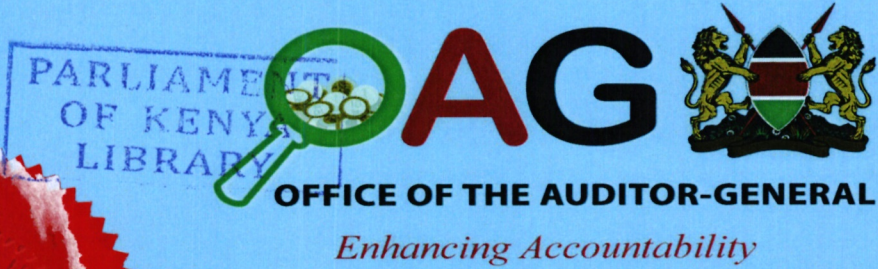


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REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 25 FEB 2021	DAY: Thursday
TABLED BY: LOM	
CLERK-AT THE TABLE:	Haima Seiman

THE AUDITOR-GENERAL

ON

**PUBLIC FINANCIAL MANAGEMENT
REFORMS PROGRAM
(CREDIT NO.6133-KE)**

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

THE NATIONAL TREASURY



Project Name: Public Financial Management Reforms Program

Implementing Entity: Public Financial Management Reforms Secretariat

**PROJECT GRANT/CREDIT NUMBER -DANIDA/FY06 / SIDA /51110081/GESDEK-
6133 /KDSP-5765**

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The Project's official name is Public Financial Management Reforms Programme.

Objective: The key objective of the project is to strengthen public financial management systems to enhance transparency, accountability and responsiveness of expenditure to policy priorities and improved service delivery.

Address: The project headquarters offices are in BIMA house Harambee Avenue 8th Floor Nairobi county Kenya.

The address of its registered office is:

Public Financial Management Reforms Secretariat,
 The National Treasury,
 P.O Box 30007-00100
 Nairobi
 Kenya.

Contacts: The following are the project contacts

Telephone: (+254) 020 252299
 E-mail: pfmsecretariat@treasury.go.ke
 Website: www.pfmr.go.ke

1.2 Project Information

Project Start Date:	The project start date is GESDeK/KDSP 01/06/2017 /DANIDA1/12/2016/1/7/20014
Project End Date:	The project end date is 30/06/2023-31/12/2020-31/12/2021
Project Coordinator:	The project Coordinator is Mr Julius K Mutua
Project Sponsor:	The project sponsors are Government of Kenya (GoK),The Government of Sweden , Royal Danish Embassy (RDE) and GESDeK Program.under GoK

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of The National Treasury.
Project number	Contribution ID NO: DANIDA/FY06 / SIDA /51110081/GESDEK-6133 /KDSP-5765
Strategic goals of the project	The strategic goals of the project are as follows: (i) To provide a public financial system that promotes transparency,

	<p>accountability, equity, fiscal discipline and efficiency in management and use of public resources for improved service delivery and economic development.</p> <p>(ii) To provide a political system that is issue based, people centered, result oriented and accountable to the public.</p>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p>(i) Prioritized Public Investments Formation of PIM unit and its guidelines</p> <p>(ii) Reliability of funding for service delivery UAT of cash management and exchequer systems</p> <p>(iii) Procurement Review of E-procurement strategy and road map with support from KADP, Amendment of the PPAD Act 2015, agreement stand alone</p> <p>(iv) Consolidating HR data Payroll and HR data consolidation Payroll interface with IFMIS in progress</p> <p>(v) Financial statements and external audit Consolidation of financial statements and review of quality F/S done New Audit methodology and checklist for compliance and manuals agreed and applied to MDS Timely submission of reports to Parliament</p> <p>(vi) Transparency and fiduciary assurance The Boost update with the F/Y/19/20 budget and actual</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) Strengthen Public Financial Management systems to enhance transparency and accountability</p> <p>(ii) Responsiveness of expenditure to policy priorities.</p>
Project duration	<p>The project started on 1st August 2006 and is expected to run until December 2023</p>

1.4 Bankers

The following are the bankers for the current year:

(i) Special Deposit Accounts

Barclays Bank of Kenya

Account Name: CBK/GoK PUFFINMTRFM FY06-06

Account Number: KENX022-7219475

P.O. Box 3247-00100

Nairobi.

(ii) Local Project Accounts

Kenya Commercial Bank

Account Name: Public Financial Management Reforms Secretariat

Account Number: 1102295264

KICC Branch

P.O. Box 46950-00100

Nairobi, Kenya

1.5 Auditors

The project is audited by the: -

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O Box 30084 Nairobi, Kenya

1.6 Roles and Responsibilities




The following is the team that is working on the project, the team is based in Nairobi Bima House building 8th Floor and team is responsible for the project management and coordination functions. The team comprises of the project coordinator and a team of technical officers. The team is also supported by other administrative staff.

Public Financial Management Reforms Secretariat
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For the financial year ended June 30, 2020

These key staff, who forms the project coordinating team that is involved in the day to day management of the project and its implementation are:

Names and contact details	Title designation	Key qualification	Responsibilities
 Julius Mutua 0725966650 Jkmutua@pfmt.go.ke	Program Coordinator	B. Com MA (Economics)	Coordination of the day to day activities of the program.
 Peter T Njoroge 0777404199 peter.njoroge@pfmt.go.ke	Program Manager	B.Sc.(Statistics) MSC (RDP) MBA(Strategy Mgt)	Management of the technical functions of the Program.
 CPA Lydia G Tsuma 0728855801 ltsuma@pfmt.go.ke	Project Financial Specialist	B. Com, MBA, CPA (K),CFA	Management of the Finance functions of the Program.

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Names and contact details	Title designation	Key qualification	Responsibilities
 <p>Andrew Welime 0720352614 welime.mabuto@pfmr.go.ke</p>	Project M&E Specialist	BED (Economics & Accounts) MA (Economics)	Overall monitoring of the physical progress and advising when the actual progress deviates from the planned.
 <p>Geoffrey Bett 0720475193 gkbett@pfmr.go.ke</p>	ICT Administrator	BSc. Information MA. Information system	Responsible for the management of the project information management system
 <p>Patricia Mambo 0721249503 Patricia.mambo@pfmr.go.ke</p>	Ag. Procurement Specialist	B.Com, MSc (Procurement and logistics) CIPS	Responsible for the procurement process of goods and services, and safety of the assets.

