management	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Permanent Employees - Others	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Temporary employees	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-
4.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-	-

Note: There was no information to report on pending staff bills

Annex 4c: Analysis of Other Pending Payables

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To Date	Outstanding Balance 2024	Outstanding Balance 2023	Comments
		a		b	c=(a-b)		
Amounts due to Third Parties							
Lot 1 : Lomas and Lomas Ltd	Retention Monies	39,356,409		0.0	39,356,409	36,944,074	
Lot 2 : Sinotec Company Ltd	Retention Monies	93,239,353		0.00	93,239,353	92,864,482	
Lot 3 : Fountain Technologies Ltd	Retention Monies	71,223,924		0.00	71,223,924	55,135,154	
Lot 4 : Magnate Ventures Ltd	Retention Monies	78,484,553		0.00	78,484,553	10,768,489	
Lot 5 : Eswari Electricals Pvt Ltd	Retention Monies	14,347,293		0.00	14,347,293	0.00	
Lot 5 : Wayne Homes (k) Ltd	Retention Monies	5,221,551		0.00	5,221,551	4,945,601	
Grand Total		301,873,084		0.00	301,873,084	200,657,800	

Note:

The retention monies are payable upon the issuance of the operational acceptance and completion certificate. As of June 30, 2024, the above-stated balances remain outstanding. This indicates that the completion and operational acceptance processes have not yet been finalized for the respective projects. These outstanding balances are being carefully monitored to ensure timely settlement once the required certificates are issued.

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/2024	Donations in form of assets (KShs) 2023/2024	Purchases/ Additions in the Year (KShs) 2023/2024	Disposals in the Year (KShs) 2023/2024	Transfers in/(out) Kshs 2023/2024	Closing Cost (KShs) 2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Work in Progress	3,721,616,468	-	280,211,399	-	-	4,001,827,868
Total	3,721,616,468	-	280,211,399	-	-	4,001,827,868



*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 6: Contingent Liabilities Register

No.	Nature of contingent liability	Remarks
1		
2		
3		
4		
5		

Note: There was no information to report on contingent liabilities.

*Rural Electrification In Five Regions Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 7: Reporting of Climate Relevant Expenditures

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

Note: There was no information to report on climate-relevant expenditures.

Annex 8: Reporting Disaster Management Expenditure

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

Note: There was no information to report on disaster management expenditures.

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June, 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance.