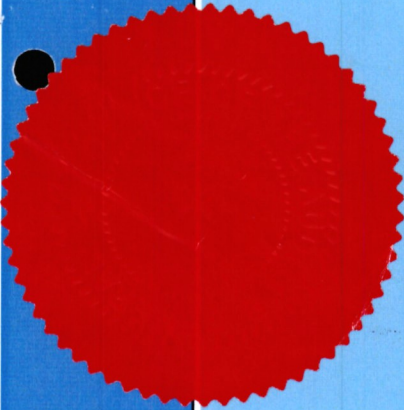



REPUBLIC OF KENYA



*Enhancing Accountability*



 <b>THE NATIONAL ASSEMBLY</b> PAPERS LAID	
DATE:	09 FEB 2022
	DAY: <b>Wed</b>
TABLED BY:	<b>WOM</b>
CLERK OF THE TABLE:	<b>Samuel Kalama</b>

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

OF

**THE AUDITOR-GENERAL**

ON

**KENYA AVIATION MODERNIZATION  
PROJECT (PREPARATION ADVANCE  
NO. V0440)**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**KENYA AIRPORTS AUTHORITY**

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

2 DEC 2021



**RECEIVED**  
Kenya Airports Authority

**KENYA AVIATION MODERNIZATION PROJECT (KAMP) / KENYA  
AVIATION SYSTEMS IMPROVEMENT PROJECT (KASIP)**

IMPLEMENTING ENTITY- KENYA AIRPORTS AUTHORITY

ADVANCE NUMBER No. V0440.

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

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

**KENYA AIRPORTS AUTHORITY**  
**KENYA AVIATION MODERNIZATION PROJECT (KAMP)/**  
**KENYA AVIATION SYSTEMS IMPROVEMENT PROJECT (KASIP)**  
**ANNUAL REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Project Name:** Kenya Aviation Modernization Project (KAMP).

**Objective:** To enhance Aviation Safety and Security to meet International Standards.

**Address:** The address of registered office is:

Kenya Airports Authority- Headquarters  
Airport North Road  
P. O. Box 19001-00501  
NAIROBI

Tel: +254-020-6822111/6611000/6612000  
Mobile: +254 722 205 061/2/3/4/5/6/7/8  
Email: [talk2us@kaa.go.ke](mailto:talk2us@kaa.go.ke), [info@kaa.go.ke](mailto:info@kaa.go.ke)  
[www.kaa.go.ke](http://www.kaa.go.ke)

**1.2 Project Information**

<b>Project Start Date</b>	10 <sup>th</sup> April 2017
<b>Project End Date</b>	Extended to 30 <sup>th</sup> November 2020
<b>Project Manager</b>	The Project Coordinator is Arch. Fred Odawo
<b>Project Sponsor</b>	The program sponsors are the Government of Kenya (GOK) and International Development Association (IDA)

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**1.3 Project Overview**

Line Ministry/State Department of the project	Ministry of Transport , Infrastructure, Housing and Urban Development
Project number	CR. NO. V0440-KE Consultancy services for Rehabilitation of JKIA Terminal IB, C & D Buildings
Strategic goals of the project	<b>The strategic goals of the project are as follows:</b> The project was formed to intervene in the following areas: (i) Increase Passenger Terminal Capacity at JKIA (ii) Improve Service Level
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> <li>• Upgrading and Expansion of existing Terminals I B, C &amp; D, including infill areas and creating Separation of departing and arriving passengers.</li> <li>• New apron control facility</li> <li>• Upgrading of landside infrastructure. Excluding access road but including upgrade of existing dual level curb road serving Terminal I B, C &amp; D but take due consideration of integration with the planned public transportation system(s);</li> <li>• Upgrading of airside infrastructure. This is will be limited to new aircraft stands and modifications to the existing stands serving Terminals I B, C &amp; D.</li> </ul>

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Other important background information of the project	<p>The IDA financed Kenya Aviation Modernization Project(KAMP)/ Kenya Aviation Systems Improvement Project (KASIP) Credit No V0440. The activities for which the Advance was provided consist of following parts”</p> <p>The designs services include the following:</p> <ol style="list-style-type: none"> <li>i. Airport planning</li> <li>ii. Architectural and Interior Design</li> <li>iii. Building Engineering (Structural Engineering, Mechanical &amp; Electrical Systems, HVAC, Plumbing and Drainage Power Supply; Electrical Mechanical conveying systems, escalators elevators etc</li> <li>iv. Special Airport Systems (Baggage Handling System, Passenger Boarding Bridges, Communication &amp; Security Systems, Fire Safety Engineering)</li> <li>v. Landside Infrastructure</li> <li>vi. Airside Infrastructure</li> <li>vii. Quantity Surveying</li> </ol>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> <li>(iii) Increase Passenger Terminal Capacity at JKIA</li> <li>(iv) Improve Service Level</li> </ol>
Project duration	The project started on 10 <sup>th</sup> April 2017 and the close date was extended to 30 <sup>th</sup> November 2020

#### 1.4 Bankers

The following are the bankers for the current year:

a) Special Deposit Accounts

CBK/GOK (K) TRANSPORT (CR. NO. V0440-KE)  
Central Bank of Kenya- Account No. 1000317892  
**NAIROBI**

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b) Local Project Accounts

Standard Chartered Bank of Kenya limited  
Kenyatta Avenue Branch  
P.O. Box 30001-00100  
NAIROBI.  
Tel: +254-020-329400

**1.5 Auditors**

The project is audited by the Auditor General

Auditor General  
Office of the Auditor General  
Anniversary Towers  
P. O. Box 30084-00100  
NAIROBI  
Tel: +254-20-335777

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**1.6 Roles and Responsibilities**

<b>Name and contact details</b>	<b>Title Designation</b>	<b>Key Qualification</b>	<b>Responsibilities</b>
Arch. Fred Odawo Fred.odawo@kaa.go.ke	Project Coordinator	Postgraduate diploma in Airport Engineering Bachelor's Degree in Architecture Corporate Member – Architectural Society of Kenya Associate Arbitrator.	Coordination of the day to day activities of the Program.
Patrick Chonde Patrick.chonde@kaa.go.ke	Ag. General Manager, Finance	MBA, Finance Bachelor of Commerce, Accounting option, Certified Public Accountant (CPA-K), Member of Institute of certified Public Accountants of Kenya International Airport Professional (IAP).	Responsible for the finance functions of the Program.
<b>Patrick Wanjuki</b> Patrick.wanjuki@kaa.go.ke	General Manager, Procurement & Logistics	Master's Degree in Public Procurement Law & Policy from the University of Nottingham, Bachelor of Law Degree Bachelor of Commerce Degree in Finance Post Graduate Diploma in Purchasing and Supplies Management, Post Graduate Diploma from the Kenya School of Law	Responsible for the management of the Procurement process of goods and services, and safety of the assets.

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<b>Name</b>	<b>Title Designation</b>	<b>Key Qualification</b>	<b>Responsibilities</b>
<b>Margaret Munene</b>	Ag. Corporation Secretary	Master of Arts, International Studies, Bachelor of Laws (LLB), Bachelor of Arts (Sociology), Certified Public Secretary (CPS-K), Advocate of the High Court, Commissioner for Oaths, Notary Public w.e.f 26/11/2020	Contracts approval and Management
Harrison Machio	General Manager Safety and Operations	MBA(Aviation) BA Hons (Political Science and Linguistics )	User
Carol Mwanzia	Manager Financial Accounting	MBA, B. Com and CPAK	Approves payment
Patrick Chonde	Ag. General Manager Finance	MBA, B. Com and CPAK	Approves payment and Manages budget
Martin Kamau	Head of Examination	BSc and CPAK	Examines the payment vouchers
Sammy Biwott	Project Accountant	BA and CPAK	Process project payments
Kenneth Juma	Budget Accountant	MBA, BSc and ICPAK	Prepares financial reports of the project

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**PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.7 Funding summary**

