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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**HORN OF AFRICA GATEWAY  
DEVELOPMENT PROJECT  
LOAN NO.6768-KE**

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

**STATE DEPARTMENT FOR ROADS**

*Revised Template 30<sup>th</sup> June 2024*



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

25 SEP 2024

**RECEIVED**

**PROJECT NAME:**

**HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (HoAGDP)**

**IMPLEMENTING ENTITY:  
STATE DEPARTMENT OF ROADS**

**CREDIT NO. 6768-KE**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**1. Acronyms and Glossary of Terms**

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

*(Project to include all acronyms and glossary of terms used in the annual report and financial statements)*

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Horn of Africa Gateway Development Project.

#### **Objective**

The key objective of the project is to strengthen institutional capacities to the State Department and beneficiary institutions involved within the project.

#### **Address**

The project headquarters offices are Transcom Building (Nairobi), Nairobi County, Kenya.

The address of its registered office is:

State Department for Roads

P.O. Box 30260-00100

Nairobi.

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

Telephone: (254)020 2723232

E-mail: [ps@roads.go.ke](mailto:ps@roads.go.ke)

Website: [www.transport.go.ke](http://www.transport.go.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	The project start date is 22 <sup>nd</sup> Dec. 2020
Project End Date:	The project end date is 30 <sup>th</sup> June 2028
Project Manager:	The project manager is Sospeter Gitonga
Project Sponsor:	The project sponsor is World Bank (IDA)

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Roads
Project number	6768-KE
Strategic goals of the project	The strategic goals of the project are as follows: To improve: (a) The movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) The capacity of selected transport-related institutions in Kenya.
Other important background information about the project	Facilitation of Regional Trade and Transport
The current situation that the project was formed to intervene	The project was formed to support activities designed to strengthen the institutional capacities of implementing entities involved in project implementation and to support monitoring and evaluation of road projects, transforming MTD, KIHBT and MTRD into a SAGAs.
Project duration	The project started on 22 <sup>nd</sup> Dec. 2020 and is expected to run until 30 <sup>th</sup> June 2028

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the current year:

A/C No. 1000477946  
Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000-0200  
Nairobi, Kenya

**2.5 Independent Auditor**

The project is audited by:

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

**2.6 Roles and Responsibilities**

The following is a list of officers acting as Horn of Africa Gateway Development Project Implementation Team PIT, their designation as well as their responsibilities.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Eng. S.W Gitonga	Project Team Leader	Msc.(Civil Engineering)	Proper Management of the implementation
Eng. Boniface Maithya	Deputy Team Leader	Msc. (Civil Engineering)	Technical Coordination and management of entities on project
Cyrus Njau	Project Accountant	MBA, CPA-K CPS-K	Proper funds flow and timely financial reports
Joseph Muoka	Finance Officer	BCOM, CPA-K	Review and approve project budgets and any other Finance related matters
Elvis Kandie	Procurement Officer	BBM Purchasing and Supplies	Plan, process, and implement procurement activities

**2.7 Funding summary**

Horn of Africa Gateway Development Project is for duration of 8 (eight) years from 2020 to 2028 with an approved budget of EURO 40,300,000.00 equivalent to KShs 4,844,463,000.00. This is indicated in the Financing agreement of 7<sup>th</sup> October 2020 of Horn of Africa Gateway Development Project. The EURO is the currency that the loan was signed with. A summary of these funds is highlighted in the table below as highlighted in the table below:

**Horn of Africa Gateway Development Project (HoAGDP)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2024)		Undrawn balance to date	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>Loan</b>	<i>Exch. Rate- 1EURO=120.21</i>		<i>Exch. Rate- 1EURO=150.418</i>		<i>108.5448995</i>	
World Bank (IDA)	40,300,000.00	4,844,463,000.00	11,226,857.02	1,688,721,617.27	29,073,142.98	3,155,741,382.73
<b>Counterpart funds</b>						
Government of Kenya	7,629,685.55	917,164,500.00	263,393.70	31,662,551.30	7,366,291.85	885,501,948.70

