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**THE AUDITOR-GENERAL**

**ON**

**EAST AFRICA SKILLS FOR  
TRANSFORMATION AND REGIONAL  
INTEGRATION PROJECT  
(IDA LOAN NO. 6334-KE)**

**FOR THE NINE (9) MONTHS PERIOD  
ENDED 30 JUNE, 2020**

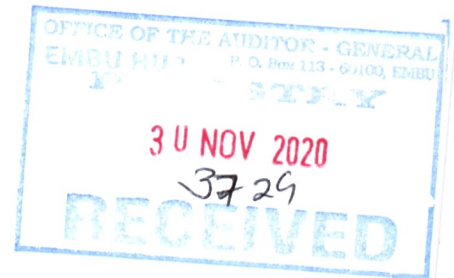
**MERU NATIONAL POLYTECHNIC**



**Project Name: EAST AFRICA SKILLS FOR TRANSFORMATION & REGIONAL INTEGRATION PROJECT (EASTRIP)**



**THE MERU NATIONAL  
POLYTECHNIC**  
*Training for growth and employment*



**Implementing Entity: THE MERU NATIONAL POLYTECHNIC**

**CREDIT NUMBER: 6334-KE**


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**NINE MONTH REPORT AND FINANCIAL STATEMENTS**

**FOR NINE MONTHS ENDED  
JUNE 30, 2020**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE: 18 FEB 2021</b>	
<b>ESY.</b> <i>THURSDAY</i>	
<b>TABLED BY:</b>	<i>LOM</i>
<b>CLERK AT THE TABLE:</b>	<i>Anne Musanda</i>

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## **1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **1.1 Name and registered office**

**Name:** The project's official name is EAST AFRICAN SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP),

**Objective:** The key objective of the project is to increase the **access** and improve the **quality** of TVET programmes and to support **regional integration** and regional economic corridors.

**Address:** The project headquarters offices are in **Meru County, Kenya**.

The address of its registered office is: **111-60200, Meru**

The project also has offices/branches as follows: **N/A**

**Contacts:** The following are the project contacts

Telephone: **+254 93937581**

E-mail: **info@merunationalpolytechnic.ac.ke**

Website: **www.merunationalpolytechnic.ac.ke**

### **1.2 Project Information**

Project Start Date:	The project effective date is <b>16/09/2019</b>
Project End Date:	The project end date is <b>31/12/2024</b>
Project Manager:	The project manager is <b>Mr Geoffrey M. Rukunja</b>
Project Sponsor:	The project sponsor is <b>World Bank (IDA)</b>

### **1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education.
Credit number	6334-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) To provide high quality market driven academic programs and produce competent workforce to the economy (ii) To attract and retain an adequate, competent and efficient work force (iii) <b>To strengthen the Polytechnic financial management system</b> (iv) To enhance Information Communication Technology (ICT)

	<p>Integration</p> <ul style="list-style-type: none"> <li>(v) To upgrade training equipment and Polytechnic physical infrastructure</li> <li>(vi) To enhance a strong and distinct image of the Polytechnic</li> <li>(vii) To strengthen the established Quality Management System</li> </ul>
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) By providing high quality market driven academic programs through adoption of CBET curricula and industry involvement.</li> <li>(ii) By upgrading of trainers' skills through capacity building.</li> <li>(iii) Through capacity building of senior management officers on financial management.</li> <li>(iv) Through training on emerging technologies and ICT.</li> <li>(v) Through construction of RFTI centre and equipping of workshops and labs.</li> <li>(vi) Through co-operative training and exchange programs, the image of the polytechnic will be enhanced.</li> <li>(vii) Through strengthening of the quality Management System</li> <li>(viii) Through outreach of non-project TVET and signing of MoUs to increase collaborations and partnerships.</li> </ul>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Insufficient Budgetary allocation</li> <li>(ii) Old and below standard facilities and infrastructure such as classrooms, laboratories, library, waterline and fence, vehicles, offices and training equipment.</li> <li>(iii) Absence of basic facilities such as: laboratory equipment, workshop equipment, reference books, hostels, staff houses and lack of upgraded machinery.</li> <li>(iv) Poor research and development programs</li> <li>(v) Low industry –TVET linkage</li> <li>(vi) Inadequate technical staff at the required levels</li> <li>(vii) Insufficient internet accesses</li> </ul>

Project duration	The project started on 16 <sup>th</sup> September 2019 and is expected to run until 31 <sup>st</sup> December 2024
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#### 1.4 Bankers

The following are the bankers for the current year:

- (i) **Equity Bank Ltd.**

#### 1.5 Auditors

The project is audited by the **Office of the Auditor General**

#### 1.6 Roles and Responsibilities

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Geoffrey M Rukunja Tel:07726749480 Email: principal@merunationalpolytechnic.ac.ke	Chief Principal/ Project co-ordinator	Masters HRM B.M HR	To manage the project at all levels
Peter Karanu Mbaka Tel:0722977299 Email: karanumbaka@gmail.com	Centre leader	M Sc. Civil Engineering B Sc. Civil Engineering B Ed. Technology Education	To assist the project co-ordinator in running the project
Stephen Rukaria Tel:0722861868 Email: info@merunationalpolytechnic.ac.ke	ILO Officer	Bsc. Civil Engineering	To establish MoUs with partners and engagement of the industry
Patricia Mwendwa Tel:0720335969 Email: eastripfo@merunationalpolytechnic.ac.ke	Project Accountant	MBA Supply Chain Management B A Economics CPA (K) ICAPK28254	Preparation of financial reports, control and monitoring of resources
Ian Mutwiri Tel:0713413326 Email:	Procurement Officer	B.A Procurement	To procure project equipment and

**EASTRIP**  
**Reports and Financial Statements**  
**For the nine months ended June 30, 2020**

procurement@merunationalpolytechnic.ac.ke			materials
Catherine Kinoti Tel:0713253706 Email: ckinoti05@gmail.com	M & E Officer	M.A Linguistics B Ed. English Literature	To conduct tracer studies and monitor DLI achievement
Jane Mawira Tel:0721669686 Email:janemicro@yahoo.com	Environmenta l & Social safeguards Officer	Msc. Microbiolog y Bed. Biology and Chemistry	To ensure adherence to health safety, gender balance and social safeguards.

### 1.7 Funding summary

The Project is for duration of 5 years from 2019 to 2024 with an approved budget of EURO 10,800,000 equivalent to KShs 1,242,791,640 (conversion rate is 1 EURO = KES.115.0733. as per the CBK rate on 16<sup>th</sup> September 2019) as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to date – (30/06/2020)		Undrawn balance to date (30/06/2020)	
	Donor currency (A)	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
<b>Loan</b>						
World Bank - IDA	10,800,000	1,242,791,640	1,759,010.31	200,000,000	9,040,990.69	1,042,791,640
<b>Total</b>	<b>10,800,000</b>	<b>1,242,791,640</b>	<b>1,759,010.31</b>	<b>200,000,000</b>	<b>9,040,990.69</b>	<b>1,042,791,640</b>

### 1.8 Summary of Overall Project Performance:

- **Budget performance against actual amounts for current year and for cumulative to-date:**  
No money had been absorbed as at the close of the financial year.

- Physical progress based on outputs, outcomes and impacts since project commencement:  
A number of procurement processes have been initiated:
  - ✓ Contracts for Purchase of Motor Vehicles have been signed awaiting delivery (Kes. 15,210,000.00)
  - ✓ The evaluation committee has finished the process of evaluating consultants for Design and supervision, awaiting contract signature (Kes. 38,002,897.50)
  - ✓ The Polytechnic has received a No Objection to advertise the tender for Purchase of equipment
  
- On value-for-money achievements: Due diligence has been observed in the above procurement processes to ensure the Polytechnic acquires the best value.
  
- The absorption rate is 0% for year one.
  
- The implementation challenges and recommended way forward: The procurement processes are lengthy. However, to ensure that the project objectives are met within the stipulated time frame, we have merged a number of procurement activities to ensure faster implementation.

#### **1.9 Summary of Project Compliance:**

-Significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants: **None**

-Consequences suffered on account of non-compliance or likely to be suffered: **None**

-Mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance: **N/A**

## **2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES**

The Meru National Polytechnic is a government institution under the Ministry of Education (MoE) with a core mandate to provide Technical and Vocational Education and Training (TVET). The Polytechnic is one of the key flagship training centres in Civil Engineering and Building Technology.

The training centre is envisaged to enhance research and innovation capabilities in the field of civil engineering and building technology. The government proposes to provide infrastructure that will include a series of workshops, laboratories, lecture rooms and a library among other facilities for the training centre to meet its enhanced mandate. It is further projected to be a world class high technology research facility and a centre of excellence to cater for civil engineering and building technology needs at the national, regional and international levels.

### **Introduction**

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

The key development objectives of the *project's 2019-2024* plan are to:

- a) To increase access and improve the quality of TVET programs
- b) To support regional Integration and regional economic corridors

### **Progress on attainment of Strategic development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were

identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
EASTRIP	To increase access and improve the quality of TVET programs	Introduction of new Short courses	Higher enrolment rates and number of programmes developed	<b>5 new courses developed</b>
EASTRIP	To support regional Integration and regional economic corridors	Regional accreditation	Higher regional enrolment rates	<b>Regional students enrolled</b>

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Ministry of Education overall goal is to increase access to education and training for all learners; improve quality and relevance of education; reduce inequality as well as leverage on knowledge and skills in Science, Technology and Innovation.

The Ministry envisions to be “a globally competitive education, training, research and innovation for sustainable development”.

The State Department of Vocational and Technical Training (VTT), which is mandated to implement the **East Africa Skills for Transformation and Regional Integration Project (EASTRIP)** was established in the year 2015 and ratified through the Executive Order No. 1 of 2016.

The State Department derives its mandate from Article 53 of the Constitution of Kenya 2010, the Technical and Vocational Education and Training Act, 2013 and the Executive Order No. 1/2016 of May 2016

The State Department has a major responsibility of ensuring availability of middle level work force that will be needed to drive the economy towards the attainment of the Vision 2030.

The success of the Vision 2030 is hinged in the sheer numbers, skills and quality of its work force. This addresses the constitutional requirement articulated in Article 55 (a-c) regarding access to relevant education and training, employment and participation in national development by the youth and in Article 53 1(b) regarding provision of free and compulsory basic education.

The **EASTRIP** project development objective (PDO) is to increase the access and improve the quality of TVET programs in selected regional flagship TVET institutes and to support regional integration in Eastern Africa Region.

The Project will support the Ministry to improve quality of skills by: a) financing identification of specific skills and qualifications that the TVET institute will focus on; (b) understanding the capacity gaps in the TVET institute in terms of faculty, curriculum, provision of training

facilities, and governance and management; (c) rallying the institutional and National support for improving infrastructural facilities in the flagship TVET institutes.

The project will also support to bridge the gap between the education and training and Industry requirements by creating a strong industrial linkage where a symbiotic relationship will exist between the industry and training providers.

Effective implementation of the Project's objectives therefore will culminate into empowering trainees from our TVET Institutions with technical and entrepreneurship skills that will cultivate self-employment, job creation, produce competent graduates who are market-ready upon graduation and facilitate the achievement of regional development envisaged in the Big "4" agenda, the Africa Agenda 2063 and the United Nations Sustainable Development Goals (SDGs). This is expected to create income streams for majority of youth in the Country and the entire Eastern Africa region.

#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Project accountant for EASTRIP project is 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 Project accountant and the Project Coordinator for EASTRIP 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 Project accountant and the Project Coordinator for EASTRIP 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 9 months ended June 30, 2020, and of the Project's financial position as at that date. The Project accountant and the Project Coordinator for EASTRIP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in

**EASTRIP**  
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**For the nine months ended June 30, 2020**

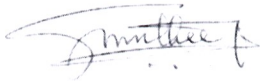
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the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Project accountant and the Project Coordinator for EASTRIP 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/period 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 Project accountant and the Project Coordinator for EASTRIP project on 11/09/2020 and signed by them.



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Project Coordinator  
Name: Geoffrey Rukunja, OGW

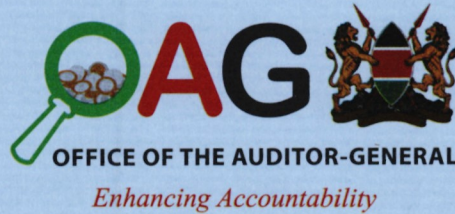


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Project Accountant: Patricia Mwendwa  
Name  
ICPAK Member Number: **25428**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (IDA LOAN NO. 6334-KE) FOR THE NINE (9) MONTHS PERIOD ENDED 30 JUNE, 2020 – MERU NATIONAL POLYTECHNIC**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of East Africa Skills for Transformation and Regional Integration Project set out on pages 1 to 27, 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 nine (9) months period 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 East Africa Skills for Transformation and Regional Integration Project as at 30 June, 2020, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the provisions of the Financing Agreement Credit No.6334-KE dated 18 December, 2018 between the Republic of Kenya and International Development Association, the provisions of the Performance and Funding Agreement between the Republic of Kenya and Meru National Polytechnic dated 27 December, 2018 and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the East Africa Skills for Transformation and Regional Integration 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 judgment, are of most significance in the audit of the financial statements. There were no other key audit matters to communicate in my report.

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*Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (IDA Loan No. 6334-KE) for the nine (9) Months Period ended 30 June, 2020 – Meru National Polytechnic*

## **Other Matter**

The statement of comparative budget and actual amounts reflects nil payments against an approved budget of Kshs.200,000,000 resulting to an under-expenditure of Kshs.200,000,000 or 100% of the budget. Management has attributed the under-expenditure to lengthy procurement processes which had not been concluded by the end of the financial year. The delay affected the planned activities and may have impacted negatively on service delivery to the public.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Lack of Segregation of Duties**

Review of the internal control procedures for the Project revealed that there was no proper segregation of duties in the accounting function since the roles of maintaining of the cashbook, preparation of bank reconciliation statements and drawing of cheques were all performed by one officer who was also a signatory to the Project bank account.

In the circumstances, it could not be ascertained that the internal controls were functioning properly.

## 2. Audit Committee

Although the Project had an Audit Committee in place, the Committee met only once on 19 September, 2019 in the year under review. This is contrary to Regulation 179(1) of the Public Finance Management (National Government) Regulations, 2015 which requires Audit Committees to meet at least once in every three months.

In the circumstances, the Project Management is in breach of law.

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the 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.

### Responsibilities of Management and those Charged with Governance

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

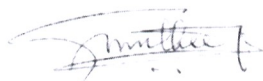
**Nairobi**

**30 December, 2020**

**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE NINE MONTHS PERIOD ENDED 30TH JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Loan from external development partners	9.5	200,000,000				200,000,000
<b>TOTAL RECEIPTS</b>		<b>200,000,000</b>				<b>200,000,000</b>
<b>PAYMENTS</b>						
<b>TOTAL PAYMENTS</b>						
<b>SURPLUS/(DEFICIT)</b>		<b>200,000,000</b>				<b>200,000,000</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 11/09/2020 and signed by:



Project Coordinator  
 Name: Geoffrey Rukunja, OGW

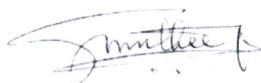


Project Accountant:  
 Name: Patricia Mwendwa  
 ICPAK Member Number: 25428

**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020**

	Note	2019-2020	2018-2019
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9.13.A	200,000,000	0.00
Cash Balances	9.13.B	0.00	0.00
<b>Cash Equivalents (short-term deposits)</b>	9.13.C	0.00	0.00
<b>Total Cash and Cash Equivalents</b>		200,000,000	0.00
Accounts receivables – Imprest and Advances	9.14	0.00	0.00
<b>TOTAL FINANCIAL ASSETS</b>		200,000,000	0.00
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9.15	0.00	0.00
Prior year adjustments	9.16	0.00	0.00
Surplus/(Deficit) for the year		200,000,000	0.00
<b>NET FINANCIAL POSITION</b>		200,000,000	0.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11/09/2020 and signed by:



Project Coordinator  
Name: Geoffrey Rukunja, OGW



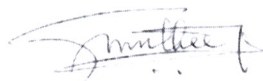
Project Accountant  
Name: Patricia Mwendwa  
ICPAK Member

Number: 25428

**8. STATEMENT OF CASHFLOW FOR THE NINE MONTHS PERIOD ENDED 30TH JUNE 2020**

		2019-2020	2018-2019
	Note	KShs	KShs
<b>Receipts from operating activities</b>			
Transfer from Government entities	9.3		
Proceeds from domestic and foreign grants	9.4		
Miscellaneous receipts	9.6		
<b>Payments from operating activities</b>			
Compensation of employees	9.7		
Purchase of goods and services	9.8		
Social security benefits	8.9		
Transfers to other government entities	9.11		
Other grants and transfers	9.12		
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18		
Prior Year Adjustments	9.16		
<b>Net cash flow from operating activities</b>			
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9.10		
<b>Net cash flows from Investing Activities</b>			
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	9.5	200,000,000	0.00
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		200,000,000	0.00
<b>Cash and cash equivalent at BEGINNING of the year</b>		0.00	0.00
<b>Cash and cash equivalent at END of the year</b>		200,000,000	0.00

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 11/09/2020 and signed by:



Project Coordinator  
Name: Geoffrey Rukunja, OGW




Project Accountant  
Name: Patricia Mwendwa  
ICPAK Member Number: 25428

**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2020.**

Receipts/Payments/Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	D	e=c-d	f=d/c %
<b>Receipts</b>						
Proceeds from borrowings	200,000,000	0.00	200,000,000	200,000,000	0.00	0%
<b>Total Receipts</b>	<b>200,000,000</b>	<b>0.00</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>0.00</b>	<b>0%</b>
<b>Payments</b>						
Purchase of goods and services	200,000,000	0.00	200,000,000	0.00	200,000,000	100%
<b>Total Payments</b>	<b>200,000,000</b>	<b>0.00</b>	<b>200,000,000</b>	<b>0.00</b>	<b>200,000,000</b>	<b>100%</b>

  
Project Coordinator  
Name: Geoffrey Rukunja, OGW

  
Project Accountant  
Name: Patricia Mwendwa  
ICPAK Member Number: 25428

## **10. 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 EASTRIP 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 party 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 nine months period ended 30 June 2020.

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 nine months period ended 30 June, 2020 Kshs 0.00 being loan 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 nine months 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**

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

	2019/20	2018/19	Cumulative to-date(from inception)
	KShs	KShs	
<b><i>Counterpart funding through Ministry xxx</i></b>			
Counterpart funds Quarter 1			
Counterpart funds Quarter 2			
Counterpart funds Quarter 3			
Counterpart funds Quarter 4			
<b><i>Other transfers from government entities</i></b>			
Ministry xx			
Ministry xy			
Project zxy			
Agency xz			
Appropriations-in-Aid			
<b>Total</b>			

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 20xx 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	
						2019/20	2018 /19
			KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
Insert name of foreign Government							
<b>Grants Received from Multilateral Donors (International Organisations)</b>							
Insert name of international organization							
<b>Grants Received from Local Individuals and organisations</b>							
Insert name of individual or local organization							
<b>Total</b>							

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 9 months to 30 June 2020 we received funding from development partners in form of loans negotiated by the National Treasury 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	
		(EURO)	KShs	KShs	2019/20	2018/19
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
World Bank (IDA)	21/02/2020	1,759,010.31	200,000,000	0	200,000,000	0
<b>Total</b>		<b>1,759,010.31</b>	<b>200,000,000</b>	<b>0</b>	<b>200,000,000</b>	<b>0</b>

**9.6. MISCELLANEOUS RECEIPTS**

	2019/20			2018/19	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	KShs	KShs	KShs		
Property income					
Sales of goods and services					
Administrative fees and charges					
Fines, penalties and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere					

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.7. COMPENSATION OF EMPLOYEES**

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
-					
Basic salaries of permanent employees					
Basic wages of temporary employees					
Personal allowances paid as part of salary					
Personal allowances paid as reimbursements					
Personal allowances provided in kind					
Pension and other social security contributions					
Compulsory national social security schemes					
Compulsory national health insurance schemes					
Social benefit schemes outside government					
Other personnel payments					
<b>Total</b>					

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.8. PURCHASE OF GOODS AND SERVICES**

	2019/20			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					
Communication, supplies and services					
Domestic travel and subsistence					
Foreign travel and subsistence					
Printing, advertising and – information supplies & services					
Rentals of produced assets					
Training payments					
Hospitality supplies and services					
Insurance costs					
Specialised materials and services					
Other operating payments					
Routine maintenance – vehicles and other transport equipment					
Routine maintenance- – other assets					
Exchange rate losses/gains (net)					
<b>Total</b>					

**9.9. SOCIAL SECURITY BENEFITS**

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits					
Social security benefits in cash and in kind					
Employer social benefits in cash and in kind					
<b>Total</b>					

**9.10. ACQUISITION OF NON-FINANCIAL ASSETS**

	2019/20			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 buildings					
Construction of buildings					
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Overhaul & refurbishment of construction and civil works					
Purchase of vehicles & other transport equipment					
Overhaul of vehicles & other transport equipment					
Purchase of household furniture & institutional equipment					
Purchase of office furniture & general equipment					

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	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Purchase of specialised plant, equipment and machinery					
Rehabilitation & renovation of plant, equipment & machinery					
Purchase of certified seeds, breeding stock and live animals					
Research, studies, project preparation, design & supervision					
Rehabilitation of civil works					
Acquisition of strategic stocks					
Acquisition of land					
Acquisition of other intangible assets					
<b>Total</b>					

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 9 months to 30 June 2020, we did not transfer funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulat ive to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
Ministry ABC					
Project XYZ					
<b>Transfers to County Government</b>					
County ABC					
County XYZ					
<b>TOTAL</b>					

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships					
Transfers to lower levels of government e.g schools					
Miscellaneous payments					
<b>Total</b>					

