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OF

THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR ENERGY

**FOR THE YEAR ENDED
30 JUNE, 2019**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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STATE DEPARTMENT FOR ENERGY

REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019**

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
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STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

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I. STATE DEPARTMENT OF ENERGY INFORMATION AND MANAGEMENT

(a) Background information

The Ministry of Energy was formed many years ago and on 20 May 2013, its name was changed to the Ministry of Energy and Petroleum through Executive Order No.2/2013 that outlined the Organisation of the Government of Kenya.

Under the Executive Order No. 1 of May, 2016 on the Organization of the Government of the Republic of Kenya, the Ministry was split into two State Departments; Energy and Petroleum, with each drawing its mandates from the above Executive Order. At the Cabinet level, the Ministry is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction of the Ministry and each State Department is represented by a Principal

i. Vision of the State Department for Energy

Provision of affordable quality energy for all Kenyans

ii. Mission of the State Department for Energy

To facilitate provision of Clean, sustainable, affordable, reliable and secure energy services for national development while protecting the environment.

iii. Mandate of the State Department for Energy

The State Department for Energy is mandated to undertake the following functions:

- National Energy and Policy management
- Hydro-power Development
- Geothermal Exploration and Development
- Rural Electrification Programme
- Promotion of Renewable Energy
- Energy Regulation, Security, and Conservation

iv. Core Values of the State Department for Energy

- Integrity
- Transparency
- Accountability
- Professionalism
- Prudent utilization of resources
- Open to constructive suggestions

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(b) Key Management

The Ministry's day-to-day management is under the following key departments:

- Renewable Energy Department
- Electric Power Development Department
- Geo-Exploration Department
- Administration Department
- ICT Department
- Accounts Department
- Human Resource Development Department
- Human Resource Management Department
- Internal Audit
- Finance Department
- Central Planning and Project Monitoring Unit (CPPMU) Department
- Supplies Chain Department
- Public Communications Department

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Cabinet Secretary, Ministry of Energy	Hon. Charles Keter, (EGH)
2.	Principal Secretary (Accounting Officer)	Dr. (Eng.) Joseph Njoroge, (CBS)
3.	Chief Administrative Secretary	Hon. Simon K. Kachapin
4.	Secretary Electrical Power Development	Eng. Julius M. Mwathani
5.	Secretary Renewable Energy	Eng. Isaac Kiva, OGW
6.	Director of Administration	Evans M. Mutari (MBS)
7.	Assistant Accountant General	CPA. Moses Gitari
8.	Senior Chief Finance Officer	FA. Walter Oselu
9.	Chief Geologist	Chrispin O. Lupe
10.	Director Human Resource Management	Stephen Lusweti
11.	Head of Economic Planning	Timothy Gakuu, OGW
12.	Assistant Director Supply Chain & Management	Felistus Nganga

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**Hon. Charles Keter, EGH,
 Cabinet Secretary.**

Hon. Charles Keter, EGH, was appointed Cabinet Secretary for the Ministry of Energy and Petroleum in December 2015. He had previously served as an Assistant Minister in the same Ministry between 2008 and 2010. His responsibilities include oversight, policy and governance of the Ministry's mandate which is to facilitate the provision of clean, sustainable, affordable, reliable, secure and quality energy and petroleum services for national development while protecting the environment. He holds Bachelor of Science degree from Kenyatta University and a Global Executive MBA from the United States International University (USIU).



**Dr. Eng. Joseph Njoroge, CBS,
 Principal Secretary**

Eng. Dr. Joseph Njoroge has wide experience in power engineering and management. He previously worked at Kenya Power and rose through the ranks to become Managing Director before being nominated to the position of Principal Secretary in the Ministry of Energy and Petroleum. Eng. Njoroge holds a Bachelor of Science degree in electrical engineering and Master of Business Administration with a major in strategic management. He is a Chartered Electrical Engineer, a member of the Institution of Engineering and Technology, UK, a Registered Consulting Engineer, and is also a Fellow of the Institution of Engineers of Kenya. He is also Chairman of the MBA Chapter of University of Nairobi Alumni Association. He also holds a PhD from University of Nairobi's School of Business.



**Hon. Simon K. Kachapin
 Chief Administrative Secretary**

Hon. Simon Kachapin Preceding his appointment in March 2018, was the Governor of West Pokot County from 2013 to 2017. He was the Chief Administrative Secretary, Ministry of Education before joining the Ministry of Energy in the same capacity. He was also the KESSHA Chairman West Pokot and the Chairman Principals Catholic Diocese of Kitale. Hon. Kachapin has been Deputy Principal for 4 years and Senior Principal for 12 years. He holds a Bachelor's Degree from Moi University and currently pursuing a Master's Degree in Leadership and Integrity.

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**Eng. Julius Mwathani, Secretary,
 Electrical Power Development**

Eng. Julius Micheni Mwathani is the Secretary, Electrical Power Development in the Ministry. He is a Registered Consulting Mechanical Engineer by the Engineers Board of Kenya and a corporate member of the Engineers Institution of Kenya. His current duties include the formulation of energy policies, the economic and financial appraisal of energy projects, the monitoring and implementation of energy projects and the preparation and implementation of directorate work plans, budgets and procurement plans. He has a Bachelor's degree from the University of Nairobi in Mechanical Engineering and an Executive Master's degree Business Administration from Jomo Kenyatta University of Agriculture Technology.



**Eng. Isaac N. Kiva, OGW
 Secretary for Renewable Energy**

Eng. Isaac Kiva is the Secretary for Renewable Energy since 1 June, 2017. Previously, he had served as the Director of Renewable Energy from 30th August, 2013. He heads the Directorate charged policy formulation, and promotion of development and utilization of renewable energy, energy efficiency and conservation, including facilitation of private sector investment. Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions for over 20 years. He holds a Bachelor's Degree in Electrical Engineering from the University of Nairobi, and has undergone several professional courses in management, leadership, energy development and financial and economic analysis and modeling. He is a registered Professional Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya.

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Mr. Evans M. Mutari (MBS)
Director of Administration

Mr Evans Mutari is the Director of Administration in the Ministry of Energy since 2018

He holds a Master's Degree in Business Administration from JKUAT

Previously he has served at State House as Director of Administration, He has a vast experience in Civil Service as District Commissioner and District Officer in various district all over the country.

He has also attended several administrative courses including Senior Strategic Leadership.



CPA. Moses Gitari
Assistant Accountant General

CPA Moses Gitari is the Head of Accounting Unit, State Department for Energy. He holds an MBA in Strategic Management from Nairobi University and BBA in Accounting and Finance from KEMU.

Mr Gitari is a practicing Accountant and a member of Institute of Certified Public Accountant of Kenya (ICPAK) ICPAK. He has vast experience in Accounting Systems Implementation and Business process re-engineering.

He has previously worked in the Ministry of Health as an Accountant and at the National Treasury IFMIS Department as the Head of as the head of business processed re-engineering.



FA. Walter Oselu
Senior Chief Finance Officer

FA Walter J. Oselu is the Director of Finance in the Ministry of Energy. He has served in the Civil Service for 27 years and Head of Finance Department for 11 years. He has served in various ministries such as Agriculture, Livestock and Fisheries, Office of the Director of Public Prosecution, National Treasury, Ministry of State for Special Programmes, Public Works, and Ministry of Education. He holds an MBA in Finance from University of Pune, India and a Bachelors' degree in Business Studies and Economics from University of Nairobi. He is a Certified Investment Financial Analyst and a member of the Institute of the Certified Investment and Financial Analysts (ICIFA)

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Mr. Chrispin O. Lupe
Chief Geologist

Mr. Chrispin O. Lupe is heading the Geo-Exploration Directorate. He holds a BSc degree in Geology from the University of Nairobi and MSc degree in geoinformation from ITC, Netherlands. He is a Registered Geologist with the Geologist Registration Board and a Professional Member of the Geological Society of Kenya.

Mr. Lupe joined the Ministry of Energy and Petroleum on 7th September, 2017 on promotion from Ministry of Mining. He has served in the Civil Service for 27 years as a Geologist at different levels in the Geological Survey Department.

The Geo-Exploration Directorate is in charge of exploration and development of geo-energy resources from geothermal, coal and nuclear resources for power generation.



Mr Stephen Lusweti
Director Human Resource Management

Mr. Stephen Lusweti assumed the position of Director, Human Resource Management & Development in March, 2015. He is responsible for the human resource management and development function at the State Department Energy. He holds a Bachelor of Arts degree from the University of Nairobi and Masters degree from Speyer University, German.



Mr. Timothy Gakuu, OGW
Head of Economic Planning

Mr. Timothy G. Gakuu joined the Ministry in October 2015 to Head the CPPMU. He coordinates and supervises Economic Planning functions in the ministry that include; Planning, analysis and review of government policies; Economic analysis, review and monitoring and evaluation of development programmes and projects; analysis of information on energy to advice the Principle Secretary on economic and strategic planning; performance contracting and budget management processes and reporting. He holds a Masters in Economics and a Bachelor's degree from Nairobi University.

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Ms. Felista N. Ng'ang'a
Assistant Director Supply Chain &
Management

Felista Njoki Ng'ang'a is the head of Supply Chain Management Service Unit in the Ministry of Energy. She is a holder of MBA (Strategic Management) She is a holder of a B.Com (Business Administration) professionally, she is a member of KISM and KIM. She has a Diploma in Purchasing and Supplies Management She has 15years of experience in Public Procurement particularly in areas of Strategy, Contract Management and Binding process having worked in various government ministries and departments.

(d) Fiduciary Oversight Arrangements

(i) Budget Implementation Committee;

Responsibilities of Budget Implementation Committee are;

- To review and consider the cash flows plans – this shall involve a regular review of the Ministerial cash plan and approval of any changes to the initial cash flow plan to be communicated to the National Treasury
- To review the utilization of Cash limits and consider any changes as may be required.

- To review the utilization of donor funds voted for MDA;
- To advise the Accounting officer on any challenges related to the budget implementation
- To review and recommend reallocation of expenditures;
- To review and approve the submission of the expenditure returns, IPPD, pending billings and AIA returns for MDAs and recommend actions to be taken;
- To participate in Sector Working Groups and
- To prepare the budget for the line Ministry/ State Department in consultation with Heads of Departments

(ii) Ministerial Human Resource Management Advisory Committee

The committee has nine members and the quorum is five and meets once in each month. The Functions of the Committee are;

- Recruitment, selection and appointments
- Promotions
- Confirmation in appointments
- Training and Development

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- Training Impact Assessment
- Management if Skills inventory
- Establishment and Complement control;
- Payroll management
- Deployment
- Promotion of Values and Principles of Public service

(iii) Internal Audit Unit

The mandate of Internal Auditors includes;

- Review Accounts Committee invites the Principal Secretary to appear before it to adduce evidence on the Report of the Auditor General on the Financial Statements of the State Department
- Budget and Appropriations Committee approves expenditure budget of the State Department for the execution of governance.
- Energy Committee examines special matters relating to energy

(iv) Development Partners Oversight Activities

The world Bank approves expenditure under the project they fund through 'No Objection' letters

(e) Ministry of Energy Headquarters

P.O. Box 30582-00100

Nyayo House

Kenyatta Avenue

NAIROBI, KENYA

State Department for Energy Contacts

Telephone: (254) (020)3310112

E-mail: ps@energy.go.ke

Website: www.energy.go.ke

(f) Entity Bankers

1 Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2 Kenya Commercial Bank
Kipande Branch
NAIROBI, KENYA

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(g) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
NAIROBI, KENYA

(h) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
NAIROBI, KENYA

II. FORWARD BY THE CABINET SECRETARY

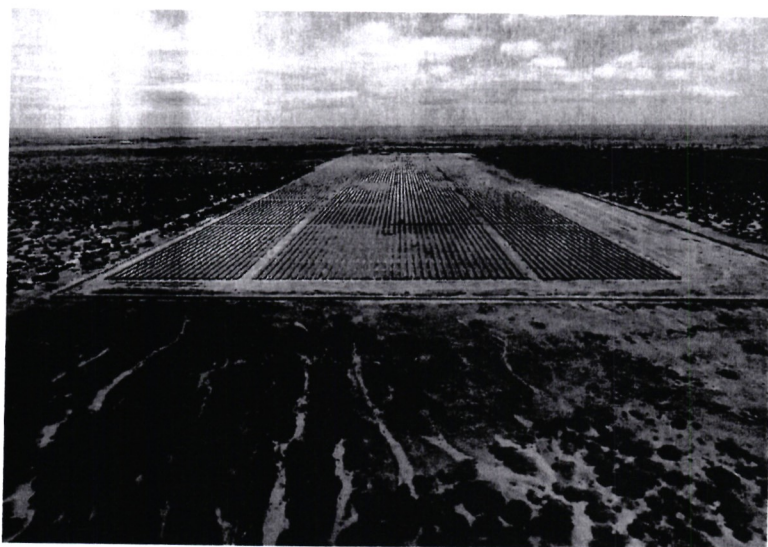
Key Achievements for the Ministry of Energy during 2018/19 FY

The achievement of the Ministry of Energy in the FY 2018/19 are mainly in the areas of enhancing power generation capacity, transmission and distribution network reinforcement and expansion, enhancing regional trade through interconnection of regional electricity networks, enhancing access to electricity and promoting Alternative Energy Technologies. The following are the key achievements on key projects implementation during the 2018/19 FY.

1. Power Generation

a) Generation capacity procured

Generation capacity added to the grid as at end of June 2018 was 360MW. This was from 310MW Lake Turkana Wind Power commissioned on 6th March 2019 and 50MW from Garissa Solar power plant completed on 7th November 2018.



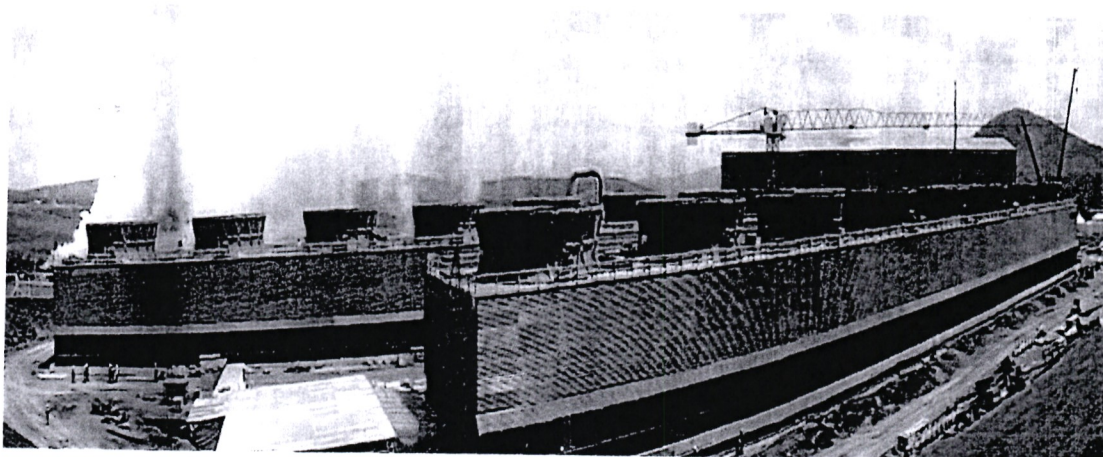
Garissa Solar Power Plant

In addition the following power plants were at various stages of completion as indicated;

b) Geothermal Power Development

i. Olkaria V (165.4MW)

Overall project completion was at 92% up from 13% in 2017/18. Design, manufacture and procurement of Main Equipment were completed. Construction works for steam field, power plant, and substation and HV transmission line were almost complete. Steam for unit I was availed for commissioning of turbine. Turbine alignment for unit 2, HV Substation & transmission line, SCADA works to National Control Centre were also completed. Steam turbine generator start up and synchronization for unit I was completed.



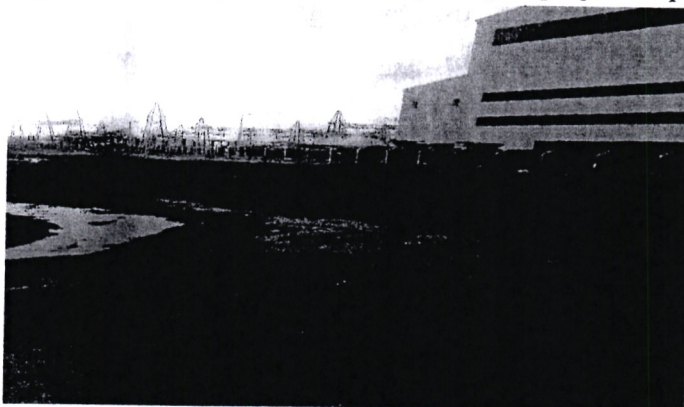
165.4MW Olkaria V Geothermal Power Plant construction

ii. Olkaria VI PPP (140MW)

Overall project completion level was at 13% from 4% in 2017/18. Feasibility Study was finalized and approved by National Treasury PPP Unit. Delay in the approval by the PPP Unit at National Treasury & Planning caused delay in project implementation as other processes could not progress before the approval was granted. The process of preparing RFQ documents to procure a partner commenced. Desktop inspection was undertaken by KCAA in April 2019 and approval was granted in May 2019.

iii. Olkaria I Unit 6 (83.3MW)

Overall completion level was at 42% up from 14% in 2017/18. Clearing of pipeline corridor and construction of access road to the power plant site was completed. Design works for steam field and power plant, procurement of major equipment for the power plant and steam field and civil works were in progress. The project contract award and signing was delayed thus causing delay in project implementation.