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	EURO	Kshs	EURO	Kshs	EURO	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>Loan</b>	<i>Exch. Rate- 1EURO=150.418</i>		<i>Exch. Rate- 1EURO=153.435</i>			
World Bank (IDA)	11,226,857.02	1,688,721,617.27	10,779,111.51	1,653,896,942.57	447,745.51	34,824,674.70
<b>Counterpart funds</b>						
Government of Kenya	263,393.70	31,662,551.30	263,393.70	31,662,551.30	-	-

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for current year and for cumulative to-date,
- ii) Physical progress based on outputs, outcomes, and impacts since project commencement,
- iii) Indicate the absorption rate for each year since the commencement of the project.
- iv) List the implementation challenges and recommended next steps.

**2.9 Summary of Project Compliance:**

- i) Include significant cases of non-compliance with applicable laws and regulations eg treasury circulars on project investment management, PFM Act 2012 and Kenya vision 2030 flagship projects, and essential external financing agreements/covenants,
- ii) Include consequences suffered on account of non-compliance or likely to be suffered.
- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

The key development objectives of Horn of Africa Gateway Development Project *agreement/* plan are to:

Improve:

- a) The movement of people and goods along the Isiolo-Mandera Regional Road Corridor
- b) Digital connectivity along the Isiolo-Mandera Regional Road Corridor
- c) Access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor and
- d) Improve the capacity of selected transport related institutions in Kenya

#### **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.

***Horn of Africa Gateway Development Project (HoAGDP)***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

Below we provide the progress on attaining the stated objectives: *(entity to provide this information as per the table below or in a more relevant format to its operations)*

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
- Horn Of Africa Gateway Development Project (HoAGDP)	- To improve the movement of people and goods along the Isiolo-Mandera Regional Road Corridor	- reduced travel time between Isiolo to Modogashe; and Wajir to Elwak, disaggregated by passengers and freight; - Increased public transport service providers along Isiolo-Modogashe and Wajir-Elwak - Reduced road crash fatalities between Isiolo-Mandera road section -Reduced time taken to cross borders	- Average Travel time between Isiolo to Modogashe; and Wajir to Elwak, disaggregated by passengers and freight; - Number of public transport service providers along Isiolo-Modogashe and Wajir-Elwak - Number of road crash fatalities between Isiolo-Mandera road section (per 1,000 vehicles) - Average time to cross target border crossing	In FY 2023/2024 we increased motorable and passable roads by 35%.
-	- To improve digital connectivity along the Isiolo-Mandera Regional Road Corridor	- Reduced processing time at border crossing for freight trucks and passenger vehicles -Increased online public services used by communities along the corridor	- Road Management Information System utilized for decision making and setting performance targets; - Number of online public services used by communities along the corridor per month;	The ICT experts have installed digital equipment at the border points.

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

			- Average processing time at border crossing for freight trucks and passenger vehicles	
	- To improve access to social services to communities at designated locations along Isiolo-Mandera road	-increased provision of basic services such as School, Market, health clinic constructed, and services provided - Increased number of women and children utilizing the improved social services (Social/Gender disaggregated)	- Number of social infrastructure and service provided - Number of women and children utilizing the improved social services (Social/Gender disaggregated)	The project has commenced the construction of social amenities such as boreholes, schools and health centres.
	- To improve the capacity of selected transport-related institutions in Kenya	- Enhanced project oversight	- Number of Kenyan trained in new skills	The project has facilitated the training of close to 500 staff in order to instil more skills and expertise.

**4. Environmental and Sustainability reporting**

Currently the state department is not involved in any environmental and sustainability reporting since the activities under the department are not interactive with any society.