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1.7 Funding summary

The Project is for duration of 5 years from 2018 to 2023 with an approved budget of US\$ 65 Million equivalent to KShs 7 Billion as highlighted in the table below
Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 TH 06 2020)		Undrawn balance to date (30 TH 06 2020)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
DANIDA-DKK	-	93,000,000.00	-	-	-	93,000,000.00
(ii) Counterpart funds						
Government of Kenya		1,192,075,789.00	-	1,170,382,545.00	-	21,693,244.00
S						
Total	-	1,285,075,789.00	-	1,170,382,545.00	-	114,693,244.00

1.8 Summary of Overall Project Performance:

Consolidated	FY 19/20 Final Budget	Actual on comparable basis	% of Utilisation	FY 18/19 Budget	Actual on comparable basis	% of Utilisa
Receipts/Payments Item						
Receipts						
Receipts from GOK	52,075,789.00	30,382,545.00	58%	901,265,090.00	32,427,450.55	4%
GESDEK	1,233,000,000.00	1,140,000,000.00	92%	271,000,000.00	204,634,210.60	76%
Loan from External Development Partners	-	-		-	-	-
Miscellaneous receipts	-	25,602,563.25	100%	-	21,396,796.80	100%
Total Receipts	1,285,075,789.00	1,195,985,108.25	93%	1,172,265,090.00	258,458,457.95	22%
Payments						
Compensation of employees	35,800,000.00	26,062,919.96	73%	35,800,000.00	27,055,517.30	76%
Use of goods and services	1,122,001,209.65	348,984,815.50	31%	730,028,974.60	517,571,100.45	71%
Acquisition of Non-financial Assets	122,523,508.20	122,523,508.20	100%	403,306,105.10	403,306,105.10	100%
Transfers to Other Government Entities	-	-	-	-	-	-

Consolidated	FY 19/20 Final Budget	Actual on comparable basis	% of Utilisation	FY 18/19 Budget	Actual on comparable basis	% of Utilisation
Other Payments(bank charges)	4,751,071.15	4,751,071.15	100%	3,130,010.30	3,130,010.30	100%
Total Payments	1,285,075,789.00	502,322,314.81	39%	1,172,265,090.00	951,062,733.15	81%

1.9 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. In cases of inconsistency between the GOK Regulations and those of the donors, the country systems have to be fully applied. In conclusion, the planned activities were implemented within the stipulated time period as in the specified in the agreements.

(I) PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

Public Finance Management Reforms (PFMR) programme is a vehicle for hastened Public Financial Reforms in Kenya. The PFMR Secretariat is mandated to coordinate the PFMR reforms. The Secretariat is currently coordinating activities under various MDAs that have been funded by the World Bank (under the Governance for Enabling Service Deliver and Public Investment in Kenya (GESDeK) and Kenya Devolution Support Programme (KDSP) programmes. Recently, the AFD came on board to support delivery of some of the results under GESDeK. Royal Danish and Sweden Embassies are also supporting the reforms under their respective bilateral programs. Highlighted here below is a summary of achievements and challenges under the various programs in 2019/20 financial year:

PROGRAMME MANAGEMENT

The PFMR Strategy puts emphasis on involvement of stakeholders including National and County Government departments and Development Partners in its implementation. The institutions that play a key role in implementation of the Strategy include Results Teams, Lead Ministries, Departments and Agencies, Reform Authorizers and MDAs, Counties, Legislature and Broader Coalitions.

To coordinate these stakeholders effectively, the Strategy puts in place a high level PFM Steering Committee supported by a Technical Committee. Both the PFM Steering Committee and the

Technical Committee receive technical and administrative support from the PFM Reforms Secretariat. Donor engagement is strengthened and facilitated through interaction between the PFM Steering Committee and PFM Development Partners Forum under the PFM Sector Working Group. The Strategy has a results framework which guide monitoring and evaluation of the Strategy. Monitoring and evaluation of the Strategy will be coordinated by the PFMR Secretariat.

i. GOVERNANCE FOR ENHANCING SERVICE DELIVERY AND PUBLIC INVESTMENTS IN KENYA(GESDeK)

Project Description

The Program for Results (PforR) to strengthen Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK) is a GoK/World Bank/AFD funded programme. The programme started in 2017/18 and is expected to run for five years.

The GESDeK program is funded by the World Bank (WB) and the French Development Agency (AFD). The Bank is financing the program through a credit of USD 150million while the AFD co-finances through a credit facility amounting to EUR 30 million and a grant amount of EUR 1.5million. The Programme focuses on the following result areas: -

- Prioritized Public Investments Reliable Funding for Service Delivery and Public Investments
- Efficient and Transparent Procurement
- Consolidated Staff Data
- Timely and Quality Financial Statements and Audits
- Strengthened Fiduciary Assurance and Transparency

The Key Development Objective of the Programme

The objective of the programme is to improve utilization and transparency of resource management in selected service delivery Ministries, Departments and Agencies (MDAs). The objective is in line with the main strategic reforms objective of ensuring a public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development.

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Progress on attainment of strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Governance for Enabling Service Delivery and Public Investment in Kenya (GESDeK)	The objective of the programme is to improve utilization and transparency of resource management in selected service delivery Ministries, Departments and Agencies (MDAs)	A public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development	Prioritized Public Investments	<ul style="list-style-type: none"> • DLR 1a: PIM unit established in the National Treasury • DLR 1b: Approved PIM Manual and User Requirements for e-Promis which addresses key challenges in PIM including prioritization, costing and transparency
			Reliable Funding for Service Delivery and Public Investments	<ul style="list-style-type: none"> • DLR 2.1 a: UAT of cash management and exchequer systems • DLR2.1d: Annual exchequer releases to GoK capital budget allocations at least 92% of the approved budget
			Efficient and Transparent Procurement	<ul style="list-style-type: none"> • No DLI achieved
			Consolidated Staff Data	<ul style="list-style-type: none"> • No DLI achieved
			Timely and Quality Financial Statements and Audits	<ul style="list-style-type: none"> • DLI 5.1: Timely, Quality Assured, Financial Statements • DLR 5.2(a): Approval of audit codes that classify risk clusters to enable efficient targeting of audit resources

*Public Financial Management Reforms Secretariat
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