70MW Olkaria I Unit 6 Geothermal Power Plant site

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iv. Olkaria I Redevelopment (50.7MW)

Overall completion level was at 17% up from 6% in 2018/19. JICA gave concurrence for the tender documents after the arbitration issue with the Attorney General which had delayed the process was sorted out. Bidders' Pre-Bid meeting was held on 23rd May 2019 and mandatory site visit was held on 24th and 25th May 2019.

v. Drilling of Geothermal Wells

During the 2018/2019 financial year, GDC was to drill three (3) wells in the Menengai geothermal field and two (2) in the Baringo-Silali geothermal field. As at end of June 2019, four (4) wells had been completed in Menengai namely; 15A, MW 34, MW 33A and 20B, and one well, PW 01 completed in the Baringo-Silali geothermal field. The completion of each well constituted 20% of the works done.

vi. Increase steam available for Geothermal Power Production

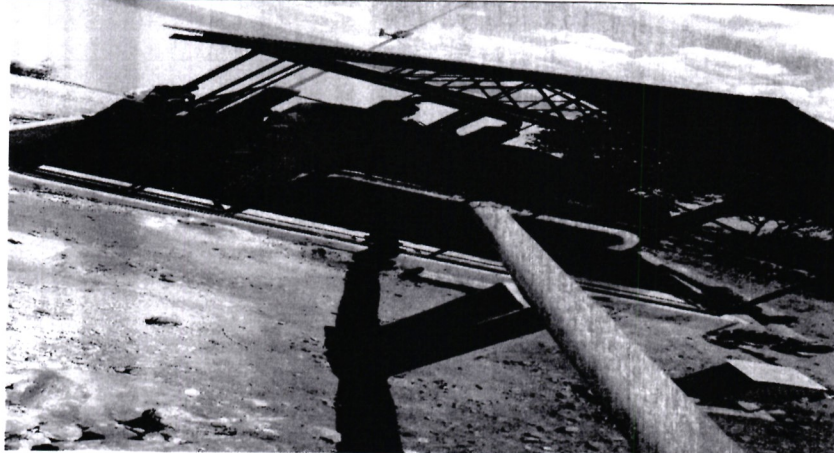
As at the close of the financial year, an additional 2MWe had been realized. Additional wells were heating up for assessment in both Menengai and Lake Baringo - Silali geothermal project areas hence the target to increase steam production from the Menengai Geothermal project by 20 MWe and Lake Baringo - Silali Geothermal Project by 5 MWe was not achieved.



Steam Gathering System at Menengai Geothermal Field

vii. Construction of Lake Baringo-Silali water system

The overall completion rate of the Lake Baringo – Silali water supply system was 99%.



Bogoria-Silali Geothermal Project Water intake site at Lake Baringo

c) Off grid solar/diesel hybrid Stations

In an effort to supply electricity to towns and regions in off-grid areas two (2) off grid solar/diesel hybrid stations were under construction in Sololo and Maikona Diesel Stations. Delays in clearance of the materials at the port of Mombasa delayed completion of the two projects.

d) Installation of Solar Mini-grids

Fourteen (14) Solar Hybrid Stations were completed in off-grid areas in four (4) Counties which included six in Wajir (Gurar, Basir, Riba, Sarman, Hadado and sarif), two in Marsabit (Balesa and Ambalo), five in Mandera (Kiliwihiri, Burduras, Gari, Shimbir Fatuma and Ashambito) and one in Turkana (Eliye (Ille) springs).

e) Nuclear Power Development in Kenya

i. Nuclear power Siting

Two (2) studies on nuclear power siting and resource assessment were carried out in Naivasha.

ii. National Nuclear Policy

The final Draft Nuclear Energy Policy was submitted to the Ministry of Energy by NuPEA for consideration.

iii. Strategic Environmental Assessment Report

The SEA Report on nuclear power development was submitted to NEMA for consideration and approval.

iv. National Policy and Strategy for Nuclear Security and Physical Protection

A draft national nuclear security and physical protection policy and strategy were developed.

v. Accession to Nuclear Conventions Report

The draft report was submitted to IAEA for review and approval.

vi. Reactor Technology Assessment Report Developed

An assessment of nuclear power programme vendors experience and technology for

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both Large Nuclear Power Plant (NPP) and Small Modular Reactor (SMR) was conducted and a report prepared.

vii. Coal Development

Two Geo-technical studies on coal power development were carried out and a report prepared. Activities toward concession for Mui Basin Coal Blocks Block A & B continued. Engagement with concessionaire with a view of moving to the ground on the Mui Basin Coal Blocks C and D also continued.

2. Expand and upgrade electricity Transmission

A total of 697.86Km of transmission lines and two (2) transmission substations were completed during the FY under review. These comprised of among others;

- a) 416.7Km of the 428km 400kV Loiyangalani - Suswa line completed and the line energized
- b) 52.38 Km of 138km 220kV Turkwel-Ortum-Kitale line completed
- c) 205.4Km of the 612km 500kV HVDC Eastern Electricity Highway Project
- d) Isinya 400/220kV Substation Construction completed
- e) Nairobi Ring Substations: Lot A - Isinya & Athi River Substations Construction completed



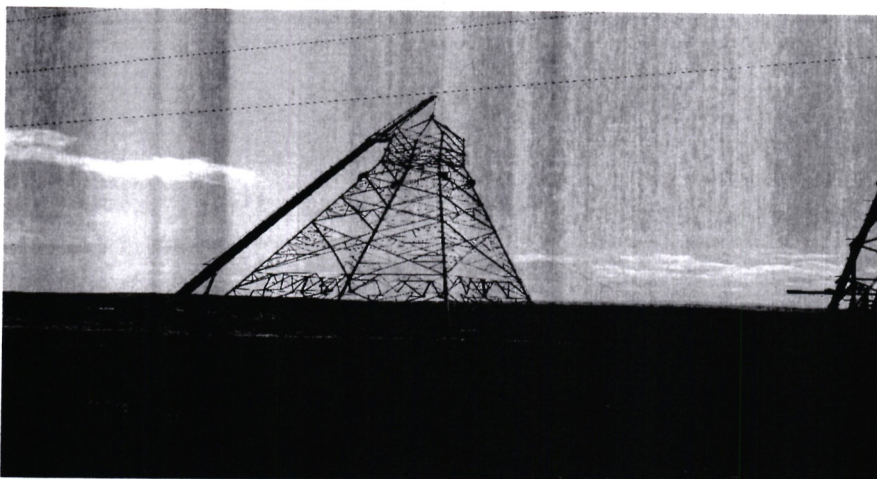
Hvdc Converter Station for 500kV HVDC Eastern Electricity Highway (Kenya-Ethiopia) Project at Suswa

In addition, the following lines were at various stages of completion.

- a) 300km 400/220kV Olkaria-Lessos-Kisumu - 61%
- b) 96Km 132kV Meru-Isiolo-Nanyuki - 68%
- c) 431km 132kV Power Transmission System Improvement Projects (132 kV Nanyuki-Nyahururu, 132 kV Lessos-Kabarnet, 132 kV Olkaria-Narok and 132 kV Mwingi-Kitui Transmission Lines) - 85%
- d) 120km Machakos-Konza and Isinya-Namanga transmission line - 40.7%
- e) 100km Sondu-Ndhiwa-Awendo transmission line – 72%
- f) 96km Kenya-Tanzania Power transmission line - 34.2%

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- g) Nairobi Ring substations: Lot A - Isinya & Athi River - 100%
- h) Nairobi Ring Substations: Lot B - Kimuka & Malaa Substations - 71.02%
- i) Isinya 400/22kV Substation – 100%



Erection of a tower for Olkaria-Lessos-Kisumu line at Sossion Farm in Naivasha

3. Increased Access to Electricity

This area captures both the expansion and upgrade of distribution network and associated substations and also the connection of the electricity to new customers. The project considered in the period under review had the overall output shown below.

a) Expand and upgrade electricity distribution network

i. Distribution Lines

A total of 342.7Km of new medium voltage distribution lines were added into the existing grid network. Length of distribution Lines constructed was above the targeted length of 292.3Km. The MV distribution lines added into the existing grid network were undertaken by Turnkey Contractors under KEEP Project (272.7 KMs), L&T contractors (19.0 KMs) and KEMP last Mile (51.0KM).

ii. New Distributions Substations

The total number of new and upgraded substations completed was twenty-one (21) substations (one (1) more than the targeted twenty (20)), seven new substations and fourteen upgraded distribution substations. The seven new substations are Mukurweini 33/11kV, Kisumu South 33/11kV, Molo 33/11kV, Sirisia 33/11kV, Endebess 33/11kV, Lamu 33/11kV and Sosiot 33/11kV. The fourteen upgraded substations are Rabai Reactors, Naivasha 132/33kV, Makutano 132/33kV, Kamburu 132/33kV, Diani 33/11kV, Miritini 33/11kV, Syokimau 66/11kV, Matasia 66/11kV, Makande 33/11kV, Siaya 33/11kV, Mwatate 33/11kV, Kisian 33/11kV, Rangala 132/33kV and Rabai 220/132kV.

b) Customer Connection

During the period under review the number of new customers connected to electricity during the period was 440,822 against a target of 800,000. The new connections brought

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the cumulative number of customers connected to the electricity to 7,095,039 as at 2018/19 FY from 6,782,158 as at 30th June, 2017.