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

**9.13 A Bank Account**

The project has one project account for the project implementation as listed below:

	2019/20	2018/19
	KShs	KShs
<b><u>Local Currency Accounts</u></b>		
Equity Bank Limited 1040279407282	200,000,000	0
<b>Total local currency balances</b>	<b>200,000,000</b>	<b><u>0</u></b>
<b>Total bank account balances</b>	<b>200,000,000</b>	<b><u>0</u></b>

**9.13B Cash In Hand**

	2019/20	2018/19
	KShs	KShs
Location 1		
Location 2		
Location 3		
Other locations ( <i>specify</i> )		
<b>Total cash balances</b>		

**9.13C Cash equivalents (short-term deposits)**

	2019/20	2018/19
	KShs	KShs
Kenya Commercial Bank [A/C No.....]		
Co-Operative Bank of Kenya [A/C No.....]		
Others ( <i>Specify</i> )		
<b>Total</b>		

**9.14. OUTSTANDING IMPRESTS AND ADVANCES**

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
<i>Officer 1</i>					
<i>Xx institution</i>					
<i>Officer 2</i>					
<i>Officer 3</i>					
<i>Officer 4</i>					
<i>Officer 5</i>					
<i>Programme 1</i>					
<b>Total</b>					

**9.15. FUND BALANCE BROUGHT FORWARD**

	<b>2019/20</b>	<b>2018/19</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts		
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
<b>Total</b>		

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**9.16. PRIOR YEAR ADJUSTMENT**

	<b>Balance b/f FY 2018/2019 as per Financial statements</b>	<b>Adjustments</b>	<b>Adjusted Balance b/f FY 2018/2019</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances			
Cash in hand			
Accounts Payables			
Receivables			
Others ( <i>specify</i> )			

The project begun in the year 2019/2020 thus there were no prior year adjustments.

**9.17. CHANGES IN RECEIVABLE**

<b>Description of the error</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)		
Imprest issued during the year (B)		
Imprest surrendered during the Year (C)		
Net changes in account receivables D= A+B-C		

**9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

<b>Description of the error</b>	<b>2019 - 2020</b>	<b>2018 - 2019</b>
	<b>KShs</b>	<b>KShs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)		
Deposit and Retentions held during the year (B)		
Deposit and Retentions paid during the Year (C)		
Net changes in account receivables D= A+B-C		

**11 OTHER IMPORTANT DISCLOSURES**

**11.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)**

	<b>Balance b/f FY 2018/2019</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
<b>Total</b>				

**11.2 PENDING STAFF PAYABLES (See Annex 2B)**

	<b>Balance b/f FY 2018/2019</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Senior management				
Middle management				
Unionisable employees				
Others				
<b>Total</b>				

**11.3 OTHER PENDING PAYABLES (See Annex 2C)**

	<b>Balance b/f FY 2018/2019</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Amounts due to National Government entities				
Amounts due to County				

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Government entities				
Amounts due to third parties				
<b>Total</b>				

**OTHER IMPORTANT DISCLOSURES (Continued)**

**11.4 External Assistance**

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
External assistance received in cash		
External assistance received as loans and grants		
External assistance received in kind- as payment by third parties		
<b>Total</b>		

*a) External assistance relating loans and grants*

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
External assistance received as loans		
External assistance received as grants		
<b>Total</b>		

*b) Undrawn external assistance*

Description	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants			
<b>Total</b>			

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*c. Classes of providers of external assistance*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

*Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc*

**OTHER IMPORTANT DISCLOSURES (Continued)**

*d. Non-monetary external assistance*

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods		
Services		
<b>Total</b>		

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc*

*e Purpose and use of external assistance*

<b>PAYMENTS MADE BY THIRD PARTIES</b>	<b>FY</b>	<b>FY</b>
	<b>2019/2020</b>	<b>2018/2019</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees		
Use of goods and services		
Subsidies		
Transfers to Other Government Units		
Other grants and transfers		
Social Security Benefits		
Acquisition of Assets		
Finance Costs, including Loan Interest		
Repayment of principal on Domestic and Foreign borrowing		
Other Payments		
<b>TOTAL</b>		

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**OTHER IMPORTANT DISCLOSURES (Continued)**

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

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

	<b>FY 2019/2020</b>	<b>FY 2018/2019</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

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**12. 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Focal Point person to resolve the issue (Name and designation)</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

## ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Proceeds from borrowings	200,000,000	200,000,000	0.00	100%	
<b>Total Receipts</b>	<b>200,000,000</b>	<b>200,000,000</b>	<b>0.00</b>	<b>100%</b>	The amount budgeted was received during the 9 months period ending June 30, 2020.
<b>Payments</b>					
Compensation of employees	0.00	0.00	0.00	0.00	
Purchase of goods and services	0.00	0.00	0.00	0.00	
Social security benefits	0.00	0.00	0.00	0.00	
<b>Total payments</b>	<b>200,00,000</b>	<b>0.00</b>	<b>200,000,000</b>	<b>0.00</b>	No funds had been utilised as at June 30, 2020. This was due to the lengthy procurement processes that had been initiated but were still on going as at June 30, 2020.

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**ANNEX 2A - ANALYSIS OF PENDING BILLS**

Supply of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

of Staff	Job Group	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
	<b>Permanent Employees - Management</b>						
1.							
2.							
3.							
	<b>Sub-Total</b>						
	<b>Permanent Employees - Others</b>						
4.							
5.							
6.							
	<b>Sub-Total</b>						
	<b>Temporary employees</b>						
7.							
8.							
9.							
	<b>Sub-Total</b>						
	<b>Others (specify)</b>						
10.							
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						

**EASTRIP**  
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**ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES**

Brief Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance as at June 2020	Outstanding Balance as at June 2020	Comments
	a	b	c	d=a-c		
<b>Amounts due to National Govt Entities</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Amounts due to County Govt Entities</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Amounts due to Third Parties</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (specify)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

**ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER**

Asset Category	Opening Cost (KShs) 2019/20 (a)	*Purchases/Additions in the Year (KShs) 2019/20 (b)	** Disposals in the Year (KShs) 2019/20 (c)	Transfers in/(out) Kshs 2019/20 (d)	Closing Cost (KShs) 2020 (e) = (a)+(b)-(c)+(-)d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment,					
Other Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
<b>Total</b>					

**ANNEX 4 CONTINGENT LIABILITIES REGISTER**

	<b>Nature of contingent liability</b>	<b>Payable to</b>	<b>Currency</b>	<b>Estimated Amount Kshs</b>	<b>Expected date of payment</b>	<b>Remarks</b>
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

**APPENDICES**

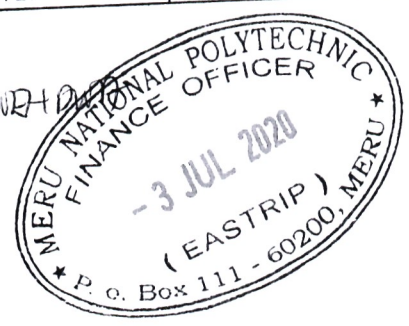
- i. Bank Reconciliations
- ii. Bank Certificate
- iii. Bank Statements
- iv. Receipted confirmation of amounts received from the line ministry

EASTRIP BANK RECONCILIATION

AS AT 30 JUNE 2020

				KSH
BANK BALANCE AS PER CASHBOOK				200,000,000.00
<b>ADD</b>				
Unreceipted Cash				
<b>DEDUCT</b>				
UNPRESENTED CHEQUES			-	0
BANK CHARGES			-	
Reconciled Balance				200,000,000.00
BANK BALANCE AS PER BANK STATEMENT				200,000,000.00

Prepared by: PATRICIA MURHORO



Sign: *[Signature]*



THE PRINCIPAL,

MERU NATIONAL POLYTECHNIC,

P.O. BOX 111 60300,

WCDL,

Meru, Meru District,

RE: CERTIFICATE OF BALANCE FOR ACCOUNT 1040279407262 MERU NATIONAL POLYTECHNIC - EASTRIP

The balance of the Meru National Polytechnic - Cash/A/c account number 1040279407262 as at 30<sup>th</sup> June 2020 was:

Closing Balance

200,000.00 KES

Yours faithfully,

Authorized signatory

Authorized signatory

To,

MERU NATIONAL POLYTECHNIC  
P.O. BOX 111  
MERU  
KE  
60200

Branch ID : 104  
Customer Name : MERU NATIONAL POLYTECHNIC  
Product Name : CAA  
Currency : KES

**Account Statement 1040279407282**

Statement Period (From 18-11-2019 To 20-07-2020)

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
21-02-2020	21-02-2020	RTGS/RMT STATE DEPTFOR VOC. TE		200,000,000.00	200,000,000.00
<b>Grand Total</b>			<b>0.00</b>	<b>200,000,000.00</b>	<b>200,000,000.00</b>