				<ul style="list-style-type: none"> • DLR 5.2(b) Enhanced audit methodology and Quality Assurance Framework Approved • DLR 5.2c: Percentage of MDAs whose financial statement audits have been completed within 3 months after OAG receipt of final financial statements using an improved methodology, undergone quality assurance • DLR 5.2d: Months between receipt by OAG of draft consolidated accounts from the NT to submission of national government audited accounts to Parliament
			Strengthened Fiduciary Assurance and Transparency	<ul style="list-style-type: none"> • DLR 6.2a: Complete Diagnostic Study of Internal Audit • DLR 6.2b: Updated manuals and QA framework for internal audit to strengthen assurance and risk management are in place

Challenges

The main challenge has been a slow awareness to result to urgency in implementation for achievement of the needed reforms. To this end, a communication Strategy for PFMR has been developed to increase awareness

The work plans for 2019/20 were finalized late. This affected the timely implementation of programme activities. The process of preparation, consolidation and approval of comprehensive PFMR strategy work plans needs to be expedited as a mechanism for disciplining program expenditures. Further, there is need to secure adequate budget allocations for the programme.

ii. KENYA DEVOLUTION SUPPORT PROGRAMME (KDSP)

Project Description

Kenya Devolution Support Programme (KDSP) is also a PforR World Bank funded Program. The programme has been ongoing for the last four years with the bulk of activities being at the county level as had been planned.

The key development objective of the programme

The programme development objective is to strengthen capacity of core national and county institutions to improve service delivery at the county level.

Progress on attainment of strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Kenya Devolution Support Programme	To strengthen capacity of core national and county institutions to improve service delivery at the county level.	improved county budgeting, revenue management; use of IFMIS; financial accounting, recording and reporting, procurement, and internal and external audit performance	Planned NT PFM capacity building activities are implemented according to annual implementation plan (DLI 5)	National Treasury implemented annual planned activities to strengthen nationwide frameworks and systems and to address county capacity gaps

Challenges

1. The COVID-19 pandemic caused a disruption to the implementation of the work plan for some activities scheduled for the third and fourth quarter.
2. Non-adherence by some department to submit their work plans and progress report on time to PFMR for consolidation and onward transmission to KDSP secretariat.
3. Poor costing of activities by agencies.
4. Lack of synergies among departments during implementation of work plans
5. Poor costing of activities by agencies.
6. Lack of synergies among departments during implementation of departments
7. All the counties were not submitting their consolidated procurement plans to the national treasury as required by law; some were only submitting the 30% extract to the PPRA;
8. The tenders for the target group were not separated during advertisement in most counties;
9. Most of the counties did not maintain a separate list of suppliers for the target groups;
10. Misinterpretation and lack of understanding of their roles on the implementation of preference and reservations scheme;
11. Monitoring & evaluation and capacity enhancement exercise to all the 47 counties was disrupted in the third quarter because of the pandemic.
12. Low participation by the PWDs in the registration of suppliers/the tendering process;
13. The Treasury Circulars on implementation of the preference and reservations released from time to time to the counties were not reaching the PFM staff in the counties;
14. The supply chain management staff at the county level did not have capacity to verify AGPO certificates submitted by the target groups for listing in the supplier's register;
15. There was high staff turnover within the counties whenever there was change in the executive; and,
16. All the 47 county assemblies were understaffed with supply chain management personnel;

iii. **THE ROYAL DANISH EMBASSY KENYA COUNTRY PROGRAMME 2016-2020**

Project Description

The Kenya Country Programme is a collaboration between the Government and the Danish Embassy. The programme supports the Office of the Auditor General (OAG), Office of the Controller of Budget (OCOB), Kenya Revenue Authority (KRA), and the National Treasury and Planning. Support to the National Treasury and Planning targets the Accounting Services Department (ASD), IFMIS Department, Internal Audit Department (IAD), Intergovernmental Fiscal Relations Department (IGFRD), Public Procurement Department (PPD), State Department of Planning and the PFMR Secretariat. The Programme aims to achieve the following five (5) objectives.

- i. Enhanced revenue collection
- ii. Accurate accessible and timely government wide financial information and reports with clear accountability
- iii. Accurate, user friendly and timely independent audit reports based on a risk based approach
- iv. Strengthened capacity for public procurement and disposal oversight
- v. A functional monitoring and evaluation framework for the PFMR strategy

The key development objective of the Programme

The Programme aims to achieve the following six (6) objectives:

- i. Enhanced revenue collection
- ii. Accurate accessible and timely government wide financial information and reports with clear accountability
- iii. Accurate, user friendly and timely independent audit reports based on a risk based approach
- iv. Strengthened capacity for public procurement and disposal oversight
- vi. A functional monitoring and evaluation framework for the PFMR strategy

Progress on attainment of strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Kenya Country Programme 2016-2020	(i) Enhanced revenue collection	A public finance system that promotes transparency, accountability, equity, fiscal discipline and efficiency in the management and use of public resources for improved service delivery and economic development	Taxes as a percentage of GDP	Taxes as a percentage of GDP stands at 17.7% in 2019/20
	(ii) Accurate accessible and timely government wide financial information and reports with clear accountability		Timely, accurate Horts covering both financial and non-financial data, consistent with PBB produced regularly	All MDAs and County Governments produce annual and semi-annual reports
	(iii) Accurate, user friendly and timely independent audit reports based on a risk based approach		Accurate , user friendly and timely independent audit reports	In 2019/20. 100% of Audits were using Rick Based Audit Methodology
	(iv) Strengthened capacity for public procurement and disposal oversight		Strengthened capacity for public procurement and disposal oversight	A draft e-Procurement Strategy and Roadmap prepared
	(v) A functional monitoring and evaluation framework for the PFMR Strategy		A functional monitoring and evaluation framework for the PFM Reforms Strategy in place	Quarterly and annual progress reports prepared

(II) CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

i. Environmental performance

The implementation of various Programme activities may entail procurement of electronic equipment including computers, tablets and related accessories. At end-of-life of the devices they are likely to lead to adverse impacts associated with e-waste generation. The Programme has put in place measures to ensure that all electronic devices are procured from suppliers that are credible, and all e-waste generated during the life of the operation is disposed of effectively. All the e-wastes generated by the program will be recaptured via a “Take Back Scheme” for recycling where these end-of-life devices will be delivered to facilities that recycle e-waste at minimal or no cost such as the East African Compliant Recycling Company. The Programme will use and follow the existing regulations and protocol provided for by the Environmental Management and Coordination Act 1999, (as amended in 2015), Waste Management regulations as well as draft e-waste management regulations including following an Environmental Code of Practice.

ii. Employee welfare

The Programme in the period under review has trained staff on public finance management reforms. This is meant to build capacity of staff to better coordinate and implement PFM reforms.