Delay in design for GOK funded last mile connectivity schemes due to L&T contractor's withdrawal, shortage of materials due to prolonged material clearance from the port and delay in issuance of Tax exemption at the National Treasury delayed the projects implementation.



Last Mile Connectivity in Nakuru County

c) Connection of Public Facilities

A total 223 Public Facilities were connected with electricity. Delay in appointment of the REREC Board delayed approval of the Procurement Plan which delayed the implementation of the projects.

d) Public Street Lighting Project

The project aim at promoting 24hr economy in addition to enhancing security in designated public places. A total of 24,447 (GoK funded schemes-18,003 & County funded schemes-6,444) lanterns were installed out of the targeted 30,000. The underperformance was as a result of delay in delivery of LED lanterns.

e) Transformer Installation in Constituencies

A total number of 451 new transformers were installed in the constituencies across the country under this project. Delay in appointment of the REREC Board delayed approval of the Procurement Plan which delayed the implementation of the projects.

f) Development of renewable and alternative energy technologies

To enhance and promote other renewable energy development in addition to the ones stated above the following alternative energy technologies were implemented.

i. Re-Afforestation of water towers

To promote conservation of environment in hydro dam catchment areas

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101.3ha of land was planted with tree, 67 woodlots were established in Nyeri, Embu, Tharaka Nthi, Kitui and Meru in farmer's plots near the catchment areas and 8 tree seedlings nurseries were established in 8 energy centres with 200,000 seedlings raised.

ii. Second generation Turbine Fabrication and installation

A total 100 number of second generation turbines were fabricated and installed in community small hydro power projects.

iii. Investment Grade Audits and General Audits

Twenty-two (22) energy investment Grade Audits and General Audits were conducted in collaboration with Kenya Association of Manufactures (KAM). This is aimed at promoting energy efficiency and conservation by reducing Energy consumption by 10-30%.

4. Challenges

- a) Way leaves and Land acquisition.
- b) Complex geology especially during the wells drilling.
- c) Court Injunctions affecting works progress in some projects.
- d) Delays in obtaining Tax Exemptions from National Treasury.
- e) Contractor termination due to financial constraints.
- f) Government policy on logging which affected supply of poles for construction of LV lines.
- g) Non-payment of electricity bills and maintenance costs by the county governments.
- h) Damage of underground network by other utilities.
- i) Delays in clearance of the materials at the port of Mombasa.
- j) Vandalism of energy infrastructure.
- k) Delay caused by payment process.

Sign



CABINET SECRETARY

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III. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Energy is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Energy accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the State Department's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Energy further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Energy confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department's financial statements were approved and signed by the Accounting Officer on _____ 2019.



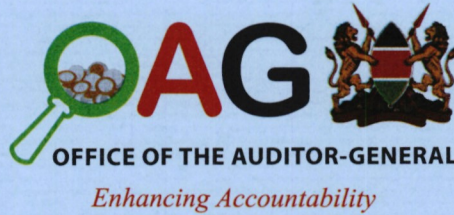
Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary



Moses Peterson Muriuki Gitari
Assistant Accountant General
ICPAK Member Number: 4204

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR ENERGY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of State Department for Energy set out on pages 20 to 41, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of State Department for Energy as at 30 June, 2019, 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.

Basis for Qualified Opinion

Land Without Title Deeds

As reported in previous years, the State Department does not have title deeds for eight (8) parcels of land it occupies measuring a total of 21.42 hectares and with book value of approximately Kshs.180,700,000 as detailed out below:

No.	Land Parcel	Size (Hectares)	Location (County)	Approximate Value (Kshs)	Condition
1.	Kericho Energy Centre	0.8	Kericho	15,000,000	Developed and fenced
2.	Kisii Energy Centre	1	Kisii	12,000,000	Developed and fenced
3.	Migori Energy Centre	0.4	Migori	2,200,000	Developed and fenced

No.	Land Parcel	Size (Hectares)	Location (County)	Approximate Value (Kshs)	Condition
4.	Bukura Energy Centre	2	Kakamega	3,500,000	Developed and fenced
5.	Uasin Gishu Energy Centre	0.8	Uasin Gishu	12,000,000	Developed and fenced
6.	Kitui Energy Centre	10.4	Kitui	53,000,000	Developed and fenced
7.	Wambugu Energy Centre	4	Nyeri	80,000,000	Developed and fenced
8.	Mitunguu Energy Centre	2.02	Meru	3,000,000	Developed and fenced
	Total	21.42		180,700,000	

Available information indicates that the process of acquiring titles for some of the land parcels has been underway for a significantly long period of time. According to the Management, an Inter-Ministerial Committee was formed during the year under review, to help fast track the issuance of the title deeds from the Ministry of Lands. However, by the time of concluding this audit, the title deeds were yet to be issued.

In the absence of ownership documents, it has not been possible to confirm the rightful ownership of these parcels.

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

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 key audit matters to report in the year under review.

Other Matter

Pending Bills

During the year under review, the State Department for Energy reported pending bills amounting to Kshs.13,878,074 (2017-2018: Kshs.133,624,202). This balance was carried forward to 2019/2020 financial year. Failure to settle pending bills in the year in which they relate adversely affects the implementation of the subsequent year's budgeted programmes as the pending bills form a first charge to that year's budget provision.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Budgetary Performance and Control

As reflected in the Summary Statement of Appropriation - Recurrent and Development Combined, the State Department for Energy had a budgeted revenue of Kshs.61,179,444,470 but received Kshs.50,395,527,863 resulting to under collection of Kshs.10,783,916,607 or 18%. Further, the State Department for Energy projected to spend Kshs.61,862,081,856 on various budget lines but actually incurred an expenditure amounting to Kshs.50,109,572,531 resulting to an overall budget under absorption of Kshs.11,752,509,325 or 19%.

In the circumstances, the State Department may not have implemented all its planned activities creating a negative impact on service delivery to the public.

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 Risk Management Policies

According to Section 165(1) of the Public Management Finance Act, 2015, a National Government entity should develop risk management strategies which should include fraud prevention mechanisms, a disaster recovery plan and a system of risk management and internal control that builds robust operations. An audit review of the State Department's policies revealed that it has not developed effective risk management policies to assist the State Department in forecasting and evaluation of risk and identification of procedures which would assist in avoiding the risks or minimizing their impact. Consequently, the State Department for Energy may not be in a position to objectively assess and manage its risks, in the event that it experiences an adverse exposure.

2. Lack of an Audit Committee

Section 174(1) of the Public Finance Management (National Government) Regulations, 2015, provides that each National Government entity shall establish an Audit Committee. Further, according to the guidelines set out in Gazette Notice No.2691 of 26 April, 2016, the main function of the Audit Committee of a National Government is to support the Accounting Officer with regard to his responsibilities over risk, control, governance and associated assurance. However, it was observed that the State Department does not have an Audit Committee and whereas an advertisement for its establishment was made in the media on 15 October, 2019, no Audit Committee had been established by the time of concluding this audit. In absence of an Audit Committee, it was not possible to confirm whether there was effective oversight over the financial reporting, risk management as well as governance.

3. Incomplete Fixed Assets Register

According to the summary of fixed assets register at Annex 2, the State Department for Energy had fixed assets with a total historical cost of Kshs.241,292,790,533. However, review of the detailed fixed assets register revealed that the State Department for Energy did not maintain comprehensive records relating to cost, disposals, depreciation, accumulated depreciation, location of the asset, tagging and the officer responsible for each asset among other details as required under Section 143 (2) of Public Finance Management Regulations, 2015.

