

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 04 DEC 2024

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CLERK-AT THE-TABLE:	HAILE HUSSEIN
	MAJORITY PARTY WITH P

PARLIAMENT
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THE AUDITOR-GENERAL

ON

**HORN OF AFRICA GATEWAY
DEVELOPMENT PROJECT
(IDA CREDIT NO.6768-KE)**

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

KENYA REVENUE AUTHORITY

KENYA REVENUE AUTHORITY



HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

PROJECT GRANT/CREDIT NUMBER. 6768-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
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1. ACRONYMS AND GLOSSARY OF TERMS

KRA	Kenya Revenue Authority
WB	World Bank
MOU	Memorandum of Understanding
ICT	Information and communication technology
KENHA	Kenya National Highway Authority
RECTS	Regional Electronic Cargo Tracking System
RRU	Rapid Response Unit
SOPs	Standard Operating Procedures
EAC	East Africa Community
GOK	Government of Kenya
NLC	National Lands Commission
UON	University of Nairobi
OSBP	One Stop Border Point
ICMS	Implementation of Integrated Customs Management
PPRA	Public Procurement Regulation Authority
MAPS II	Methodology for Assessment of Procurement System Approach

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2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name: Horn of Africa Gateway Development Project.

Objective:

The key objective of the project is to improve the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor and the capacity of selected transport related institutions in Kenya

Address: Times Towers Building, Nairobi County, Kenya.

Registered office:

Times Tower Building,
 Haile Selassie Avenue,
 P.O Box 48240-00100,
 Nairobi, Kenya.

Contacts:

Telephone: (254) 020-310900, 2810000, 315553
 E-mail: callcenter@kra.go.ke, cic@kra.go.ke
 Website: www.kra.go.ke

2.2 Project Information

Project Start Date:	7 th October 2020
Project End Date:	30 th June 2028
Project Manager:	Mr. Kenneth Mbobua (Chief Manager)
Project Accountant	CPA. Josephat Omondi (Deputy Commissioner- Finance)
Project Coordinator:	Lilian Nyawanda (Commissioner of Customs & Borders Control)
Project Sponsor:	Humphrey Wattanga (Commissioner General)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury
Project number	6768 -KE
Strategic goals of the project	The strategic goals of the project are Facilitation of Regional Trade and Transport which includes: - (a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with

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	<p>other border agencies. (ii) Support the implementation of an integrated border management system.</p> <p>(b) Support harmonization of Customs and other border management functions, risk management and control procedures.</p> <p>(c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.</p> <p>(d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.</p> <p>(e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.</p> <p>(f) Provision of advisory services, training and capacity building activities to KRA.</p>						
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <table border="1" data-bbox="475 1055 1390 2024"> <tr> <td data-bbox="475 1055 730 1653"> <p>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p> </td> <td data-bbox="730 1055 1390 1653"> <p>a) Cargo tracking system along the Isiolo-Mandera corridor: 1) Geo-fencing of -Isiolo- Mado Gashe Route -Modogashe – Elwak Route -Rhamu – to Mandera Route</p> <p>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</p> <p>b) Communication Equipment: 1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)</p> <p>c) Institution strengthening of Border Control Unit and training: 1) Purchase Ruggedged/ Toughbook Laptops-5 , Surveillance Drones-2 (Wajir RRU and Mandera OSBP,- Body Worn Cameras, Satelline phones, Handheld Raman Analyzer and Portable hand-held scanners-3 for OSBPs</p> </td> </tr> <tr> <td data-bbox="475 1653 730 1868"> <p>Support harmonization of Customs and other border management functions, risk management and control procedures.</p> </td> <td data-bbox="730 1653 1390 1868"> <p>a) Harmonization of Customs and Border Management Procedures including risk management and control measures: 1) Procurement of Enhanced Enforcement Equipment - 7 motor vehicles 2) Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities 3) OSBP Baggage Scanners</p> </td> </tr> <tr> <td data-bbox="475 1868 730 2024"> <p>Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and</p> </td> <td data-bbox="730 1868 1390 2024"> <p>1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones) 2) Joint Training to be included in the Training Plan. 3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare,</p> </td> </tr> </table>	<p>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p>	<p>a) Cargo tracking system along the Isiolo-Mandera corridor: 1) Geo-fencing of -Isiolo- Mado Gashe Route -Modogashe – Elwak Route -Rhamu – to Mandera Route</p> <p>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</p> <p>b) Communication Equipment: 1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)</p> <p>c) Institution strengthening of Border Control Unit and training: 1) Purchase Ruggedged/ Toughbook Laptops-5 , Surveillance Drones-2 (Wajir RRU and Mandera OSBP,- Body Worn Cameras, Satelline phones, Handheld Raman Analyzer and Portable hand-held scanners-3 for OSBPs</p>	<p>Support harmonization of Customs and other border management functions, risk management and control procedures.</p>	<p>a) Harmonization of Customs and Border Management Procedures including risk management and control measures: 1) Procurement of Enhanced Enforcement Equipment - 7 motor vehicles 2) Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities 3) OSBP Baggage Scanners</p>	<p>Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and</p>	<p>1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones) 2) Joint Training to be included in the Training Plan. 3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare,</p>
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Operating Costs	<ol style="list-style-type: none"> 1) Field Missions 2) Supervision of Works 3) Groundbreaking and launch activities 4) Branding 										
Other important background information of the project	<p>The Project Development Objectives are to improve: (a) the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) the capacity of selected transport related institutions in Kenya.</p> <p>The northern part of Kenya has poor road networks and digital connectivity, thus making trade along the Isiolo-Modogashe-Wajir-Elwak-Rhumu and Mandera route very difficult. However, there lies the potential of cross border and international trade linking the horn of Africa countries. The role of Kenya Revenue Authority is to provide Trade Facilitation and cargo monitoring along the trade route.</p>										
Current situation that the project was	The overarching objective of the HoA Program, which the proposed project will contribute to, is “enhancing connectivity										

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formed to intervene	among the HoA countries and access to seaports; facilitation of domestic and regional trade and economic integration, and road safety”. This will be achieved through a sequential improvement in physical and institutional infrastructure and promoting trade and investing in development facilitation interventions. The overall program will be implemented in a Series of Projects (SoPs). The first project of the program (Phase 1- Kenya) focuses on Kenya which is the gateway to HoA for east, south and central Africa. The follow-on Phases will focus on the improvement of adjoining economic corridors, trade facilitation, digital connectivity, human development, and promoting resilience in Somalia and Ethiopia.
Project duration	The project started on 7th October 2020 and is expected to run until 30th June 2028.

2.4 Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

The Project Management Team who worked on the project in the financial year ended 30th June 2024 are as stated below. This included a Project Team Leader and all the key stakeholders as stipulated in the Finance Agreement and these where the team involved in the project. Below stated also are their positions, qualification and roles to the project.

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PROJECT IMPLEMENTATION TEAM MEMBERS FOR THE HoAGDP				
	Names	Title/ designation	Key qualifications	Responsibility
1.	Kenneth Mbobua	Chief Manager	Bachelor of Science, Computer Science , Prince 2 Project Management, M&E	Team Leader
2.	Benson Kiruja	Ag.Deputy Commissioner	MBA (Supply Chain Management), Chartered Institute of Procurement and Supply, UK,	Procurement Manager
3.	William Buluma	Chief Manager	Bachelor of Quantity Surveying CPA- Sec 6 Chartered Institute of Arbitrators Registered Quantity Surveyor	Facilities & Logistics Manager
4.	Christine Ilahalwa	Manager	MA- International Studies	Social Safeguards Specialist
5.	Catherine Okoth	Manager	Bachelor of science in food, nutrition and dietetics.	Technical Officer
6.	Jacqueline Osango	Manager	MBA(Finance), BS-Business Admin, CPA(K).	Project Accountant
7.	Miriam Musyimi	Assistant Manager	MBA (Strategic Management), CIPS, BA (Purchasing & Supply Chain Management)	Procurement Officer
8.	Sheila Mwalekwa	Assistant Manager	MBA, Project Management	Customs and Border Control
9.	Margaret Muturi	Supervisor	B.A. Economics, Project Planning & Management	Monitoring and Evaluation
10.	Jeremiah Kosgei	Customs Policy	MBA, Strategic Management Bachelor Of Commerce	Customs and Border Control
11.	Grace Mwangi	Manager	Bachelor of business administration	Training Specialist
12.	Mohamed Abdi	Assistant Manager	BSC. Electrical and Electronic Engineering, CCNA.	ICT Specialist
13.	Kiprop Mengech	Manager	MBA Bachelors of Commerce – Business Admiration (Marketing) CIPS UK	Diplomacy, Marketing & Communications -specialist
14.	Charles Anino	Officer	BTECH Civil Engineering	Facilities and Logistics specialist
15.	Paul Lentupuru	Assistant Manager	Bachelor of Arts in Criminology and Security Studies.	Security Specialist

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			Higher Diploma in Forensic Psychology and Criminology	
16.	Alfrida Chepkirui	Officer – Customs BTO	Bachelor of Science, Computer Science (Computer Information Systems)	Secretariat
17.	Ruth Rugwe	Assistant Manager	M.A, Economics	Monitoring & Evaluation
18.	Charles Muriithi	Assistant Manager	MA(Economics), BA (Economics)	Technical Officer
19.	Lenza Nyabwa	Supervisor	Bachelor of Business Administration	Technical – Cargo Monitoring
20.	Alex Mwangi	Assistant Manager	MBA (Finance), BA (Economics), CPA(K)	Accounting Officer
21.	Grace Wamwea	Supervisor	Bachelor of Commerce (Bcom) Chartered Institute of Procurement and Supply, UK	Technical Support
22.	Winnie Kibuchi	Assistant Manager	Msc. Project Management Professional Diploma- CIPS, UK Certified Supplies Practitioner- KISM	Procurement Officer

2.7 Funding summary

The Project is for a duration of eight years from 2020 to 2028 with an approved budget of Euro 6.45 million equivalent to KShs 896 million (converted at 138.8659 EURO CBK rate as at 30th June, 2024) as highlighted in the table below:

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PROJECT INFORMATION AND OVERALL PERFORMANCE

A. Source of Funds

Source of funds	Donor Commitment-		Cumulative Amount received to date (30th June 2024)		Undrawn balance to date (30th June 2024)	
	EURO '000'	KShs '000'	EURO '000'	KShs '000'	EURO '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	5,300	735,989	1,135	149,061	4,165	586,929
(ii) Counterpart funds						
Government of Kenya	1,150	159,696	73	10,000	1,077	149,696
Total	6,450	895,685	1,208	159,061	5,242	736,624

B. Application of Funds

Source of funds	Cumulative Amount received to date (30th June 2024)		Cumulative Amount paid to date (30th June 2024)		Unutilised balance to date – (30th June 2024)	
	EURO '000'	KShs '000'	EURO '000'	KShs '000'	EURO '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	1,135	149,061	1,029	142,920	106	6,140
(iii) Counterpart funds						
Government of Kenya	73	10,000	18	2,412	55	7,588
Total	1,208	159,061	1,047	145,333	161	13,728

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2.8 Summary of Overall Project Performance

The project expenditure for FY 2023/24 as at 30th June 2024 is 73% based on current year's budget spend and commitments.

The cumulative project expenditure on budget and commitments from inception to date is 33% of the undisbursed funds as per Donor commitments (converted at Kshs 138.8659 as at 30th June 2024). The project implementation status on activities is at 17%.

Project performance				
Period	Budget "Kshs"	Budget spend & commitments "Kshs"	Budget spend & commitments %	Implementation status %
-Current year	83,841,411	Paid 145,332,707	73%	17%
-Funds bal b/f	115,453,932 199,295,343			
Project Total	895,685,000	Paid 145,332,707 Committed 147,086,600 Total 292,419,307	33%	17%

The status of implementation is as follows;

a) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies and

Cargo Tracking System along the Isiolo-Mandera Corridor

- i. Geo-fencing of -Isiolo- Modogashe Route
 - Modogashe – Elwak Route
 - Rhamu – to Mandera Route
- ii. Installation of Smart Gates solutions at Rhamu and Mandera OSBPs

Geo-fencing of the routes & Installation of Smart Gates Solutions	
Contractor	Activity yet to commence
Contract Type	Goods
Projected Commencement Date	Jan 2025
Projected Completion Date	June 2028
Projected Contract amount:	USD 500,000 (Kshs. 69M)
Progress Status	User requirements gathering from various stakeholders in KRA. Installation of Geo-fencing & Smart Gates Solution is dependent on the construction of the Isiolo-Mandera road dependent by KENHA.
Payments	Nil

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b) Support the implementation of an integrated border management system:

i. Communication Equipment

Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)

ii. Institution strengthening of Border Control Unit and training

Purchase Ruggeded/ Toughbook Laptops-5, Surveillance Drones-2 (Wajir RRU and Mandera OSBP, Body Worn Cameras, Satellite phones, Handheld Raman Analyzer and portable hand-held scanners-3 for OSBPs

	Purchase of Various Customs and other Border management equipment & Training
Contractor	Initial Tender was unresponsive, procurement process to begin again FY 2024/25
Contract Type	Goods & Services
Projected Commencement Date	Sep 2024
Projected Completion Date	June 2025
Projected Contract amount:	USD 1,500,000 (Kshs. 208M)
Progress Status	-Communication Equipment are dependent on procurement of - World Bank No objection approval already received for procurement of Enforcement equipment as below: - a) Drones- USD 326,000 b) 5 Ruggedized Laptops, 10 Satellite phones, 2 Portable handheld scanner and 30 Body worn cameras- USD 115,000 -KRA advertised for the Enforcement equipment on 14 th Feb 2023, tender closed in April 2023 and the tender became unresponsive. - Procurement of Enforcement equipment scheduled to begin again in FY 2024/25. Communication equipment procurement will begin after procurement of enforcement equipment
Payments	Nil

c) Support harmonization of Customs and other border management functions, risk management and control procedures: -

- i. Procurement of Enhanced Enforcement Equipment; -7 Motor Vehicles
- ii. Upgrade of KRA LAN at various Customs Stations to support Enforcement activities
- iii. OSBP Baggage Scanners

	Procurement of Enhanced Enforcement Equipment;-7 Motor Vehicles, Upgrade of KRA LAN at various Customs Stations and OSBP Baggage Scanners
Contractor / Supplier	CFOA & Activity yet to commence for others
Contract Type	Goods
Commencement Date	Feb 2023
Projected Completion Date	June 2026
Projected Contract amount:	USD 2,000,000 (Kshs. 278M)
Progress Status	-No Objection World Bank approval received for procurement of 7

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	<p>Motor Vehicles of USD 487,000.</p> <p>-Approval from Head of Public Service to procure 7 motor vehicles through open tender received in Feb 2023.</p> <p>-Motor Vehicles delivered and paid in June 2024</p> <p>- Upgrade of KRA LAN to commence once RRU offices have been constructed</p> <p>-OSBP Baggage Scanners procurement to commence once OSBPs have been constructed</p>
Payments	<p>a) Amount Paid: Kshs 94,095,591</p>

d) Support implementation of the MOU between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and Republic of Kenya and Federal Republic of Somalia: -

- i. Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones)
- ii. Joint Training to be included in the Training Plan.
- iii. Preparations and engagements with stakeholders including visits, Identify Training needs, Preparation of OSBP Manuals and Operationalize the joint Border Management Structure.

	Consultancy, Training & Working equipment provision between Kenya, Ethiopia & Somalia
Contractor	Activity yet to commence
Contract Type	Goods, Services, Training & Consultancy
Projected Commencement Date	June 2025
Projected Completion Date	Dec 2026
Projected Contract amount:	USD 500,000 (Kshs. 69M)
Progress Status	<p>- KRA is currently reviewing the existing MoUs and agreements between Kenya and Ethiopia, to establish which areas to leverage on.</p> <p>- Engagements with MoFA, IGAD as well as the BCOCC on going.</p> <p>-Joint Training & Procurement of Working equipment to commence in FY 2024/25.</p>
Payments	Nil
Issue/challenge to report and Mitigation	Major challenge with the implementation of this initiative may be the fact that Somalia has no systems and that most of our borders with Somalia are closed.

e) Support the use of ICT for revenue collection and facilitating clearance and release of goods at the border: -

- i. Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange
- ii. Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's

	Consultancy integration between ICMS and Ethiopia Customs management system
Contractor	Activity yet to commence, dependent on construction of the isiolo-

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	Mandera road
Contract Type	Goods & Services
Projected Commencement Date	June 2025
Projected Contract amount:	USD 500,000 (Kshs. 69M)
Payments	Nil
Progress Status	- Yet to Begin dependant on construction of the road by KENHA.

f) Study on trade flows between Kenya, Ethiopia and Somalia: -

This includes the identification of the following;

- Site survey of the route including indicating possible location of customs facilitation centers
- Economic activities (in the geographical locations of the three countries)
- Trade volumes and the type of goods traded between the countries
- Trade barriers (Tariff and non-tariff)
- Existing bilateral and multi-lateral trade agreements
- Trade flows and trade analysis

	Study of trade flows between Kenya, Ethiopia and Somalia
Contractor	Maxwell Stamp Inc
Contract Type	Consultancy
Commencement Date	Dec 2022
Completion Date	Dec 2024
Projected Contract amount:	USD 580,000 (Kshs. 81M)
Progress Status	- No Objection World Bank approval already received for procurement of consultancy of USD 580,000 in June 2022. -Contract Awarded and signed in June 2024 -Implementation expected to be completed in Qrt 2 FY 2024/25
Payments	Nil

g) Capacity Building & Training: -

	Training of KRA Staff (Corporate and Group Trainings)
Contractor	Various
Contract Type	Training
Commencement Date	Aug 2022
Projected Completion Date	Dec 2028
Projected Contract amount:	USD 1,160,000 (Kshs. 161M)
Progress Status	-Trainings for FY 2022/23 began in March 2023 complete Dec 2023 -Annual Training Plan for FY 2023/24 approved via WB No objection approval dated 28 th March 2024. Implementation began Qrt 4 FY 2023/24 to be completed Qrt 1 FY 2024/25
Payments	Amount Paid: shs 27,574,59

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h) Operational Costs: -

This includes the identification of the following;

- a. Field Missions
- b. Supervision of Works
- c. Ground-breaking and launch activities
- d. Branding

	Operating Costs
Contractor	Various
Contract Type	Operations Services
Commencement Date	July 2023
Projected Completion Date	Dec 2028
Projected Contract amount:	USD 500,000 (Kshs. 69M)
Progress Status	-KRA was allocated Kshs 10Million GOK under the budget FY 2023/24 to be utilised for operational expenses. - KRA received GOK Funds of 10Million on 21 st Dec 2023. -KRA has requested for FY 2024/25 GOK budget as per the respective Work plan.
Payments	a) Amount Paid: Kshs 2,412,390

i) Activities for Public Procurement Regulation Authority (PPRA): -

These are activities KRA on behalf or with PPRA as a beneficiary. This includes the following;