**A. Sources of Funds**

The Project is for a duration of 2 1/2 years from November 2016 to December 2019 with an approved budget of US\$ 5 Million equivalent to Kshs 500 Million as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2021)		Undrawn balance to date (30 <sup>th</sup> June 2021)	
	Donor currency US\$ Millions	Kshs Million	Donor currency US\$ Millions	Kshs Million	Donor currency US\$ Millions	Kshs Million
In “Millions”	(A)	(A)	(B)	(B)	(A)-(B)	(A)-(B)
<b>i) Loan</b>						
World Bank	5	500	4.53	453	0.47	47
<b>ii) Counterpart Funds</b>						
Government of Kenya	0.17	17	0.17	17	0.00	0
<b>Total</b>	<b>5.17</b>	<b>517</b>	<b>4.70</b>	<b>470</b>	<b>0.47</b>	<b>47</b>

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. APPLICATION OF FUNDS**

Source of funds	Amount received to date – (30 <sup>th</sup> June 2021)		Cumulative Amount paid to date-(30 <sup>th</sup> June 2021)		Undrawn balance to date (30 <sup>th</sup> June 2021)	
	Donor currency US\$ Millions	Kshs Million	Donor currency US\$ Millions	Kshs Million	Donor currency US\$ Millions	Kshs Million
In “Millions”	(A)	(A)	(B)	(B)	(A)-(B)	(A)-(B)
<b>i) Loan</b>						
World Bank	4.53	453	4.52	452	0.01	1
<b>ii) Counterpart Funds</b>						
Government of Kenya	0.17	17	0.17	17	0.00	0
<b>Total</b>	<b>4.70</b>	<b>470</b>	<b>4.69</b>	<b>469</b>	<b>0.01</b>	<b>1</b>

**1.8 Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for current year and for cumulative to-date,  
 During the year under review we received Kshs 81 million to finance the budget plus the funds which was in the project bank account. In addition the actual expenditure was Kshs 179 million against the budget of Kshs 180 million.
- ii) Physical progress based on outputs, outcomes and impacts since project commencement, The project was completed in 2020.
- iii) Comment on value-for-money achievements, Value for money was obtained as the work was completed as per the contract

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

iv) Indicate the absorption rate for each year since the commencement of the project.

<b>YEAR</b>	<b>BUDGET</b>	<b>PAYMENT</b>	<b>RATE OF ABSORPTION</b>
	<b>Kshs'000</b>	<b>Kshs'000</b>	<b>Kshs'000</b>
2017/2018	330,000	133,545	40%
2018/2019	325,000	101,114	31%
2019/2020	70,000	55,282	79%
2020/2021	180,000	178,979	99%

v) List the implementation challenges and recommended way forward.

- There were delays in obtaining No-objection from WB on variations thus affecting project completion;
- Budget for construction project not yet confirmed due to financial constraints, therefore the tendering for works is still pending. In this case tender documents will have to be revised to capture the actual tender details prior to floating tenders.

**Way forward**

- Prompt feedback from parties on project matters;
- Finalization of funding for the construction project to allow project commencement; and

**I.9 Summary of Project Compliance:**

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

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**2. 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.

Consultancy services for Rehabilitation of JKIA Terminal 1B, C & D Buildings was financed under KAMP Component A- **Enhance Aviation Security and Safety (Sub-component 1)**

The key development objectives of the plan is to complete detailed designs and tender documents for Rehabilitation of T 1 BC & D in order to facilitate construction project to:

- a) Increase Passenger Terminal Capacity at JKIA
- b) Improve Service Level

**Progress on attainment of Strategic development objectives**

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

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Consultancy services for Rehabilitation of JKIA Terminal 1B, C & D Buildings	Complete detailed designs and tender documents	Designs and tender documents completed	% Designs and tender documents completed and submitted	<b>The project was extended to 30<sup>th</sup> November 2020</b>

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**3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

The Project did not involve in any corporate social responsibility activities during the year under review.

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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Board of Directors of the Kenya Airports Authority and the Project Coordinator for Kenya Aviation Modernization Project (KAMP)/ Kenya Aviation Information System (KASIP) 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 2019/2020 ended on June 30, 2021. 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 Board of Directors of the Kenya Airports Authority and the Project Coordinator for Kenya Aviation Modernization Project (KAMP)/ Kenya Aviation Information System (KASIP) 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.