In the absence of a comprehensive register of assets, it could not be confirmed the completeness of the reported assets and that the assets were properly safeguarded.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the State Department for Energy's ability to continue sustaining services, disclosing as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the Management either is aware of intention to terminate the State Department 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 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 State Department's financial reporting process, reviewing the effectiveness of Management's systems for monitoring 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 which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the State Department'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 which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the State Department's ability to continue sustaining 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 State Department to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

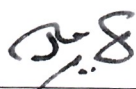
30 September, 2020

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

V. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018-2019 Kshs.	2017-2018 Kshs.
RECEIPTS			
Tax Receipts	1	1,693,073,664	6,547,003,451
Exchequer releases	2	26,380,722,614	40,273,559,411
Proceeds from Foreign Borrowings	3	21,978,839,809	27,962,236,549
Proceeds from Sale of Assets	4	1,166,776	2,052,188
Other Receipts	5	341,725,000	408,265,507
TOTAL RECEIPTS		50,395,527,863	75,193,117,106
PAYMENTS			
Compensation of Employees	6	410,453,421	362,470,811
Use of goods and services	7	575,126,221	564,451,806
Transfers to Other Government Units	8	25,214,847,540	36,979,043,030
Acquisition of Assets	9	23,909,145,349	37,145,349,908
TOTAL PAYMENTS		50,109,572,531	75,051,315,555
SURPLUS		285,955,332	141,801,551

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 _____ 2019 and signed by:



Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary



Moses Peterson Muriuki Gitari
Assistant Accountant General
ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

VI. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018-2019 Kshs.	2017-2018 Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10	443,659,556	113,054,280
Cash Balances	11	4,110	-
Total Cash and cash equivalent		443,663,666	113,054,280
Accounts receivables – Outstanding Imprests		-	139,114,483
TOTAL FINANCIAL ASSETS		443,663,666	252,168,763
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	12	157,708,334	93,117,256
NET FINANCIAL ASSETS		285,955,332	159,051,507
REPRESENTED BY			
Fund balance b/fwd	13	159,051,507	17,249,956
Prior year adjustment	14	(159,051,507)	-
Surplus for the year		285,955,332	141,801,551
NET FINANCIAL POSSITION		285,955,332	159,051,507

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 _____ 2019 and signed by:



Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary



Moses Peterson Muriuki Gitari
Assistant Accountant General
ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
 Reports and Financial Statements
 For the year ended June 30, 2019

VII. STATEMENT OF CASH FLOWS

		2018-20 19	20 17 -20 18
		Kshs.	Kshs.
Receipts for operating income			
Tax Revenues	1	1,693,073,664	6,547,003,451
Exchequer Releases	2	26,380,722,614	40,273,559,411
Other Revenues	5	341,725,000	408,265,507
Payments for operating expenses			
Compensation of Employees	6	-410,453,421	-362,470,811
Use of Goods and Services	7	-575,126,221	-564,451,806
Transfers to Other Government Units	8	-25,214,847,540	-36,979,043,030
Adjusted for:			
Changes in Receivables		139,114,483	-137,877,070
Changes in Payables	12	64,591,078	- 7,503,919.00
Prior Year Adjustment	14	-159,051,507	-
Net cash flow from operating activities		2,259,748,150	9,177,481,735
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	4	1,166,776	2,052,188
Acquisition of Assets	9	-23,909,145,349	-37,145,349,908
Net cash flows from Investing Activities		-23,907,978,573	-37,143,297,720
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	21,978,839,809	27,962,236,549
Net cash flow from financing activities		21,978,839,809	27,962,236,549
NET INCREASE IN CASH AND CASH EQUIVALENT		330,609,386	3,579,437
Cash and cash equivalent at BEGINNING of the year		113,054,280	116,633,717
Cash and cash equivalent at END of the year	10&11	443,663,666	113,054,280

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 _____ 2019 and signed by:



Dr. Eng. Joseph K. Njoroge, CBS
 Principal Secretary



Moses Peterson Muriuki Gitari
 Assistant Accountant General
 ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Tax Receipts	7,008,000,000	-	7,008,000,000	1,693,073,664	5,314,926,336	24%
Exchequer releases	26,380,722,614	-	26,380,722,614	26,380,722,614	-	100%
Proceeds from Foreign Borrowings	32,144,827,489	- 5,518,943,233	26,625,884,256	21,978,839,809	4,647,044,447	83%
Proceeds from Sale of Assets	1,790,000	1,790,000	3,580,000	1,166,776	2,413,224	33%
Proceeds from Domestic and Foreign grants	168,000,000	- 14,162,400	153,837,600	-	153,837,600	0%
Other Receipts	235,710,000	771,710,000	1,007,420,000	341,725,000	665,695,000	34%
Total Receipts	65,939,050,103	- 4,759,605,633	61,179,444,470	50,395,527,863	10,783,916,607	82%
Payments						
Compensation of Employees	176,500,000	228,500,000	405,000,000	410,453,421	- 5,453,421	101%
Use of goods and services	534,790,010	253,627,610	788,417,620	575,126,221	213,291,399	73%
Transfers to Other Government Units	30,002,115,000	- 954,640,000	29,047,475,000	25,214,847,540	3,832,627,460	87%
Social Security Benefits	650,000	650,000	1,300,000	-	1,300,000	0%
Acquisition of Assets	34,767,913,339	- 3,148,024,103	31,619,889,236	23,909,145,349	7,710,743,887	76%
Total Payments	65,481,968,349	- 3,619,886,493	61,862,081,856	50,109,572,531	11,752,509,325	81%

- i. Tax Receipts 24%; this is due few applications for Royalties licences.
- ii. Proceeds from foreign borrowing of 83%; this was budgeted as appropriation in Aid under SAGAs. These amounts are reported directly by the SAGAs to The National Treasury.
- iii. Proceeds from sale of assets and other receipts 33%; this is due to effect of supplementary budget.
- iv. Proceeds from Domestic and Foreign grants 0%; this is due to non-disbursement of the same by the donors.
- v. Other Receipts 34%; this is due to effect of supplementary budget.
- vi. Use of goods and services 73% this is due to the effect of supplementary budget
- vii. Transfers to Other Government Units 79%; the under expenditure was due the reduction of the budget in the supplementary.

**STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019**

- viii. Acquisition of Assets 83%; the under expenditure was due the reduction of the budget in the supplementary.
ix. The State Department had a net reduction of Supplementary budget of Kshs. **3,619,886,493**

The entity financial statements were approved on _____ 2019 and signed by:



Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary



Moses Peterson Muriuki Gitari
Assistant Accountant General
ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Exchequer releases	2,001,359,158		2,001,359,158	2,001,359,158	-	100%
Proceeds from Sale of Assets	1,790,000	1,790,000	3,580,000	1,166,776	2,413,224	33%
Other Receipts	101,710,000	771,710,000	873,420,000	203,000,000	670,420,000	23%
TOTAL RECEIPTS	2,104,859,158	773,500,000	2,878,359,158	2,205,525,934	672,833,224	77%
PAYMENTS						
Compensation of Employees	174,500,000	227,500,000	402,000,000	407,809,341	- 5,809,341	101%
Use of goods and services	94,790,010	94,790,010	189,580,020	178,630,795	10,949,225	94%
Transfers to Other Government Units	816,000,000	1,453,360,000	2,269,360,000	1,599,360,000	670,000,000	70%
Social Security Benefits	650,000	650,000	1,300,000	-	1,300,000	0%
Acquisition of Assets	8,059,990	8,059,990	16,119,980	11,455,365	4,664,615	71%
TOTAL PAYMENTS	1,094,000,000	1,784,360,000	2,878,360,000	2,197,255,501	681,104,499	76%

- Proceeds from Sale of Assets 33%; this is due few applications for Royalties licences.
- Other Receipts 23%; this is due to increase in supplementary budget
- Transfers to Other Government Units 70% the under expenditure was due the reduction of the budget in the supplementary.
- Acquisition of Assets 71% the under expenditure was due the reduction of the budget in the supplementary.
- The State Department had a net increase of Supplementary budget of Kshs. **1,784,360,000**

The entity financial statements were approved on _____ 20 19 and signed by:

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[Signature]