- a) Assessment of Public Procurement and Disposal System in Kenya using the Methodology for Assessment of Procurement System (MAPS II) approach. This involves procurement of Consultant for MAPS II (USD 100,000), Four (4) Assessors (USD 400,000) and Legal Consultant (USD 100,000)
- b) Institutional Strengthening: This involves
 - i. Purchase of 4 PPRA Motor Vehicles (USD 363,141.60)
 - ii. Training and Capacity Building (USD 436,858.40)

	Purchase of Consultants for MAP II on behalf of PPR, 4 Motor vehicles and Training
Contractor	CFAO, and other various training institutions
Contract Type	Consultancy, Goods and Training
Commencement Date	June 2023
Projected Completion Date	Dec 2028
Projected Contract amount:	USD 1,200,000 (Kshs. 167M)
Progress Status	- No Objection World Bank approval received on 13 th March 2023 for transfer of implementation of PPRA activities from KENHA to KRA. -Approval to procure Motor Vehicles received from Office of Head of Public Service on 9 th June 2023. - No Objection World Bank approval for PPRA activities received on 20 th July 2023. - Contracts for Motor Vehicles Kshs 47,341,380 and Lead consultant USD 125,045 signed in May 2024 -Motor Vehicles delivered partly awaiting modification of the

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	<p>remaining Bus then payments will be made Qrt 1 2024/25.</p> <p>- No Objection World Bank approval for Annual Training Plan for PPRA already received on 20th July 2023. Implementation began in May 2024 to be completed in Qrt 1 FY 2024/25</p> <p>-PPRA other MAPS consultants procurement process completed in June 2024. Contract to be signed Qrt 1 FY 2024/25</p>
Payments	a) Training Amount Paid: Kshs 5,145,092

j) Activities being implemented by KENHA on behalf of KRA: -

- i. Construction of Customs Facilitation centers at Meru/Isiolo, Modogashe and Wajir
- ii. Construction of Rhamu and Mandera Ones Stop Border Posts (OSBP) including accommodation units
- iii. Design and construction supervision of Customs Facilitation Centers at Meru/Isiolo, Modogashe and Wajir
- iv. Design and construction supervision of OSBP at Rhamu and Mandera including accommodation units

KRA received No objection approval from World Bank for facilitation of stakeholder engagement exercise on Land acquisition on 13th March 2024. The land will be required for the construction of Customs facilities at Meru, Isiolo, Modogashe and Wajir.

Wajir: Wajir County Government has allocated KRA 26 acres of land. The PDPs were advertised on the National dailies by the County Government giving a 60 days' notice period for any objection to the allocation and use of the land by KRA. The 60 days have since lapsed and a cadstral survey has been done on the property and the authenticated survey plan obtained. The County Government's Physical Planning office is required to circulate the PDP to various Government agencies, upload the documents at Ardhisasa Nairobi Data Center, for no-objection letters and approval in the Month July 2024. The land has been beaconsed and signage erected.

Meru : The County Government of Meru has allocated KRA 22 acres of land. The Land has been beaconsed and the PDPs are in the process of advertisement on the local dailies.

Modogashe: KeNHA has written to KRA confirming that they will allocate KRA 20 acres of land from the land they have acquired in Modogashe. The land documentation process by KeNHA was at an advanced stage and therefore, once complete, the transfer to KRA will kick off.

2.9 Summary of Project Compliance:

The project complied with the applicable laws, regulations and financing agreement.

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3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the project's 2020-2028 plan are:

- (a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.
- (b) Support harmonization of Customs and other border management functions, risk management and control procedures.
- (c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.
- (d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.
- (e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.
- (f) Provision of advisory services, training and capacity building activities to KRA.

During the year under review, the Authority undertook the following activities:

- (a) Procurement of 7 KRA Motor Vehicles:- Contract signed on 29th December 2023, Vehicles delivered and paid in June 2024.
- (b) Procurement of Consultancy for Study of Trade:- Contract signed on 7th June 2024.
- (c) Implementation in progress with 1st milestone payment expected Qrt 1 FY 2024/25.
- (d) KRA Annual Training Plan FY 2022/23:- Received WB No objection approval on 28th March 2024. Implementation began Qrt 4 FY 2023/24, trainings still ongoing to be completed in Qrt 1 FY 2024/25.
- (e) Implementation of PPRA Activities:- Received WB No objection approval for transfer of implementation of PPRA activities from KENHA to KRA on 13th March 2023.
- Received WB No objection approval for PPRA Annual Training Plan FY 2022/23 received on 28th March 2024. Implementation began in Qrt 4 FY 2023/24, trainings still ongoing to be completed in Qrt 1 FY 2024/25.
- Contract for Supply of 4 PPRA Motor Vehicles was signed on 19th April 2024, 3 Vehicles were delivered, one bus awaiting modification then delivery, payment to be done by Qrt 1 FY 2024/25.

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-Received WB No objection approval for Procurement of MAPS II consultants dated 20th July 2023. Contract for Lead Consultant signed on 21st March 2024. The other Consultants contracts expected to be signed in Qrt 1 FY 2024/25 and Implementation to begin in Qrt 1 FY 2024/25.

However, the challenges below were experienced in the financial year while carrying out the project: -

- i. No Objection approvals from World Bank for most activities received in Qrt 3 & 4 FY 2023/24 causing delay in completion in implementation as at 30th June 2024.
- ii. Procurement for Study of Trade, Lead Consultant MAPS II, Motor vehicles for KRA and PPRA completed in Qrt 4 FY 2023/24, causing delay in completion in implementation as at 30th June 2024.

Progress on attainment of Strategic development objectives

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

Objective	Outcome	Indicator	Performance	Implementation Timelines
a) Provision of technical assistance and advisory services to KRA in (i) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system through harmonization of customs and border management procedures including risk management and control measures: ie -Procurement of Enhanced Enforcement Equipment - 7 motor vehicles -Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities OSBP Baggage Scanners	Increased efficient clearance of people, goods and services Increased revenue collection and trade facilitation Secure trade facilitation centre	Clearance Times No. of consignments under customs control tracked to destination	50% Implementation	Start: Feb 2023 End: June 2024 Start: July 2026 End: Dec 2026 Start: Sept 2026 End: Dec 2027
b) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border:- ie -Implementation of CCTVs and Smart Gates Monitoring command Centre (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre) -Body Worn Camera and System	Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	20% implementation	Start: Jan 2025 End: June 2028 Start: Sep 2024 End: June 2025
c)Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of	Efficient and effective Prevention and detection	-Exchange of information	5% Implementation	Start: July 2023 End: Dec 2026

4. ENVIROMENTAL AND SUSTAINABILITY REPORTING

(a) Introduction

The mandate of the Horn of Africa Gateway Development Project is to improve: (a) the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) the capacity of selected transport related institutions in Kenya.

(b) Sustainability Strategy And Profile

Kenya Revenue Authority's (KRA) vision is to be "a globally trusted revenue agency facilitating tax and customs compliance". KRA seeks to be a good Corporate Citizen in all aspects of its operations and activities. To achieve Service Excellence, KRA has put measures in place to pursue excellence in service delivery through provision of various channels of service delivery including expansion of customer service points to ensure the services are easily available to the customers. To achieve this objective, KRA is implementing the following strategies:

- i. Establishment of additional stations/satellite/service centres
- ii. Service improvement – human interaction as well as technology
- iii. Offer of multi-channel service to enhance service accessibility to taxpayers.

The Roll of Customs and Border Control Department includes:

- i. Collection and Accounting for government revenue - contribution to exchequer revenue averages at 35% per annum.
- ii. Trade Facilitation – Promote economic interests and development of trade through enhancement of trading activities and ease of doing business.
- iii. National Security - through Enforcement of Prohibitions and Restrictions.
- iv. Protection of Society – Domestic industry, health and safety of citizens.
- v. Compilation of Trade Statistics

Implementation of the HoAGDP by KRA is in line with the mandate of KRA specifically of ensuring facilitation of trade in the Northern-East part of Kenya. This will be through the opening of borders such as Mandera and Rhamu by establishing One Stop Border Posts, an initiative whose aim is to reduce transit costs incurred in cross border movement by combining the activities of both country's border organizations and agencies at either a single common location or at a single location in each direction without increasing risk to public safety or revenue collection. This is one of the World Trade Organisation's initiatives under the Trade Facilitation Agreement, requiring collaboration amongst border agencies not only at national, but also at international level. The latter referring mainly to Members sharing common borders and requires coordinating procedures at border crossings, which may include alignment of working days and hours, alignment of procedures and formalities, development and sharing of common facilities, joint controls and establishment of one stop border post controls.

Other initiatives for KRA under the HoAGDP include the implementation of trade facilitation centers to facilitate transit and exports, institutional strengthening through

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capacity building of staff as well as through the procurement of enforcement equipment. KRA will also be looking to sign Memorandum of Understanding with both Somalia and Ethiopia that will see into opening up of trade between the Partner states. Lastly, KRA will be conducting a study on trade flows to establish patterns of trade, gaps and opportunities of trade in the Northern Easter Region.

To ensure this will take place KRA will:

- i. Be working with other government agencies; use the one government approach while addressing any matters pertaining to security, trade, environmental sustainability. For instance, on land acquisition, KRA has made plans and is currently engaging the FCDC, the National Lands Commission as well as the County Governments of the regions for allocation of land. Through the BCOCC and together with the MoFA and IGAD, KRA will be engaging the institutions in order to address diplomatic relations. KRA has establish good working relations with KeNHA who are implementing some initiatives on behalf of KRA.
- ii. KRA will ensure that there is funding to sustain the assets acquired in the project.
- iii. KRA will ensure that trainings procured are in line with the corporate direction of the organisation.