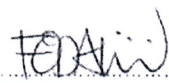
The Board of Directors of the Kenya Airports Authority and the Project Coordinator for Kenya Aviation Modernization Project (KAMP)/ Kenya Aviation Information System (KASIP) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/ 2020/21 ended June 30, 2021, and of the Project's financial position as at that date. The Board of Directors of the Kenya Airports Authority and the Project Coordinator for Kenya Aviation Modernization Project (KAMP)/ Kenya Aviation Information System (KASIP) 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 Board of Directors of the Kenya Airports Authority and the Project Coordinator for Kenya Aviation Modernization Project (KAMP)/ Kenya Aviation Information System (KASIP) 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 Board of Directors and the Project coordinator for Kenya Aviation Modernization Project (KAMP) on 24<sup>th</sup> September 2021 and signed by:

  
ALEX GITARI  
MANAGING DIRECTOR/CEO

  
FRED ODAWO  
PROJECT COORDINATOR

  
PATRICK CHONDE- ICPAK M/NO 2582  
AG. GENERAL MANAGER FINANCE

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA AVIATION MODERNIZATION PROJECT (PREPARATION ADVANCE NO. V0440) FOR THE YEAR ENDED 30 JUNE, 2021- KENYA AIRPORTS AUTHORITY**

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### 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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 Kenya Aviation Modernization Project set out on pages 1 to 17, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts and the special account statement for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Aviation Modernization Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Project Advance Agreement No.V0440 dated 24 October, 2016 between the International Development Association (IDA) and the Government of Kenya.

In addition, the special accounts statement presents fairly the special account transactions and the closing balance has been reconciled with the books of account.

### Basis for Opinion

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

### Key Audit Matters

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

### Other Matter

### Pending Bills

As disclosed under Note 11.9 to the financial statements, the Project had pending payables balance of Kshs.15,244,000 as at 30 June, 2021. Although Management has indicated that the outstanding claim was due to late submission of invoice by the Consultant, the Project is at risk of incurring significant interest costs and penalties with the continued delay in making payments.

Failure to settle bills during the year in which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year.

## 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 effect of the matter described in the Basis for 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**

#### **Consultancy Services for Rehabilitation of Jomo Kenyatta International Airport (JKIA) Terminal 1B, C and D Building**

Consultancy services for rehabilitation of JKIA Terminal 1B, C and D Building commenced on 10 April, 2017 with expected end date of 30 November, 2020 and an approved budget of Kshs.517,000,000. The consultancy service was completed, and the designs handed over to the Authority on 21 June, 2019. However, as at the time of audit in October, 2021, the Authority had not provided evidence showing measures taken to have the designs implemented.

Consequently, value for money may not have been achieved in view of delay in implementation of the designs.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether

*Report of the Auditor-General on Kenya Aviation Modernization Project (Preparation Advance No. V0440) for the year ended 30 June, 2021 - Kenya Airports Authority*

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 (IDA), I report based on my audit, that:

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

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


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

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

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

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

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

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**  
**Nairobi**

**30 November, 2021**

*Report of the Auditor-General on Kenya Aviation Modernization Project (Preparation Advance No. V0440) for the year ended 30 June, 2021 - Kenya Airports Authority*

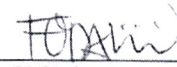
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**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2021**

	Note	2020/2021		2019/2020		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
<b>RECEIPTS</b>						
Receipts from counterpart funding	11.1					17,391
Loan from external development partners	11.2	81,357	-	0		452,655
<b>TOTAL RECEIPTS</b>		<b>81,357</b>	<b>-</b>	<b>0</b>		<b>470,046</b>
<b>PAYMENTS</b>						
Purchase of goods and services	11.3	178,979	-	55,282		468,907
Refund To World Bank	11.6	816				816
Refund To Treasury		1,795				1,795
Bank Charges		23	-	5		36
<b>TOTAL PAYMENTS</b>		<b>181,613</b>	<b>-</b>	<b>55,287</b>		<b>471,554</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(100,256)</b>	<b>-</b>	<b>(55,287)</b>		<b>(1,508)</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements. The financial statements were approved on 30<sup>th</sup> September 2021 and signed by:

  
 ALEX GITARI  
 MANAGING DIRECTOR/CEO

  
 FRED ODAWO  
 PROJECT CORDINATOR

  
 PATRICK CHONDE- ICPAK M/NO 2582  
 AG. GENERAL MANAGER FINANCE


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**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021**

