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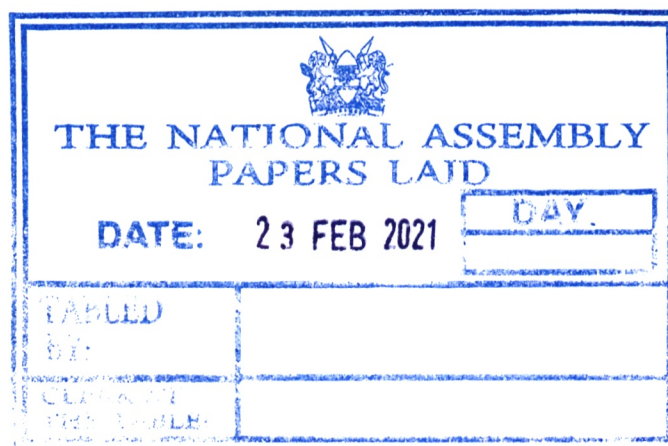
ON

**KENYA PETROLEUM TECHNICAL
ASSISTANCE PROJECT (IDA CREDIT
NO.5526-KE AND GRANT NO. TFOA 3418)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

STATE DEPARTMENT FOR PETROLEUM

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ABBREVIATIONS

AIA - Appropriations in Aid

FY - Fiscal Year

GOK-Government of Kenya

ICPAK- Institute of Certified Public Accountant of Kenya

IDA - International Development Association

IPSAS - International Public Sector Accounting Standards

KEPTAP-Kenya Petroleum Technical Assistance Project

KShs - Kenya Shillings

MoPM- Ministry for Petroleum and Mining

PFM- Public Financial Management

PSASB- Public Sector Accounting Standards Board

SDA- Special Deposit Account

USD- United States Dollar

Kenya Petroleum Technical Assistance Project
Reports and Financial Statements
For the financial period ended June 30, 2020 (KSH)

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Kenya Petroleum Technical Assistance Project

Objective: The key objective of the project is to strengthen the capacity of the Government of Kenya to manage its petroleum sector and wealth for sustainable development impacts.
Kenya Petroleum Technical Project (KEPTAP) was necessitated by the then recent oil discoveries in Kenya.

Address: The project headquarters offices are Nairobi (city), Nairobi County, Kenya.

The address of its registered office is:

Kenya Petroleum Technical Assistance Project
Ministry of Petroleum and Mining, State Department for Petroleum
Nyayo House
P.O Box 30582-00100 Nairobi

Contacts: The following are the project contacts

Telephone: (254) 203310112

E-mail: ps@petroleum.go.ke

1.2 Project Information

Project Start Date:	The project start date was 2 nd October 2014 for the Loan
Project End Date:	The project end date is 28 th February 2021 for the Loan
Project Manager:	The project Manager is Mr David K. Wainaina
Project Sponsor:	The project sponsor is The Government of Kenya, Ministry of Petroleum and Mining, State Department for Petroleum and is funded by International Development Association (IDA).

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Petroleum and Mining, State Department for Petroleum.
Project number	LOAN CR-5526-KE and GRANT NO. TFOA 3418KE

Strategic goals of the project	The strategic goals of the project are as follows: (i) Strengthen the capacity of the Government of Kenya to manage its petroleum sector. The Government will be able to manage its petroleum resources through sound governance and Petroleum management policies. (ii) Reduce Poverty – Improve the Government’s capacity in oil revenue administration and develop saving instruments therefore improved economic growth. (iii) The government institutions and the staff involved in managing the petroleum sector will benefit from capacity building (iv) Men and Women in the potentially affected communities will benefit from the well- regulated petroleum developments, including their environmental and social performance.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) To Provide support for the implementation of a clear and workable legal and regulatory framework for the development of Kenya’s petroleum resources which will be in force by relevant sector ministries.(Example: Petroleum Bill, National Energy Policy, Regulation in Occupational , Health and Safety aspect within the petroleum sector). (ii) The Project will provide training for a number of Project beneficiaries. The staff will be trained to regulate, manage and monitor compliance in the Petroleum sector. (iii) Carry out Gender Assessment to identify potential gender-specific impacts and opportunities of the sector including how men and women may differently experience risks and benefits of the sector. (iv) Undertake Strategic Environmental and Social Assessment (SESA) which will provide a comprehensive diagnosis of the broader environmental and social issues associated with petroleum sector development, including land acquisition leading to resettlement. It will also provide



**PROJECT NAME:
KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT**

**IMPLEMENTING ENTITY:
MINISTRY OF PETROLEUM AND MINING
STATE DEPARTMENT FOR PETROLEUM**

**Credit Number
PROJECT CREDIT NUMBER: 5526-KE AND GRANT NO. TFOA3418**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

Other important background information of the project	The project went through a restructuring process where it's now being implemented by one implementing Agency, Ministry of Petroleum and Mining, State Department for Petroleum with 21 beneficiaries. The Project aim at strengthening the capacity of the following Government Institutions. 1. Ministry of Petroleum and Mining (MoPM) 2. National Oil Corporation of Kenya(NOCK) 3. Office of Attorney General & General Department of Justice(OAGDJ) 4. Directorate of Safety and Health Services(DOSHS) one implementing Agency, M 5. National Environment Management Authority(NEMA) 6. Ministry of Health(MOH) 7. National Disaster Operation Centre(NDOC) 8. Energy Regulatory Commission(ERC) 9. Kenya Maritime Authority(KMA) 10. Civil Society Organizations(CSO) 11. Presidential Delivery Unit(PDU) 12. Kenya Pipeline Company(KPC) 13. Ministry of Industrialization (MOITC) 14. Kenya Bureau of Standard of Standards(KEBS) 15. Ministry of Devolution and Planning 16. Ministry of Education 17. Commission of Revenue Allocation 18. The National Treasury 19. Central Bank of Kenya 20. Kenya Revenue Authority 21. Office of the Auditor General
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: The overall project was formed to intervene in the following areas: The project has four components Project Components: Component A: Petroleum Sector - Reforms and Capacity Building – a) Sub-component A.1 - Petroleum Resource Deals- i. This is by strengthening the Government's negotiating capacity in the extractive industries sector, including transaction support. b) Sub-component A.2 - Petroleum Vision , Policy and Communication i. This is through development of national communication strategy and Public information awareness. c) Sub-component A.3 - Legal , Regulatory and Institutional Reforms i. This is by designing a legal and regulatory framework of for the development petroleum resources.

	d) Sub-component A.4 - Managing the impacts i. This is by developing occupational safety and health regulation including the implementation of a capacity building program for DOSH. ii. Design and implementation of sector specific environmental and social regulations, standards, frameworks and baselines for petroleum sector. iii. Carrying out of a gender assessment to identify potential gender –specific impacts of the sector, iv. Development of a framework for oil spill preparedness and response capacity, including the preparation of a national oil spill contingency plan. e) Sub-component A.5 - Institutional reform and strengthening of NOCK and KPC i. Restructuring of NOCK, including support for the design and implementation of a transformation plan, and subsequent capacity building and transaction advisory services. ii. Capacity building activities, including the establishment of a KPC Center of Excellence for oil and gas infrastructure. Component B: Revenue and Investment Management - Reforms and Capacity Building. i. Sub- Component B1 – Revenue Management Develop and implement a petroleum fiscal framework, including a legal framework for resource management and capacity building at the relevant institutions. ii. Sub – Component B2 – Transparency and Accountability- Strengthen transparency in oil contracts and revenues management and facilitate organizations engaged in transparency and community monitoring of environmental impacts. Component C: Sustainable Impact of oil and Gas Industry - Reforms and Capacity Building. Component D: Project Management - This includes management and coordination of the project including capacity building.
Project duration	The project started on 2 nd October 2014 and is expected to run until 28 th February 2021.

Kenya Petroleum Technical Assistance Project
Reports and Financial Statements
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1.4 Bankers

The following are the bankers for the current year:

- (i) Designated Account (Loan) Central Bank of Kenya – Account Number- 1000215283
- (ii) Designated Account (Grant)-Central Bank of Kenya – Account Number -1000332433
- (iii) Project Account – Central Bank of Kenya- Account Number- 1000309555

1.5 Auditors

The project is audited by the Auditor General, Kenya National Audit Office. (P.O Box 30084 University Way, Nairobi.)

1.6 Roles and Responsibilities

The project has the following Key staff:

Names	Title designation	Key qualification	Responsibilities
James Nganga 0727092444 mbuggus11@gmail.com	Acting Secretary Petroleum	MSC Petroleum Geologist	Focal Point KEPTAP MoPM, Coordinating the Ministry of Petroleum and mining Activities
David K. Wainaina 0722530540 david.wainaina@yahoo.com	Project Manager	Engineer/MBA	Managing of the day to day activities of the Project
Michael Maina Kinyua 0723470135 kinymichael@gmail.com	Petroleum Expert / Assistant Project Manager	Masters Petroleum Engineering /BSC Geology	Provide technical expertise on Petroleum
Jeremia Mwangi Wahome 0700310309 wahomej2002@yahoo.com	Environmental and Social Safeguards Expert	MSC, Environmental Legislation and Management	To provide Environmental and social advise
CPA Beatrice K. Musyoka 0722255855 bettyddy@yahoo.com	Financial Management Specialist	MBA(Finance), BCOM(Finance),CPA(K), FA(ICIFA)	To provide Financial Management in the implementation of the project
Rhoda Agnes Kima Nyambori 0722791641 rnyambori@gmail.com	Procurement Specialist	Msc Procurement & Logistics;MCIPS(UK)	To provide procurement advise
Tom Omondi Onyango 0722557303 tomnyango@gmail.com	Monitoring & Evaluation and Contract Management Specialist	MA(Development Studies), BA (Economics)	To provide Monitoring , Evaluation and Contract Management Expertise for the Project

1.7 Funding summary

The Project is for duration of six years from 2014 to 2021 with an approved original funding of US\$ 30,000,000. The Restructuring Process commenced in 2019/2020 and Amended Financing and Grant Agreement date 9th January 2020 was approved.

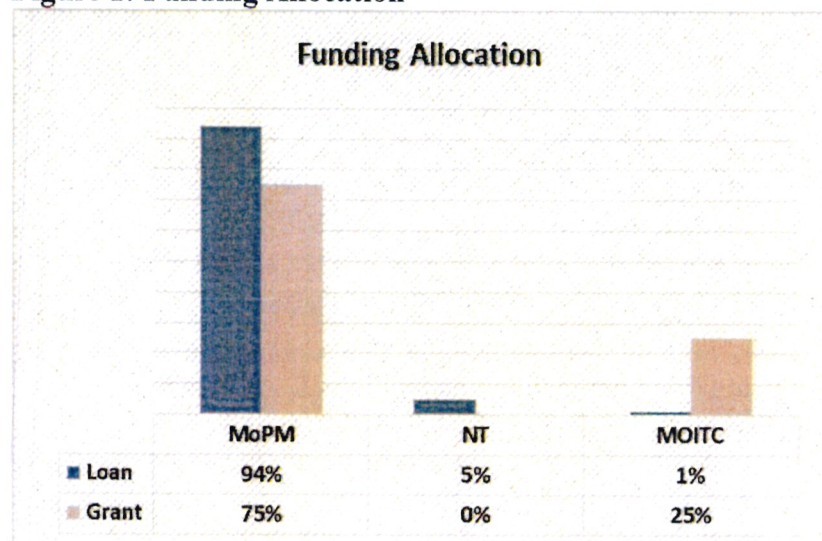
Restructuring

Under the new implementation arrangement effective July 2019, project management teams housed at the National Treasury (NT) and the Ministry of Industrialisation , Trade and Cooperatives (MoITC) will no longer have fiduciary (procurement and financial management) responsibility for activities implemented under Component B and Component C respectively. While teams are maintained to fulfil their respective coordination and technical functions, all procurement, financial management, monitoring and evaluation, contract management (none technical) functions for the project are now housed at the PMU within the MoPM under one component.

Revised Funding Allocation

The funding allocation was also revised as follows:

Figure 1: Funding Allocation



Loan – The total Project Allocation under Loan is USD 50Million revised to 45Million - KEPTAP-MoPM allocation is 94%, National Treasury is 5% ministry of Investment, Trade and Cooperatives 1% as per the revised financing Agreement.

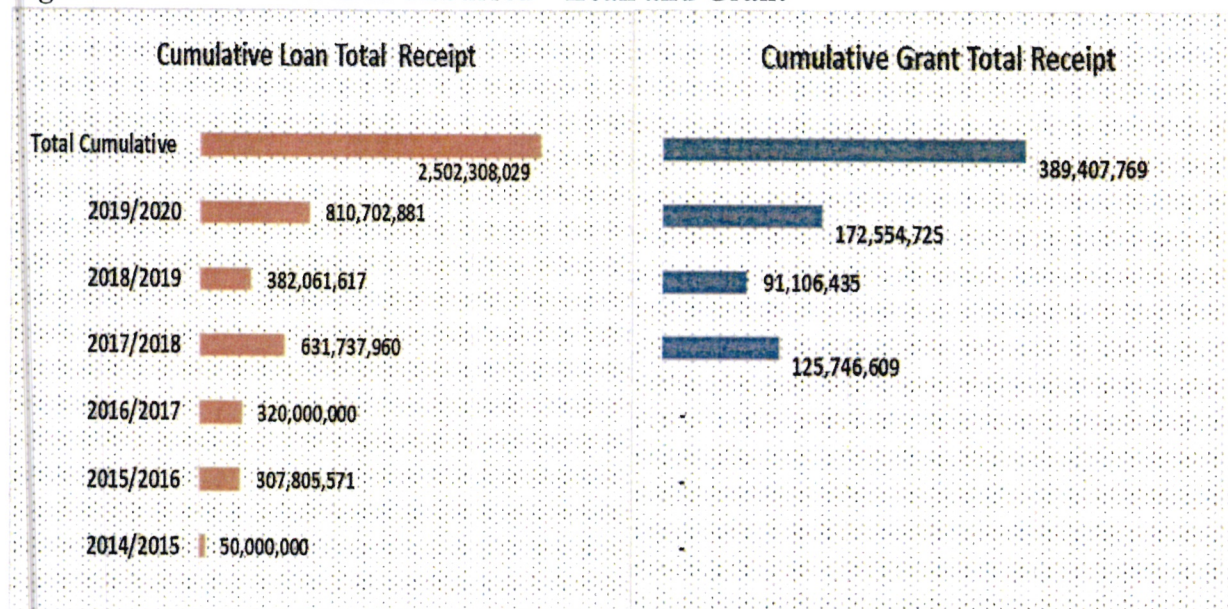
Grant- The total Project Allocation under Grant is USD 6.7 Million -Ministry of Petroleum and Mining (MoPM) allocation 75% and Ministry of Industrialisation, Trade and Investments with 25% allocation as per the Amended Grant Agreement.

Kenya Petroleum Technical Assistance Project
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Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30th June 2020)		Undrawn balance to date	
					(30th June , 2020)	
	Donor currency USD	KShs	Donor currency (USD)	KShs	Donor currency (USD)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
IDA Grant	5,020,001	502,000,100	3,894,078	389,407,769	1,125,923	112,592,331
Total Grant	5,020,001	502,000,100	3,894,078	389,407,769	1,125,923	112,592,331
(ii) Loan						
IDA Loan	42,241,997	4,224,199,708	25,023,080.29	2,502,308,029	17,218,917	1,721,891,679
Total Loans	42,241,997	4,224,199,708	25,023,080	2,502,308,029	17,218,917	1,721,891,679
(iii) Counterpart funds						
Total Funding Summary	47,261,998	4,726,199,808	28,917,158	2,891,715,798	18,344,840	1,834,484,010

Figure: 2 Cumulative Funds disbursed – Loan and Grant



The total amount disbursed to the project by the donor cumulative is Kshs 2,891,715,798. Out of which and (Kshs 2,502,308,029) is loan and (Kshs 389,407,769) is grant. In 2019/ 2020, Ksh 810,702,881 was received under loan both through exchequer and direct payment) and Ksh 172,554,725 under grant both through exchequer and direct payments.



1.8 Summary of Overall Project Performance:

The table and figure 3 and 4 below shows the budget performance against actual amounts for current period and for cumulative to- date. Over the years there has been an increasing trend on the budget performance. In 2019/2020 there was an over expenditure of 5% this was due to drastic reduction of the budget.

Budget Comparison						
Financial Year	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Budget (Million)	944	449	1,060	322	295	251
Expenditure (Million)	992	584	782	321	179	12
% Utilisation	105%	130%	74%	100%	61%	5%

Figure 3 Cumulative budget performance

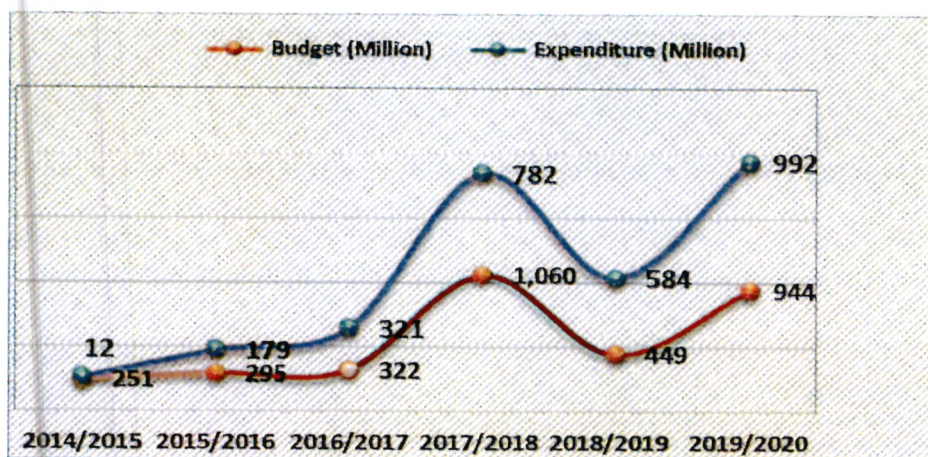
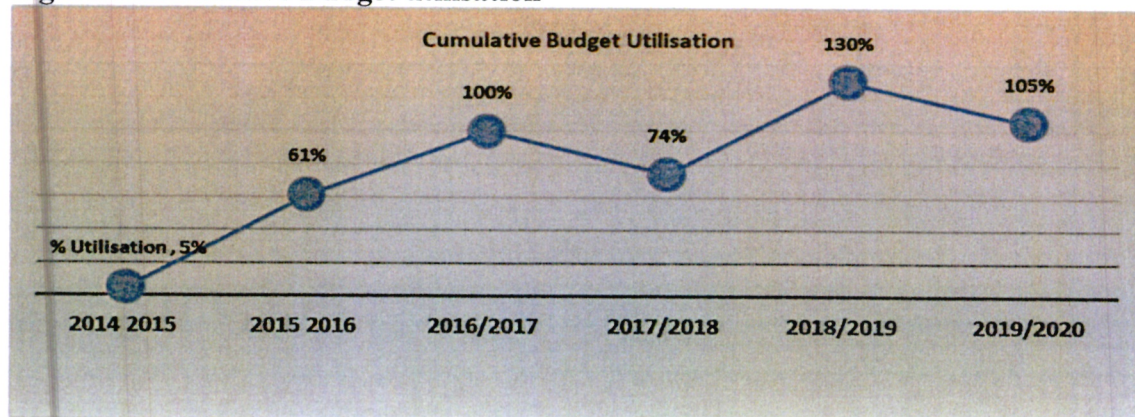


Figure 4 Cumulative Budget utilisation



The budget utilisation has been showing an upward trend over the years. However the last years the project has been affected by budget reduction.

Actual Performance against budget for year to 30th June 2020

Financial Performance	Budget	Actual	Variance	% change
Total Receipts	944,093,900	983,582,605	- 39,488,705	-4%
Total Payments	944,093,900	992,162,797	- 48,068,897	-5%
Surplus for the year		- 8,580,192	8,580,192	

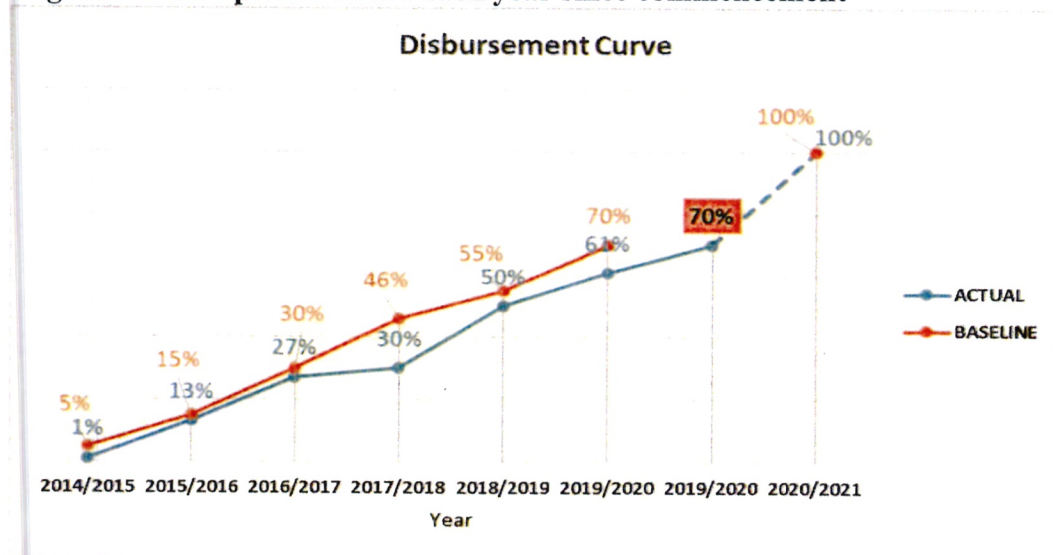
Actual receipts stood at 4% above budget while actual payments were 5% budget. This change is attributable to drastic reduction of budget.

Current year Performance against Prior year

Financial Performance	Year to 30 th June 2020	Year to 30 th June 2019	Change	% change
Total Receipts	983,582,605	473,168,052	510,414,553	52%
Total Payments	992,162,797	583,895,193	408,267,604	41%
Surplus/deficit for the year	- 8,580,192	- 110,727,141	102,146,949	

Total receipts increased by 52% and total payments by 41% compared to the previous year, direct payments increased in 2019/2020 since most contract milestones were realized during the year.

Figure 5: Absorption rate for each year since commencement



The expected Absorption rate of 70% in 2019/2020 would have been realized if all the pending bills of Ksh 432 Million would have been paid as reflected in the table above. The current absorption is 61%. This was expected to be over 70% if all the pending bills were paid. The absorption rate was affected by the restructuring process and Budget reduction.

1.8.1 Receipt Utilisation

The Project received total receipts amounting to Kshs 983,252,605 against budget of Kshs 944,093,900 this represents utilisation of 104%.

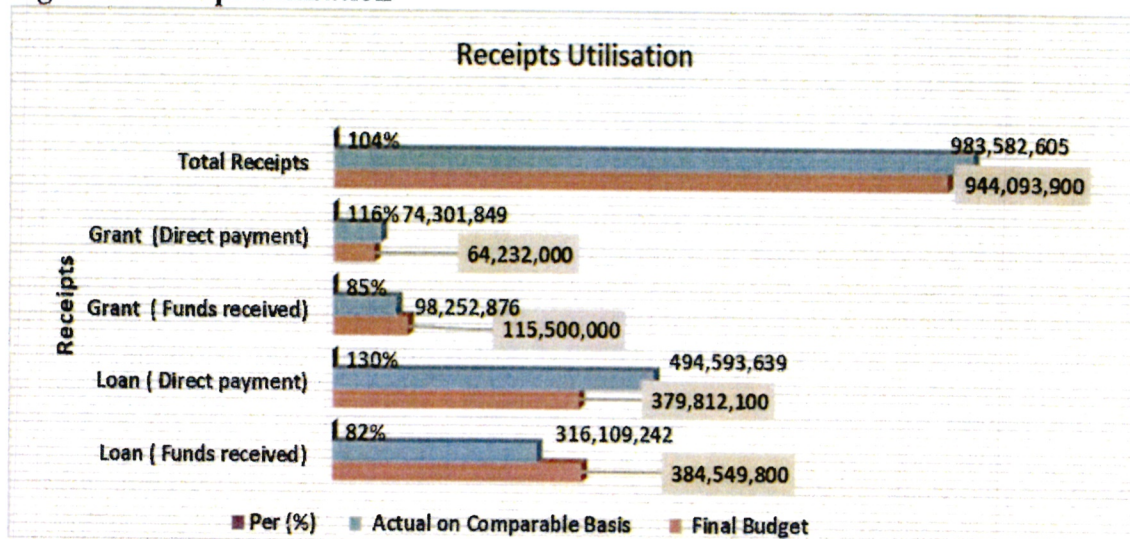
Loan direct payment - Loan received under direct payment is Kshs 494,593,639 against budget of Kshs 379,812,100 representing 130%.

Loan revenue-Loan received through exchequer is Ksh 316,109,242 against budget of Kshs 384,549,800 representing 82%.

Grant direct payment - Grant received under direct payment is Kshs 74,301,849 against budget of Kshs 64,232,000 representing 116%.

Grant revenue - Kshs 98,252,876 was received against quarter budget of Kshs 115,500,000 representing 85%.

Figure 6: Receipt Utilisation



Receipts breakdown

The total receipts for FY 2019/2020 stood at Kshs 983,582,605, representing a 52% increase from Kshs 473,168,052 for FY 2018/2019.

The increase in total receipts in 2019/2020 was attributed to payment of direct payments, most milestones were paid in 2019/2020.

Receipts	Year to 30th June 2020	Year to 30th June 2019	Change	% change
Receipt for government	-	-	-	0%
Loan (Funds received)	316,109,242	169,833,341	146,275,901	46%
Loan (Direct payment)	494,593,639	212,228,276	282,365,363	57%
Grant (Funds received)	98,252,876	79,980,665	18,272,211	19%
Grant (Direct payment)	74,301,849	11,125,770	63,176,079	85%
Miscellaneous Receipts	325,000	-	325,000	
Total Receipts	983,582,605	473,168,052	510,414,553	52%



Figure 7: Total Receipts categories

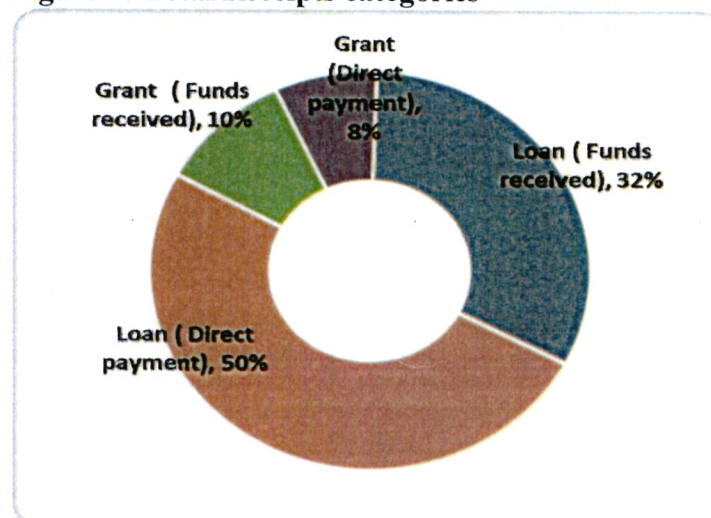


Figure 8, depicts the share of major categories of receipts.

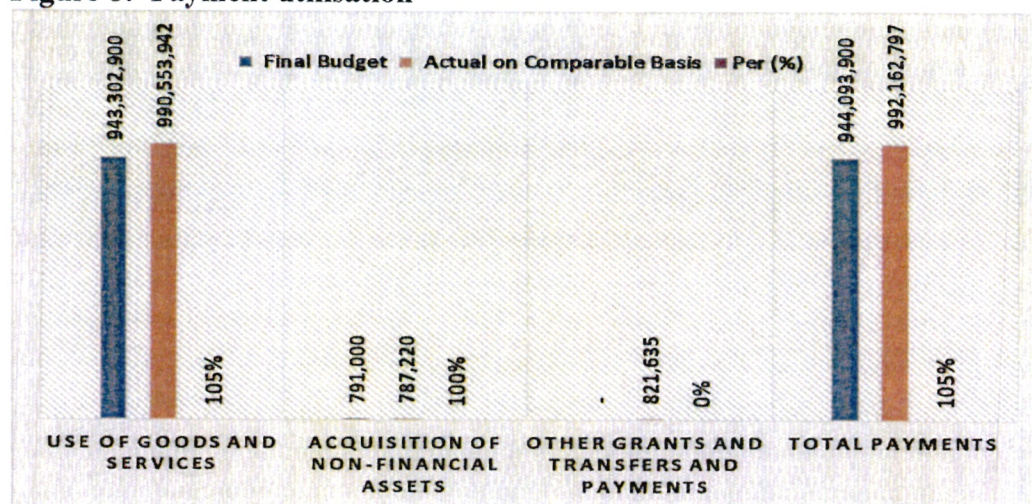
Loan direct payments was highest with 50%, Loan received through exchequer funding was 32% , and grant received revenue 10% and grant direct payment was 8% respectively.

The total cumulative receipts by third parties is Ksh 568,895,488. Loan direct payment was Ksh 494,593,639 and Grant was Kshs 74,301,849 respectively

1.8.2 Payment Utilisation

Total payments is Kshs 992,162,797 against a final budget of Kshs 944,093.900 this represents utilisation of 105%. As reflected in figure 9 below.

Figure 8: Payment utilisation



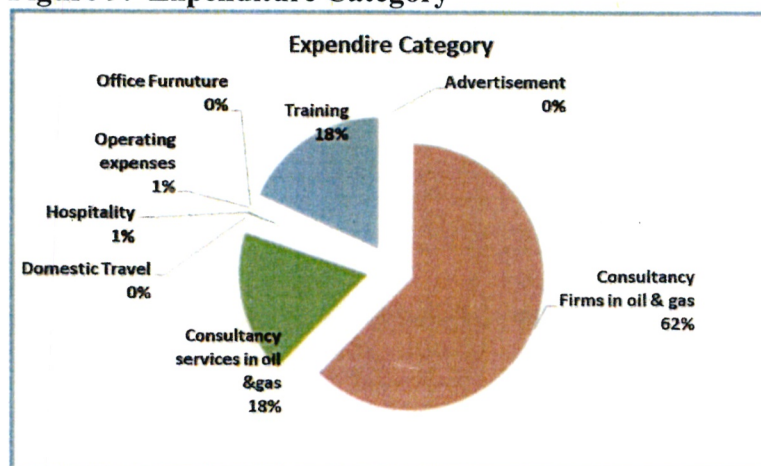
The total direct payment is Ksh 568,895,488 (by third parties). Loan direct payment was Ksh 494,593,639 and Grant was Kshs 74,301,849 respectively

1.8.3 Expenditure category

The graph below depicts different expenditure categories.

Under the acquisition of non-financial assets: - Office furniture was procured.

Figure 9: Expenditure Category



Under use of goods and services: -

Consultancy Firms on oil and gas 62% representing direct payments both under grant and loan in respect of various consultancy services undertaken during the year as per the work plan.

Capacity building in oil and gas value chain 18%, different programs were undertaken aimed at equipping the beneficiaries with relevant knowledge in petroleum development, operations

and revenue management and environmental, social, health and safety issues associated with oil and gas development across upstream, midstream and downstream.

Other expenditures included 1% on operating expenses and hospitality.

Project Achievements

Capacity Building in oil and Gas value chain

The project delivered capacity building by supporting activities in four areas all related to oil and gas: petroleum development, health, safety and environment (HSE), policy and regulatory activities and revenue management.

Thus far, the project has supported over 100 training programs in which over 1900 staff from 21 beneficiary agencies have been trained and or went on benchmarking visits. The gender distribution is 65% male and 35% female among trained staff. This is reflective of the gender distribution in the staff establishments of the beneficiaries.

Majority of the training courses were in the area of petroleum development (38%) followed by courses in health, safety and environment at 34%. Revenue management courses took a 22% share and policy & regulatory courses constituted 5% of the training programs.

Using the mobile water and air laboratory, NEMA has been able to undertake monitoring through sampling and analysis to test for the presence of hydrocarbons.

The Cost of Service Study by EPRA formed the basis for fair pricing of petroleum and petroleum products, thereby attracting private sector investment. Prior to the study, the prices set by the regulator were based on outdated studies and viewed as uncompetitive by actors in the sector, with the attendant risk of stifling investment. The new pricing informed by the study, is acceptable to the actors who are able to recoup their investments.

The National Environment Management Authority (NEMA) has been able to play its advisory role to the government as well as the upstream operators following various training programs on environment and social aspects of petroleum development and having in possession guidelines and equipment all delivered under the project. The petroleum engineers at National Oil Company of Kenya (NOCK) can now undertake resource analysis on their own. Indeed, NOCK gave GoK a

comparative view on estimated oil reserves in Block 14. Estimates by NOCK were higher than estimates by Tullow Oil. On its part, the Kenya Revenue Authority (KRA) has gained better understanding of the oil and gas sector operations and is now defending its position on tax demands from the sector players.

According to Kenya Revenue Authority KRA, there has been a sharp increase of revenue collected from upstream operations in O&G after they were trained on the O&G value chain. The tax revenue increase is estimated at KES 2Billion. Although some tax demands are under contestation by oil companies, KRA staff are more confident and have a better understanding of the operations of the oil sector and opportunities for government to earn revenue.

First time Kenyan welders in Kenya- Kenya Pipeline Company (KPC) has been experiencing oil leakages and accompanying financial losses because of both vandalism and an aging pipeline. 10 staff (9 men and 1 woman – the first ever and only woman oil pipeline welder in Kenya) were trained in welding in Spain under KEPTAP sponsorship, the company is now **saving about KES 12 million monthly** because of early leak detection and the now in-house welding skills. Welding services are no longer sub-contracted to foreign companies. Besides financial savings, it is expected that with these skilled welders, there will be **less damage to the environment** resulting from pipeline leakages. **This is the first time that Kenya is having qualified welders.** They are all on the way to being certified to serve as future instructors in welding.

Capacity building -Over the last three years, the beneficiaries have benefited from capacity building on different programs aimed at equipping them with relevant knowledge in petroleum development, operations and revenue management and environmental, social, health and safety issues associated with oil and gas development across upstream, midstream and downstream.

Some of the project sponsored training included petroleum project economics & risk analysis, introduction to petroleum exploration and production, international petroleum law, fire safety in oil and gas terminals, oil pipeline welding, and production sharing agreements among others.

The results have so far significantly exceeded both mid and end term targets.

Training scheduled for 2019/2020 has been adversely affected by the covid-19 restrictions –no trainings have been conducted so far in 2020.

Value for money achievements- The project ensures the resources are acquired and utilised efficiently, effectively and economically as planned in order to reduce wastage, extravagance and inefficiencies.

Challenges and the way forward

The budget utilisation is 105%. This was due to the budget Reduction during supplementary II. The Project funding was also affected by the restructuring process. The amended Financing and Grant Agreement was signed on 9th January 2020. Most activities were not paid during quarter three and four due to the freezing of the Loan and Grant Accounts during the restructuring Process.



Project Budget Cuts for FY 2019/2020: The National Treasury in the 2nd Supplementary Budget in April, reduced the project's budget by 47% for the FY 2019/2020 ending 30th June 2020. The lobbying by PMU and State Department of Petroleum team to ring-fence the project budget given the commitments and the huge pending bills was however not successful.

The PMU had to prioritize some critical payments to be included in the reduced budget. This reduced budget together with the protracted restructuring process and frozen project account, contributed to the huge pending bills at the close of the 2019/2020 financial year on 30th June 2020.

Recommendation and way forward:

1. Reduction of budget should be based on performance (absorption) and guided by the annual work plan and budget (AWPB) and the recommendations passed during the budget process in the sector working groups meetings in Treasury.
2. Reduction should take into account all the payments paid, commitments in process and funds (exchequers) already received by the projects. This will help in managing and avoiding over receipts and over expenditures which arise due to unplanned budget reductions.
3. The Project implementation units should be consulted or guide in any addition or reduction of budget.

1.9 Summary of Project Compliance:

- (i) **Legal Frameworks:** The project adheres to the procedures as per the Public Financial Management Act (2012), Treasury Circulars, Project Appraisal Document, Financing Agreement, Disbursement Letter and government of Kenya financial regulations for fiduciary framework and accountability in case of inconsistency between the GOK Regulations and those of the donor, the latter have been applied.
- (ii) **Compliance On eligible Expenditures:** The World Bank Disbursement Guidelines for Projects May 2006 requires funds withdrawn from the loan to finance eligible expenditures only as per the Financing Agreement. In case a payment is made on expenditures which are not eligible (like exchange rate differences and penalties for cancellation of air tickets) then the borrower will be required to refund an equivalent amount of the cost incurred on this expenditures either to the bank or to the project.
- (iii) **Procurement:** The project is guided by the Public Procurement and Asset Disposal Act 2015, Public procurement and Disposal Regulations 2006 and guidelines for selection and Employment of Consultants under IDA Loans.

1.11. Governance Report

1. The Project Steering Committee (PSC)

Given the cross-sectorial nature of the project the Project Steering Committee (PSC) will be chaired by Ministry of Petroleum and Mining of the Beneficiaries, and shall be responsible for coordinating policy decisions across the various sectors to develop the petroleum sector and overseeing Project Implementation and providing oversight and strategic guidelines. The PSC meets quarterly.

2. World Bank – International Development Association(IDA)

These are the donors of the project. They are responsible for approving Annual work plans (Training Plans, Procurement plans).

Undertaking implementation support mission findings and issue Aide-Memoires and Actionable points, issue No Objections, approving withdrawal applications and replenish funds, undertake mid-term reviews, attend other Project Management meetings, monitor the progress of the project.

3. The Parent Ministry

The State Department of petroleum under the Ministry of Petroleum and Mining (MoPM) ensures that the project budget is captured in its development budget in the printed estimate. The parent ministry also oversees the execution of the project coordinating team.

4. The Auditor

The supreme Audit Institution in Kenya that is the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12. Part 6, Article 229 which establishes the office of the Auditor General, Chapter 15, Article 248, Section and Article 249, Section 2(a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all national government entities, which included government development projects and present these statutory financial statements to the parliament. This facilitates the submission of the audited report to the project's sponsors by 31st December each year.

5. Project Management Unit(PMU)

The team is based in Nairobi and is responsible for the day-to-day project management, including coordinating with Project Implementing units (PITS) and beneficiaries, overseeing and monitoring the overall project execution, reporting to the Project Steering Committee as well procurement, financial management and reporting, contract monitoring and other project implementation modalities of activities that they manage on their own behalf and on behalf of a group of beneficiaries.

6. Project Implementation Teams(PIT)

The responsibility for the overall coordination and management of the Project is in the MoPM.

The Project Management unit (PMU) carries out the day-to-day activities and fiduciary aspects under the project, including procurement and financial management and coordination with the 21 beneficiaries

7. Project Beneficiaries

They benefit from the KEPTAP funding and execute activities that contribute to the Project Development Objectives. They are responsible for identifying eligible activities for procurement plan, consultants and managing of contacts to obtain quality outputs. The beneficiaries are 21 in total.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

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

The objective of the Project is to strengthen the capacity of the recipient to manage its petroleum sector and for sustainable development impacts. The project was formed to intervene in the following component areas:

Component A: Petroleum Sector - Reforms and Capacity Building –

- f) Sub-component A.1 - Petroleum Resource Deals-
 - ii. This is by strengthening the Government's negotiating capacity in the extractive industries sector, including transaction support.
- g) Sub-component A.2 - Petroleum Vision , Policy and Communication
 - ii. This is through development of national communication strategy and Public information awareness.
- h) Sub-component A.3 - Legal , Regulatory and Institutional Reforms
 - ii. This is by designing a legal and regulatory framework of for the development petroleum resources.
- i) Sub-component A.4 - Managing the impacts
 - v. This is by developing occupational safety and health regulation including the implementation of a capacity building program for DOSH.
 - vi. Design and implementation of sector specific environmental and social regulations, standards, frameworks and baselines for petroleum sector.
 - vii. Carrying out of a gender assessment to identify potential gender –specific impacts of the sector,
 - viii. Development of a framework for oil spill preparedness and response capacity, including the preparation of a national oil spill contingency plan.
- j) Sub-component A.5 - Institutional reform and strengthening of NOCK and KPC

Component B: Revenue and Investment Management - Reforms and Capacity Building.

Sub- Component B1 – Revenue Management

Sub – Component B2 – Transparency and Accountability- Strengthen transparency in oil contracts and revenues management and facilitate organizations engaged in transparency and community monitoring of environmental impacts.

Component C: Strengthening upwards and Downwards Linkages - Reforms and Capacity Building.