(III) STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** 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 (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

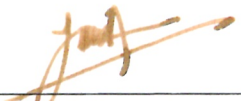
The **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** 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/period ended June 30, 2020, and of the Project's financial position as at that date. The **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** 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

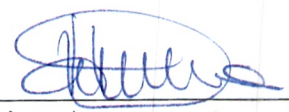
The Project financial statements were approved by the **Principal Secretary** to the National Treasury and the **Project Coordinator** for **Public Financial Management Reforms Secretariat** on _____ 2020 and signed by them.



Principal Secretary
Name: Dr Julius Muia, EBS



Project Coordinator
Name: Julius Mutua



Project Accountant:
Name: Lydia Tsuma
ICPAK Member Number:4237

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON PUBLIC FINANCIAL MANAGEMENT REFORMS PROGRAM (CREDIT NO.6133-KE) FOR THE YEAR ENDED 30 JUNE, 2020 – THE NATIONAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Public Financial Management Reforms Program set out on pages 1 to 28, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flow and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Public Financial Management Reforms Program as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.6133-KE dated 28 September, 2017 between the International Development Association (IDA) and the Government of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Bank Balances

As disclosed in Note 9.13A to the financial statements, the statement of financial assets and liabilities reflects bank balances of Kshs.1,436,982,430 as at 30 June, 2020. However, this balance does not include a sum of Kshs.21,151,077 relating to proceeds from encashment of a performance bond that was yet to be transferred into the Project bank account.

Consequently, the accuracy and fair statement of the reported bank balances of Kshs.1,436,982,430 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Financial Management Reforms Program 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 qualified opinion.

Key Audit Matters

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

Other Matter

Budget Control and Performance

The statement of comparative budget and actual amounts reflects actual receipts of Kshs.1,195,985,108 against budgeted receipts of Kshs.1,285,075,789 resulting in a shortfall of Kshs.89,090,681 or 9% of the total budget. The shortfall was mainly recorded under proceeds from domestic and foreign grants where actual receipts amounted to Kshs.1,140,000,000 against the budgeted receipts of Kshs.1,233,000,000 resulting in a shortfall of Kshs.93,000,000 or 8% of the budgeted receipts. Further, actual expenditure for the year amounted to Kshs.502,322,315 against the actual receipts of Kshs.1,195,985,108 resulting to under expenditure of Kshs.693,662,793, for which Management attributed to slow down in implementation of work plans due to the COVID 19 pandemic.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Contract for Supply, Delivery, Installation and Commissioning of Enterprise Data Warehouse and Business Intelligence Solution

The Kenya Revenue Authority (KRA), one of the implementing agencies, contracted for the supply, delivery, installation and commissioning of an enterprise data warehouse and

business intelligence solution. The contract was for a period of 18 months commencing 27 November, 2015 and ending 26 May, 2017. Review of the contract performance during the period revealed the following unsatisfactory issues: -

1.1. Failure to Charge and Recover Liquidated Damages

The contract was terminated on 24 January, 2020 for delays in delivery. However, contrary to the provisions of section (140) of the Public Procurement and Asset Disposal Act, 2015 and clause 3.17 of the general conditions of the contract which required the Program to charge default liquidated damages of 10% of the delayed goods and services accumulated to Kshs.59,385,238 (USD544,818.70) as at the date of termination, this had not been effected. The liquidated damages ought to have been charged on each certificate of performance and subsequently recovered from the contractor's payment certificates. No explanations were rendered for failure to recover.

The Program is in breach of the law to this extent.

1.2. Advance Payment

The contractor was paid an advance payment of Kshs.93,204,451 equivalent to USD904,898 on 18 December, 2015. However, after termination of contract on 24 January, 2020, only Kshs.21,151,077 had been recovered as at 30 June, 2020. The balance of Kshs.72,053,374 was still outstanding.

Consequently, the likelihood of loss of public resources due to non-recovery of the advance payment in contravention of Regulation 8(3)(t) and 8(3)(u) of the Public Procurement and Disposal Regulations, 2006 is high.

2. Staff Establishment

As previously reported, a number of program positions continue to remain vacant or not substantively filled as per the approved establishment. The positions of Programme Officer I and II (M&E) were however, overstaffed.

Consequently, Management is in breach of the approved establishment. This may impact on Program efficiency and effectiveness in use of public resources.

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 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 the International Development Association (IDA), I report based on my audit that: -

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Program, so far as appears from the examination of those records; and
- iii. The Program'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 such 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 controls, risk management and overall governance.

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

Management is also responsible for the submission of its 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 financial reporting process, reviewing the effectiveness of how the Program 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 overall

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Program'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 Program 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 Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL


Nairobi

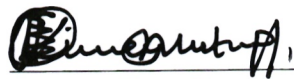
31 December, 2020

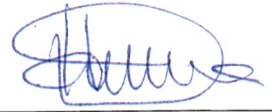
**(IV) STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED
30TH JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	9.3	1,170,382,545.00	-	32,427,450.55	-	1,202,809,995.55
Proceeds from domestic and foreign grants	9.4	-	-	204,634,210.60	-	204,634,210.60
Loan from external development partners	9.5	-	-	-	-	-
Miscellaneous receipts	9.6	25,602,563.25	-	21,396,796.80	-	46,999,360.05
TOTAL RECEIPTS		1,195,985,108.25	-	258,458,457.95	-	1,454,443,566.20
PAYMENTS						
Compensation of employees	9.7	26,062,919.96	-	27,055,517.30	-	53,118,437.26
Purchase of goods and services	9.8	348,984,815.50	-	517,571,100.45	-	866,555,915.95
Social security benefits	9.9	-	-	-	-	-
Acquisition of non-financial assets	9.10	122,523,508.20	-	403,306,105.10	-	525,829,613.30
Transfers to other government entities	9.11	-	-	-	-	-
Other grants and transfers and payments-Bank Charges & Taxes	9.12	4,751,071.15	-	3,130,010.30	-	7,881,081.45
TOTAL PAYMENTS		502,322,314.81	-	951,062,733.15	-	1,453,385,047.96
SURPLUS/(DEFICIT)		693,662,793.44	-	(692,604,275.20)	-	41,058,518.24