(c) Environmental performance

A number of statutes and regulations will guide the environmental considerations These include:

- i. The EAC Customs Management Act 2004.The Act restricts the entry of restricted and prohibited goods into the country, as outlined in the Second and Third Schedules of the Act.
- ii. Environmental Law – EMCA, 1999 a key consideration here is the restrictions the environmental law places on disposal of unwanted products and e-waste, a key challenge in light of the growing automation of KRA activities and its attempts to adhere to the e-waste disposal guidelines.
- iii. Environmental Management and Coordination (Controlled Substances) Regulations, 2007 which regulates the production, trade and use of controlled substances and products.

Evidence as enshrined in the KRA's 8th Corporate Plan

Under the HoAGDP, KRA is yet to implement any activities requiring the above. We shall be updating this as we implement the project.

(d) Employee welfare

The hiring process in KRA is governed by the KRA Human Resource Policies (1st July 2023) interpreted in line with Kenya Labour Laws and other relevant regulations and legislations/Acts, and KRA complies with the gender and disability mainstreaming

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

policies. The policy is reviewed every three years and takes into account views from staff. The policy takes into account the improvement of employees' productivity through the systematic development of knowledge, skills and attitudes including Industrial attachment to enable students/attachées acquire knowledge and skills in a professional work setting through application of learnt skills in a given institution and Internships to enables interns to experience on-the-job training. Additionally, KRA has a competitive reward system for its employees in terms of the remuneration including allowances and benefits.

The HR policy on (OSHA 2007) has set minimum health and safety standards that will promote a conducive working environment and integrate health and safety principles and practices into the Authority's business strategies. The policy applies to all employees in the Authority. The Authority is committed to promoting and maintaining high standards of health and safety for employees, customers and the general public, in an endeavour to improve the working conditions of its employees.

During the implementation of the construction of the RRUs and OSBPs by the KeNHA on KRA's behalf, KRA shall ensure that the welfare of employees of the contractors and consultants are taken care of.

(e)Market place practices-

- i. Responsible Supply chain and supplier relations-
KRA conducts:
 - Supplier appraisal to gauge performance of supplier to gauge who needs help in procurement processes involved and then offers sensitizations to suppliers on a quarterly basis.
 - Supplier engagements especially where there are stalemates.
 - Has MoU with so Banks for agpo groups for LPO financing.
 - Post debriefing especially when bidders fail (not for all tenders).
 - Pre-bid to inform members what is expected for bidding.
 - Payment is within 60 days. For project contracts in other currencies, KRA engages National Treasury for allocation of budget in A&A.
- ii. Responsible ethical practices
 - KRA ensures that all staff have to declare a conflict of interest eg in procurement
 - evaluation, negotiations and must also declare gifts received associated to work.
 - There exists a Corruption Pretension Committee
 - Integrity assurance officers
 - And KRA staff are sensitized on National Values and corruption prevention.
- iii. Regulatory impact assessment
 - KRA adheres to provisions of article 201 of the Constitution of Kenya by ensuring public participation and information sharing.
 - There are Stakeholder engagement structures in the authority
 - There also exists a Customer experience framework in the Authority

(f) Community Engagements

KRA is yet to implement activities in Northern Eastern side of Kenya. Implementation of these activities will be done by KeNHA on behalf of KRA. However, KRA will be involved in public participation for land acquisition, the social infrastructure input that KeNHA will be implementing.

KRA will present an updated report on the community engagements once we start the implementation of the project in the region.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development 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.

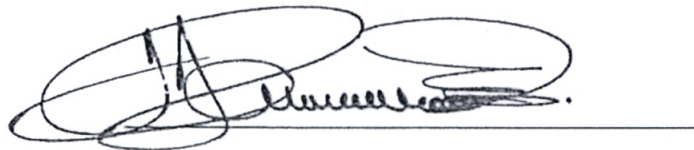
The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control. The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development 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

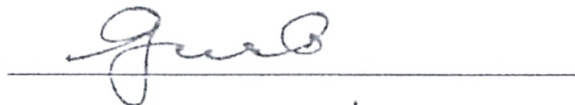
The Project financial statements were approved by the Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project and signed on

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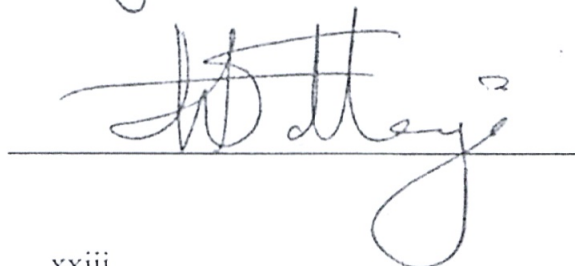
Josephat Omondi Project
Accountant: ICPAK
Member No. 3473



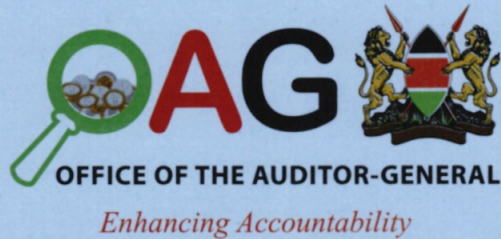
Lilian Nyawanda
Project Coordinator



Humphrey Wattanga
Project Sponsor



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REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (IDA CREDIT NO.6768-KE) FOR THE YEAR ENDED 30 JUNE, 2024-KENYA REVENUE AUTHORITY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project (IDA Credit No. 6768-KE) set out on pages 1 to 42, which comprise

Report of the Auditor General on Horn of Africa Gateway Development Project (IDA Credit No.6768-KE) for the year ended 30 June, 2024-Kenya Revenue Authority

of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Horn of Africa Gateway Development Project (IDA Credit No. 6768-KE) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Financing Agreement Credit No.6768 dated 7 October, 2020 between the Government of Kenya and International Development Association and the Subsidiary Grant Agreement between the Government of Kenya and the Kenya Revenue Authority dated 11 December, 2020 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 Horn of Africa Gateway Development Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Inconsistent Report on Project Overview

Review of the Project records revealed that the Project activity on supporting the implementation of the regional cargo monitoring for goods under customs control was implemented under the Project but the activity was originally budgeted and funded under the Eastern Africa Regional Transport, Trade and Development Facilitation Project. However, the strategic goal has not been disclosed in the Project financial statements. Further, evidence supporting the request, approval and budget reallocation for the activity between the two Projects was not provided for audit.

My report is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Project Management responsible for the other information set out on page (i) to (xxiii) which comprise of Project Information and Overall Performance, Management Discussion and Analysis, Environmental and Sustainability Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Horn of Africa Gateway Development Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, and I am required to report that fact.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Acquisition of Non-Financial Assets

The statement of receipts and payments reflects expenditure on acquisition of non-financial assets of Kshs.96,132,000 as disclosed in Note 8 to the financial statements. The amount includes a balance of Kshs.94,096,000 in respect of purchase of seven (7) motor vehicles. Review of Project records revealed that the project annual work plan included acquisition of seven (7) motor vehicles funded by counterpart funding (GOK) amount of Kshs.14,000,000 and donor funding of Kshs.86,000,000. However, the counterpart funding of Kshs.14,000,000 from GOK was not received and the Management utilized donor allocation designated for other Project activities towards the purchase of motor vehicle without approval from the Donor. Further, at the time of the audit, five (5) of the vehicles have been deployed to other activities not related to the Project.

In addition, the Project Management entered into an agreement for supply of four (4) motor vehicles at a cost of Kshs.47,341,380. The motor vehicles had not been delivered at the time of the audit. Information provided by management indicated that the purchase costs had exceeded the approved values in the master list and Management had sought approval for the new values. However, the Management did not explain why procurement had been initiated, processed and finalized for items whose costs exceeded the approved amounts leading to delays in delivery.

In the circumstances, Management was in breach of the law and value for money on cost of motor vehicles acquired could not be confirmed.

2. Irregular Purchase of Goods and Services

The statement of receipts and payments reflects expenditure on purchase of goods and services balance of Kshs.35,247,000 as disclosed in Note 6 to the financial statements. The amount includes expenditure on domestic travel and subsistence balance of Kshs.2,237,000, foreign travel and subsistence balance of Kshs.12,682,000 and other operating expenses balance of Kshs.2,463,000. Review of supporting documents revealed that officers with outstanding and un-accounted for imprests were issued with additional imprests before surrender of outstanding imprests for completed activities contrary to Regulation 93(4)(b) of the Public Finance Management (National Government) Regulations, 2015.

Further, the balance Includes foreign travel of Kshs.12,682,000 out of which Kshs.2,184,728 was paid as allowances to two (2) staff training on Rhetoric – The art of persuasion course at ESAMI Istanbul Turkey. However, audit review of no objection letter from the Bank dated 28 March 2028 indicated that the approved training was to be at Oxford Management Center which was changed without communication and approval of the Bank.

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

3. Unapproved Over Expenditure

Review of detailed project expenditure records revealed over expenditure of the following expenditure items;

Expenditure item	Final Budget (Kshs)	Actual Expenditure (Kshs)	Over expenditure (Kshs)	Percentage (%)
Training and bank charges	0	32,834,000	32,834,000	100
Land acquisition stakeholder engagement	0	2,037,000	2,037,000	100
Purchase of seven vehicles	73,841,000	94,096,000	20,255,000	27
Total			55,126,000	

Approval for over expenditure was not provided for audit.