Dr. Eng. Joseph K. Njoroge, CBS
Principal Secretary

Moses Peterson Muriuki Gitari
Assistant Accountant General
ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts	7,008,000,000		7,008,000,000	1,693,073,664	5,314,926,335	24%
Exchequer releases	24,379,363,456		24,379,363,456	24,379,363,456	-	100%
Proceeds from Foreign Borrowings	32,144,827,489	-5,518,943,233	26,625,884,256	21,978,839,809	4,647,044,447	83%
Other Receipts	134,000,000		134,000,000	138,725,000	-4,725,000	104%
Proceeds from Domestic and Foreign grants	168,000,000	-14,162,400	153,837,600	-	153,837,600	0%
TOTAL RECEIPTS	63,834,190,945	-5,533,105,633	58,301,085,312	48,190,001,929	10,111,083,382	83%
PAYMENTS						
Compensation of Employees	2,000,000	1,000,000	3,000,000	2,644,080	355,920	88%
Use of goods and services	440,000,000	158,837,600	598,837,600	396,495,425	202,342,175	66%
Transfers to Other Government Units	29,186,115,000	-2,408,000,000	26,778,115,000	23,615,487,540	3,162,627,460	88%
Acquisition of Assets	34,759,853,349	-3,156,084,093	31,603,769,256	23,897,689,985	7,706,079,271	76%
TOTAL PAYMENTS	64,387,968,349	-5,404,246,493	58,983,721,856	47,912,317,030	11,071,404,826	81%

- i. Tax receipts 24%; this is due to low collection of AIA revenues
- ii. Proceeds from foreign borrowing of 83%; this was budgeted as appropriation in Aid under SAGAs. These amounts are supposed to be reported directly by the SAGAs to The National Treasury.
- iii. Other Receipts 103% this is due to additional revenues from incidental Sale by Non- Market establishments.
- iv. Proceeds from Domestic and Foreign grants 0%; this is due to non-disbursement of the same by the donors.
- v. Compensation of Employees 88% this is due to increase of supplementary budget.
- vi. Transfers to Other Government Units 70% the under expenditure was due the reduction of the budget in the supplementary.
- vii. Acquisition of Assets 83% the under expenditure was due the reduction of the budget in the supplementary.
- viii. The State Department had a net decrease of Supplementary budget of K.shs. **5,404,246,493**

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

The entity financial statements were approved on _____ 2019 and signed by:



Principal Secretary

Name: Dr. Eng. Joseph K. Njoroge, CBS



Assistant Accountant General

Name: Moses Peterson Muriuki Gitari
ICPAK Member Number:4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/ Sub-programme	Final Budget Kshs.	Actual on comparable basis Kshs	Budget utilization difference Kshs.
General Administration, Planning and Support Services			
Administrative Services	525,446,150	494,035,088	31,411,062
Planning and Project Monitoring	387,863,102	358,117,080	29,746,022
Financial Services	27,263,016	29,394,862	(2,131,846)
	110,320,032	106,523,146	3,796,886
Power Generation			
Geothermal Generation	9,482,791,734	5,263,016,891.	4,219,774,842
Development of Nuclear Energy	8,459,807,134	4,330,709,696	4,129,097,438
Coal Exploration and Mining	589,984,600	509,975,400	80,009,200
	433,000,000	422,331,796	10,668,204
Power Transmission and Distribution			
National Grid System	50,876,381,776	3,880,167,047	6,996,214,729
Rural Electrification	44,887,562,688	40,415,063,643	4,472,499,044
	5,988,819,088.	3,465,103,403	2,523,715,685
Alternative Energy Technologies			
Alternative Energy Technologies	977,462,196	729,457,468	248,004,728
	977,462,196	729,457,468	248,004,728
Total	61,862,081,856	50,356,104,191	11,505,977,664

XII. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (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.

2. Reporting Entity

The financial statements are for the State Department for Energy. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

1. Kenya Electricity modernization project
2. Kenya Off-Grid Solar Access project

3. Reporting Currency

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

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the State Department for Energy for all the years presented.

a) Recognition of Receipts

The State Department for Energy recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the State Department for Energy.

- **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received.

STATE DEPARTMENT FOR ENERGY

Reports and Financial Statements

For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

- **Transfers from the Exchequer**

Transfers from the exchequer are 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.

Grants and loans 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/loan 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. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **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 Entity recognises all payments when the event occurs and the related cash has actually been paid out by the Entity.

- **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 paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

STATE DEPARTMENT FOR ENERGY

Reports and Financial Statements

For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

● **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 financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the Entity 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 Entity 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.

6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf 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 in the statement of receipts and payments as proceeds from foreign borrowings.

7. 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.

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.

STATE DEPARTMENT FOR ENERGY

Reports and Financial Statements

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SIGNIFICANT ACCOUNTING POLICIES

8. 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 are 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.

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. 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 Entity 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.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1st July 2018 to 30th June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year. A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government 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.

12. Comparative Figures

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

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

SIGNIFICANT ACCOUNTING POLICIES

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2019.

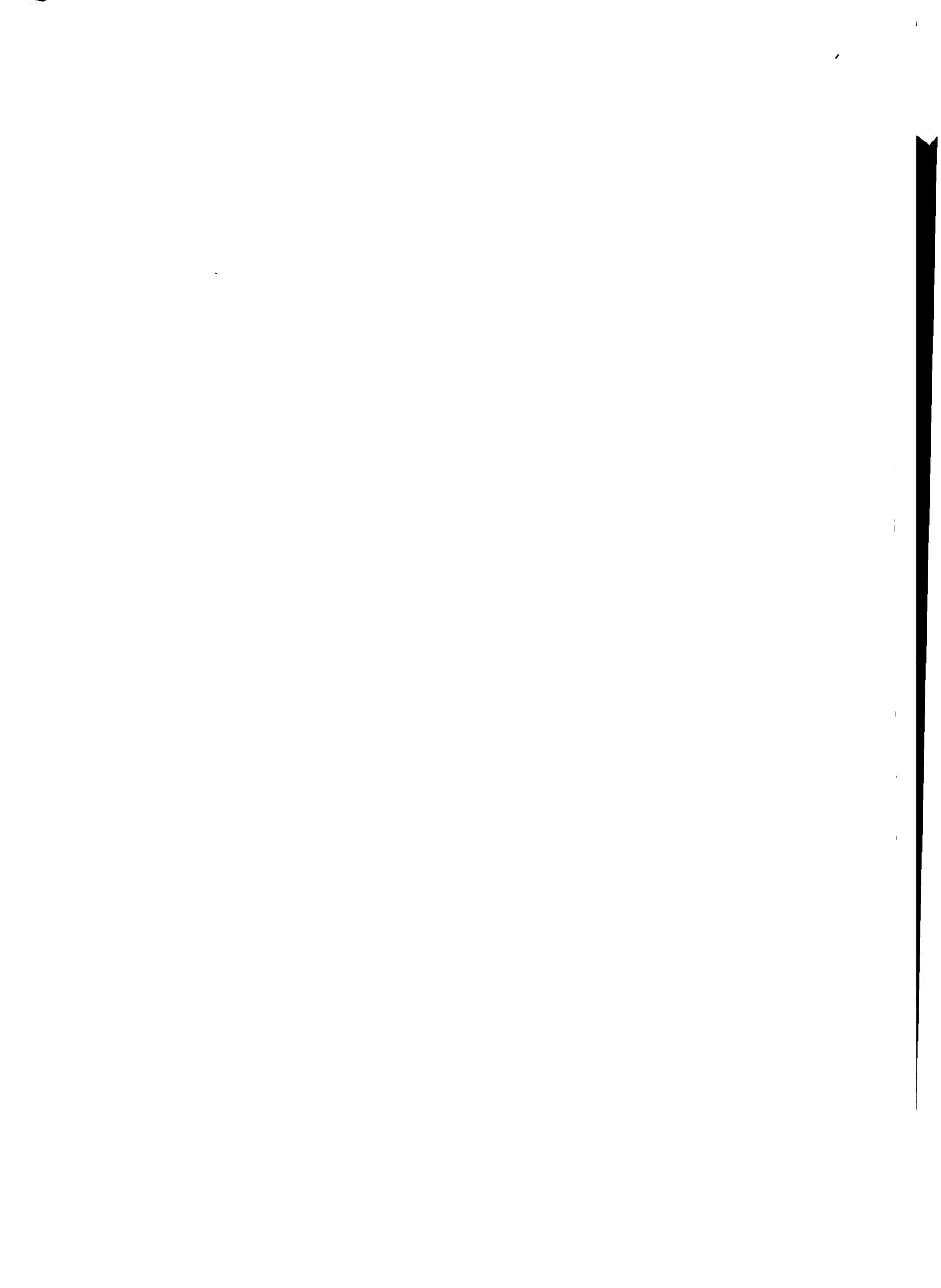
14. Errors

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.

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

XIII. NOTES TO THE FINANCIAL STATEMENTS

1 TAX RECEIPTS

	2018-2019	2017-2018
	Kshs	Kshs
Taxes on Goods and Services	1,693,073,664	6,547,003,451
Total	1,693,073,664	6,547,003,451

These are AIA revenues collected from Petroleum development levy fund. Royalties on Geothermal Development and electricity levy.