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


Principal Secretary
Name: Dr Julius Muia, EBS


Project Coordinator
Name: Julius Mutua


Project Accountant
Name: Lydia Tsuma
ICPAK Member No:4237

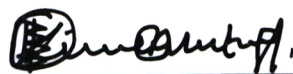
(V) STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.13.A	1,436,982,430.64	743,319,637.20
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents		1,436,982,430.64	743,319,637.20
Accounts receivables – Imprest and Advances	9.14 C	-	-
TOTAL FINANCIAL ASSETS		1,436,982,430.64	743,319,637.20
REPRESENTED BY			
Fund balance b/fwd	9.14	743,319,637.20	1,435,674,512.40
Prior year adjustments	9.15	-	249,400.00
Surplus/(Deficit) for the year		693,662,793.44	(692,604,275.20)
NET FINANCIAL POSITION		1,436,982,430.64	743,319,637.20

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



Principal Secretary
Name: Dr Julius Muia, EBS



Project Coordinator
Name: Julius Mutua

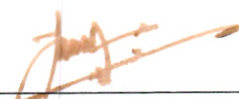


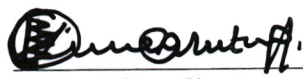
Project Accountant
Name: Lydia Tsuma
ICPAK Member No:4237

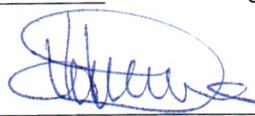
(VI) STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	9.3	1,170,382,545.00	32,427,450.55
Proceeds from domestic and foreign grants	9.4	-	204,634,210.60
Miscellaneous receipts	9.6	25,602,563.25	21,396,796.80
		1,195,985,108.25	258,458,457.95
Payments from operating activities			
Compensation of employees	9.7	-26,062,919.96	-27,055,517.30
Purchase of goods and services	9.8	-348,984,815.50	-517,571,100.45
Social security benefits	9.9	-	-
Transfers to other government entities	9.11	-	-
Other grants and transfers-Bank charges & Taxes	9.12	-4,751,071.15	-3,130,010.30
		-379,798,806.61	-547,756,628.05
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.16		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.17		
Prior Year Adjustments	9.15	-	249,400.00
Net cash flow from operating activities		816,186,301.64	(289,048,770.10)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.10	122,523,508.20	403,306,105.10
Net cash flows from Investing Activities		(122,523,508.20)	(403,306,105.10)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		693,662,793.44	(692,354,875.20)
Cash and cash equivalent at BEGINNING of the year		743,319,637.20	1,435,674,512.40
Cash and cash equivalent at END of the year		1,436,982,430.64	743,319,637.20

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 _____ 2020 and signed by:


Principal Secretary
Name: Dr Julius Muia, EBS

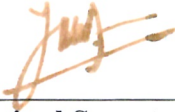

Project Coordinator
Name: Julius Mutua

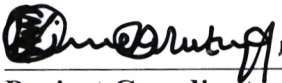

Project Accountant
Name: Lydia Tsuma
ICPAK Member No:4237

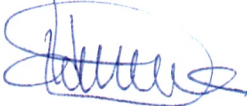
(VII) STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	54,219,318.00	-2,143,529.00	52,075,789.00	30,382,545.00	21,693,244.00	58%
Proceeds from domestic and foreign grants	1,233,000,000.00	-	1,233,000,000.00	1,140,000,000.00	93,000,000.00	92%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	25,602,563.25	-25,602,563.25	-100%
Total Receipts	1,287,219,318.00	-2,143,529.00	1,285,075,789.00	1,195,985,108.25	89,090,680.75	93%
Payments						
Compensation of employees	35,800,000.00	-	35,800,000.00	26,062,919.96	9,737,080.04	73%
Purchase of goods and services	1,124,144,738.65	-2,143,529.00	1,122,001,209.65	348,984,815.50	773,016,394.15	31%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	122,523,508.20	-	122,523,508.20	122,523,508.20	-	100%
Other grants and transfers	4,751,071.15	-	4,751,071.15	4,751,071.15	-	100%
Total Payments	1,287,219,318.00	-	1,285,075,789.00	502,322,314.81	782,753,474.19	39%

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


Principal Secretary
Name: Dr Julius Muia, EBS


Project Coordinator
Name: Julius Mutua


Project Accountant
Name: Lydia Tsuma
ICPAK Member No:4237

(VIII) NOTES TO THE FINANCIAL STATEMENTS

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

9.1 Basis of Preparation

9.1.1 Statement of compliance and basis of preparation

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

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

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

9.1.2 Reporting entity

The financial statements are for the *Public Financial Management Reforms Secretariat* under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3 Reporting currency

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

9.2 Significant Accounting Policies

• Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

- **Other receipts**

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

- a) **Recognition of payments**

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

- **Compensation of employees**

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

- **Use of goods and services**

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

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- **Acquisition of fixed assets**

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

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

b) 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.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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.

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

f) 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.

g) 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. During the year under review the PFMR did not incur any pending bills

h) 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.

i) 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 there were no loan disbursements received in form of direct payments from third parties.

j) Exchange rate differences

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

k) 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.

l) 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, 20XX.

m) Errors

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3 RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative
	KShs	KShs	to-date
<i>Counterpart funding through The National Treasury</i>			
Counterpart funds Quarter 1	15,191,272.50	16,213,725.25	31,404,997.75
Counterpart funds Quarter 2	15,191,272.50	16,213,725.30	31,404,997.80
Counterpart funds Quarter 3	-	-	
Counterpart funds Quarter 4	-	-	
	30,382,545.00	32,427,450.55	62,809,995.55
GESDeK			
Counterpart funds Quarter 1	570,000,000.00	-	
Counterpart funds Quarter 2	570,000,000.00	-	
Counterpart funds Quarter 3		-	
Counterpart funds Quarter 4		-	
	1,140,000,000.00	-	1,140,000,000.00
	<u>1,170,382,545.00</u>	<u>32,427,450.55</u>	<u>1,202,809,995.55</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

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

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Danida	-					-	204,684,210.60
SIDA	-					-	
							204,684,210.60
Grants Received from Multilateral Donors (International Organisations)							
Total						-	204,634,210.60

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

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

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)						
-	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)						
Total					-	-