## **5. Statement of Project Management responsibilities**

The Principal Secretary for the State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) (Chief Engineer Roads) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility include:

- (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 for the State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) 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 for the State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The Principal Secretary for State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) further confirm

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*


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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* for the State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) 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 under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

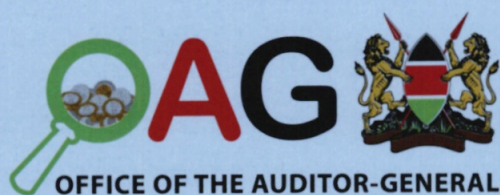
The Project financial statements were approved by the Principal Secretary for the State Department for Roads and the Project Coordinator for Horn of Africa Gateway Development Project (HoAGDP) on 10<sup>th</sup> September 2024 and signed by:

  
.....  
**Eng. Joseph Mbugua**  
Principal Secretary

  
.....  
**Sospeter Gitonga**  
Project Coordinator

  
.....  
**Cyrus Njau**  
Project Accountant  
CPAK MBA, CPSK  
ICPAK Member No. 19592

# REPUBLIC OF KENYA



*Enhancing Accountability*

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

## REPORT OF THE AUDITOR-GENERAL ON HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT LOAN NO.6768-KE FOR THE YEAR ENDED 30 JUNE, 2024 – STATE DEPARTMENT FOR ROADS

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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, gazette 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 the intended purpose; and,
- 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Horn of Africa Gateway Development Project set out on pages 1 to 18, which comprise of the statement of financial assets as at 30 June, 2024, and the statement of receipts and payments,

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*Report of the Auditor-General on Horn of Africa Gateway Development Project Loan No.6768-KE for the year ended 30 June, 2024 – State Department for Roads*

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Horn of Africa Gateway Development Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement for credit No.6768 dated 7 October, 2020 between the International Development Agency (IDA) and the Public Finance Management Act, 2012.

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

### **Basis for Qualified Opinion**

#### **Unauthorised Expenditure**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.370,000,000 and Kshs.975,298,123 respectively, resulting to over-funding of Kshs.605,298,123 or 164% of the budget. However, the project spent an amount of Kshs.1,125,672,290 against actual receipts of Kshs.975,298,123 resulting to an over-utilization of Kshs.150,374,167 or 15% of the actual receipts. However, the over-funding and over-utilization of 164% and 15% respectively were not explained as required by the International Public Sector Accounting Standards Board (IPSASB) Financial Statement Presentation Template. The expenditure amount to unauthorised expenditure as the same had not been budgeted and no letter of no Objection was availed from the Donor.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Horn of Africa Gateway Development Project Management in accordance with ISSAI 130 on the 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 Information**

The Management is responsible for the other information set out on page iii to xiv which comprise of Project information and Overall Performance, Statement of Performance

Against Predetermined Objectives. Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards 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 International Development Agency (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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48

of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

15 November, 2024

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>FY 2023/24</i>			<i>FY 2022/23</i>			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Receipts</b>								
Loan from external development partners	1	820,119,206.65	155,178,916.37	975,298,123.02	576,493,746.10	-	576,493,746.10	1,688,721,617.27
<b>Total receipts</b>		<b>820,119,206.65</b>	<b>155,178,916.37</b>	<b>975,298,123.02</b>	<b>576,493,746.10</b>	<b>-</b>	<b>576,493,746.10</b>	<b>1,688,721,617.27</b>
<b>Payments</b>								
Compensation to employees	2	76,053,445.40	-	76,053,445.40	75,417,628.00	-	75,417,628.00	197,103,972.20
Purchase of goods and services	3	454,616,361.25	155,178,916.37	609,795,277.62	309,440,946.15	-	309,440,946.15	997,640,996.52
Acquisition of non-financial assets	4	439,823,567.00	-	439,823,567.00	19,328,406.85	-	19,328,406.85	459,151,973.85
<b>Total payments</b>		<b>970,493,373.65</b>	<b>155,178,916.37</b>	<b>1,125,672,289.67</b>	<b>404,186,981.00</b>	<b>-</b>	<b>404,186,981.00</b>	<b>1,653,896,942.57</b>
<b>Surplus/ (deficit)</b>		<b>(150,374,166)</b>	<b>-</b>	<b>(150,374,166.65)</b>	<b>172,306,765.10</b>	<b>-</b>	<b>172,306,765.10</b>	<b>34,824,674.70</b>