	Note	2020/2021	2019/2020
		Kshs '000	KShs'000
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.5	0	98,576
<b>Total Cash and Cash Equivalents</b>		<b>0</b>	<b>98,576</b>
Accounts receivables			
KAA Refund to Project	11.4(a)	0	1,680
<b>Total Financial Assets</b>		<b>0</b>	<b>100,256</b>
<b>Current Liabilities</b>			
Project Refund to KAA	11.4 (b)	1,508	1,508
<b>TOTAL FINANCIAL ASSETS</b>		<b>(1,508)</b>	<b>98,748</b>
<b>REPRESENTED BY</b>			
Surplus b/fwd.		98,748	154,035
Surplus/(Deficit) for the year		(100,256)	(55,287)
<b>NET FINANCIAL POSITION</b>	<b>11,7</b>	<b>(1,508)</b>	<b>98,748</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24<sup>th</sup> September 2021 and signed by:

  
 ALEX GITARI  
 MANAGING DIRECTOR/CEO

  
 FRED ODAWO  
 PROJECT CORDINATOR

  
 PATRICK CHONDE- ICPAK M/NO 2582  
 AG. GENERAL MANAGER FINANCE

Date.....21/10/21

21<sup>st</sup> OCT 21

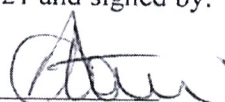
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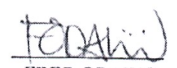
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**8. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2021**

		2020/2021	2019/2020
	Note	KShs '000	KShs'000
<b>Receipt for operating income</b>			
Transfer from counterpart funds		-	-
<b>Payment for operating expenses</b>			
Purchase of goods and services		(178,979)	(55,282)
Refund to World Bank		(816)	
Refund to Treasury		(1,795)	
Bank charges		(23)	(5)
<b>Net cash flow operating activities</b>		<b>(181,613)</b>	<b>(55,287)</b>
<b>Adjusted</b>			
Decrease (Increase )in receivables		1,680	(1,680)
Increase in payables		-	1,508
<b>Cash flows from investing activities</b>			
Acquisition of Non-Financial Assets			
<b>Net flows from investing activities</b>		<b>1,680</b>	<b>(172)</b>
<b>Cash flows from Financing activities</b>	11.3		
Proceeds from Loans/Grants Borrowings		81,357	-
<b>Net cash flow from financing activities</b>		<b>81,357</b>	<b>-</b>
Net increase in cash and cash equivalent	11.6	(98,576)	(55,459)
Cash and cash equivalent at the beginning of year		98,576	154,035
Cash and cash equivalent at the end of year		<b>0</b>	<b>98,576</b>

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 24<sup>th</sup> September 2021 and signed by:

  
 ALEX GITARI  
 MANAGING DIRECTOR/CEO

  
 FRED ODAWO  
 PROJECT CORDINATOR

  
 PATRICK CHONDE- ICPAK M/NO 2582  
 AG. GENERAL MANAGER FINANCE

Date... 22 Oct, 2021

21<sup>st</sup> OCT '21

22<sup>nd</sup> OCT, 21

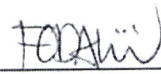
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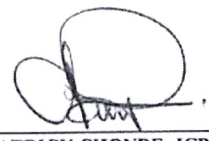
**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Loans from External Development Partners	150,000	30,000	180,000	81,357	98,643	55%
<b>Total Receipts</b>	<b>150,000</b>	<b>30,000</b>	<b>180,000</b>	<b>81,357</b>	<b>98,643</b>	<b>55%</b>
<b>Payments</b>						
Purchase of goods and services	150,000	30,000	180,000	178,979	1,021	99%
<b>Total Payments</b>	<b>150,000</b>	<b>30,000</b>	<b>180,000</b>	<b>178,979</b>	<b>1,021</b>	<b>99%</b>

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

  
 ALEX GITARI  
 MANAGING DIRECTOR/CEO

  
 FRED ODAWO  
 PROJECT COORDINATOR

  
 PATRICK CHONDE- ICPAK M/NO 2582  
 AG. GENERAL MANAGER FINANCE

Date: 21/10/21

21<sup>st</sup> OCT 21

21<sup>st</sup> OCT, 21

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## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Basis of Preparations**

#### **10.2 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with the Cash Basis method of Accounting under the International Public Sector Accounting Standard (IPSAS) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for receivables that include imptests and salary advances and by 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.