Component D: Project Management: Coordinating in the implementation of the project.



Progress on attainment of Strategic development objectives

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

Project	Project Development Objective	Project Development Objective Indicators	Performance
Kenya Petroleum Technical Assistance Project (KEPTAP) under the Ministry of Petroleum and Mining	To strengthen the capacity of the Government of Kenya (GoK) to manage its petroleum sector and wealth for sustainable development impacts.	Policy, legal and regulatory documents , prepared under the project, approved and in force (legally effective) by relevant sector ministries	• The first Occupational Safety and Health (OSH) Regulation for the sector completed • Development of the Resettlement Policy Framework for petroleum sector in Kenya completed • A procedure manual for Petroleum Tax Administration Office for Kenya Revenue Administration is completed • Development of Upstream petroleum regulations on-going implementation • Review of mid and downstream petroleum on-going.
		Staff of petroleum sector management institutions trained to regulate, manage and monitor compliance in the sector	As a whole, a total of 742 staff (ERC=65, MOPM=302, NEMA=164, DOSHS=26, OAG=42, KRA=98, KEBS=10, KMA=35) agencies of the government of Kenya have received training support in different fields related to oil and gas among others beneficiaries.
		Percentage of petroleum production and transmission projects per year subject to formal environmental and safety inspections following good international practices set under the project	i. Water Supply system ii. Early Oil Pilot Scheme (EOPS) completed iii. Crude pipeline iv. Early production Facility (EPF) v. Flow lines vi. Development Wells (Sources of verification are E&S inspection reports from NEMA)
		Report published, and made publicly available, in accordance with internationally recognized transparency standards	A transparency and accountability (TA) framework in the oil and gas sector, the first in any economic sector in Kenya, has been developed.



3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Sustainability strategy and profile -

KEPTAP is supporting development of Petroleum policy, petroleum development regulations including Health, safety and environment regulations for sustainable development of the petroleum sector.

The capacity building supported by KEPTAP is meant to promote best petroleum industry practices which are aimed at ensuring that petroleum development in Kenya is carried out in a manner that promotes operational safety and prevention of accidents and protection of environment by minimizing the impacts of upstream petroleum operations.

2. Environmental performance

KEPTAP is a technical assistance whose objective is to build capacity of government of Kenya for sustainable petroleum development impact. In this regard, KEPTAP has supported development of Petroleum policy which will guide petroleum development in the future. On efforts to manage biodiversity, KEPTAP has supported development of the Oiled Wildlife management plan which should be applied by Kenya Wildlife service, Kenya Maritime Authority and NEMA on protection and rescue of wild life in case on an oil spill. KEPTAP has also supported development of waste management plan for the petroleum sector. On reduction of environmental impacts, KEPTAP has supported NEMA in development of Environmental and Social Impact Assessment guidelines for the petroleum sector. These guidelines outlines sources of impacts in the petroleum sector especially on upstream operations and measures on how to manage such impacts.

3. Employee welfare

The hiring process is guided by the Project Appraisal Report and the recommendations in the Aide-Memoires (Project reviews by World Bank) that are undertaken during the project implementation. The Procurement of staff under the project is undertaken through World Bank Procurement guidelines in addition to adhering to the principles of the Public Procurement and Disposal Act 2015 and Regulations.

The hiring process takes into account the gender ratio with 44% women and 56% men. Staff Appraisals are carried out annual. Skills are improved through trainings, team buildings and meetings.

On Occupational Safety and Health Act, KEPTAP is housed within the State Department of Petroleum hence no OSH policy separate from the one for the state department. However, KEPTAP Secretariat ensures a safe and clean working environment for the few members of staff with provision of relevant equipment. During this period where there is Covid-19, the secretariat ensures all prescribed safety measures are adhered to.

4. Market place practices-

1. KEPTAP undertakes its procurement activities through a Procurement plan and budget approved by the World Bank and the Ministry of Petroleum and Mining –State Department of Petroleum.
2. Procurement under the project is undertaken through World Bank Procurement guidelines in addition to adhering to the principles of the Public Procurement and Disposal Act 2015 and Regulations.



3. The project undertakes its procurement aimed at :
 - a. Maximisation of value for money normally through competition throughout the procurement process;
 - b. Promotion of local industry whereby some goods and services have been specific and limited to local suppliers. These are advertised through Specific Notice for National Bidding;
 - c. Fairness and transparency in the procurement process through disclosure of all the selection, evaluation and award criteria in the bidding documents and debrief sessions;
4. All procurements are advertised broadly through Open Tender in the Local Dailies, the Ministry of Petroleum and Mining website, UNDB Online and the World Bank's internal website. This is done to enhance transparency, participation and competitiveness of the procurement process.
5. The suppliers under KEPTAP commit to observe all laws governing Fraud and Corruption through the contracts signed under the project.
6. The project actively engages with suppliers and/or consultants, through a Grievance Redress Mechanism (GRM) to promptly address any complaints arising out of the procurement process.
7. The procurement activities in the project have continuously been monitored through the
 - a. World Bank system -Systematic Tracking of Exchanges in Procurement (STEP)
 - b. Post Procurement Review sessions conducted annually by the World Bank to ascertain the Quality Assurance and Monitoring Mechanisms for the project procurement process.
 - c. Annual Financial audits
8. The project is also guided by an internal Service Level Agreement aimed at timely expediting of the supplier payments.
9. Payment of goods and services supplied under the project has been through the signed contract milestones and the agreed deliverables.

5. Community Engagements-

KEPTAP organized two (2) capacity building workshops on petroleum development and management of associated environmental and social issues for Community Based Organizations in Turkana County and Turkana Grievance management committee. The project has at the same time started developing petroleum development training handbook for Civil Society Organizations and a community environmental and social risk monitoring tool kit for petroleum sector. The main objective of these initiatives is to build capacity for local communities to enable their participation in the petroleum sector development initiatives. The project has also carried out community engagement initiatives in Turkana County on main subject areas like Environmental and Social Impact Assessment, Land acquisition.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the Ministry of Petroleum and Mining, State Department for Petroleum and the Project Manager for Kenya Petroleum Technical Assistance Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2020. 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 (vi) making accounting estimates that are reasonable in the circumstances.

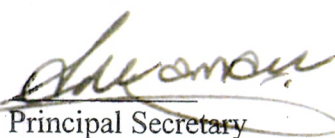
The Principal Secretary for the State Department for Petroleum and the Project Manager for Kenya Petroleum Technical Assistance Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Petroleum and the Project Manager for Kenya Petroleum Technical Assistance 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, 2020, and of the Project's financial position as at that date. The Principal Secretary for State Department for Petroleum and the Project Manager for Kenya Petroleum and Technical Assistance project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Petroleum and the Project Manager for Kenya Petroleum Technical Assistance Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the State Department for Petroleum and the Project Manager for Kenya Petroleum Technical Assistance Project on 27 AUGUST 2020 and signed by them.

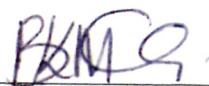

Principal Secretary

Name: Andrew Kamau



Project Manager

Name: David W. Kinyanjui

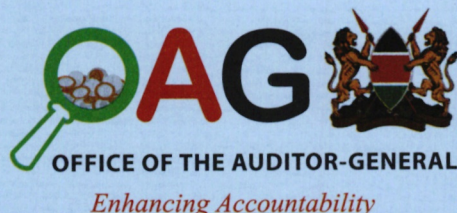


Project Accountant:

Name: CPA Beatrice K. Musyoka
ICPAK Member No: 6193

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT (IDA CREDIT NO.5526-KE AND GRANT NO. TFOA 3418) FOR THE YEAR ENDED 30 JUNE 2020 – STATE DEPARTMENT FOR PETROLEUM

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Petroleum Technical Assistance Project (IDA Credit No.5526-KE and Grant No.TFOA 3418) set out on pages 1 to 19, which comprise the statement of financial assets as at 30 June 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Petroleum Technical Assistance Project as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No.5526-KE dated 14 August, 2014 and amended Grant Agreement No.TFOA 3418 dated 20 November, 2017 between the International Development Association (IDA) and the Republic of Kenya.

In addition, the special accounts statement presents fairly the special accounts transactions and the closing balance has been reconciled with the book balances.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts for the year under review reflect final budget and actual payments on comparable basis of Kshs.944,093,900 and Kshs.992,162,797 respectively, resulting in an over-expenditure of Kshs.48,068,897 or 5%. Management attributed the over expenditure to a budget reduction from an original approved budget of Kshs.1,794,102,900.

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 Compliance with 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. Breach of Contract Terms

As previously reported, the State Department for Petroleum contracted a consultancy firm in consortium with three (3) other firms to conduct an independent audit of petroleum costs in Tullow Oil Kenya BV production sharing contracts. During the year under review, Kshs.32,972,945 was paid to the firm being a final installment for the services.

According to clause 3.0 of the contract, payments to the consultant were to be made upon submission of reports reviewed by a Cost Recovery Audit Technical Committee drawn from The National Treasury, the Central Bank of Kenya, Kenya Revenue Authority, Office of the Auditor-General, Commission on Revenue Allocation, State Department for Petroleum, and the National Oil Corporation of Kenya. However, a seven (7) member committee formed to review and approve all deliverables as well as ensure quality delivery by the consultant was constituted entirely from the State Department of Petroleum.

Consequently, the Management was in breach of the contract terms.

2. Delays in Remitting Taxes

Note 10.1 to the financial statements reflects pending bills of Kshs.430,115,775 as at 30 June, 2020. The amount includes withholding tax and Value Added Tax (VAT) recoveries from suppliers and consultants totalling Kshs.127,982,507. However, the deducted amounts, some of which date back to October, 2018, was yet to be remitted to the Kenya Revenue Authority (KRA) contrary to the Income Tax Act, Cap. 470.

In the circumstances, the Management was in breach of the law.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association (IDA), I report based on my audit, that:

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

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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

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

In addition to the responsibility for preparing and presenting the financial statements described above, 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 financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

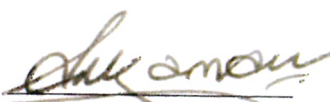
22 December, 2020

Kenya Petroleum Technical Assistance Project
Reports and Financial Statements
For the financial period ended June 30, 2020 (KSH)

5. STATEMENT OF RECEIPTS & PAYMENTS FOR THE PERIOD ENDED 30th JUNE 2020

	Note	FY 2019/20		FY 2019/20	FY 2018/19		FY 2018/19	Cumulative to Date(From
		Receipts and payments controlled by the entity	Receipts and Payments made by third parties	Total Receipts and Payments	Receipts and payments controlled by the entity	Payments made by third parties	Total Receipts and Payments	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS								
Transfer from Government entities	9.3	-	-	-	-	-	-	2,211,313
Proceeds from domestic and foreign grants	9.4	98,252,876	74,301,849	172,554,725	79,980,665	11,125,770	91,106,435	389,407,769
Loan from External Development Partners	9.5	316,109,242	494,593,639	810,702,881	169,833,341	212,228,276	382,061,617	2,502,308,029
Miscellaneous Receipts	9.6	325,000	-	325,000	-	-	-	4,395,209
TOTAL REVENUES		414,687,118	568,895,488	983,582,605	249,814,006	223,354,046	473,168,052	2,898,322,319
PAYMENTS								
Purchase of goods and services	9.7	421,658,454	568,895,488	990,553,942	354,267,276	154,314,267	508,581,543	2,707,288,775
Acquisition of Non-financial Assets	9.8	787,220	-	787,220	6,273,871	69,039,779	75,313,650	197,825,225
Other grants and Transfers and Payments	9.9	821,635	-	821,635	-	-	-	5,184,034
TOTAL PAYMENTS		423,267,309	568,895,488	992,162,797	360,541,147	223,354,046	583,895,193	2,910,298,034
SURPLUS/DEFICIT		- 8,580,192	-	- 8,580,192	- 110,727,141	-	- 110,727,141	- 11,975,714

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


Principal Secretary
Name: Andrew Kamau


Project Manager
Name: David W. Kinyanjui

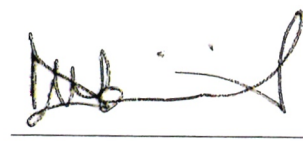

Project Accountant:
Name: CPA Beatrice K. Musyoka
ICPAK Member No: 6193

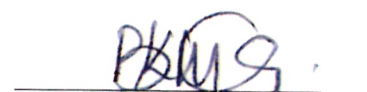
6. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	FY 2019/20	FY 2018/19
		Kshs	Kshs
Cash and Cash Equivalents			
Bank Balances	9.10. A	188,322	8,718,913
Cash Balances	9.10. B	-	-
Cash Equivalents (Short term deposits)	9.10. C	-	-
Total Cash and Cash equivalents		188,322	8,718,913
Accounts receivable- Imprests & Advances	9.11	-	165,632
TOTAL FINANCIAL ASSETS		188,322	8,884,545
Fund balance b/fwd	9.12	8,718,913	118,674,868
Prior Year Adjustment	9.13	49,600	936,818
Surplus / (deficit) for the year	-	8,580,192	- 110,727,141
NET FINANCIAL POSITION		188,322	8,884,545

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27TH AUG 2020 and signed by:


Principal Secretary
Andrew Kamau

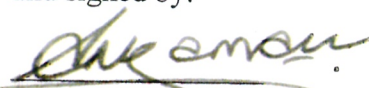

Project Manager
David W. Kinyanjui


Project Accountant
CPA Beatrice K. Musyoka
ICPAK Member No: 6193

7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

	Note	2019- 2020	2018 - 2019
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Transfer from Government entities	9.3	-	-
Proceeds from domestic and foreign grants	9.4	98,252,876	79,980,665
Miscellaneous Receipts	9.6	325,000	-
		98,577,876	79,980,665
Payments for operating expenses			
Purchase of goods and services	9.7	- 421,658,454 -	354,267,276
Other grants and transfers	9.9	(821,635)	
		- 422,480,089 -	354,267,276
Adjustments during the year			
Change in receivables		- -	165,632
Adjustments during the year	9.13	49,600	936,818
Net cashflow from operating activities		- 323,852,613 -	273,515,425
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-financial Assets	9.8	- 787,220 -	6,273,871
Net cash flows from Investing Activities		(787,220)	(6,273,871)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowing	9.5	316,109,242	169,833,341
Net cash flow from financing activities		316,109,242	169,833,341
NET INCREASE IN CASH AND CASH EQUIVALENT		- 8,530,592 -	109,955,955
Cash and cash equivalent at BEGINNING of the year		8,718,913	118,674,868
Cash and cash equivalent at END of the year		188,322	8,718,913

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 27/8 2020 and signed by:


Principal Secretary
Andrew Kamau

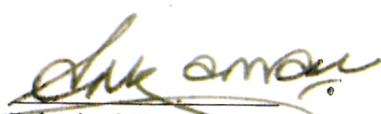

Project Manager
David W. Kinyanjui


Project Accountant
CPA Beatrice K. Musyoka
ICPAK Member No. 6193

8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	First adjustment	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	a	b	c=a-b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	
Proceeds from domestic and foreign grants- Grant Funds	165,500,000	50,000,000	115,500,000	98,252,876	17,247,124	85%
Proceeds from domestic and foreign grants- Grant direct receipts	164,232,000	100,000,000	64,232,000	74,301,849	10,069,849	116%
Proceeds form Loan borrowings- Loan Funds	384,549,800	-	384,549,800	316,109,242	68,440,558	82%
Proceeds form Loan borrowings- Loan direct receipts	1,079,821,100	700,000,000	379,812,100	494,593,639	114,781,539	130%
Miscellaneous receipts	-	-	-	325,000	325,000	
Total Receipts	1,794,102,900	850,000,000	944,093,900	983,582,605	39,488,705	104%
Payments						
Use of goods and services	1,793,302,900	850,000,000	943,302,900	990,553,942	47,251,042	105%
Acquisition of Non-financial Assets	800,000	-	791,000	787,220	3,780	100%
Other grants and Transfers and Payments	-	-	-	821,635	821,635	
Total Payments	1,794,102,900	850,000,000	944,093,900	992,162,797	48,068,897	105%

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


Principal Secretary
Andrew Kamau


Project Manager
David W. Kinyanjui


Project Accountant
CPA Beatrice K. Musyoka
ICPAK Member No. 6193

9. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

9.1.2. Reporting entity

The financial statements are for the Kenya Petroleum Technical Assistance Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

Transfer from Exchequer is be 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.

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proceeds from borrowing

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

Undrawn external assistance

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

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of employees**

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

- **Use of goods and services**

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

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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.

- **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c) 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.

d) 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.

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)

e) Accounts receivable

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

f) 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 4** of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

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

h) Pending bills

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

i) 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.

j) Third party payments

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

During the year Kshs 568,895,488 being loan and grant disbursements were received in form of direct payments from third parties.

k) Exchange rate differences

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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.

m) 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, 2020.

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

	2019/20	2018/19	Cumulative to Date	Cumulative Prior Year
	KShs	KShs	KShs	KShs
<i>Counterpart funding through Ministry of Petroleum and Mining</i>			-	
State Department for Petroleum	-		2,211,313	2,211,313
	<u>-</u>	<u>-</u>	<u>2,211,313</u>	<u>2,211,313</u>

There was no counterpart funding from government in 2019/2020.

9.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the Table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						FY 2019/20	FY 2018/19
		USD	KShs	KShs	KShs	KShs	KShs
Grants Received from Multilateral Donors							
International Development Assistance (IDA) - Grant	See Schedule 9.4 A	960,970	98,252,876	74,301,849	-	172,554,725	91,106,435
Total		960,970	98,252,876	74,301,849	-	172,554,725	91,106,435

Grant received through direct payments is Kshs 74,301,849 and Grant received in cash through exchequers is Kshs 98,252,876(USD 960,970) as per Note 9.4A below.

9.4 A Total Exchequers Received under Grant

Analysis of Grant Exchequers Received					
No	Exchequer Date	PA No	Amount (Ksh)	Amount (USD)	Remarks
1	22/8/2019	PA 122519	28,323,684	275,362	WA 13 & 14
2	4/11/2019	PA 123145	4,537,320	44,009	W/A 15 (refund)
3	26/11/2019	PA 123359	65,391,872	641,600	W/A 20/21
TOTAL			98,252,876	960,970	

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9.5 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30th June 2020 we received funding from development partners in form of loan negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
					FY 2019/20	FY 2018/19
		USD	KShs	KShs	KShs	KShs
Loans Received from Multilateral Donors (International Organisations)						
International Development Assistance(IDA)	As per the Schedule 9.5A	3,085,595	316,109,242	494,593,639	810,702,881	382,061,617
Total		3,085,595	316,109,242	494,593,639	810,702,881	382,061,617

Loan received in cash through exchequers is Kshs 316,109,242(USD 3,085,595) as per note 9.5A and Loan received as direct payment is Kshs 494,593,639.

9.5A Total Exchequers Received under Loan

Analysis of Loan Exchequers Received					
No	Exchequer Date	PA No	Amount (Ksh)	Amount (USD)	Remarks
1	22/8/2019	PA 122520	172,629,424	1,678,295	WA74-84
2	4/11/2019	PA 123144	25,919,340	251,400	81,83,84(refund)
3	26/11/2019	PA 123360	77,550,928	760,900	W/A 99/100
4	15/1/2020	PA 123382	40,009,550	395,000	W/A 101
Cumulative			316,109,242	3,085,595	

9.6 MISCELLANEOUS RECEIPTS

	FY 2019/20			FY 2018/19	Cumulative to- date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs	KShs	KShs
This is in respect of Performance bond of 10% of the contract which was encashed for Failure to supply goods . KENTEK SOLUTION LTD failed to supply Geophysical data interpretation mobile work station as per the Contact amounting Ksh 3,250,000 .	325,000		325,000	-	4,395,209
	325,000	-	325,000	-	4,395,209

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9.7 PURCHASE OF GOODS AND SERVICES

	FY 2019/20		FY 2019/20	FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	55,000
Communication, supplies and services	-	-	-	-	1,547,000
Domestic travel and subsistence	3,207,000.00	-	3,207,000	5,026,359	23,592,250
Printing, advertising and information supplies & services	1,303,608.00	-	1,303,608	4,276,456	25,456,010
Training expenses	160,956,432.05	21,227,580	182,184,012	162,290,944	1,000,405,230
Hospitality supplies and services	6,183,085.00	-	6,183,085	5,163,562	18,954,362
Other operating expenses	4,845,424.35	-	4,845,424	43,803	62,519,972
Consultancy services: – Technical and professional services	245,162,904.45	547,667,908	792,830,812	331,780,419	1,568,194,936
Foreign Exchange Loss			-	-	1,537,656
Total	421,658,454	568,895,488	990,553,942	508,581,543	2,707,288,775

Payments made by entity was Kshs 421,658,454 and by direct payments Ksh 568,895,488.

9.8 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2019/20		FY 2019/20	FY 2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	-	-	-		35,102,930
Purchase of office furniture & general equipment	787,220	-	787,220		5,887,779
Purchase of specialised plant, equipment and machinery	-	-	-	75,313,650	156,834,516
Total	787,220	-	787,220	75,313,650	197,825,225

Payments made by the entity in cash was Kshs 787,220, no direct payments.

9.9 OTHER GRANTS AND TRANSFERES AND PAYMENTS

			Total Payments		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	FY 2019/20	FY 2018/19	
	KShs	KShs	KShs	KShs	KShs
IDA World Bank	821,635.25		821,635		821,635
Miscellaneous payments			-		-
Total	821,635	-	821,635	-	821,635

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During the Restructuring of the project, the National Treasury (Borrower) and World Bank signed a Revised Financing Agreement and one of the condition was for the three Implementing Agencies Ministry of Petroleum and Mining, The National Treasury and Ministry of Industrialization, Trade and Cooperatives to document the initial Advance and refund funds held in their respective Designated Bank Account and Project operating bank Account.

The KEPTAP under Petroleum project Account had funds amounting to Ksh 821,635.25 which was transferred to IDA World Bank Account.

9.10 CASH AND CASH EQUIVALENTS CARRIED FORWARD

	FY 2019/20	FY 2018/19
	KShs	KShs
Bank accounts (Note 9.10A)	188,322	8,718,913
Cash in hand (Note 9.10B)	-	-
Cash equivalents (short-term deposits) (Note 9.10C)	-	-
Total	188,322	8,718,913

The project has one project account spread within the project implementation area and and two foreign currency designated account all at Central Bank of Kenya and managed by the National Treasury as listed below:

9.10 A. Bank Accounts

9.10 A Bank Accounts	FY 2019/20	FY 2018/19
	KShs	KShs
Foreign Currency Accounts		
Central Bank of Kenya LOAN [A/c NO: 1000215283]		
Central Bank of Kenya GRANT [A/c NO: 1000332433]		
Total Foreign Currency balances	-	-
	FY 2019/20	FY 2018/19
9.10 A Local Currency Accounts	KShs	KShs
Central Bank of Kenya [A/c No 1000309555]	188,322	8,718,913
Total Adjusted local currency balances	188,322	8,718,913
Total bank account balances	188,322	8,718,913

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2019 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 and grants received in the year under the Statement of Receipts and Payments.

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Special Deposit Accounts Movement Schedule (Loan)

	2019/20	2018/19	2019/20	2018/19
(i) Account Name Central Bank of Kenya [A/c No. 1000215283] LOAN	KShs	KShs	USD	USD
Opening balance as at 1st July 2018 as per SDA reconciliation	168,947,137	3,655,574	1,678,295.88	33,560.52
Total amount deposited in the account	147,180,714	335,124,904	1,407,478.06	3,318,068.36
Total amount withdrawn (as per Statement of Receipts & Payments)	316,109,242	169,833,341	3,085,595.00	1,673,333.00
Funds transferred to World Bank IDA Account (PA 124446)	18,610		178.94	
Closing balance as at 30th June 2020 (as per SDA bank account reconciliation attached)	- 0	168,947,137	- 0	1,678,295.88

Special Deposit Accounts Movement Schedule (Grant)

	2019/20	2018/19	2019/20	2018/19
(ii) Account Name Central Bank of Kenya [A/c No. 1000332433] GRANT	KShs	KShs	USD	USD
Opening balance (as per the SDA reconciliation)	27,794,894.14	7,788,985.06	275,361.50	76,189.42
Total amount deposited in the account	70,464,193.63	99,986,574.08	685,668.65	989,966.08
Total amount withdrawn (as per Statement of Receipts & Payments)	98,252,875.85	79,980,665.00	960,970.42	790,794.00
Funds transferred to World Bank IDA Account (PA 124446)	6,211.92	-	59.73	-
Closing balance as at 30th June 2020 (as per SDA bank account reconciliation attached)	0.00	27,794,894.14	0.00	275,361.50

The Special Deposit Account reconciliation statement has been attached as an Appendix to support these closing balances.

9.10. B Cash in Hand

There was no cash in hand as at 30th June 2020 as per the Board of Survey report.

9.10. C Cash equivalents (short-term deposits)

There were no short-term deposits as at 30th June 2020

9.11. OUTSTANDING IMPRESTS AND ADVANCES

1. Imprest: There was no outstanding imprests in 2019/2020 financial year.

2. Advance:-

Advances Accounts Recevables	2019/20	2018/19
	KShs	KShs
Erronous double payment to KRA , (Commissioner Tax) due to Internet Banking (IFMIS) challenge. Letter has been written to Kenya Revenue Authority (KRA) for refund	-	165,632
Total	-	165,632

9.12. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	8,718,913	118,674,868
Outstanding imprests and advances	-	-
Total	8,718,913	118,674,868

9.13 PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2018/2019 as per Financial Statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error			
Other:Refund :Ksh 49,600 was erroneously paid to the driver in 2018/2019 . This was an ineligible expenditure .The funds were refunded back to the project Bank Account in 2019/2020	8,718,913.00	49,600.00	8,768,513.00

9.14 CHANGES IN RECEIVABLES

	2019-2020	2018-2019
Description of the error		
Outstanding Imprest as at 1st July 2019(A)	-	-
Imprest Issued during the year (B)	8,759,650.50	12,772,463.40
Imprest Surrendered during the year (C)	8,759,650.50	12,772,463.40
Net changes in account receivables D=A+B-C	-	-

9.15 CHANGES IN ACCOUNTS PAYABLES- DEPOSITS AND RETENSIONS

There was no Accounts payables during the year.

10. OTHER IMPORTANT DISCLOSURES (See Annex 2A)

10.1 PENDING ACCOUNTS PAYABLE

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Supply of goods	-	1,697,040.00	0	1,697,040.00
Supply of services	-	428,418,735.00	0	428,418,735.00
Total	-	430,115,775.00	-	430,115,775.00

There were pending bills amounting to Ksh 430,115,775 as at 30th June 2020.