.....  
 Eng. Joseph Mbugua  
 Principal Secretary

.....  
 Sospeter Gitonga  
 Project Coordinator

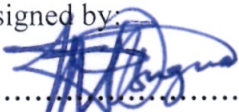
.....  
 Cyrus Njau  
 Project Accountant  
 CPAK MBA, CPSK  
 ICPAK Member No. 19592

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


8. Statement of Financial Assets as at 30<sup>th</sup> June 2024

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	5	34,824,674.70	185,198,841.70
<b>Total Cash and Cash equivalents</b>		<b>34,824,674.70</b>	<b>185,198,841.70</b>
Imprests and Advances		-	-
<b>Total Financial Assets</b>		<b>34,824,674.70</b>	<b>185,198,841.70</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention		-	-
<b>Net Assets</b>	6	<b>34,824,674.70</b>	<b>185,198,841.70</b>
<b>Represented By</b>			
Fund Balance B/fwd.	7	185,198,841.70	12,892,076.60
Surplus/(Deficit) for the Year		(150,374,166)	172,306,765.10
<b>Net Financial Position</b>		<b>34,824,674.70</b>	<b>185,198,841.70</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 9-10-2024 and signed by:

  
 .....  
**Eng. Joseph Mbugua**  
 Principal Secretary

  
 .....  
**Sospeter Gitonga**  
 Project Coordinator

  
 .....  
**Cyrus Njau**  
 Project Accountant  
 CPAK MBA, CPSK  
 ICPAK Member No. 19592

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2024

Description	Notes	FY 2023/24	FY 2022/23
		Kshs	Kshs
<b>Cashflow from operating activities</b>			
Total receipts		-	-
Payments			
Compensation of employees	2	(76,053,445.40)	(75,417,628.00)
Purchase of goods and services	3	(454,616,361.25)	(309,440,946.15)
<b>Total Payments</b>		<b>(530,669,806.65)</b>	<b>(384,858,574.15)</b>
<b>Net receipts/(payments)</b>		<b>(530,669,806.65)</b>	<b>(384,858,574.15)</b>
<b>Adjustments during the year</b>			
Decrease/(increase) in accounts receivable		-	3,441,923.70
<b>Net cash flow from operating activities</b>			
Acquisition of non-financial assets	4	(439,823,567.00)	(19,328,406.85)
<b>Net cash flows from investing activities</b>		<b>(970,493,373.65)</b>	<b>(400,745,057.30)</b>
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings	1	820,119,206.65	576,493,746.10
<b>Net cash flow from financing activities</b>		<b>820,119,206.65</b>	<b>576,493,746.10</b>
Net increase in cash and cash equivalents		(150,374,166)	175,748,688.8
<b>Cash and cash equivalent at the beginning of the year</b>	7	<b>185,198,841.70</b>	<b>9,450,152.90</b>
<b>Cash and cash equivalent at the end of the year</b>	5	<b>34,824,674.70</b>	<b>185,198,841.70</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Horn of Africa Gateway Development Project financial statements were approved on 10/9 2024 and signed by:

.....  
 Eng. Joseph Mbugua  
 Principal Secretary

.....  
 Sospeter Gitonga  
 Project Coordinator

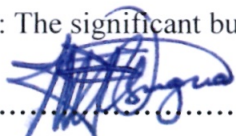
.....  
 Cyrus Njau  
 Project Accountant  
 CPAK MBA, CPSK  
 ICPAK Member No. 19592