#### **10.3 Reporting entity**

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

##### **10.3.1 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.

#### **10.4 Significant Accounting Policies**

##### **a) Recognition of receipts**

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

##### **i) Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

##### **ii) External Assistance**

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

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**ii) 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.

**b) 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.

**c) 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.

**d) 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**

**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.

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**iv) Repayment of borrowing (principal amount)**

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

**v) Acquisition of fixed assets**

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

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

**f) In-kind donations**

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

**g) Cash and cash equivalents**

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

**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

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**h) Accounts receivable**

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

**i) 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.

**j) 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.

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**k) 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.

**l) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

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

**m) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments. During the year no loan disbursements were received in form of direct payments from third parties.

**n) Exchange rate differences**

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

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denominated in foreign currencies are recognized in the statements of receipts and payments.

**o) Comparative figures**

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

**p) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.

**q) Errors**

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

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**11. NOTES TO THE FINANCIAL STATEMENTS**

**11.1 RECEIPTS FROM GOVERNMENT OF KENYA**

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

	2020/2021	2019/2020
	KShs'000	KShs'000
<i>Receipts from Counterpart funding</i>		
Counterpart funding	-	-
	=	=
<b>Total</b>	<b>=</b>	<b>=</b>

**11.2 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2021 we received funding from development partners in form of loans and we also utilised the funds that was in the project bank account as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs'000	
			KShs'000	KShs'000	2020/2021	2019/2020
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>		A	B	C	D=B+C	
World Bank	30.09.2020	500,000	54,262		54,262	
World Bank	31.10.2020	250,000	27,094		27,094	
<b>Total</b>		<b>750,000</b>	<b>81,357</b>		<b>81,357</b>	

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**11.3 ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/2021			2019/2020	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
Consultancy Services	178,979		178,979	55,282	468,907
<b>Total</b>	<b>178,979</b>		<b>178,979</b>	<b>55,282</b>	<b>468,907</b>

The payment to the consultancy services as per the contract.

**11.4 (a) KAA Refund to Project Account**

	2020/2021	2019/2020
	KShs'000	Kshs'000
Balance	1,680	0
Refundable to Project	0	1,680
Refund to Project account for the year	1,680	
Balance	<b>0</b>	<b>1,680</b>

**11.4 (b) PROJECT ACCOUNT REFUND TO KAA**

	2020/2021	2019/2020
	KShs'000	Kshs'000
Balance of refund due to KAA Reinstated	1,508	47,182
Refunded to KAA		(49,244)
KAA refund to the project		3,570
<b>Total amount</b>	<b>1,508</b>	<b>1,508</b>

This relates to foreign exchange difference on the payments made by KAA to settle project bills

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**11.5 CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2020/2021	2019/2020
	KShs'000	KShs'000
Bank Account (Note 5.1A)	0	98,576
<b>Total amount</b>	<b>0</b>	<b>98,576</b>

The project has one project accounts spread within the project implementation area and one of foreign currency designated accounts managed by the National Treasury as listed below:

**11.5.A Bank Accounts**

**Project Bank Accounts**

	2020/2021	2019/2020
	KShs'000	KShs'000
<b><u>Local Currency Accounts</u></b>		
Standard Chartered Bank of Kenya [A/c No 0104098894800]	0	98,576
<b>Total local currency balances</b>	<b>0</b>	<b>98,576</b>
<b>Total bank account balances</b>	<b>0</b>	<b>98,576</b>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2021 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.