9.6 MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	KShs	KShs	KShs		
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	25,602,563.25	-	25,602,563.25	21,396,796.80	46,999,360.05
	<u>25,602,563.25</u>	<u>=</u>	<u>25,602,563.25</u>	<u>21,396,796.80</u>	<u>46,999,360.05</u>

[Other receipts represent interest earned during the year under review from Kenya Commercial Bank]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7 COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	26,062,919.96	-	26,062,919.96	27,055,517.30	53,118,437.26
Total	<u>26,062,919.96</u>	=	<u>26,062,919.96</u>	<u>27,055,517.30</u>	<u>53,118,437.26</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8 PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	168,000.00	-	168,000.00	685,155.94	853,155.94
Communication, supplies and services	118,000.00	-	118,000.00	454,000.00	572,000.00
Domestic travel and subsistence	19,733,189.00	-	19,733,189.00	27,277,082.25	47,010,271.25
Subsistence Allowance	117,403,165.00	-	117,403,165.00	64,775,072.34	182,178,237.34
Foreign travel and subsistence	20,872,311.80	-	20,872,311.80	-	20,872,311.80
Printing, advertising and – information supplies & services	2,669,396.00	-	2,669,396.00	833,566.00	3,502,962.00
Training payments	62,268,276.31	-	62,268,276.31	254,829,062.52	317,097,338.83
Hospitality supplies and services	1,953,567.95	-	1,953,567.95	2,386,830.00	4,340,397.95
Other operating Expenses	503,564.27	-	503,564.27	932,409.00	1,435,973.27
Purchase of office furniture	65,000.00	-	65,000.00	-	65,000.00
Production	=	=	=	3,466,707.00	3,466,707.00
Consultancy services	118,360,345.17	=	118,360,345.17	161,931,215.40	280,291,560.57
Temporary Committees	4,870,000.00	-	4,870,000.00	-	4,870,000.00
Total	348,984,815.50		348,984,815.50	517,571,100.45	866,555,915.95

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9 SOCIAL SECURITY BENEFITS

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

9.10 ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of office furniture & general equipment		-		3,292,000.0	3,292,000.00
Purchase of ICT ,other IT Equipment and servers	97,974,189.70	-	97,974,189.70	400,014,105.10	497,988,294.80
Purchase of Softwares	24,549,318.50	-	24,549,318.50	-	24,549,318.50
Total	<u>122,523,508.20</u>		<u>122,523,508.20</u>	<u>403,306,105.10</u>	<u>525,829,613.30</u>

[Purchase of computers by various agencies and licences by Auditor General is disclosed as non-financial assets because of materiality and ease of verification]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11 TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

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

[The PFMR project did not transfer any funds to government entity]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12 OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Miscellaneous payments	4,751,071.15	-	4,751,071.15	3,130,010.30	7,881,081.45
Total	<u>4,751,071.15</u>	=	<u>4,751,071.15</u>	<u>3,130,010.30</u>	<u>7,881,081.45</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13 CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 10.13A)	1,436,982,430.64	743,319,637.20
Cash in hand (Note 10. 13B)	-	-
Cash equivalents (short-term deposits) (Note 10.13C)	-	-
Total	<u>1,436,982,430.64</u>	<u>743,319,637.20</u>

The project has one (1) project account spread within the project implementation area and one (1) number of foreign currency designated accounts managed by the National Treasury as listed below:

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
	-	-
Total Foreign Currency balances	≡	≡
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No 1102295264]	1,436,982,430.64	743,319,637.20
Total local currency balances	<u>1,436,982,430.64</u>	<u>743,319,637.20</u>
Total bank account balances	<u>1,436,982,430.64</u>	<u>743,319,637.20</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2020 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

	2019/20	2018/19
	USD	USD
(i) CBK/GoK PPUBFINMGTRFMY 06-10 MAIN [A/c No.KENX0227219475]		
Opening balance	-	-
Total amount deposited in the account	889,417.92	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
	-	-
Closing balance (as per SDA bank account reconciliation attached)	889,417.92	=
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

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

9.13B Cash In Hand

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

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

9.14C OUTSTANDING IMPRESTS AND ADVANCES

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2020	Balance 2019
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
Total	=	=	=	=	=

All imprests issued during the year were all surrendered

9.14 FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	743,319,637.20	1,435,674,512.40
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	743,319,637.20	1,435,674,512.40

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.15 PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2019/2020 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

There project had no prior year adjustment

9.16 CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	249,400.00	-
Imprest issued during the year (B)	104,039,915.00	-
Imprest surrendered during the Year (C)	104,039,915.00	-
Net changes in account receivables D= A+B-C	104,289,315.00	-

9.17 CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

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

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE

The Project did not have any pending bills during the year under review

10.2 PENDING STAFF PAYABLES

The Project did not have any pending bills during the year under review

10.3 OTHER PENDING PAYABLES

The Project did not have any pending bills during the year under review

OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

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

a) The project did not receive any External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) There were no Undrawn external assistance

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

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c. Classes of providers of external assistance

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

OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
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	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

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

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

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

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

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	<p>1a.Project comparison of budgeted receipts of 1,172,265,090.00 against the actual of 258,458,457.95 received resulting in 22% deficit.</p> <p>b. Late approval of work plans</p>	<p>The project rolled over funds from F/Y 17/18 and used the funds to cater for expenditures in the year under review which was approved through article 223 of the Kenyan constitution.</p> <p>b.the late approval of work plan by JTC was occasioned by late approval of supplementary budget which is the only document that authorizes expenditure .The project took note of the same in the current year all the work plans were approved by JTC on time</p>	<p>Lydia Tsuma Financial Specialist</p> <p>Julius Mutua Program coordinator</p>	RESOLVED	RESOLVED
4.2	Poor management of assets(missing laptop and motor vehicles)	<p>A .All the laptops were availed to the Auditors for verification</p> <p>b. the 2 idle motor vehicles have since</p>	PHILIP KAKIRO	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)
		been taken over by The National Treasury			
4.3	Asset Tagging and coding	The tagging of Asset was to be undertaken within the financial year under review whoever due to the COVID 19 pandemic the tagging has been budgeted for in 20/21 FY budget	PATRICIA MAMBO	Partially resolved	By 30 th June 2020
4.6	Human Capacity Shortfall	The positions that were vacant during the financial year under review have remained vacant the project coordinator is still in the process of addressing the human resource gaps	Julius Mutua-Program coordinator	Partially resolved	30 th June 2020
4.7	Procurement of scanners by OCOB without passing through ICT	The scanners procured by OCOB were not included on the ICT framework contract therefore they opted to use request for quotation method of procurement However the management advised the OCOB to consult the ICT ministry on any future ICT equipment purchases. The			