In the circumstances, value for money on expenditure of Kshs.55,126,000 incurred above the approved budget could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association, 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 the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

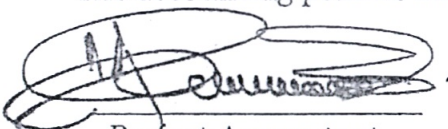
Nairobi

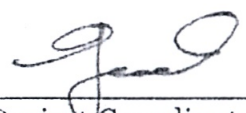
11 November, 2024

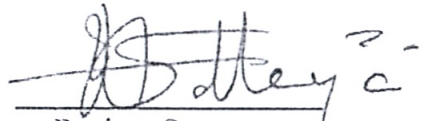
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2024

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cummulative
		2023/24			2022/23			
		KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
RECEIPTS								
Transfers from Government entities	1	10,000	-	10,000	-	-	-	10,000
Proceeds from domestic and foreign grants	2	19,653	-	19,653	5,193	-	5,193	149,061
Loan from external development partners	3	-	-	-	-	-	-	-
Miscellaneous receipts	4	-	-	-	-	-	-	-
TOTAL RECEIPTS		29,653	-	29,653	5,193	-	5,193	159,061
PAYMENTS								
Compensation of employees	5	-	-	-	-	-	-	-
Purchase of goods and services	6	35,247	-	35,247	13,656	-	13,656	49,201
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	96,132	-	96,132	-	-	-	-
Transfers to other government entities	9	-	-	-	-	-	-	96,132
TOTAL PAYMENTS		131,379	-	131,379	13,656	-	13,656	145,333
SURPLUS/ (DEFICIT)		(101,726)	-	(101,726)	(8,463)	-	(8,463)	13,728

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


Project Accountant
CPA. Josephat Omondi
ICPAK Member No: 3473

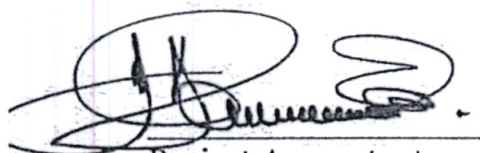

Project Coordinator
Lilian Nyawanda


Project Sponsor
Humphrey Wattanga

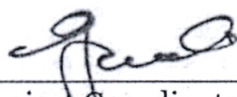
8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2024

	Note	2023/24	2022/23
		KShs '000'	KShs '000'
FINANCIAL ASSETS			
Cash and Cash Equivalents	11	13,728	115,454
Imprest and Advances	12	-	-
Total Financial Assets (A)		13,728	115,454
FINANCIAL LIABILITIES			
Third Party Deposits and Retention	13	-	-
Total Financial Liabilities (B)		-	-
NET FINANCIAL ASSETS (A-B)			
		13,728	115,454
REPRESENTED BY			
Fund balance b/fwd	14	115,454	123,917
Prior year adjustments	15	-	-
Surplus/(Deficit) for the period		(101,726)	(8,463)
NET FINANCIAL ASSETS		13,728	115,454

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



Project Accountant
 CPA. Josephat Omondi
 ICPAK Member Number: 3473



Project Coordinator
 Lilian Nyawanda

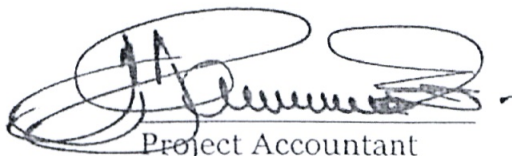


Project Sponsor
 Humphrey Wattanga

9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2024.

Description		2023/24	2022/23
Cashflow from operating activities	Note	KShs '000'	KShs '000'
Receipts			
Proceeds from domestic and foreign grants	2	29,653	5,193
Total Receipts		29,653	5,193
Payments			
Purchase of goods and services	6	(35,247)	(13,656)
Total Payments		(35,247)	(13,656)
Net Receipts/(Payments)		(5,594)	(8,463)
Adjustments during the period			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	16	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	17	-	-
Prior Year Adjustments	15	-	-
Net cash flow from operating activities		(5,594)	(8,463)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets- (Capital Work In Progress)	8	(96,132)	-
Net cash flows from Investing Activities		(96,132)	-
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(101,726)	(8,463)
Cash and cash equivalent at 1st July	11	115,454	123,917
Cash and cash equivalent at 30th June	11	13,728	115,454

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..... and signed by:



Project Accountant
CPA. Josephat Omondi
ICPAK Member Number: 3473



Project Coordinator
Lilian Nyawanda

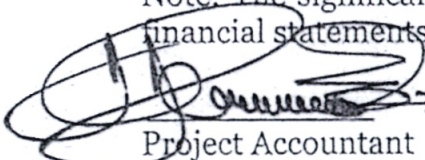



Project Sponsor
Humphrey Wattanga

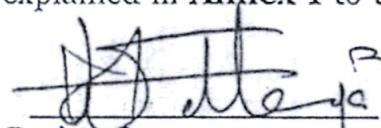
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2024

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 %
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Receipts						
Transfer from Government entities	10,000	-	10,000	10,000	-	100%
Proceeds from domestic and foreign grants	431,310	(357,469)	73,841	19,653	54,189	27%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	441,310	(357,469)	83,841	29,653	54,189	35%
Payments						
Purchase of goods and services						
a) Training & /Bank Charges (Including PPRA)	67,000	(67,000)	-	32,834	(32,834)	0%
b) Other Operating payments-GOK	10,000	-	10,000	2,412	7,588	(24%)
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
c) Land Acquisition Stakeholder Engagement	2,050	(2,050)	-	2,037	(2,037)	0%
d) Purchase of 7 Motor Vehicles-KRA	95,000	(21,159)	73,841	94,096	(20,255)	(127%)
e) Purchase of 4 Motor Vehicles-PPRA	39,000	(39,000)	-	-	-	0%
f) Purchase of Specialised Machinery (Enforcement Equips)	88,030	(88,030)	-	-	-	0%
g) Study of Trade Consultancy	70,000	(70,000)	-	-	-	0%
h) Consultancy of MAP II PPRA Procurement tool	40,000	(40,000)	-	-	-	0%
i) Development of MOU engagements	30,230	(30,230)	-	-	-	0%
Transfers to other government entities	-	-	-	-	-	-
Total Payments	441,310	(357,469)	83,841	131,379	(47,538)	(157%)

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


Project Accountant
CPA. Josephat Omondi
ICPAK Member Number: 3473


Project Coordinator
Lilian Nyawanda


Project Sponsor
Humphrey Wattanga

11. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Horn of Africa Gateway Development Project under National Government of Kenya. The financial statements are for the reporting entity Horn of Africa Gateway Development Project as required by Section 81 of PFM Act 2012 .

c) Reporting currency

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

d) Recognition of receipts

Horn of Africa Gateway Development Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

Transfer from Exchequer is 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.

ii) External Assistance

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

iii) Other receipts

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

Significant Accounting Policies (Continued)

iv) Donations and grants

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

v) Proceeds from borrowing

Borrowing includes 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.

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in

Significant Accounting Policies(Continued)

a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the National Bank of Kenya 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.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

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

i) Imprest and Advances

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

Significant Accounting Policies (Continued)

j) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

k) Contingent Assets

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

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' 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.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the

Significant Accounting Policies (Continued)

participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

n) Third party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

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

r) Prior period adjustments

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

12. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFER FROM GOVERNMENT ENTITIES

During the financial period to 30th June 2024, KRA was allocated 10 Million counterpart budget in the supplementary budget FY 2023/24 which was received in full from National Treasury on 21th Dec 2023 as disclosed in the table below:

Description	2023/24 KShs '000'	2022/23 KShs '000'	Cumulative to-date (from inception)
Counterpart funding through Ministry			
Counterpart funds	10,000	-	10,000
	-	-	-
Other transfers from government entities			
Ministry	-	-	-
Appropriations-in-Aid	-	-	-
Total	10,000	-	10,000

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the financial period to 30th June 2024, KRA received Kshs 19.6 Million grants from donors (World Bank-International Development Agency) as detailed in the table below:

Description	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total	
						2023/24	2022/23
						Euro '000'	KShs '000'
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
International Development Agency	25/09/2023, 04/04/2024	127	19,653	-	-	19,653	5,193
Grants Received from Local Individuals and organizations						-	-
Total		127	19,653	-	-	19,653	5,193

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

NOTES TO THE FINANCIAL STATEMENTS(Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the financial period to 30th June 2024 no loan was received from development partners

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs '000'	
					EURO '000'	KShs '000'
Loans Received from Bilateral Donors (Foreign Governments)		-	-	-	-	-
Loans Received from Multilateral Donors (International Organizations)		-	-	-	-	-
Total		-	-	-	-	-

4. MISCELLANEOUS RECEIPTS

During the financial period to 30th June 2024 no Miscellaneous receipts were received.

Description	2023/24			2022/23	Cumulative to- date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
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	-	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

NOTES TO THE FINANCIAL STATEMENTS(Continued)

5. COMPENSATION OF EMPLOYEES

During the financial period to 30th June 2024, no compensation costs was paid to employees because there were no employees that were assigned to the project on full time basis. The employee handling the project as per the roles & responsibilities indicated in item 1.6 above are Kenya Revenue Authority staff.