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**Special Deposit Accounts Movement Schedule**

	2020/2021	2019/2020
	KShs	KShs
<b>(i) Central Bank of Kenya A/C Name [A/c No 1000317892]</b>		
Opening balance	0	26
Total amount deposited in the account	-	
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>0</u>	<u>26</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<u>0</u>	<u>26</u>

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

**11.6 BANK CHARGES**

	2020/2021	2019/2020
	KShs'000	Kshs'000
Bank charges	23	5
<b>Total amount</b>	<b>23</b>	<b>5</b>

**11.7 FUND BALANCE BROUGHT FORWARD**

	2020/2021	2019/2020
	KShs'000	KShs'000
Bank balance	0	98,576
KAA Refund to Project		1,680
Project Refund to KAA	(1,508)	(1,508)
<b>Total</b>	<b>(1,508)</b>	<b>98,748</b>

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**11.8 PRIOR YEAR ADJUSTMENTS**

	Balance b/f FY 2020/2021 as per Financial statements	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs'000	Kshs'000
Purchase of goods and service		234,644
Refund to KAA		47,182
Cumulative Surplus		154,036
Cash Balance		154,036

**11.9 OTHER IMPORTANT DISCLOSURES**

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

	Balance b/f FY 2020/2021	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs 000	Kshs 000	Kshs 000
Consultancy Terminal T1BCD	194,223	178,979	15,244
<b>Total</b>	<b>194,223</b>	<b>178,979</b>	<b>15,244</b>

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


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Outstanding Disputed Claim</b></p> <p>An outstanding claim by the consultant but disputed by management as at 30<sup>th</sup> June 2019 amounted to Kshs 79,799,191 (USD 790,091). Management, management has indicated the claim as disputed having been disapprove by the Project Steering Committee. However there is no evidence of this having been communicated to the consultant. Consequently, the project is faced with penalties or legal action with the continued delay in settling the account.</p>	<p>Communication regarding Management decision on outstanding claim of USD 790,091 was communicated to the Consultant vide our letter Ref: KAA/ES/JKIA/824/C ON/B VOL.III (73) dated 24<sup>th</sup> March 2020 (See letter attached, Item 3-Claims)</p> <p>The Consultant confirmed receipt of our letter vide their letter Ref: PR-ADP-ALAL-LET-0046 dated 1<sup>st</sup> April 2020</p>	Arch. Fred Odawo	Resolved	


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		and noted the claims were disapproved. (See letter attached, Item 3). No other request on the claim has been received since then.			
1	<b>Budget Control and Performance</b> The statement of comparative budget and actual amounts indicates that the project realised all the approved budgeted receipts of Kshs 70,000,000. Similarly the statement reflects actual expenditure totalling kshs 55,282,000 resulting to an under expenditure of Kshs 14,718,000 or 11% of the budget.	The advance paid to contractor had been recognised as expenditure and therefore when the recovery of the same is done it is not reflected as expenditure and this why the Kshs 14 million was not part of the current expenditure.		Resolved	
2	<b>Pending bills</b> Pending payables of Kshs balance of Kshs 194,223,000	The pending bills were paid accordingly.			

  
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**ALEX GITARI**  
 MANAGING DIRECTOR/CEO

21/10/21  
 Date

  
 \_\_\_\_\_  
**FRED ODAWO**  
 PROJECT COORDINATOR

21st OCT 21  
 Date

KENYA AIRPORTS AUTHORITY WORLD BANK FUNDED PROJECT ACCOUNTS  
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**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	a	Actual on Comparable Basis	b	Budget Utilization Difference	c=a-b	% of Utilization	d=b/a %	Comments on Variance
<b>Receipts</b>									
Loans from external development partners	180,000		81,357		98,643		55%		The funds were available in project account
<b>Total Receipts</b>	<b>180,000</b>		<b>81,357</b>		<b>98,643</b>		<b>45%</b>		
<b>Payments</b>									
Purchase of goods and services	180,000		178,979		1,021		99%		
<b>Total payments</b>	<b>180,000</b>		<b>178,979</b>		<b>1,021</b>		<b>99%</b>		

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

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Comments
<b>Supply of goods and services</b>	a	b	c	d=a-c	
1. Consultancy Terminal T1BCD	463,335	Mar-17	448,091	15,244	
2. Variation	20,816		20,816	-	
<b>Grand Total</b>	<b>484,151</b>		<b>468,907</b>	<b>15,244</b>	

**APPENDICES**

- i. Bank Reconciliations
- ii. Bank Balance Confirmation
- iii. Special Deposit Account(s) reconciliation statement(s)