2 EXCHEQUER RELEASES

Description	2018-2019	2017-2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,880,549,459	7,122,595,511
Total Exchequer Releases for quarter 2	16,095,945,615	6,932,592,959
Total Exchequer Releases for quarter 3	4,512,763,907	20,317,887,019
Total Exchequer Releases for quarter 4	3,891,463,633	5,900,483,922
Total	26,380,722,614	40,273,559,411

The State Department received a total of Kshs 2,001,359,168 against a recurrent budget of Kshs 2,001,360,000 and also a total of Kshs 24,379,363,456 against a Development budget of Kshs 25,062,000,000

3 PROCEEDS FROM FOREIGN BORROWINGS

	2018-2019	2017-2018
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	4,942,848
Foreign Borrowing - Direct Payments	21,978,839,809	27,957,293,701
Total	21,978,839,809	27,962,236,549

This was a direct payment made by The National Treasury from funds borrowed from various financiers.

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 PROCEEDS FROM SALE OF ASSETS

	2018 -2019	2017 -2018
	Kshs	Kshs
Receipts from the Sale of Inventories, Stocks and Commodities	1,166,776	2,052,188
Total	1,166,776	2,052,188

5 OTHER REVENUES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Incidental Sales by Non-Market Establishments Collected as AIA	341,725,000	408,265,507
Total	341,725,000	408,265,507

6 COMPENSATION OF EMPLOYEES

	2018 -2019	2017 -2018
	Kshs	Kshs
Basic salaries of permanent employees	208,361,950	209,325,483
Basic wages of temporary employees	2,644,080	750,075
Personal allowances paid as part of salary	199,447,391	152,395,253
Total	410,453,421	362,470,811

STATE DEPARTMENT FOR ENERGY
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For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 USE OF GOODS AND SERVICES

	2018 -2019	2017 -2018
	Kshs	Kshs
Utilities, supplies and services	8,568,008	7,464,287
Communication, supplies and services	13,496,087	10,974,521
Domestic travel and subsistence	44,947,163	35,932,808
Foreign travel and subsistence	6,995,541	5,609,047
Printing, advertising and information supplies & services	2,548,531	2,240,982
Rentals of produced assets	352,000	352,000
Training expenses	80,348,609	102,273,596
Hospitality supplies and services	39,546,812	25,469,082
Specialized materials and services	12,345,897	11,470,075
Office and general supplies and services	13,026,667	11,476,891
Fuel Oil and Lubricants	11,402,457	10,393,497
Other operating expenses	243,738,553	263,835,267
Routine maintenance – vehicles and other transport equipment	14,827,310	7,026,606
Routine maintenance – other assets	82,982,586	70,060,641
Total	575,126,221	564,451,806

8 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Current Grants to National Government Agencies	1,599,360,000	1,194,000,000
Capital Grants to National Government Agencies	23,615,487,540	35,785,043,030
TOTAL	25,214,847,540	36,979,043,030

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent Kshs	Development Kshs.s	Total Kshs.s	2017-2018 Kshs
Transfers to SAGAs and SCs				
Rural Electrification Authority	460,600,000	1,847,000,000	2,307,600,000	5,952,578,796
Geothermal Development Corporation	634,775,400	658,000,000	1,292,775,400	3,170,547,762
Kenya Electrical Transmission Company Ltd	294,000,000	15,480,487,540	15,774,487,540	10,771,649,235
Kenya Nuclear Electricity Board	209,984,600	300,000,000	509,984,600	387,702,237
Kenya Power and Lighting Company Ltd	-	5,295,000,000	5,295,000,000	16,661,565,000
Kenya Association of Manufacturers	-	35,000,000	35,000,000	35,000,000
TOTAL	1,599,360,000	23,615,487,540	25,214,847,540	36,979,043,030

In Rural Electrification Authority; the State Department had sent an amount totalling **Kshs 50,000,000** which was meant for Kenya Electricity Nuclear Board. This amount was later transferred to Kenya Electricity Nuclear Board.

In Kenya Power and Lighting Company Ltd; **Kshs 253,620,000** was paid to Kenya Power and Lighting Company Ltd which was meant for Kenya Electricity Modernization Project.

In Kenya Electrical Transmission Company; Ltd **Kshs 33,055,460** was paid to Kenya Electrical Transmission Company Ltd meant for Eastern Electricity highway project.

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 ACQUISITION OF ASSETS

Non-Financial Assets	2018 -2019	2017 -2018
	Kshs.s	Kshs.s
Refurbishment of Buildings	50,596,962	4,643,411
Construction and Civil Works	23,223,776,955	36,469,360
Purchase of Vehicles and Other Transport Equipment	-	32,275,000
Overhaul of Vehicles and Other Transport Equipment	2,303,272	4,178,295
Purchase of Office Furniture and General Equipment	19,999,573	8,131,743
Purchase of Specialized Plant, Equipment and Machinery	5,763,880	9,058,743
Purchase of Certified Seeds and afforestation	39,110,545	60,000,000
Research, Studies, Project Preparation, Design & Supervision	468,484,865	430,883,817
Rehabilitation of Civil Works	99,109,297	126,818,843
Total	23,909,145,349	37,145,349,908

10 BANK BALANCES

Name, Account No. & currency	currency		2018 -2019	2017 -2018
			Kshs	Kshs
Central Bank of Kenya, 1000383992, Recurrent Kshs - Ps State Dept. For Energy	Kshs.	Rec.	8,270,441	7,223,761
Central Bank of Kenya, 10003848007 Development Kshs - Ps State Dept. For Energy	Kshs.	Dev.	5,652,838	250,393
Central Bank of Kenya, 1000384018, Deposits Kshs. – PS State Dept. For Energy	Kshs.	Deposit	157,708,334	93,117,256
Central Bank of Kenya- 1000390875 Kemp	Kshs.	Kemp	171,297,502	6,027,478
Kosap-1000390824	Kshs.	Kosap	100,730,441	6,435,392
Total			443,659,556	113,633,717

11 CASH IN HAND

	2018 -2019	2017 -2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	4,110	-
Total	4,110	-

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ACCOUNTS PAYABLE

Description	2018 -2019	2017 -2018
	Kshs	Kshs
Deposits	157,708,334	93,117,256
Total	157,708,334	93,117,256

This related to retention funds withheld from contractors as analyzed in Annex 5

13. FUND BALANCE BROUGHT FORWARD

Description	2018-2019	2017 -2018
	Kshs.	Kshs.
Bank accounts	113,054,280	116,633,717
Cash in hand	0	1,237,413
Accounts Receivables	139,114,483	-
Accounts Payables	(93,117,256)	(110,621,173)
Total	159,051,507	17,249,957

14. PRIOR YEAR ADJUSTMENTS

Description of the error	2018 -2019	2017 -2017
	Kshs.	Kshs.
Adjustments on Fund brought forward	159,051,507	-
Total	159,051,507	-

This amount relates to Accounts receivables – Outstanding Imprests that were surrendered and bank Balances that were later taken back to consolidated bank by the National Treasury.

15. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Energy

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Related party transactions:

	2018- 2019	2017- 2018
	Kshs.	Kshs.
<u>Transfers to related parties</u>		
Transfers to SCs and SAGAs	25,214,847,540	36,979,043,030
Total Transfers to related parties	25,214,847,540	36,979,043,030
<u>Transfers from related parties</u>		
Transfers from the Exchequer	26,380,901,204	40,273,559,411
Total Transfers from related parties	26,380,901,204	40,273,559,411

16. OTHER IMPORTANT DISCLOSURES- PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018 - 2019	2017- 2018
Description	Kshs.s	Kshs.s
Supply of goods and services	13,878,074	133,684,202
Total	13,878,074	133,684,202

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

17. PROGRESS ON FOLLOW UP OF AUDITOR 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	Status:	Timeframe
-	Land without title deeds	The Management indicated there was an inter – ministerial committee between Ministry of Energy and Ministry of Lands who are in process of resolving the matter and that a progress report can be availed for perusal.	Moses Peterson Muriuki Gitari	Not Resolved	30 th June 2020
1	Accounts Receivables	The Management intimated that most of imprest has been surrendered, the one not paid is being deducted from officers.	Moses Peterson Muriuki Gitari	Resolved	
2	Budget Performance	Management indicated that a budget committee has been established headed by Finance officer to ensure better absorption and the Ministry is ensuring engaging the treasury to ensure timely release of funds.	Moses Peterson Muriuki Gitari	Resolved	
3	Pending Bills	The Management said that most bills have been settled and the ministry will avail a report for perusal.	Moses Peterson Muriuki Gitari	Partially Resolved	30 th June 2020
4	Solar DC Systems not in use	The solar PV installation projects have been commissioned and tested. The Department has brought this to the attention of the County Governments the need to fully equip the dispensary especially with refrigerators which are essential in storage of drugs and vaccines to utilize the solar power.	Moses Peterson Muriuki Gitari	Resolved	
5	Twin Biogas Digester plant	Currently, the biogas plant has been tested and is operational. It is currently accumulating biogas for full scale cooking in the school kitchen.	Moses Peterson Muriuki Gitari	Resolved	