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2024**


Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Proceeds from borrowings	1,215,000,000.00	(845,000,000.00)	370,000,000.00	975,298,123.02	(605,298,123.02)	264%
<b>Total Receipts</b>	1,215,000,000.00	(845,000,000.00)	370,000,000.00	<b>975,298,123.02</b>	(605,298,123.02)	<b>264%</b>
<b>Payments</b>						
Compensation to employees	80,000,000.00	(4,000,000.00)	76,000,000.00	76,053,445.40	(53,445.4)	100%
Purchase of goods and services	550,000,000.00	(400,000,000.00)	150,000,000.00	609,795,277.62	(459,795,277.62)	407%
Acquisition of non-financial assets	585,000,000.00	(441,000,000.00)	144,000,000.00	439,823,567.00	(295,823,567.00)	304%
<b>Total Payments</b>	1,215,000,000.00	(845,000,000.00)	<b>370,000,000.00</b>	<b>1,125,672,289.67</b>	(755,672,289.67)	<b>304%</b>
<b>Surplus or Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(150,374,166)</b>	<b>(150,374,166)</b>	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

  
 .....

**Eng. Joseph Mbugua**

Principal Secretary

  
 .....

**Sospeter Gitonga**

Project Coordinator

  
 .....

**Cyrus Njau**

Project Accountant  
 CPAK MBA, CPSK  
 ICPAK Member No. 19592

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

The financial statements are for Horn of Africa Gateway Development Project (HoAGDP) under the State Department for Roads. The financial statements are for the reporting entity State Department for Roads as required by Section 81 of the PFM Act, 2012.

### **c) Reporting currency**

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

### **d) Recognition of receipts**

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

#### **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.

**Significant Accounting Policies (continued)**

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

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

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

**Significant Accounting Policies (continued)**

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

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

The State Department of Roads 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 State Department in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. Horn of Africa Gateway Development Project 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.*

**Significant Accounting Policies (Continued)**

**n) Third party payments**

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

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented in note 8 of these financial statements.

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Notes to the Financial Statements**

**1. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description		2023/2024				2022/2023	Cumulative to date
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	Total amount in Kshs	
		(EURO)	Kshs	Kshs	Kshs	Kshs	
<b>Loans received from bilateral Donors (Foreign Governments)</b>							
World Bank (IDA)	03/11/2023		199,367,226.40	-	199,367,226.40	151,098,180.00	430,470,742.50
	04/01/2024		312,734,791.10	-	312,734,791.10	20,414,289.25	373,365,304.60
	29-04-2024		265,733,551.30	-	265,733,551.30	345,258,157.75	627,699,896.85
	28/6/2024		42,283,637.85	-	42,283,637.85	59,723,119.10	102,006,756.95
				155,178,916.37	155,178,916.37		155,178,916.37
<b>Total</b>			<b>820,119,206.65</b>	<b>155,178,916.37</b>	<b>975,298,123.02</b>	<b>576,493,746.10</b>	<b>1,688,721,617.27</b>

Notes to the Financial Statements (Continued)

2. Compensation to Employees

Description	2023/2024			2022/2023	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Remuneration of Project Management Officers	76,053,445.40		76,053,445.40	75,417,628.00	197,103,972.20
<b>Total</b>	<b>76,053,445.40</b>		<b>76,053,445.40</b>	<b>75,417,628.00</b>	<b>197,103,972.20</b>

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*  
 Notes to the Financial Statements (Continued)

**3. Purchase of Goods and Services**

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Purchase of Goods and Services	308,113,495.5	155,178,916.37	463,292,411.87	224,625,191.85	692,542,160.72
Training payments	146,502,865.75	-	146,502,865.75	84,815,754.30	305,098,835.75
<b>Total</b>	<b><u>454,616,361.25</u></b>	<b><u>155,178,916.37</u></b>	<b><u>609,795,277.62</u></b>	<b><u>309,440,946.15</u></b>	<b><u>997,640,994.47</u></b>