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order

# MERU NATIONAL POLYTECHNIC

GENERAL LEDGER: EQUITY BANK EASTRIP ACCOUNT - BETWEEN 1ST JULY 2019 AND 30TH JUNE 2020

## ASSET

### EQUITY BANK EASTRIP ACCOUNT

DATE	DOC. NO.	TYPE/SOURCE	PAYER/VENDOR	REFERENCE	DEBIT	CREDIT	BALANCE
25 FEB 20	87290	RECEIPT	STATE DEP FOR VOC TECH TRAINING	RTGS /RMT 21/02/2020	200,000,000.00		200,000,000.00
25 FEB 20	87318	RECEIPT	MINISTRY OF EDUCATION	RTGS 21/02/2020	200,000,000.00		400,000,000.00
25 FEB 20	87290	CANCELLED RECEIPT	STATE DEP FOR VOC TECH TRAINING	RTGS /RMT 21/02/2020		200,000,000.00	200,000,000.00
<b>BALANCE</b>					<b>400,000,000.00</b>	<b>200,000,000.00</b>	<b>200,000,000.00</b>

REPUBLIC OF KENYA

PAYMENT VOUCHER  
(VOTED PROVISION)

Form No. (Rev. 2017)

Payer's Name and Address: AS PER THE ATTACHED DOCUMENTS

Particulars	Expense No.	Invoice No.	Amount	
			Shs.	Cts.
Being reimbursement of funds to various Centers for a project to increase access and improve the quality of VET programs and support regional integration and regional economic corridors. As per the attached documents.			600,000,000	00
			600,000,000	00

Amount Payable (in words) Shs. SIX HUNDRED MILLION SHILLINGS ONLY CTS. Nil

Authority Reference No. As per attached documents

<b>EXAMINATION</b>		Internal Audit
Voucher Examined by	<i>[Signature]</i>	
Date	14/02/2020	

**VBC CERTIFICATE**

I certify that the expenditure has been entered in the Vote Book and that adequate funds to cover it are available against the chargeable item as shown here below:

Approved Estimates/Allocation - *[Signature]*

Item No. *2* KSh *14/02/2020*

Less: Total expenditure plus commitments KSh *17/2/2020*

Balance -- KSh *14/2/2020*

Less: This ENTRY - VBC No. *19/2/2020*

Balance -- KSh

Date: *[Signature]* Accountant V.C. VBC

**A/E HOLDER CERTIFICATE**

I Certify that the expenditure detailed above has been incurred for the authorized purpose and should be charged to the item shown here below.

*[Signature]* *NOTE*  
Signature Department of A/E Holder

Date *14/02/2020*

**AUTHORIZATION**

I certify that the rate/price charged is/are according to regulation/contract, fair and reasonable, that the expenditure has been incurred on proper authority and should be charged as under. If there are any other certificates over-leaf not being completed, I hereby AUTHORIZE payment of the amount shown above without any objection.

*[Signature]*  
Signature Controller and Finance Officer

Date *17/2/2020*

Vote	D-1064	Head	1088	Sub-head	01	Year	2020
A/E No.	1082	Account No.		Dept. Stamp	CASH BOOK		
Year	2019/2020	Authority	1-1088-01-202001	Vch No.	1671	0101	0/00 etc

Delete inapplicable title



MINISTRY OF EDUCATION  
STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING

INTERNAL MEMO

TO : Principal Secretary-VTT  
FROM : Ag. Director, DTE  
DATE : 5<sup>th</sup> February, 2020

RE: EASTRIP FUNDS DISBURSEMENT

The East Africa Skills Transformation and Regional Integration Project (EASTRIP) has now been fully approved by the National Treasury and loaded in the FY 2019/20 budget under supplementary I for implementation.

The objective of the project is to increase access and improve the quality of TVET programmes and to support regional integration and regional economic corridors.

The Regional Centers of Excellence are: Kisumu National Polytechnic- Textile and Garment Technology; Kenya Coast National Polytechnic- Maritime and Port Logistics; Kengen Geothermal Training Centre- Energy; Meru National Polytechnic- Building and civil engineering and Kenya Institutes of Highway and Building Technology- Highways Technology.

The State Department would therefore wish to disburse this year's allocation to the Centres as follows.

No:	Center of Excellence	Kshs
1.	Meru National Polytechnic	200,000,000

Approval

12/2/2020

AIC

1-1088-01-2630301

CCFO

10/2/2020

*Handwritten notes:*  
13/2/2020  
13/2/2020