Description	2023/24			2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
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	-	-	-	-	-
Total	-	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

NOTES TO THE FINANCIAL STATEMENTS(Continued)

6. PURCHASE OF GOODS AND SERVICES

During the financial period to 30th June 2024. KRA made payment of:

- Kshs. 12.6 Million for capacity building training for KRA Officers & Project Implementation.
- Kshs 14.8 Million Domestic and Foreign Travel Payments.
- Kshs 5.1 Million Public Procurement Regulation Authority (PPRA) Trainings.
- Kshs 2.4 Million Operational expenses payments in relation to Domestic travel during quarterly review of project by World Bank.
- The Other Operating payments relate to per diem, Exchange rate differences & Bank Charges as disclosed in the table below:

Description	2023/24			2022/23	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	4,650	-	4,650	-	4,946
Foreign travel and subsistence	12,682	-	12,682	-	12,682
Printing, advertising and – information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	12,656	-	12,656	13,656	26,312
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services (Consultancy-PPRA Activities)	5,145	-	5,145	-	5,145
Other operating payments (Operating Expenses & Bank Charges)	2,463	-	2,463	0	2,465
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- – other assets	-	-	-	-	-
Exchange rate losses/gains (net)	64	-	64	-	64
Total	35,247		35,247	13,656	49,201

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

NOTES TO THE FINANCIAL STATEMENTS(Continued)

7. SOCIAL SECURITY BENEFITS

As disclosed in Note 9.7 above there were no employees assigned to the project thus no Social Security Benefits as disclosed in the table below:

Description	2023/24			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

8. ACQUISITION OF NON-FINANCIAL ASSETS

During the financial period to 30th June 2024. KRA made payment for:

- Kshs. 94 Million payments for 7 KRA Motor vehicles.
- Kshs 2 Million Domestic Payments and operation costs on facilitation of stakeholder engagement exercise on Land acquisition in the County of Meru as disclosed in the table below:

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-

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Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	94,096	-	94,096	-	94,096
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
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	-	-	-	-	-
Total	96,132	-	96,132	-	96,132

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
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NOTES TO THE FINANCIAL STATEMENTS(Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the financial period to 30th June 2024, no funds were transferred to other reporting government entities.

Description	2023/24			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Transfers to National Government entities					
Ministry	-	-	-	-	-
Project	-	-	-	-	-
Transfers to County Government					
County	-	-	-	-	-
County	-	-	-	-	-
TOTAL	-	-	-	-	-

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

During the financial period to 30th June 2024, no funds were transferred to Grants.

Description	2023/24			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
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NOTES TO THE FINANCIAL STATEMENTS(Continued)

11. CASH AND CASH EQUIVALENTS

Description	2023/24 KShs '000'	2022/23 KShs '000'
Bank accounts (Note 11A)	13,728	115,454
Cash in hand (Note)	-	-
Cash equivalents (short-term deposits) (Note 11 C)	-	-
Total	<u>13,728</u>	<u>115,454</u>

The Horn of Africa Gateway Development Project has one bank account denominated in Kenya Shillings as listed below.

As at 30th June 2024, KRA received a two disbursements from Donor i.e. Kshs. 15,887,737 (EURO 100,526 @158.05), Kshs. 3,765,135 (EURO 26,331 @142.99) totalling to Kshs. 19,652,872 (EURO 126,858). KRA also received a total of Kshs 10,000,000 from GOK (Counterpart) funds

The project has one bank account as shown below.

11. (A) Bank Accounts
Project Bank Accounts

Description	2023/24 KShs '000'	2022/23 KShs '000'
<u>Local Currency Accounts</u>		
National Bank of Kenya- A/C No 01071233555600	13,728	115,454
Total local currency balances	<u>13,728</u>	<u>115,454</u>
Total bank account balances	<u>13,728</u>	<u>115,454</u>

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Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2023/24	2022/23
	EURO '000'	EURO '000'
Central Bank of Kenya- A/C No 1000474831		
Opening balance	-	31
Total amount deposited in the account	925	7
Total amount withdrawn (as per Statement of Receipts & Payments)	(127)	(39)
Closing balance (as per SDA bank account reconciliation attached)	798	-

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

11 (B) Cash In Hand

During the financial period to 30th June 2024, there was no Cash on hand in the reporting period.

Description	2023/24	2022/23
	KShs '000'	KShs '000'
Time Towers	-	-
Total cash balances	≡	≡

11 (C) Cash equivalents (short-term deposits)

During the financial period to 30th June 2024, there were no Cash equivalents.

Description	2023/24	2022/23
	KShs '000'	KShs '000'
Time Towers	-	-
Total cash equivalents	≡	≡

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

12. IMPRESTS AND ADVANCES

During the financial period to 30th June 2024, there was no pending Imprests or Salary advances in the reporting period.

Description	2023/24 Kshs 000	2022/23 Kshs 000
Government Imprests	-	-
Salary advances	-	-
Total	-	-

12A: BREAKDOWN OF IMPRESTS AND ADVANCES

During the financial period to 30th June 2024, there were no outstanding Imprests or advances.

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	2023/24	2022/23
<i>None</i>	-	-	-	-	-
Total	-	-	-	-	-

13. THIRD- PARTY DEPOSITS AND RETENTION

During the financial period to 30th June 2024, there were no accounts payable.

Description	2023/24 KShs '000'		2022/23 KShs '000'	
Retention	-		-	
Deposits	-		-	
Total	-		-	
Ageing analysis:	2023/24	% of the Total	2022/23	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

14. FUND BALANCE BROUGHT FORWARD

During the financial period to 30th June 2024, there was balance brought forward of Kshs 115,453,932 in the Project account.

Description	2023/24 Kshs 000	2022/23 Kshs 000
Bank accounts	115,454	123,917
Cash in hand	-	-
Outstanding imprests and advances	-	-
Total	115,454	123,917

15. PRIOR YEAR ADJUSTMENT

During the financial period to 30th June 2024, there were no Prior year adjustments as disclosed in the table below:

Description of the error	Balance b/f FY 2023/24 as per Financial statements KShs '000'	Adjustments KShs '000'	Adjusted Balance c/f FY 2024/25 KShs '000'
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS(Continued)

16. CHANGES IN ACCOUNTS RECEIVABLES (IMPREST AND ADVANCES)

During the financial period to 30th June 2024, there were no accounts receivables

Description of the error	2023/24 KShs '000'	2022/23 KShs '000'
Opening Receivables as at 1 st July 2023	-	-
Closing account receivables as at 30 th June 2024	-	-
Changes in Imprest and Advances	-	-

17. CHANGES IN ACCOUNTS PAYABLES (DEPOSITS AND RETENTION)

During the financial period to 30th June 2024, there were no accounts payable- Deposits and retentions.

Description	2023/24 KShs '000'	2022/23 KShs '000'
Deposit and Retentions as at 1 st July 2023	-	-
Closing account payable as at 30 th June 2024	-	-
Changes in deposits and retention	-	-

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OTHER IMPORTANT DISCLOSURES

18. PENDING ACCOUNTS PAYABLE (See Annex 4A)

During the financial period to 30th June 2024, Invoices relating to Training that were completed end of June, were pending payments as disclosed in the table below. These have since been paid in in July FY 2024/25.

	Balance b/f As at July. 2023	Additions for the period	Paid during the Period	Balance c/f At end of period June 2024
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Eastern Southern Management Institute (Esami) – PPRA Trainings Invs 63832, 63833 & 68287	-	1,994	-	1,994
Humanitarian Peace Support School (HPSS) - INV 1432	-	3,688	-	3,688
Kenya Institute of Supply Management (KISM) – Inv SINV/24/38255	-	2,784	-	2,784
Kenya School of Government (KSG-Nairobi) – Inv SINVC NRBo4653	-	674	-	674
Kenya School of Government (KSG-Mombasa) – Inv SINV_MBSA 6922	-	39	-	39
Per diem – Esami training		747		747
Total	-	9,926		9,926

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OTHER IMPORTANT DISCLOSURES (Continued)

19. PENDING STAFF PAYABLES (See Annex 4B)

As disclosed in Note 5 above there were no any employees on a full time basis thus no Pending Staff Payables as disclosed in the table below:

	Balance b/f FY 2023/24	Additions for the Year	Paid during the year	Balance c/f FY 2024/25
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

20. OTHER PENDING PAYABLES (See Annex 4C)

During the financial period to 30th June 2024, there were no pending staff compensated on the project thus there were no staff bills.

	Balance b/f FY 2023/24	Additions for the Year	Paid during the year	Balance c/f FY 2024/25
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
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OTHER IMPORTANT DISCLOSURES (Continued)

21. External Assistance

During the financial period to 30th June 2024, there was no other external assistance toward this project in addition to the above disclosed loan from World Bank- International Development Agency

Description	2023/24 Kshs 000	2022/23 Kshs 000
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

Description	2023/24 Kshs 000	2022/23 Kshs 000
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	2023/24 KShs '000'	2022/23 KShs '000'
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
Total	-	-	-

c. Classes of providers of external assistance

Description	2023/24 KShs '000'	2022/23 KShs '000'
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

Description	2023/24 KShs '000'	2022/23 KShs '000'
Goods	-	-
Services	-	-
Total	-	-

e. Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES		
Description	2023/24 KShs '000'	2022/23 KShs '000'
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	-	-
TOTAL	-	-

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

During the financial period to 30th June 2024, there was no external assistance paid directly by third parties to settle obligations on behalf of Kenya Revenue Authority.

Description	2023/24 KShs '000'	2022/23 KShs '000'
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

22. Payments By Third Party on Behalf of The Project

During the financial period to 30th June 2024, no payments were done directly to suppliers on behalf of the project .

22.1 Classification by Source

Description	FY 2023/24 KShs '000'	FY 2022/23 KShs '000'
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
Total	-	-

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

Payments made by third parties Description	FY 2023/24 KShs '000'	FY 2022/23 KShs '000'
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

23. Related party transactions:

During the financial period to 30th June 2024, there was no related party transaction payments made.