10.2 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External Assistance received in cash		
External Assistance received in loans and grants(Exchequers)	414,362,118	249,814,006
External Assistance received in kind - as payment by third parties(Direct	568,895,488	223,354,046
Total	983,257,605.30	473,168,052.00

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External Assistance received as loans	316,109,242	169,833,341
External Assistance received as grants	98,252,876	79,980,665
Total	414,362,117.55	249,814,006.00

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn External assistance Loan	The funds will be utilised to implement various activities as per the Annual Work Plans and Budget and inline with the Project Appraisal Documents.	1,721,891,679	2,182,909,522
Undrawn External assistance Grant		112,592,331	33,146,965
Total		1,834,484,010	2,216,056,487

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The undrawn balance in 2019/2020 increased due to the restructuring leading to an Amended Financing Agreement as at 9th January 2020.

c) Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donor	983,257,605	473,168,052
Total	983,257,605.30	473,168,052.00

The external assistance is for economic development by strengthening the capacity of the Government of Kenya to manage its petroleum sector. The Government will be able to manage its petroleum resources through sound governance and Petroleum management policies. Reduce Poverty by Improve the Government's capacity in oil revenue administration and develop saving instruments therefore improved economic growth.

d) The project did not receive Non- monetary assistance

e) Purpose and use of external assistance

PAYMENTS MADE BY	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Use of goods and services	568,895,488	154,314,267
Acquisition of Assets		69,039,779
Other Payments		
Total	568,895,487.75	223,354,046.00

f) External Assistance paid by Third Parties on behalf of the Entity by Source

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	
Multilateral donor (World Bank ,International	568,895,488	223,354,046
Total	568,895,487.75	223,354,046.00

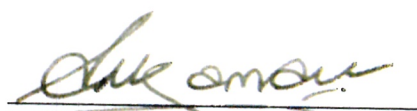
11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

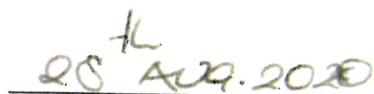
The following is the summary of issues raised by the external auditor, and management Comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Issues raised in the External Audit Report of 2018/2019	All the issues were resolved waiting for the Audited Report Financial Report 2018/2019		All the issues raised in the management letter were resolved	N/A

Guidance Notes:

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


Principal Secretary


Date


Project Manager


Date

Kenya Petroleum Technical Assistance Project
Reports and Financial Statements
For the financial period ended June 30, 2020 (KSH)

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Utilisation Variance	% of Utilisation	Comments on Variance
	a	b	c=a-b	d=b/a%	
Receipts					
Transfer from Government entities	-	-	-		
Proceeds from domestic and foreign grants -Grant Funds	115,500,000	98,252,876	17,247,124	85%	(i)
Proceeds from domestic and foreign grants -Grant direct receipts	64,232,000	74,301,849	- 10,069,849	116%	(ii)
Proceeds form Loan borrowings- Loan Funds	384,549,800	316,109,242	68,440,558	82%	(iii)
Proceeds form Loan borrowings- Loan direct receipts	379,812,100	494,593,639	- 114,781,539	130%	(iv)
Miscellaneous receipts	-	325,000	- 325,000		(v)
Total Receipts	944,093,900	983,582,605	- 39,488,705	104%	
Payments					
Use of goods and services	943,302,900	990,553,942	- 47,251,042	105%	(vi)
Acquisition of Non-financial Assets	791,000	787,220	3,780	100%	
Other grants and Transfers and Payments	-	821,635	- 821,635		(vii)
Total Payments	944,093,900	992,162,797	- 48,068,897	105%	

Project Budget Cuts for FY 2019/2020: The National Treasury in the 2nd Supplementary Budget in reduced the project's budget by 47% for the FY 2019/2020 ending 30th June 2020. The lobbying by PMU and State Department of Petroleum team to ring-fence the project budget given the commitments and the huge pending bills was however not successful. The PMU had to prioritize some critical payments to be included in the reduced budget. This reduced budget together with the protracted restructuring process and frozen project account, contributed to the huge pending bills at the close of the 2019/2020 financial year on 30th June 2020.

Explain all variance below 90% and above 100%

- (i) The under receipt of (15%):- This represents the grant fund not received during the quarter. This was due the restructuring process the bank accounts were frozen and no funding was released during this period. The three implementing Agencies were required to document all the expenditure and refund back all balances in both the Designated Bank Account and Operating project Bank account as per the Revised Financing Agreements. As at 30th June 2020, The National Treasury Implementing Agency had not refunded the funds to World Bank. Therefore no funds were disbursed to the project.
- (ii) The Over receipt of (16%):- This represents the direct payments (under grant). The over receipt was due to Budget Reduction during Supplementary II.



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- (iii) The under receipt of (18%):- This represents the Loan fund that was not received due to delays in the restructuring process. This was due the restructuring process where the three implementing Agencies were required to document all the expenditure and refund back all balances in both the Designated Bank Account and Operating project Bank account as per the Revised Financing Agreements. As at 30th June 2020, The National Treasury Implementing Agency had not refunded the funds to World Bank. Therefore no funds were disbursed to the project
- (iv) The Over receipt of (30%):- This represents the direct payments (under Loan). The over receipt was due to Budget Reduction during Supplementary II.
- (v) Miscellaneous Receipt: - funds amounting to Ksh 325,000 in respect of 10% performance bond was transferred to the project account on 30th June 2020 by KENTEK SOLUTION LTD due to failure to supply geophysical data interpretation mobile workstation. The funds had not been budgeted for.
- (vi) The Over expenditure of (5%):- The over expenditure was due to Budget Reduction during Supplementary II and the delay in the restructuring process.
- (viii) Other Grants and transfers:-During the Restructuring of the project, the Borrower (National treasury) and World Bank signed a Revised Financing Agreement and one of the condition was for the three Implementing Agencies to document the initial Advance and refund funds held in their Designated Bank Account and Project operating bank Account. The project Account had funds amounting to Ksh 821,635.25 which was transferred to IDA World Bank Account.

Kenya Petroleum Technical Assistance Project
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ANNEX 2 – ANALYSIS OF PENDING BILLS

KEPTAP PENDING BILLS FINANCIAL YEAR 2019/2020						
Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Actual Audited	Comments
				June 30th , 2020	2019	
	a	b	c	d=a-c		
Supply of goods						
SPECICOM TECHNOLOGIES LTD	1,697,040.00	3/6/2020	-	1,697,040		Budget Reduction
Sub-Total	1,697,040		-	1,697,040		
Supply of services						
GARDEN HOTEL	769,500.00	28/10/19	-	769,500		Budget Reduction
INTERCONTINENTAL HOTEL	80,000.00	19/11/19	-	80,000		Budget Reduction
INTERCONTINENTAL HOTEL	180,000.00	20/01/20	-	180,000		Budget Reduction
INTERCONTINENTAL	108,000.00	22/11/19	-	108,000		Budget Reduction
INTERCONTINENTAL HOTEL	36,000.00	12/11/2019	-	36,000		Budget Reduction
INTERCONTINENTAL	67,980.00	3/12/2019	-	67,980		Budget Reduction
INTERCONTINENTAL	237,510.00	1/2/2020	-	237,510		Budget Reduction
REALEDGEAFRICA VENTURE	139,140.00	22/11/19	-	139,140		Budget Reduction
REALEDGEAFRICA VENTURE	451,850.00	9/9/2019	-	451,850		Budget Reduction
REALEDGEAFRICA	206,210.00	18/11/19	-	206,210		Budget Reduction
REALEDGEAFRICA	263,630.00	9/9/2019	-	263,630		Budget Reduction
PAGO AIRTRAVEL	35,600.00	16/12/19	-	35,600		Budget Reduction
PAGO AIRTRAVEL	187,000.00	4/12/2019	-	187,000		Budget Reduction
PAGO AIRTRAVEL	174,710.00	8/1/2020	-	174,710		Budget Reduction
PAGO AIRTRAVEL	174,775.00	12/9/2019	-	174,775		Budget Reduction
PAGO AIRTRAVEL	187,660.00	14/8/19	-	187,660		Budget Reduction
PAGO AIRTRAVEL	23,360.00	27/01/20	-	23,360		Budget Reduction
PAGO AIRTRAVEL	449,250.00	29/10/19	-	449,250		Budget Reduction
PAGO AIRTRAVEL	184,990.00	7/11/2019	-	184,990		Budget Reduction
DARWIN TOURS	125,025.00	18/11/19	-	125,025		Budget Reduction
LAKE NAIVASHA SIMBA	481,900.00	11/10/2019	-	481,900		Budget Reduction
TIN TIN RESTAURANT	54,000.00	15/11/19	-	54,000		Budget Reduction
TIN TIN RESTAURANT	40,500.00	31/01/20	-	40,500		Budget Reduction
JUBATUS TRAVEL LTD	597,500.00	6/9/2019	-	597,500		Budget Reduction
JUBATUS TRAVEL LTD	17,750.00	7/11/2019	-	17,750		Budget Reduction
ASTORIAN HOTEL	76,550.00	10/7/2019	-	76,550		Budget Reduction
Sub-Total	7,047,430.00			7,047,430.00		



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ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-	Outstanding Balance	Actual Audited	Comments
				June 30th , 2020	2019	
	a	b	c	d=a-c		
Supply of Services						
ASTORIAN HOTEL	53,600.00	16/1/20	-	53,600		Budget Reduction
STANDARD GROUP LTD	266,800.00	26/11/19	-	266,800		Budget Reduction
INTERCONTINENTAL HOTEL	132,000.00	25/2/20	-	132,000		Budget Reduction
INTERCONTINENTAL HOTEL	36,000.00	13/3/20	-	36,000		Budget Reduction
INTERCONTINENTAL HOTEL	36,000.00	28/2/20	-	36,000		Budget Reduction
STANDARD GROUP PLC	255,200.00	22/11/18	-	255,200		invoice Erroneously taken to Eneergy
INTERCONTINENTAL HOTEL	160,000.00	18/3/20-16/3/20	-	160,000		Budget Reduction
TINTIN RESTAURANT	27,000.00	18/3/20	-	27,000		Budget Reduction
TINTIN RESTAURANT	40,500.00	5/3/2020	-	40,500		Budget Reduction
TINTIN RESTAURANT	40,500.00	11/3/2020	-	40,500		Budget Reduction
TINTIN RESTAURANT	27,000.00	4/3/2020	-	27,000		Budget Reduction
DARWIN TOURS AND TRAVEL	173,610.00	2/10/2019	-	173,610		Budget Reduction
PAGO AIRWAYS	81,090.00	29/9/17	-	81,090		invoice Erroneously taken to Ministry SDP
PAGO AIRWAYS	25,925.00	30/11/18	-	25,925		invoice Erroneously taken to Ministry SDP
BIG MAN TRAVEL	560,420.00	31/7/19	-	560,420		Budget Reduction
REALEDGEAFRICA VENTURE	24,900.00	24/2/20	-	24,900		Budget Reduction
REALEDGEAFRICA VENTURE	133,765.00	30/4/2019	-	133,765		Insufficient documentation
REALEDGEAFRICA VENTURE	412,080.00	13/2/20	-	412,080		Budget Reduction
LAKE NAIVASHA RESORT	175,500.00	8/12/2019	-	175,500		Budget Reduction
TIN TIN RESTAURANT	54,000.00	4/3/20-5/3/20	-	54,000		Budget Reduction
TIN TIN RESTAURANT	40,500.00	11/3/2020	-	40,500		Budget Reduction
INTERCONTINENTAL HOTEL	24,300.00	19/3/20	-	24,300		Budget Reduction
INTERCONTINENTAL HOTEL	116,000.00	18/3/20	-	116,000		Budget Reduction
CROWN MOTORS	27,700.00	18/2/20-20/2/20	-	27,700		Budget Reduction
PAGO AIRWAYS	18,000.00	3/11/2019	-	18,000		Budget Reduction
GREEN MAX LTD	612,000.00	24/4/20	-	612,000		Budget Reduction
REALEDGEAFRICA VENTURE	968,365.00	12/2/2019-12/2/19	-	968,365		There was a dispuie btn ticketing Agent & project which has been resolved
PAGO AIRWAYS	275,000.00	14/11/19	-	275,000		Budget Reduction
PAGO AIRWAYS	1,715,760.00	19/8/19	-	1,715,760		Budget Reduction
DAWIN TOURS AND TRAVEL	128,670.00	18/11/19	-	128,670		Budget Reduction
DAWIN TOURS AND TRAVEL	72,330.00	13/11/19	-	72,330		Budget Reduction
NATION MEDIA GROUP	251,604.00	26/11/19	-	251,604		Budget Reduction
NATION MEDIA GROUP	251,604.00	20/8/19	-	251,604		Budget Reduction
Sub-Total	7,177,223.00			7,177,223.00		