*[Provide explanation as necessary]*

**4. Acquisition of Non-Financial Assets**

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of vehicles & other transport equipment	96,726,288.00		96,726,288.00	19,328,406.85	116,054,694.85
Purchase of ICT	343,097,279.00		343,097,279.00		343,097,279.00
<b>Total</b>	<b>439,823,567.00</b>		<b>439,823,567.00</b>	<b>19,328,406.85</b>	<b>459,151,973.85</b>

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Notes to the Financial Statements (Continued)**

**5. Cash And Cash equivalents**

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts (Note 6A)	<b>34,824,674.70</b>	185,198,841.70
<b>Total</b>	<b>34,824,674.70</b>	<b>185,198,841.70</b>

Horn of Africa Gateway Development Project has 1 number of project accounts spread within the project implementation area and 1 number of foreign currency designated accounts managed by the National Treasury as listed below:

**6. A) Bank Accounts**

**Project Bank Accounts**

Details	2023/2024	2022/2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No:1000477946]	<b>34,824,674.70</b>	185,198,841.70
Total bank account balances	<b>34,824,674.70</b>	<b>185,198,841.70</b>

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

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

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

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Special Deposit Accounts Movement Schedule**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(i) A/C Name [A/c No: 1000474858]</b>		
Opening balance	€1,782,314.23	€4,609,314.28
Total amount deposited in the account	€6,223,996.75	€1,546,305.22
Total amount withdrawn (as per Statement of Receipts & Payments)	€ (5,295,047.12)	€ (4,373,305.27)
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>€2,711,263.86</u></b>	<b><u>€1,782,314.23</u></b>
<b>(ii) A/c Name [A/c No:1000474858 (Kshs.)]</b>		
Opening balance (as per the SDA reconciliation)	229,564,785.04	600,438,921.60
Total amount deposited in the account	801,650,781.4	202,859,781.81
Total amount withdrawn (as per Statement of Receipts & Payments)	(820,119,206.65)	(573,733,918.37)
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>211,096,359.79</u></b>	<b><u>229,564,785.04</u></b>

**Notes to the Financial Statements (Continued)**

**7. Fund Balance Brought Forward**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	34,824,674.70	185,198,841.70
Cash in hand		-
Outstanding imprests and advances		-
<b>Total</b>	<b>34,824,674.70</b>	<b>185,198,841.70</b>

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*  
 Notes to the Financial Statements (Continued)

8. Prior Year adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Imprests and advances	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

9. Changes in Imprest and Advances

Description	2023/2024	2022/2023
	Kshs	Kshs
Opening Receivables as at 1 <sup>st</sup> July 2023		3,441,923.70
Closing account receivables as at 30 <sup>th</sup> June 2024		-
<b>Change in Imprest and advances</b>		<b>(3,441,923.70)</b>

10. Pending Accounts Payable (See Annex 4)

	Balance b/f 2022-2023	Additions for the year 2023/2024	Paid during the year 2023/2024	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	(-)	-
Construction of civil works	-	-	(-)	-
Supply of goods	0	125,949,815.30	0	125,949,815.30
Supply of services	-	-	(-)	-
<b>Total</b>	<b>0</b>	<b>125,949,815.30</b>	<b>0</b>	<b>125,949,815.30</b>

*Horn of Africa Gateway Development Project (HoAGDP)*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**11. Annexes**

**Annex 1: Prior Year Auditor-General’s Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	<i>(Resolved / Not Resolved)</i>	<i>Timeframe : (Put a date when you expect the issue to be resolved)</i>
Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs. 490,000,000.00 and Kshs. 576,493,746.00 respectively resulting in excess of receipts of Kshs. 86,493,746.00 or 17.7% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs. 490,000,000.00 and Kshs. 404,186,981.00 respectively resulting in an under expenditure of Kshs. 85,813,019.00 or 17.5% Of the budget.</p> <p>The under expenditure affected the planned activities of the project and may have impacted negatively on service delivery to the public.</p>	The matter has been resolved		