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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)
		OCOB has since complied			

Jung

Principal Secretary

30/9/2020

Date

Bin Amrifa

Project Coordinator

30/09/2020

Date

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Receipts from Government entities	52,075,789.00	30,382,545.00	21,693,244.00	58%	The Project did not receive GoK Exchequer for Quarter 3 & 4
Proceeds from domestic and foreign grants	1,233,000,000.00	1,140,000,000.00	93,000,000.00	92%	The exchequer of 93m was not released by RMD by the closure of FY19/20
Miscellaneous receipts	-	25,602,563.25	25,602,563.25	-100%	Interest accrued on PFMR account in commercial bank
Total Receipts	1,285,075,789.00	1,195,985,108.25	89,090,680.75	93%	
Payments					
Compensation of employees	35,800,000.00	26,062,919.96	9,737,080.04	73%	Some positions still vacant
Purchase of goods and services	1,122,001,209.65	348,984,815.50	773,016,394.15	31%	COVID19 Pandemic slowed down implementation of work plans
Acquisition of non-financial assets	122,523,508.20	122,523,508.20	-	100%	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	4,751,071.15	4,751,071.15	-	100%	
Total payments	1,285,075,789.00	502,322,314.81	782,753,474.19	39%	COVID19 Pandemic slowed down implementation of work plans

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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	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	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							

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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of office furniture & general equipment		-		3,292,000.0	3,292,000.00
Purchase of ICT ,other IT Equipment and servers	97,974,189.70	-	97,974,189.70	400,014,105.10	497,988,294.80
Purchase of Softwares	24,549,318.50	-	24,549,318.50	-	24,549,318.50
Total	<u>122,523,508.20</u>		<u>122,523,508.20</u>	<u>403,306,105.10</u>	<u>525,829,613.30</u>

ANNEX 4 – STATEMENT OF COMPARATIVE BUDGET AND ACTUAL EXPENDITURE AS PER RESULT AREA GESDeK

	Final Budget	Actual Expenditure on Comparable Basis	Budget Difference	Utilization % of Utilization
	a	b	c=a-b	d=b/a %
Receipts				
Aggregate Fiscal Management, Public Investment, Planning And Budgeting	155,000,000.00	23,785,694.80	131,214,305.20	15%
Financial Management and Procurement	309,581,000.00	46,193,221.65	263,387,778.35	15%
External Audit and Oversight	105,000,000.00	79,883,701.50	25,116,298.50	76%
Human Resource Management and Payroll	165,000,000.00	95,180,126.66	69,819,873.34	58%
Revenue Mobilization and Intergovernmental Fiscal Relations	30,000,000.00	14,495,551.00	15,504,449.00	48%
PFM Coordination Strengthening in MDAs and Counties	127,419,000.00	21,582,533.82	105,836,466.18	17%
Total Receipts	892,000,000.00	281,120,829.43	610,879,170.57	32%

ANNEX 4 – STATEMENT OF COMPARATIVE BUDGET AND ACTUAL EXPENDITURE AS PER RESULT AREA KDSP

	Final Budget	Actual Expenditure on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a-b	d=b/a %
Receipts				
Aggregate Fiscal Management, Public Investment ,Planning And Budgeting	20,000,000.00	-	20,000,000.00	0%
Financial Management and Procurement	193,000,000.00	40,255,265.60	152,744,734.40	21%
Revenue Mobilization And Intergovernmental Fiscal Relations	5,000,000.00	4,889,510.00	110,490.00	-98%
PFM Coordination Strengthening in MDAs and Counties	30,000,000.00	1,457,900.00	28,542,100.00	5%
Total Receipts	248,000,000.00	46,602,675.60	201,397,324.40	93%

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APPENDICES

- i. Bank Reconciliations
- ii. Cash Count Certificate
- iii. Special Deposit Account(s) reconciliation statement(s)

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Bank Reconciliation as 30TH JUNE 2020			
			KSHS.
BALANCE AS PER BANK STATEMENT:			1,546,264,414.70
CASH IN HAND			
			1,546,264,414.70
ADD:			
1. Payments in bank statement not in cashbook:			
6/5/2020	Correction of interest		986.95
TOTAL			986.95
2. Receipts in cashbook not in bank statement			
TOTAL			
TOTALS 1 & 2			986.95
			1,546,265,401.65
LESS			
3. Payment in cashbook not in bank statement			
(Unpresented cheques)			
5/3/2020	JOSEPH RONO	8190	231,000.00
27/05/2020	NITA NET	8640	131,689.00
4/6/2020	ICEA LION	8341	3,139.00
30/06/2020	Kipevu Restaurant vat	8345	750.00
30/06/2020	Kipevu Restaurant	8347	8,550.00
30/06/2020	Kipevu Restaurant	8347	34,200.00
30/06/2020	Kipevu Restaurant	8346	89,900.00
30/06/2020	Kipevu Restaurant	8348	8,700.00
30/06/2020	Kipevu Restaurant	8349	8,700.00
30/06/2020	Kipevu Restaurant	8441	9,800.00
30/06/2020	North Coast Beach Hotel	8442	8,369.00
30/06/2020	North Coast Beach Hotel	8443	476,981.00
30/06/2020	Harmony Solutions	8444	2,129,760.00
30/06/2020	Waithaka Nganga	8445	800.00
30/06/2020	Welime Mabuto	8445	800.00
30/06/2020	Julius Mutua	8445	2,900.00
30/06/2020	Harmony Solutions	8446	569,772.00
30/06/2020	Kisumu Hotel	8667	647,500.00
30/06/2020	Kipevu Restaurant vat	8668	5,540.00
30/06/2020	Kipevu Restaurant net	8669	9,120.00
30/06/2020	Kipevu Restaurant net	8669	276,450.00
30/06/2020	Kipevu Restaurant net	8669	22,800.00
30/06/2020	Kipevu Restaurant net	8669	7,410.00
30/06/2020	Masada Hotel	8670	2,522,000.00
30/06/2020	Lake Naivasha Hotel	8671	399,000.00
30/06/2020	Oracle Technology	8672	328,278.00
30/06/2020	Meridian Holdings Vat	8673	2,975.00
30/06/2020	Masada Hotel	8673	9,255.00
30/06/2020	Masinde Muliro	8673	2,173.00
30/06/2020	meridian Holdings net	8673	172,525.00