Description	FY 2023/24	FY 2022/23
	KShs '000'	KShs '000'
Compensation to Key Management	-	-
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties	-	-
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
Total Transfers from related parties	-	-

24. Contingent Liabilities

During the financial period to 30th June 2024, there was no contingent liabilities

Contingent liabilities	FY 2023/2024	FY 2022/2023
	KShs '000'	KShs '000'
Court cases against the project	-	-
Bank guarantees in favour of other govt. entities	-	-
Contingent liabilities arising from PPPs/ donor agreements	-	-
Total		

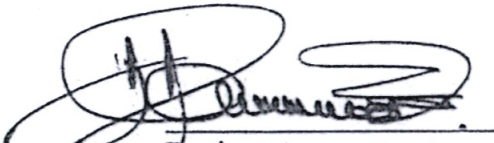
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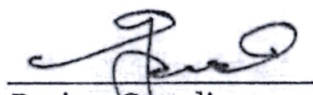
13. ANNEXES

ANNEX 1 - PRIOR YEAR AUDITOR- GENERAL RECOMMENDATIONS

The following is the summary of issues raised by the external auditor

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Timeframe: (Put a date when you expect the issue to be resolved)
	FY 2022-2023		
Other matters - 1	<p><u>Budgetary Control and Performance</u> The statement of comparison of budget and actual amounts reflects final receipts and actual on a comparable basis of Kshs 55,000,000 and Kshs 5,193,000 respectively resulting to an under-funding of Kshs 49,807,000 or 91% of the budget. Similarly, the Project spent a total of Kshs 13,656,000 against an approved budget of Kshs 55,000,000 resulting to an under-expenditure of Kshs 41,344,000 or 75% of the budget. Management attributed the underfunding and the under-expenditure to delayed implementatio of the Project du to Covid pandemic and delayed processing of no. of objections approvals by the World Bank. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>As at 30th June 2024, KRA utilized Kshs 131,379,000 out of Budget FY 2023/24 of Kshs 441,310,000 . Activities of total budget Kshs 147M were under procurement process most activity's procurement process was concluded in Qrt 4 of FY 2023/24 as detailed below and are currently under implementation to be paid by Qrt 2 FY 2024/25. During the year under review, the Authority undertook the following activities and implementation status is as per appendix below. World Bank approved KRA Work plan for the activities scheduled for FY 2023/24 Total of Kshs 489Million on 20th July 2023. The initial KRA's budget FY 2023/24 as at 1st July 2023 was 65Million which was insufficient as per the approved Work Plan. KRA requested for additional budget, which was increased to Kshs 441Million in the Supplementary II Budget in September 2023. The budget was further again reduced to Kshs 84Million in June 2024.</p>	Activity is still On-Going expected to be in December 2024


 Project Accountant
 CPA. Josephat Omondi
 ICPAK Member Number: 3473


 Project Coordinator
 Lilian Nyawanda


 Project Sponsor
 Humphrey Wattanga

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ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR CURRENT YEAR 2023/2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance(below 90% and over 100%)
	KShs '000'	KShs '000'	KShs '000'		
Receipts	a	b	c=a-b	d=b/a %	
Transfer from Government entities	10,000	10,000	-	100%	1) GOK Budget FY 2023/24 received in full
Proceeds from domestic and foreign grants	73,841	19,653	54,189	27%	2) KRA has requisitioned for funds Kshs 110M which were approved by WB on 26/06/2024. We are waiting for disbursement of the same from NT
Total Receipts	83,841	29,653	54,189	35%	
Payments					
Purchase of goods and services					
a) Training & Bank Charges (Including PPRA)	-	32,834	(32,834)	0%	3) WB No objection Approval for Annual Training Plan FY 2023/24 for KRA and PPRA already received. Implementation began in Qrt 4 FY 2023/24 to be completed Qrt 1 FY 2024/25. Budget was reduced in June. Utilised Balance b/f in Project account to pay
b) Other Operating payments-GOK	10,000	2,412	7,588	24%	4) 10M GOK funds being utilised on Operating costs on supervision,
Acquisition of non-financial assets	-	-	-	-	
c) Land Acquisition Stakeholder Engagement	-	2,037	(2,037)	0%	5) WB No objection Approval for Stakeholder engagement for Land Acquisition received, implemented and paid. Land allocated in Isiolo, Meru & Wajir. Budget was reduced in June. Utilised Balance b/f in Project account to pay
d) Purchase of 7 Motor Vehicles-KRA	73,841	94,096	(20,255)	127%	Delivered and paid. Budget was reduced in June. Utilised Balance b/f in Project account to pay
e) Purchase of 4 Motor Vehicles-PPRA	-	-	-	0%	6) Delivery of Motor vehicles to be completed and paid Qrt 1 FY 2024/25
f) Purchase of Specialised Machinery (Enforcement Equips)	-	-	-	0%	7) Tender was un-responsive. Procurement process to begin again Qrt 1 FY 2024/25
g) Study of Trade Consultancy	-	-	-	0%	8) Contract signed in June 2024. Implementation to be completed and paid Qrt 2 FY 2024/25
h) Consultancy of MAP II PPRA Procurement tool	-	-	-	0%	9) Procurement process complete in June 2024. Contract to be signed Qrt 1 FY 2024/25
i) Development of MOU engagements	-	-	-	0%	10) KRA reviewing existing MoUs between Kenya and Ethiopia, engagements ongoing with MoFA, IGAD and BCOCC.
Total Payments	83,841	131,379	(47,538)	157%	Activities of total budget Kshs 1.47M were under procurement process when the budget was revised downwards they were completed in June 2024 and are currently under implementation to be paid by Qrt 2 FY 2024/25. Funds b/f of 115M in project account was used to pay the due invoice

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ANNEX 4A - ANALYSIS OF PENDING BILLS

As at end of year 30th June 2024 Invoices relating to Training that were completed end of June, were pending payments as disclosed in the table below. These have since been paid in in July FY 2024/25.

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance June 2024	Outstanding Balance June 2023	Comments
	KShs '000'		KShs '000'	KShs '000'	KShs '000'	
	a	b	c	d=a-c		
Supply of Goods	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Supply of Services						
Eastern Southern Management Institute (Esami) – PPRA Trainings Invs 63632, 63833 & 68287	1,994	08.04.2024	-	2,039	-	The PPRA trainings at Esami were completed in June 2024. Have since received invoices and paid in July.
Humanitarian Peace Support School (HPSS) - INV 1432/May/2024	3,688	13.05.2024	-	3,688	-	The invoice for HPSS tuition fees were completed in June 2024. Have since received invoices and paid in July.
Kenya Institute of Supply Management (KISM) – Inv SINV/24/38255	2,784	29.04.2024	-	2,784	-	The invoice for KISM tuition fees were completed in June 2024. Have since received invoices and paid in July.
Kenya School of Government (KSG-Nairobi) – Inv SINVC NRBo4653	674	13.06.2024 20.06.2024 13.05.2024	-	674		The invoice for KSG tuition fees were completed in June 2024. Have since received invoices and paid in July.
Kenya School of Government (KSG-Mombasa) – Inv SINV_MBSA 6922	39	13.06.2024	-	39		The invoice for KSG tuition fees were completed in June 2024. Have since received invoices and paid in July.
Per diem Esami Training	747	12.05.2024		747		Per diem Paid through KRA main imprest reversed and paid in correct account in July
Sub-Total	9,926		-	9,926		
Grand Total	9,926		-	9,926		

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

ANNEX 4B - ANALYSIS OF PENDING STAFF BILLS

During the financial period to 30th June 2024, there were no pending staff compensated on the project thus there were no staff bills.

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023-2024	Outstanding Balance 2022-2023	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
None	-	-	-	-	-	-	
Sub-Total							
Permanent Employees – Others							
None	-	-	-	-	-	-	
Sub-Total							
Temporary employees							
None	-	-	-	-	-	-	
Sub-Total							
Others (specify)							
None	-	-	-	-	-	-	
Sub-Total	-	-	-	-	-	-	
Grand Total	-	-	-	-	-	-	

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

ANNEX 4C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2023-2024	Outstanding Balance 2022-2023	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) FY 2023/24	*Purchases/Additions (KShs) FY 2023/24	**Disposals (KShs) FY 2023/24	Transfers in/(out) Kshs FY 2023/24	Closing Cost (KShs) FY 2023/24
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c)+(-)d
	KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’	KShs ‘000’
Land	-	-	-	-	0
Buildings and structures	-	-	-	-	-
Transport equipment: Motor Vehicles KRA	-	94,096	-	-	94,096
Office equipment, furniture and fittings	-	-	-	-	-
ICT Equipment,	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Biological assets	-	-	-	-	-
Infrastructure assets roads,	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	-	-	-	-	-
Total	0	94,096	-	-	94,096

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

ANNEX: 7 REPORTING OF CLIMATE RELEVANT EXPENDITURE

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

Annex 8: Reporting Disaster Management Expenditure

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

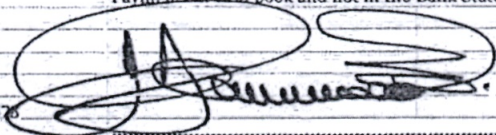
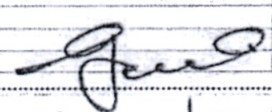
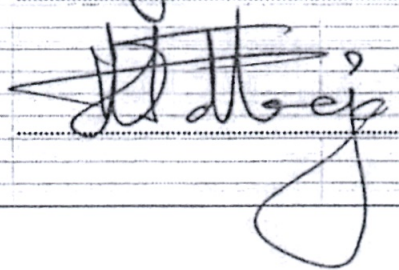
HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 9: OTHER SUPPORT DOCUMENTS