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ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Actual Audited prior year	Comments
				June 30th , 2020	2019	
	a	b	c	d=a-c		
Supply of Services						
MFI	64,148.06	10/2/2018	-	64,148		There was a dispute b/n the supplier & project which has resolved
PROJECT MANAGEMENT UNIT	65,300,000.00	2020	-	65,300,000		Budget Reduction
COMMISSIONER TAX (I HS GLOBAL LTD)	17,024,556.90	16/12/2019	-	17,024,557		Budget Reduction
COMMISSIONER TAX (FICHTNER GMBH & CO KG)	16,588,756.15	22/10/18	-	16,588,756		Budget Reduction
COMMISSIONER TAX (AEGIDE INTERNATIONAL)	3,830,880.40	9/2/2020	-	3,830,880		Budget Reduction
COMMISSIONER TAX (TARGET OILFIELD SERVICES)	7,428,651.30	22/10/2019	-	7,428,651		Budget Reduction
COMMISSIONER TAX (SCHLUMBERGER OFFSHORE)	16,278,804.50	14/11/19	-	16,278,805		Budget Reduction
COMMISSIONER TAX (HOUSTON INTERNATIONAL BUSINESS)	3,854,822.40	19/11/19	-	3,854,822		Budget Reduction
DESIGN (PHD)	2,602,028.60	3/2/2020	-	2,602,029		Budget Reduction
COMMISSIONER TAX (VISION RI CONNEXION SERVICES PRIVATE LTD)	3,981,656.30	27/2/20	-	3,981,656		Budget Reduction
COMMISSIONER OF INCOME TAX (BEICIP)	12,674,282.00	30/8/2019	-	12,674,282		Budget Reduction
COMMISSIONER OF INCOME TAX (BEICIP)	10,301,756.85	10/12/2019	-	10,301,757		Budget Reduction
COMMISSIONER OF INCOME TAX (ICF)	4,557,441.05	12/10/2019	-	4,557,441		Budget Reduction
COMMISSIONER OF INCOME TAX(POLARIS)	4,775,115.70	19/11/2019	-	4,775,116		Budget Reduction
COMMISSIONER OF TAX(POLARIS)	3,183,410.00	6/2/2020	-	3,183,410		Budget Reduction
COMMISSIONER INCOME TAX (HOUSTON)	2,610,432.00	17/02/2020	-	2,610,432		Budget Reduction
COMMISSIONER OF INCOME TAX	660,814.45	1/10/2019	-	660,814		Budget Reduction
COMMISSIONER TAX (ICF RESOURCE LLC)	11,743,121.88	12/10/2019	-	11,743,122		Budget Reduction
COMMISSIONER TAX (CARDNO EMERGING USA)	5,193,551.33	8/5/2019	-	5,193,551		Budget Reduction
COMMISSIONER TAX (ACAL CONSULTING)	1,353,240.00	10/2/2020	-	1,353,240		Budget Reduction
KPC	973,000.00	11/10/2019	-	973,000		Budget Reduction
AUTHORITY(EPRA)	3,289,510.00	14/01/20	-	3,289,510		Budget Reduction
DIRECTORATE OF OCCUPATIONAL	1,486,872.00	2/3/2020	-	1,486,872		Budget Reduction
Sub-Total	199,756,851.87			199,756,851.87		



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ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Actual Audited prior year	Comments
				June 30th, 2020	2019	
	a	b	c	d=a-c		
Supply of Services						
ENASHIPAI RESORT	2,357,750.00	25/2/19-26/3/19-20/5/19	-	2,357,750		Budget Reduction
IFP FRANCE	27,592,860.00	17/3/20	-	27,592,860		Budget Reduction
IHRDC	4,536,800.00	19/3/20	-	4,536,800		Budget Reduction
PETROSKILLS	1,639,775.00	15/10/2019	-	1,639,775		Budget Reduction
SWALE HOUSE PARTNERS	2,113,250.00	3/4/2020	-	2,113,250		Budget Reduction
KRA OFFICERS	873,600.00	18/12/19	-	873,600		Budget Reduction
CLYDE & CO	15,349,137.16	17/4/20	-	15,349,137		Budget Reduction
TARGET OIL FIELDS SERVICES	45,420,896.52	9/3/2020	-	45,420,897		Budget Reduction
ADVANTECH CONSULTING	6,658,260.83	11/12/2019	-	6,658,261		Budget Reduction
FTHM CONSULTING	9,763,073.76	27/2/20	-	9,763,074		Budget Reduction
HOUSTON INTERNATIONAL BUSINESS CORP	9,917,188.00	17/2/20	-	9,917,188		Budget Reduction
HOUSTON INTERNATIONAL BUSINESS CORP	19,834,376.00	7/5/2020	-	19,834,376		Budget Reduction
BEICIPFRANLAB	38,488,652.84	15/5/20-30/4/20	-	38,488,653		Budget Reduction
DALBERG ADVISORS	4,075,920.14	30/1/20	-	4,075,920		Budget Reduction
DALBERG ADVISORS	6,113,880.21	30/1/20	-	6,113,880		Budget Reduction
CARDNO EMERGING MARKETS	5,265,984.00	14/11/2019	-	5,265,984		Budget Reduction
PETRAD	3,913,895.00	28/11/19	-	3,913,895		Budget Reduction
NETHERLAND SEWEL AND ASSOCIATES INC	5,217,012.00	7/2/2020	-	5,217,012		Budget Reduction
KURRENT TECHNOLOGIES	5,254,060.00	23/10/19	-	5,254,060		Budget Reduction
RSK ENVIRONMENTAL LTD	1,747,899.00	24/3/20	-	1,747,899		Budget Reduction
Sub-Total	216,134,270			216,134,270		
Grand Total	430,115,775	-	-	430,115,775	-	-

ANNEX 3 – SUMMARY OF FIXED ASSETS REGISTER

The fixed asset summary is extracted from the asset registers maintained by the Project

Asset class		*Purchases/Additions in the Year	**Disposals in the Year	Transfers in /(out)	
	Opening Cost	(KShs)	(KShs)	(KShs)	Closing Cost
	(KShs)	2019/20	2019/20	2019/20	(KShs)
	2018/19				2019/20
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c) +(-)d
Vehicles and other Transport equipment	35,102,930	-	-	18,735,084	35,102,930
Office equipment, furniture and fittings	4,372,559	787,220	-	-	5,159,779
ICT Equipment, Software and Other ICT Assets	728,000	-	-		728,000
Specialised Machinery and Equipment	156,834,515	-	-	156,834,515	156,834,515
Total	197,038,004	787,220	-	175,569,599	197,825,224

Notes: Non- Financial Assets totalling to Kshs 175,569,599 were allocated to three Project beneficiaries as follows:-

1. Directorate of occupational safety & Health services (DOSH)

Three motor vehicles amounting to Kshs 18,735,083.95 procured in 2017/2018 were allocated to KEPTAP beneficiary Directorate of occupational safety & Health services (DOSH). Full detail reflected in the Master Project Asset Register.

2. Energy Regulatory Authority (ERC), currently Energy and Petroleum Regulatory Authority (EPRA)

Gas Testing Equipment amounting to Kshs 21,915,000 procured in 2017/2018 was allocated to KEPTAP beneficiary Energy and Petroleum Regulatory Authority (EPRA). Full detail reflected in the Master Project Asset Register

3. National Environmental Management Authority (NEMA)

Specialized Equipment – Lot 1 & 2, Kshs 40,185,000 procured in 2017/2018. Lot 3 procured in 2018/2019 of 67,685,539 and Lot 4 , 80% procured in 2017/2018 Ksh 19,420,866.55 and 20%, Kshs 7, 628,110.35 procured in 2018/2019 and allocated to KEPTAP beneficiary National Environmental Management Authority (NEMA). Full details are reflected in the Master Project Asset Register.

ANNEX 4 CONTINGENT LIABILITIES REGISTER

There was no contingent Liabilities and Contingent Assets in the prior years and during the year.

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ANNEX 4– LOAN SPECIAL DEPOSIT ACCOUNT RECONCILIATION
STATEMENT AS AT 30TH JUNE 2020

SPECIAL ACCOUNT RECONCILIATION(LOAN)				
				Amount(USD)
Opening balance 1st July 2019				1,678,295.88
Add: Amount Deposited by World Bank in the Designated Account				
Account :	1000215283			
Date	Amount (USD)	Remarks		
14/10/2019	251,495.23	W/A 81,82,83(refunded recovery)		
23/10/2019	288,824.89	W/A 99		
23/10/2019	472,168.04	W/A 100		
8/11/2019	394,989.90	W/A 101		
TOTAL	1,407,478.06			1,407,478.06
		TOTAL CREDIT		3,085,773.94
Less : Amount Transferred to Project Account (DEBITS)				
Date	Amount (USD)	Remarks	PA NO.	
21/08/2019	1,678,295.00	W/A 74-84	PA 122520	
31/10/2019	251,400.00	W/A 81,82,83(refunded reco	PA 123144	
26/11/2019	760,900.00	W/A 99,100	PA 123360	
15/1/2020	395,000.00	WA/ 101	PA 123382	
Sub Total	3,085,595.00			
27/04/2020	178.94	Transferred to World Bank by Treasury PA 124446 value date 24th April 2020	PA 124446	
Sub Total	178.94			
TOTAL	3,085,773.94	TOTAL DEBITS		3,085,773.94
	Balance as at 30th June 2020 as per the			0.00

Analysis of Loan Exchequers Received					
No	Exchequer Date	PA No	Amount (Ksh)	Amount (USD)	Remarks
1	22/8/2019	PA 122520	172,629,424	1,678,295	WA 74-84
2	4/11/2019	PA 123144	25,919,340	251,400	81,83,84(refund)
3	26/11/2019	PA 123360	77,550,928	760,900	W/A 99/100
4	15/1/2020	PA 123382	40,009,550	395,000	W/A 101
Cumulative			316,109,242	3,085,595	

Kenya Petroleum Technical Assistance Project
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ANNEX 5- GRANT SPECIAL DEPOSIT ACCOUNT RECONCILIATION
STATEMENT AS AT 30TH JUNE 2020

SPECIAL ACCOUNT RECONCILIATION(GRANT)				
				Amoun(USD)
Opening balance 1st July 2019				275,361.50
Add: Amount Deposited by World Bank in the Designated Account				
Account :	1000332433			
Date	Amount (USD)	Remarks		
14/10/2019	44,008.92	W/A 15b(refunded recovery)		
23/10/2019	281,420.65	W/A 21		
23/10/2019	360,239.08	W/A 20		
TOTAL	685,668.65			685,668.65
		TOTAL CREDIT		961,030.15
	Bank charges			
Less : Amount Transferred to Project Account (DEBITS)				
Date	Amount (USD)	Remarks	PA NO.	
21/08/2019	275,361.50	W/A 13&14	PA 122519	
31/10/2019	44,008.92	W/A 15b(refunded recovery)	PA 123145	
26/11/2019	641,600.00	W/A 20&21	PA 123359	
Sub Total	960,970.42	Transferred to Project Account		
27/04/2020	59.73	Transferred to World Bank by Treasury PA 124449 value date 27th April 2020	PA 124449	
Sub Total	59.73			
TOTAL	961,030.15	TOTAL DEBITS		961,030.15
	Balance as at 30th June 2020 as per the Designated Account Bank Statement			0.00

Analysis of Grant Exchequers Received					
No	Exchequer Date	PA No	Amount (Ksh)	Amount (USD)	Remarks
1	22/8/2019	PA 122519	28,323,684	275,362	WA 13 & 14
2	4/11/2019	PA 123145	4,537,320	44,009	W/A 15 (refund)
3	26/11/2019	PA 123359	65,391,872	641,600	W/A 20/21
TOTAL			98,252,876	960,970	



APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations
- iii. Cash Count Certificate
- iv. Special Deposit Account(s) reconciliation statement(s)

BANKI
KUU YA
KENYA



CENTRAL
BANK OF
KENYA

Haile Selassie Avenue
P.O. Box 60000 - 00200 Nairobi, Kenya
Telephone: 2860000, Fax: 340192

8th July, 2019

CERTIFICATE OF BALANCES

Customer : 138676

STATE DEPARTMENT FOR PETROLEUM

Balance Date: 30-Jun-20

Account No	Account Name	Currency	Balance
1000384603	REC-STATE DEPARTMENT FOR PETROLE	KES	17,715,935.65
1000384611	DEV-STATE DEPARTMENT FOR PETROLE	KES	54,450,056.95
1000384627	DEP-STATE DEPARTMENT FOR PETROLE	KES	43,757,488.00
1000384638	CBK165-STATE DEPARTMENT FOR PETR	KES	0.00
1000390808	PETROLEUM DEVELOPMENT LEVY ACCOUNT	KES	766,752,747.50
1000390816	KENYA PETROLEUM TECHNICAL ASSI. PRJ	KES	326,702.05

L. K. RWERIA
AUTHORISED SIGNATORY
BANKING SERVICES DIVISION

P. S. LENKUME
AUTHORISED SIGNATORY
BANKING SERVICES DIVISION



**MINISTRY OF PETROLEUM
AND MINING
KEPTAP OFFICE**

INTERNAL MEMO

To : Head of Accounting Unit
From : The Project Manager – KEPTAP
Ref : Ref. MEP/FIN/KEPTAP/VOL VI
Date : 7TH JULY, 2020

*Cashier
Pse Deal
8/7/2020*

**CONFIRMATION OF KEPTAP FUNDS DISBURSED THROUGH EXCHEQUER –
FINANCIAL YEAR 2019/2020**

Kindly confirm and indicate the date disbursed to KEPTAP and the amount (A), the difference during the financial year 2019/2020.

Attached please find the confirmation letter in respect of funds disbursed to KEPTAP as at 30th June 2020.

Summary	
Total Loan	316,109,241.70
Total Grant	98,252,875.85
Total	414,362,117.55

for B.K.
B. K. Musyoka

For Project Manager -KEPTAP

Kenya Petroleum Technical Assistance Project
Reports and Financial Statements
For the financial period ended June 30 th, 2020 (KSH)

KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT					
Confirmation of amounts disbursed to KEPTAP Project as at 30 June 2020					
Amount Disbursed to the Project as at 30th June 2020				Amount Received by the Project as at 30 June 2020 (KShs)	Difference (KShs)
Exchequer Reference Number and date	Date Disbursed by State Dept. of Petroleum	Development (KShs)	Total (KShs)		
		(A)	(B)	(C)	(D)=(B-C)
DE: 03/09/19/20 dated 13/9 2019 - Loan				172,629,423.70	
DE: 03/09/19/20 dated 13/9/2019 - Grant				28,323,683.85	
Sub Total	<i>24/09/2019</i>	<i>200,953,107.55</i>	200,953,107.55	200,953,107.55	0
DE: 23/08/19/20 dated 7/11/2019 - Loan				25,919,340	
DE: 23/08/19/20 dated 7/11/2019 - Grant				4,537,320	
Sub Total	<i>22/11/2019</i>	<i>30,456,660.00</i>	30,456,660	30,456,660	0
DE: dated 20/11/2019 - Loan				77,550,928	
DE: dated 20/11/2019 - Grant				65,391,872	
Sub Total	<i>16/12/2019</i>	<i>142,942,800.00</i>	142,942,800	142,942,800	0
DE: 53/08/19/20 dated 20/1/2020 -Loan				40,009,550	
Sub Total	<i>22/02/2020</i>	<i>40,009,550.00</i>	40,009,550	40,009,550	0
Total			414,362,117.55	414,362,117.55	

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

Note: Total Loan – Kshs 316,109,241.90,

Total Grant Kshs 98,252,875.85

Head of Accounts Department

Name.....*Charles Linyagi*.....