Public Financial Management Reforms Secretariat
Reports and Financial Statements
For the financial year ended June 30, 2020

30/06/2020	Masada Hotel net	8673	536,745.00		
30/06/2020	Masinde Muliro net	8673	123,827.00		
30/06/2020	KICD	8676	244,750.00		
30/06/2020	Attic Tours	8677	837,780.00		
30/06/2020	E & Y Vat	8678	60,741.00		
30/06/2020	E & Y net	8679	3,401,494.81		
30/06/2020	Computer Pride	8680	758,100.00		
30/06/2020	Mombasa Beach	8681	350,000.00		
30/06/2020	Computer Pride	8682	1,005,480.00		
30/06/2020	KISM	8683	2,925,288.00		
30/06/2020	Oshwal College	8684	2,731,820.00		
30/06/2020	ksms	8685	678,600.00		
30/06/2020	Kipevu Restaurant	8686	2,560.00		
30/06/2020	Kipevu Restaurant	8688	8,700.00		
30/06/2020	Kipevu Restaurant	8689	17,400.00		
30/06/2020	Kipevu Restaurant	8690	38,860.00		
30/06/2020	Kipevu Restaurant	8691	5,800.00		
30/06/2020	Harmony Solutions	8692	159,600.00		
30/06/2020	Harmony Solutions	8693	153,900.00		
30/06/2020	Techno Brain	8694	51,300.00		
30/06/2020	Techno Brain	8694	883,500.00		
30/06/2020	computer Learning	8995	481,547.00		
30/06/2020	computer Learning	8995	171,000.00		
30/06/2020	computer Learning	8995	171,000.00		
30/06/2020	Jopseph Kiarrii	8996	65,500.00		
30/06/2020	Microscan	8997	392,000.00		
30/06/2020	Computerways	8999	2,518,000.00		
30/06/2020	Specicom	9000	3,494,689.70		
30/06/2020	Computerways	9001	3,021,600.00		
30/06/2020	Attic Tours	9002	58,520.00		
30/06/2020	Stephen Maluku	9003	10,000.00		
30/06/2020	Sunbeam	9004	860,000.00		
30/06/2020	KICC	9006	367,720.00		
30/06/2020	Various PPD	9008	60,000.00		
30/06/2020	Sunbeam computers	9007	28,702,500.00		
30/06/2020	Computerways ltd	9009	18,885,000.00		
30/06/2020	Kipevu Restaurant	9010	7,656.00		
30/06/2020	Kipevu Restaurant	9012	6,960.00		
30/06/2020	Tin tin Restaurant	9013	50,000.00		
30/06/2020	Mombasa Beach	9014	95,550.00		
30/06/2020	Wolter Kluwer	9015	24,549,318.50		
30/06/2020	Conference Caterers	9016	42,480.00		
30/06/2020	Conference Caterers	9016	38,232.00		
30/06/2020	P/S MPSGY	9017	490,000.00		
30/06/2020	KSG -LOWER KABETE	9018	718,200.00		
30/06/2020	Mombasa Beach	9019	112,000.00		
30/06/2020	Conference Caterers	8350	132,750.00		

Public Financial Management Reforms Secretariat
Reports and Financial Statements
For the financial year ended June 30, 2020

30/06/2020	Conference Caterers	8352	95,580.00		
30/06/2020	PS/NT-PAYE	8353	325,779.00		
30/06/2020	Lake Naivasha Hotel	9021	427,680.00		
30/06/2020	Martin	9020	50,400.00		
TOTAL			109,498,744.01		
4.Receipts in bank statement not in cashbook					
TOTAL					
Totals for items 3 & 4 above			109,498,744.01		
BALANCE AS PER CASHBOOK				1,436,766,657.64	1,436,766,657.64
PREPARED BY: MARY ODONGO (PROGRAMME OFFICER II)..... <i>Mary Odongo</i> 17/7/2020					
REVIEWED BY: LYDIA TSUMA (FINANCIAL SPECIALIST)..... <i>Lydia Tsuma</i> 21/7/2020					
Control					

**Public Financial Management Reforms Secretariat
Reports and Financial Statements
For the financial year ended June 30, 2020**



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P.O. Box 48400 - 00100,
Nairobi, Kenya.
Tel: +254 20 3270000,
2852000, 2851000
Mobile: +254 711012000/
734 108200

1218 CA 41 BRANCHES
CERTIFICATE OF BALANCE

KCB Bank Limited
(Incorporated in Kenya)

CERT2018547182

KCB KICC 03 JUL 2020

Certified that the balance at the CREDIT Of PUBLIC
FINANCIAL MNGT REFORM SECRET

A/C 1102295264

at the close of business on 30 JUN 2020 Was KES

ONE BILLION FIVE HUNDRED AND FORTY SIX MILLION TWO HUNDRED AND
SIXTY FOUR THOUSAND FOUR HUNDRED AND FOURTEEN CENTS SEVENTY SEVEN

KES 1,546,264,414.77

Examined by

Manager Service Quality & Compliance Branch Manager

www.kcbgroup.com

KCB Bank Kenya Limited
Directors: J. N. Oigara; T. D. Ipomai; C.S. – National Treasury; S. K. Rono; Ms. N. Onyango; Mrs. C. Okongo; J. W. Muigai; Mrs. A.
O. Eriksson; Ms. E. Nyala; S. Makome

Public Financial Management Reforms Secretariat
Reports and Financial Statements
For the financial year ended June 30, 2020

PUBLIC FINANCE MANAGEMENT REFORMS PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2020
PART B: ACCOUNT RECONCILIATION

Credit No. FY06-10 LOAN

Bank Account No. 7219475 Held with Barclays Bank - Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by DANIDA		889,417.92
	Less:		
2	Total amount recovered by DANIDA		-
3	Outstanding amount to be documented		889,417.92
	Represented by:		
4	Ending Special Account Balance as as 30 June 2020		889,417.92
5	Amounts claimed but not credited as at 30th June 2020		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2020		889,417.92

Notes:

- 1 There is no discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by DANIDA and provide reasons for not claiming t expenditures


 AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY

DATE: 18.08.2020

25/9/20
 cc