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance
- vi. KRA Trial Balance

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

APPENDIX ii- BANK RECONCILIATION STATEMENT FOR YEAR ENDED 30TH JUNE 2024

MINISTRY:	FINANCE		
IMPLEMENTING AGENCY	KENYA REVENUE AUTHORITY		
PROJECT NAME:	HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT		
IDA CREDIT:	No. 6768-KE		
REPORT:	Interim Financial Report (IFR)		
THIS SCHEDULE:	Bank Reconciliation Statement		
Bank and Branch	National Bank of Kenya Ltd - Times Tower Nairobi		
Account No.	1071233555600		
PERIOD OF REPORT:	Year ending 30th June 2024		
CURRENCY:	Kenya shilling		
	<u>Note.</u>	<u>Kshs</u>	<u>Kshs</u>
01/07/2023	Balance b/fwd		115,453,932
	Receipts	29,652,872	
	Interest		29,652,872
	Total Receipts		145,106,805
Less:			
	Bank charges as at 30/06/2024	49,682	
	Payments as at 30/06/2024	131,329,027.52	131,378,710
Add:	Unpresented cheque		
30/06/2024	Balance as per bank statement		13,728,095
KENYA REVENUE AUTHORITY		<u>Kshs</u>	<u>Kshs</u>
PROJECT A/C 01020014867900			
30/06/2024	Balance per Bank Statements		16,118,641
	Add:		
30/06/2024	Receipts in cash book not yet credited by Bank		
30/06/2024	Payments in Bank statement and not in the cash book		
	Deduct:		
30/06/2024	Cheques not debited by Bank (Unpresented cheques)		
30/06/2024	Payments in cash book and not in the Bank Statement	2,390,546	2,390,546
	Balance per Cash Book		13,728,095
Notes:			
CPA. Josephat Omondi			
Project Accountant - ICPAK Member No. 3478			
Lilian Nyawanda			
Project Coordinator			
Humphrey Wattanga			
Project Sponsor			
Commissioner General			

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

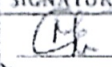


APPENDIX iii – BOARD OF SURVEY REPORT

BoS Report 0001

MEMORANDUM: THE NATIONAL SOCIETY
 IMPLEMENTING AGENCY: KENYA REVENUE AUTHORITY
 PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
 IDA CREDIT: NO. 5704KE
 REPORT: Bank Reconciliation Statement
 Bank and Branch: National Bank of Kenya Ltd., Times Tower Nairobi.
 Account No: 7700596670
 PERIOD OF REPORT: 30/06/2024

		KSh.	KSh.
01/06/2024	Balance b/fwd		114,793,478.65
	Receipts	221,422.00	
	Payments	(221,422.00)	
	Total Receipts	115,041,932.65	
Less:	Bank charges as at 30/06/2024	(98,922,292.75)	
	Payments as at 30/06/2024	98,922,292.75	
Add:	Unpresented cheques		-
31/06/2024	Balance as per bank statement		16,118,640.90

		KSh.	KSh.
30/06/2024	Balance per Bank Statement		16,118,640.90
Add:	Receipts in cash book not yet credited by bank	-	
30/06/2024	Payments in bank statement and not in the cash book	-	
Deficits:	Cheques not debited by Bank (Unpresented cheques)	2,390,346.18	
30/06/2024	Receipts in bank statement not in the cash book	-	2,390,346.18
Balance per Cash Book			13,728,294.72

	NAME	DESIGNATION	SIGNATURE	DATE
Prepared by:	George Ouya	Supervisor		03/07/2024
Alex Mwangi	Alex Mwangi	Asst. Manager		03/07/2024
Approved by:	Jacqueline Orango	Manager		30 July 2024

B.O.S.

THOMAS S. MAINA  03/07/2024 TEAM LEADER

JAMES M. MURRAY  03/07/2024

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

APPENDIX iii :BOARD OF SURVEY REPORT (CONTINUATION)


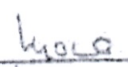
**National
Bank**

A Subsidiary of KCB Group PLC

02 JULY 2024

National Bank of Kenya Limited
Head Office, National Bank Building
Mombasa, Mombasa,
P.O. Box 72066 - 00200 Nairobi, Kenya
Tel: +254 (0) 20 - 2828000
Cell: +254 (0) 771 - 034000

Website: www.nationalbank.co.ke

KCA 30	Website: www.nationalbank.co.ke
<u>CERTIFICATE OF BALANCE</u>	
Certified that the balance of Current Account of KRA HQAGD A/C NO 01071233555600 as at 30.06.2024 is KSH. 16,118,640.90 Credit)	
Read: <i>Ksh Sixteen million one hundred eighteen thousand six hundred forty cents ninety. (Credit)</i>	
Examined by:  Customer Service	 Branch Operations Manager

B.O.S.

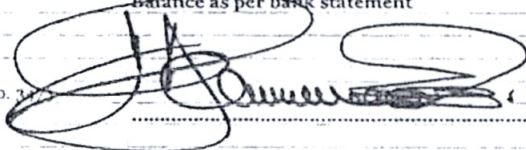
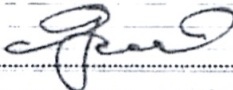
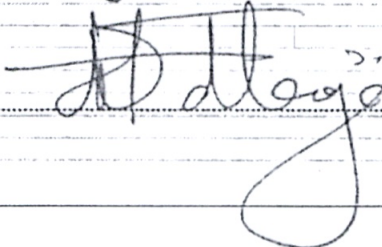
THOMAS S. MAINA  03/07/2024 TEAM LEADER

JAMES MATUNDA  03/07/2024 SECRETARY

Board of Directors: Mr. John Nyerere (Chairman), Mr. Paul Ross (Managing Director), Eng. Stanley Seregei, CPA, James M. Mutitu,
Ms. Eunice Mwangi, Gen. (Ret.) M. Ndlovu (Chairman), Mr. Nicholas Njiru

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

APPENDIX ii – BANK RECONCILIATION SPECIAL DEPOSIT ACCOUNT CENTRAL BANK OF KENYA FOR YEAR ENDED 30th JUNE 2024

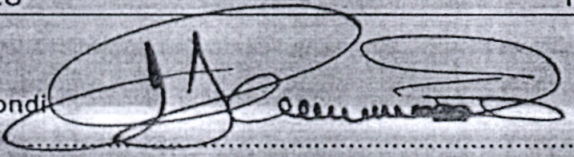
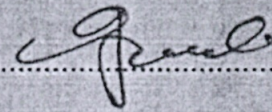
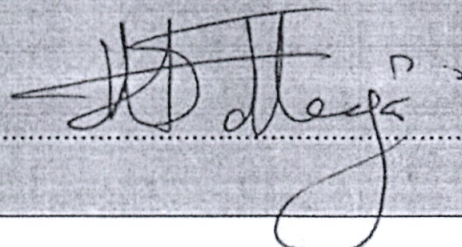
MINISTRY: IMPLEMENTING AGENCY: PROJECT NAME: IDA CREDIT: REPORT: THIS SCHEDULE: Bank and Branch: Account No.: PERIOD OF REPORT: CURRENCY:	KENYA REVENUE AUTHORITY HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT No. 6768-KE Interim Financial Report (IFR) Summary statement of receipts and expenditure Bank Reconciliation Statement Central Bank of Kenya LTD 1000474831 Year ending 30th June 2024 EURO	
Note. EURO EURO		
01/07/2023	Balance b/fwd	0
Add:	Receipts	925,390
	Interest	925,390
	Total Receipts	925,390
Less:	Payments as at 30/06/2024	126,852
	Unpresented cheque	126,852
30/06/2024	Balance as per bank statement	798,537
CPA. Josephat Omondi Project Accountant - ICPAK Member No. 3473		
Lilian Nyawanda Project Coordinator		
Humphrey Wattanga Project Sponsor Commissioner General		

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2024

APPENDIX iv – TRIAL BALANCE PROJECT

MINISTRY: FINANCE
IMPLEMENTING AGENCY: KENYA REVENUE AUTHORITY
PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
IDA CREDIT: NO. 6768-KE
REPORT: TRIAL BALANCE FOR YEAR 2023/2024

TRIAL BALANCE HORN OF AFRICA GATEWAY PROJECT AS AT 30TH JUNE 2024

GL Code	Item Description	2023/2024	
		<u>DR</u> (Kshs)	<u>CR</u> (Kshs)
ASSETS			
2210010	Bank Bal b/f		115,453,932.27
2210010 & 22103080	Funds Received in Year		29,652,178.35
2210010	Funds Paid Via Direct Payments in Year		-
13000250	Bank Bal c/d as at 30th June 2024	13,728,094.73	
Acquisition of non-financial assets			
10002010	Motor Vehicles	94,095,591.00	
10002010	Forklift	0.00	
10007010	Capital Working Progress	2,036,594.00	
Purchase of Goods & services			
60008010	Training	12,655,557.64	
60002020	Local Accomodation	17,331,426.18	
60024010	Bank Charges	49,682.36	
60006060	Consultancy- PPRA	5,145,091.90	
60024012	Exch Rate Diff	64,072.80	
TOTAL BALANCES		145,106,111	145,106,111
			0.01
CPA. Josephat Omondi			
Head of Finance		
Project Accountant - ICPAK Member No. 3473			
Lilian Nyawanda			
Project Coordinator		
Humphrey Wattanga			
Project Sponsor		
Commissioner General			