**Guidance Notes:**

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

*Horn of Africa Gateway Development Project (HoAGDP)*

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

**Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2023/2024**

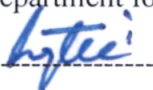
	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Proceeds from borrowings	370,000,000.00	975,298,123.02	(605,298,123.02)	264%	
<b>Total Receipts</b>	<b>370,000,000.00</b>	<b>975,298,123.02</b>	<b>(605,298,123.02)</b>	<b>264%</b>	
<b>Payments</b>					
Compensation of employees	76,000,000.00	76,053,445.40	(53,445.40)	100%	
Purchase of goods and services	150,000,000.00	609,795,277.27	(459,795,277.27)	406%	
Acquisition of non-financial assets	144,000,000.00	439,823,567.00	(295,823,567.00)	305%	
<b>Total payments</b>	<b>370,000,000.00</b>	<b>1,125,672,289.67</b>	<b>(755,672,289.67)</b>	<b>304%</b>	

*Horn of Africa Gateway Development Project (HoAGDP)*  
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**Annex 3: Reconciliation of inter-entity transfers**

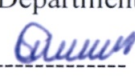
<b>Project Name:</b>				
<b>Breakdown of transfers from the State Department of Roads</b>				
<b>a.</b>	<b>Government Counterpart funding</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			xx	
			xx	
		<b>Total</b>	<b>xx</b>	
<b>B.</b>	<b>Direct payments</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			xx	
		<b>Total</b>	<b>xx</b>	
<b>C.</b>	<b>Others</b>			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			xx	
		<b>Total</b>	<b>xx</b>	
		<b>Total (A+B+C)</b>	<b>xx</b>	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

**Sospeter Gitonga**  
 Project Coordinator  
 State Department for Roads

Sign 

**Cyrus njau**  
 project Accountant  
 State Department for Roads

Sign 

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**Annex 4: Analysis of Pending Bills**

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current 2023-2024	Outstanding Balance Previous 2022-2023	Comments
		<b>a</b>	<b>b</b>	<b>c=a-b</b>		
Construction of buildings						
1.						
2.						
<b>Sub-Total</b>						
Construction of civil works						
3.						
4.						
<b>Sub-Total</b>						
Supply of goods						
Nariana Enterprises Limited		74,411,964.30	0	74,411,964.30	0	
Geoscintex Limited		51,537,851.00	0	51,537,851.00	0	
<b>Sub-Total</b>		<b>125,949,815.30</b>		<b>125,949,815.30</b>		
Supply of services						
5.						
6.						
<b>Sub-Total</b>						
<b>Grand Total</b>		<b>125,949,815.30</b>		<b>125,949,815.30</b>		

***Horn of Africa Gateway Development Project (HoAGDP)***  
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**Annex 5: Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (KShs) 2023/24</b>	<b>Donations in form of assets (KShs) 2023/2024</b>	<b>*Purchases/ Additions in the Year (KShs) 2023/24</b>	<b>**Disposals in the Year (KShs) 2023/24</b>	<b>Transfers in/(out) Kshs 2023/24</b>	<b>Closing Cost (KShs) 2024</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(d)</b>	<b>(e)= (a)+ (b)+c)- (d)+(-)d</b>
Land	-					
Buildings and structures	-					
Transport equipment	19,328,406.85		96,726,288.00			116,054,694.85
Office equipment, furniture and fittings	-					
ICT Equipment, Other Machinery and Equipment	164,845,418.30		343,097,279.00			507,942,697.30
Heritage and cultural assets	-					
Biological assets	-					
Infrastructure assets roads, rails	-					
Intangible assets	-					
Work in Progress	-					
<b>Total</b>	<b>184,173,825.15</b>		<b>439,823,567.00</b>			<b>623,997,392.15</b>

***Notes***

*\* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments  
follow up reminder of circular No. 23/2020 of The National Treasury*

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**Annex 6: Other Support Documents**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)