Signature.....*[Signature]*..... Date *30.06.2020*.....

LOAN

Results 1 - 9 of 9

Run Date: 06/07/2020
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

Run Time: 15:02:51

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000215283

ACCOUNT TITLE : (K) PET. TECH. ASS PRJ 5526 -MEP
 30/06/2020

STATEMENT PERIOD: From 01/07/2019

To

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

OPENING BAL : 1,678,295.88

NO.	Value Date	Refernce.No	Details	Debit	Credit	Balance
1	21/08/2019	FT19233YPPQ2	PA122520	-1,678,295.00	0.00	0.88
2	14/10/2019	FT1928705GY9	(K) PET. T FUND	0.00	251,495.23	251496.11
3	23/10/2019	FT19296MKQV9	FUNDING	0.00	288,824.89	540321
4	23/10/2019	FT19296SYHD7	FUNDING	0.00	472,168.04	1012489.04
5	31/10/2019	FT19304J626K	PA123144	-251,400.00	0.00	761089.04
6	08/11/2019	FT19312N5QDH	(K) PET. T FUND	0.00	394,989.90	1156078.94
7	26/11/2019	FT1933086ZF7	PA 123360	-760,900.00	0.00	395178.94
8	15/01/2020	FT2001540VKM	PA123382	-395,000.00	0.00	178.94
9	27/04/2020	FT201184KT2X	PA 124446	-178.94	0.00	0

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

More Options

Clear Selection

Find

Account

equals



1000215283

Statement From

equals



20190701

Statement To

equals



20200630

TAM.E.STMT.OF.ACCT.EPRM

TAM.E.STMT.OF.ACCT.EPRM

GRANT

Results 1 - 7 of 7

Run Date: 06/07/2020 Run Time: 15:01:19

STATEMENT OF ACCOUNT

PAGE NO : 1

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000-0200

NAIROBI

ACCOUNT NUMBER : 1000332433

ACCOUNT TITLE : KEPTAP GRANT NO. TFOA 3418 KE

STATEMENT PERIOD: From 01/07/2019 To

30/06/2020

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL : 275,361.50						
NO.	Value Date	Refernce.No	Details	Debit	Credit	Balance
1	21/08/2019	FT192334HZ1B	PA122519	-275,361.50	0.00	0
2	14/10/2019	FT1928795731	KEPTAP GRA FUND	0.00	44,008.92	44008.92
3	23/10/2019	FT19296RN5BN	FUNDING	0.00	281,420.65	325429.57
4	23/10/2019	FT19296TQPM3	FUNDING	0.00	360,239.08	685668.65
5	31/10/2019	FT19304QNTC5	PA123145	-44,008.92	0.00	641659.73
6	26/11/2019	FT19330VFN2P	PA 123359	-641,600.00	0.00	59.73
7	27/04/2020	FT20118Q95QF	PA 124449	-59.73	0.00	0

CLOSING BALANCE : 0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM		More Options	Find
		Clear Selection	
Account	equals	1000332433	
Statement From	equals	20190701	
Statement To	equals	20200630	
TAM.E.STMT.OF.ACCT.EPRM			

F.O 30

2019/2020

KSHS.

KSHS.

KSHS.

326,702.05

Less

206,656.30

206,656.30

1

Add

68,275.85

—

68,275.85

188,321.60

Prepared By: FMS KEPTAP

Authorized by Head of Accounting
Unit(Petroleum)

Signature:.....

Signature

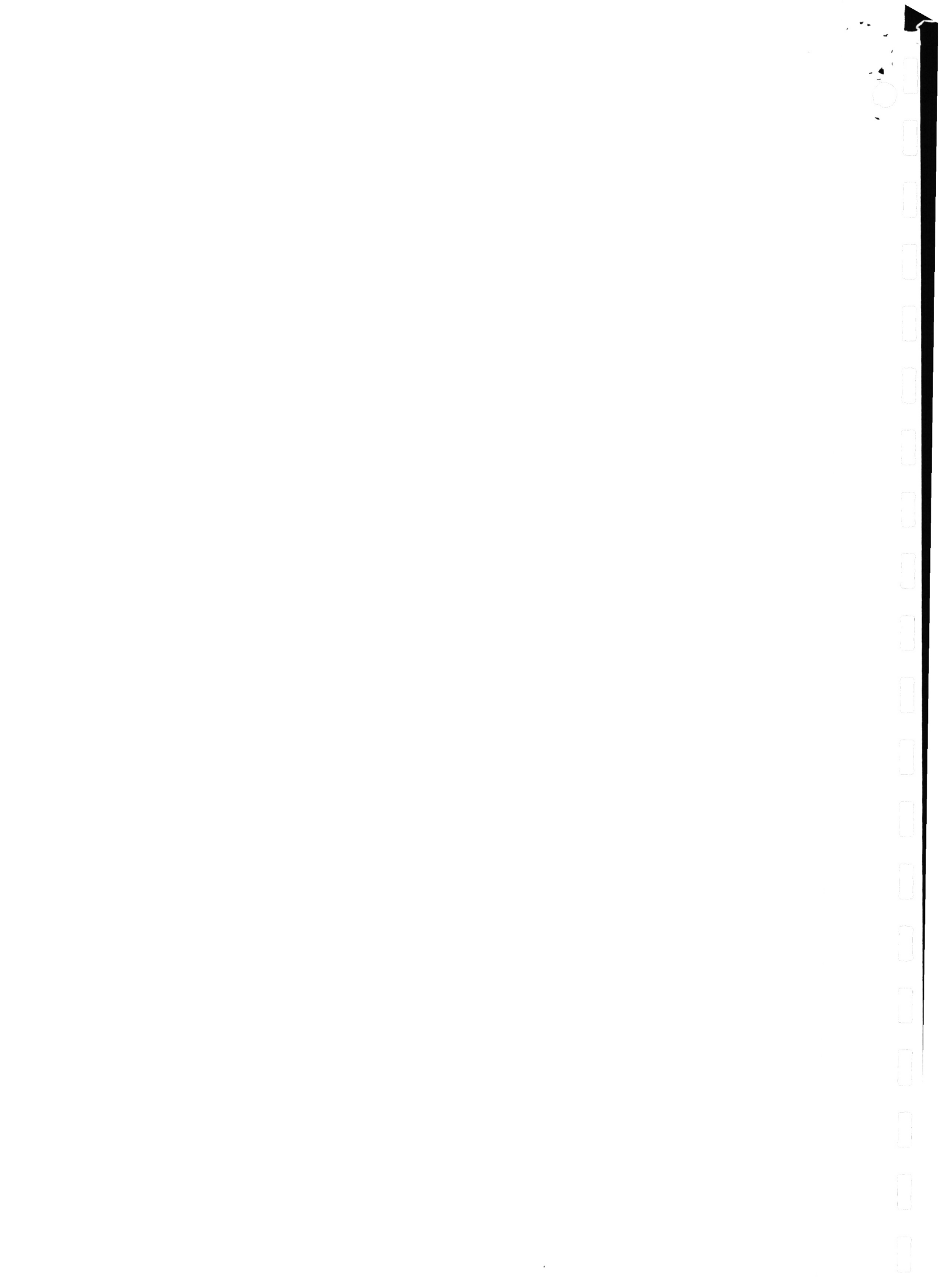
Date: 30/6/2020

Date... 30.06.2020

(All schedules are attached herewith)

Date

REPUBLIC OF KENYA			
KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT			
2019/2020			
BANK RECONCILIATION STATEMENT AS AT 30/06/2020(JUNE)			
PAYMENTS IN CASH BOOK NOT IN BANK			
C B DATE	CHQ.No.	PAYEE NAME	AMOUNT (Kshs.)
18/9/2019		TAX PAYE (SAM WAWERUMARCH) C/B 2 AUG	28,656.30
30/6/2020		HOTEL INTERCONTINENTAL	106,137.95
30/6/2020		COMM TAX (INTER CONN)	1,862.05
30/6/2020		ESTHER KIMANI	70,000.00
		GRAND TOTAL	206,656.30



REPUBLIC OF KENYA					
KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT					
2019/2020					
BANK RECONCILIATION STATEMENT AS AT 30/06/2020(JUNE)					
PAYMENTS IN BANK NOT IN CASH BOOK					
	C B DATE	CHQ.No.	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	2/12/2019	1219	HOTEL INTERCONTINENTAL	68,275.85	
			GRAND TOTALS	68,275.85	



CENTRAL BANK OF KENYA
BANKI KUU YA KENYA

JUNE 2020

STATEMENT OF ACCOUNT

CENTRAL BANK OF KENYA

BANKI KUU YA KENYA

P.O.BOX 60000 - 0200

NAIRGBI

STATEMENT PERIOD: FROM 01/06/2020 TO 30/06/2020

Rundate : 06/07/2020

Runtime : 14:39:19

Customer Number : 138676

Account Number : 1000390816

Account Name : KENYA PETROLEUM TECHNICAL ASSI. PRJ(KES)

Opening Balance : 823787.3

No.	Trn Date	Value Date	Reference No.	Trn Details	Dr. Amt	Cr. Amt	Balance
1	09/06/2020	09/06/2020	FT20161399YY	Payment Authority	450.00	0.00	823,337.30
				PA 118738			
2	09/06/2020	09/06/2020	FT20161399YY	Payment Authority	821,635.25	0.00	1,702.05
				PA 118738			
3	30/06/2020	30/06/2020	FT20182FDYNK	Inward RTGS Payment MT 103	0.00	325,000.00	326,702.05

*(Transfer to WB
IDA final payment)*

*Geoscience Equipment
Work station - performance
Bond.*

Generated on: 06th July 2020 at 02:38 PM EAT

(10)

KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT (MOEP)
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2020

Credit No.: IDA GRANT NO.TF A3418-KE (DA-E)

Bank Account No.: 1000332433 Held with CENTRAL BANK OF KENYA

		NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA			2,981,861.58
	Less:			
2	Total amount documented			2,981,861.58
3	Outstanding amount to be documented			-
	Represented by:			
4	Ending Special account Balance as as 30 June 2020			-
5	Amounts claimed but not credited as at 30 June 2020			-
6	Amounts withdrawn and not claimed			-
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2020			-

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

Signature

**AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY**

DATE: 18.08.2020

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2020
Account No.	1000332433
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	KEPTAP GRANT NO. TFOA 3418 KE
Credit Agreement	
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2019 as per C.B.K. Ledger Account	275,361.50
---	------------

Add:

Total Amount deposited by World Bank	685,668.65
--------------------------------------	------------

Total Interest earnings if deposited in account	
---	--

Total amount refunded to cover ineligible expenditure	
--	--

Deduct:

Total amount withdrawn	961,030.15
------------------------	------------

Total service charges if not included above in amount withdrawn	
--	--

Ending balance on 30th June, 2020	0.00
-----------------------------------	------

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

DATE _____

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE _____

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2020 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 7 of 7

Run Date: 29/07/2020
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

Run Time: 17:05:40

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000332433

ACCOUNT TITLE : KEPTAP GRANT NO. TFOA 3418 KE
 30/06/2020

STATEMENT PERIOD: From 01/07/2019

To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :		275,361.50				
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1	21/08/2019	FT192334HZ1B	PA122519	-275,361.50	0.00	0
2	14/10/2019	FT1928795731	KEPTAP GRA FUND	0.00	44,008.92	44008.92
3	23/10/2019	FT19296RNSBN	FUNDING	0.00	281,420.65	325429.57
4	23/10/2019	FT19296TQPM3	FUNDING	0.00	360,239.08	685668.65
5	31/10/2019	FT19304QNTC5	PA123145	-44,008.92	0.00	641659.73
6	26/11/2019	FT19330VFN2P	PA 123359	-641,600.00	0.00	59.73
7	27/04/2020	FT20118Q95QF	PA 124449	-59.73	0.00	0

END OF ACCOUNT STATEMENT

CLOSING BALANCE : 0

Favourites

TAM.E.STMT.OF.ACCT.EPRM		More Options Clear Selection	Find
Account	equals	1000332433	
Statement From	equals	20190701	
Statement To	equals	20200630	
TAM.E.STMT.OF.ACCT.EPRM			

**KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT (MOEP)
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2020**

Credit No.: IDA LOAN CREDIT NO.5526-KE

Bank Account No.: 1000215283 Held with CENTRAL BANK OF KENYA

		NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA			14,842,443.18
	Less:			
2	Total amount documented			14,842,443.18
3	Outstanding amount to be documented			-
	Represented by:			
4	Ending Special account Balance as as 30 June 2020			-
5	Amounts claimed but not credited as at 30 June 2020			-
6	Amounts withdrawn and not claimed			-
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2020			-

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

Antue

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 18.08.2020

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2020
Account No.	1000215283
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	(K) PET. TECH. ASS PRJ 5526 -MEP
Credit Agreement	
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2019
as per C.B.K. Ledger Account

1,678,295.88

Add:

Total Amount deposited by World Bank

1,407,478.06

Total Interest earnings if deposited in account

Total amount refunded to cover ineligible
expenditure

Deduct:

Total amount withdrawn

3,085,773.94

Total service charges if not included above in
amount withdrawn

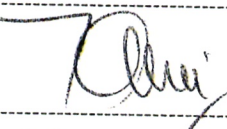
Ending balance on 30th June, 2020

0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE:

DATE



07.08.2020

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE:

DATE



18.08.2020

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2020 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