Dr. Eng. Joseph K. Njoroge, CBS
 Principal Secretary



Moses Peterson Muriuki Gitari
 Assistant Accountant General
 ICPAK Member Number: 4204

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Outstanding Balance 30 th June 2019
A		
Supply of services		
1. Pago Airways	28,000	28,000
2. Phenisatech Enterprises	508,000	508,000
3. Ronalo Foods	519,020	519,020
4. Ronalo Foods	659,435	659,435
5. Pro-Flight Limited	3,199,248	3,199,248
6. Pro-Flight Limited	1,772,368	1,772,368
7. Astorian Grand Hotel	506,800	506,800
8. Astorian Grand Hotel	482,000	482,000
9. Astorian Grand Hotel	509,600	509,600
10. Lake Naivasha Resort	661,500	661,500
11. MFI Documents Solution Limited	68,653	68,653
12. Elevator General Service	210,085	210,085
13. Nation Media Group	2,257,365	2,257,365
14. Lake Naivasha Simba Lodge	2,496,000	2,496,000
Total	13,878,074	13,878,074

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs) 2017/2018	Additions during the year (Kshs)	Historical Cost c/f (Kshs) 2018/2019
Land	*121,780,643	-	121,780,643
Buildings and structures	1,533,206,385	50,596,962	1,583,803,347
Transport equipment	158,613,506	2,303,272	160,916,778
Office equipment, furniture and fittings	40,883,036	19,999,573	60,882,609
ICT equipment	61,633,129	5,763,880	67,397,009
Machinery and equipment	212,053,724,558	23,223,776,955	235,277,501,513
Certified seeds and afforestation's	167,914,083	39,110,545	207,024,628
Intangible assets	3,245,862,854	468,484,865	3,714,347,719
Rehabilitation of civil works	126,818,843	99,109,297	225,928,140
Total	217,383,645,184	23,909,145,349	241,292,790,533

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the State Department for Energy. Additions during the year should tie to note 9 on acquisition of assets during the year.

** The cost of this land doesn't not include the value of the land for eight (8) centres across the Country with an area of 21.42 hectares valued at approximately Kshs 180.7M which were allocated to the State Department. The State Department is in the process of acquiring the title deeds then obtained comprehensive valuations and capitalise these land assets.*

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 3 – LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT OF ENERGY

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Kenya Electricity modernization project	Increase access to electricity, improve reliability of electricity service and to strengthen KPLC's financial situation.	Dr. (Eng.) Joseph K. Njoroge, CBS	Yes
2	Off-Grid Solar Access project	Electrification of areas not served with electric power from national grid	Dr. (Eng.) Joseph K. Njoroge, CBS	Yes
3	Kenya Electricity Expansion Project	Increase capacity, efficiency and quality of electricity supply and expand access to electricity in Urban, Peri- Urban and Rural areas.	Dr. (Eng.) Joseph K. Njoroge, CBS	Yes

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
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ANNEX 4 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT FOR ENERGY

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Rural electrification authority	Implementation of Governments rural electrification programme through construction of rural electrification projects.	Mr. Peter Mbugua	2,307,600,000	Yes
2	Geothermal Development Corporation	Development of Steam for sale	Eng. Johnson P. Ole Nchoe	1,292,775,400	Yes
3	Kenya Electrification Transmission Company	Transmission Of generated electricity	FCPA Fernandes Barasa	15,774,487,540	Yes
4	Kenya Nuclear Electricity Board	Fast- tracking the development of nuclear power in order to enhance the production of affordable and reliable electricity	Eng. Collins Juma	509,984,600	Yes
5	Kenya Power and Lighting Company	Distribution of electric powers to consumers	Eng. Jared Othieno	5,295,000,000	Yes
6	Kenya Association of Manufacturers	Supervision of Manufacturing Companies	Ms. Phyllis Wakiaga	35,000,000	Yes
				25,214,847,540	

STATE DEPARTMENT FOR ENERGY
Reports and Financial Statements
For the year ended June 30, 2019

ANNEX 5 – DETAIL LISTING OF ACCOUNTS PAYABLE

No	DATE	BENEFITIARY	AMOUNT KSHS
1	6/30/2019	Pharma Consulting	2,770,936
2	6/30/2019	Elephant Construction	2,045,461
3	6/30/2019	Reliable Electrical	7,220,838
4	6/30/2019	Wamunoro Investment	296,754
5	6/30/2019	S.G.S	30,820
6	6/30/2019	Zedco Construction	249,713
7	6/30/2019	Kenya Koch Industries	2,279,432
8	6/30/2019	Power Point Ltd	10,540,147
9	6/30/2019	Jowaki Engineers	231,427
10	6/30/2019	Glare Electrical	370,222
11	6/30/2019	Kajojo Construction	1,261,004
12	6/30/2019	Philafe	126,391
13	6/30/2019	Kijito Resource	1,090,390
14	6/30/2019	Eunivy Resource	9,940,720
15	6/30/2019	Kawangu Investment	17,972
16	6/30/2019	Yosmoh Construction	897,121
17	6/30/2019	Chloride Exide	1,061,145
18	6/30/2019	Regulator	1,287,778
19	6/30/2019	Samcon	1,032,872
20	6/30/2019	Bizrate Enterprises	243,708
21	6/30/2019	Fenxi Mining	6,700,000

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22	6/30/2019	Lemorio Energy	3,178,543
23	6/30/2019	Power Options	12,745,363
24	6/30/2019	Permanent Secretary Sde	30,194,861
25	6/30/2019	Go Solar Systems	7,790,788
26	6/30/2019	Other Deposits (Revenue)	8,871,884
27	6/30/2019	Principal Styles	1,619,776
28	6/30/2019	Global Voices	41,197
29	6/30/2019	Foundation Piling Ltd	2,227,200
30	6/30/2019	Innova Concepts	420,362
31	6/30/2019	Jenco Construction	505,231
32	6/30/2019	Numerical Machining	8,460
33	6/30/2019	Wante Construction	832,373
34	6/30/2019	Green Belt Movement	715,058
35	6/30/2019	Land Mark	10,065,027
36	10-Jan-18	Pharma Consulting	151,750
37	10-Jan-18	Marsar Ventures	231,183
38	10-Jan-18	Go Solar Systems	942,682
39	25/10/2018	Rastah Co Ltd	488,663
40	25/10/2018	Pharma Consulting	395,100
41	25/10/2018	Elgon Nyanza	147,641
42	25/10/2018	Ambe Merchants	323,764
43	25/10/2018	Quick Pasha	136,904
44	25/10/2018	Go Solar Systems	1,439,329
45	26/10/2018	Greenlog Solutions	910,355
46	26/10/2018	Convergent Investments	1,193,504
47	26/10/2018	The Green Camel	1,451,890

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48	26/10/2018	Eunivy Resource	1,178,528
49	23/01/2019	Foundation Pilling	1,423,320
50	04-Jan-19	Go Solar Systems	942,338
51	04-Jan-19	Pharma Consulting	476,282
52	04-Jan-19	Power Options	911,714
53	04-Jan-19	Power Options	725,860
54	04-Jan-19	Ambe Merchants	407,135
55	04-Aug-19	Convergent Investments	208,979
56	05-Jun-19	Liberty Group	340,040
57	30-Jun-19	Convergent Investment	208,979
58	30-Jun-19	Liberty Group	340,040
59	30-Jun-19	Principal Styles	28,000
60	30-Jun-19	Principal Styles	73,649
61	30-Jun-19	Principal Styles	115,543
62	30-Jun-19	Elgon Nyanza	168,363
63	30-Jun-19	Pharma Consulting	730,935
64	30-Jun-19	Nelliwa Builders	2,416,969
65	30-Jun-19	Ps Moe Sde	211,975
66	30-Jun-19	Nelliwa Builders	1,616,891
67	30-Jun-19	Pharma Consulting	116,894
68	30-Jun-19	Returned Funds	1,581,664
69	30-Jun-19	Keep	14,370
70	30-Jun-19	Keep	42,295
71	30-Jun-19	Keep	52,295
72	30-Jun-19	Ps Moe Sde	23,550
73	30-Jun-19	Keep	16,110

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74	30-Jun-19	Returned	47,800
75	30-Jun-19	Kisotu	363,000
76	30-Jun-19	Nevatech Returned	949,147
77	30-Jun-19	Byronpd	5,251,931
		TOTAL	157,708,334