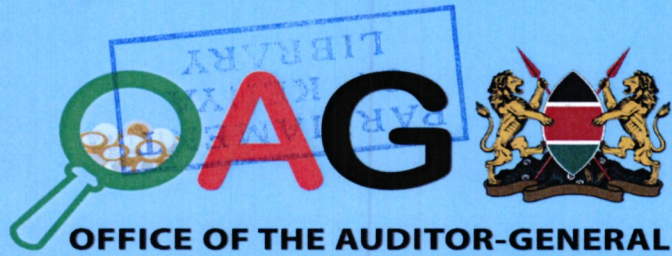


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PADOOS I AID

REPORT

DATE: 22 MAR 2023

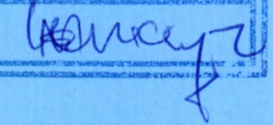
DAY:
Wed

TABLED
BY:

Deputy LOM

OF

CLERK-AT
THE-TABLE:

Mudo 

THE AUDITOR-GENERAL

ON

**KENYA URBAN SUPPORT PROGRAM
(IDA CREDIT NO.6134 KE)**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**STATE DEPARTMENT FOR HOUSING AND
URBAN DEVELOPMENT**



KENYA URBAN SUPPORT PROGRAM

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR HOUSING & URBAN
DEVELOPMENT**

PROJECT CREDIT NUMBER IDA 61340

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Table Contents

1. Project Information and Overall Performance	iii
2. Statement of Performance against Project's Predetermined Objectives.....	xv
3. Environmental and Sustainability Reporting	xvi
4. Statement of Project Management Responsibilities	xvi
5. Report of the Independent Auditor on the Kenya Urban Support Program	xviii
6. Statement of Receipts and Payments for the Year Ended 30th June 2022	1
7. Statement of Financial Assets As At 30th June 2022.....	2
8. Statement of Cashflow for the Period 30th June 2022.....	3
9. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2022	4
10. Significant Accounting Policies	5
11. Notes to the Financial Statements	11
12. Other Important Disclosures	25
13. Progress on Follow up of Prior Year Auditor-General's Recommendations	30
14. Annexes	31

1. **Project Information and Overall Performance**

1.1 **Name and registered office**

Name

The project's official name is Kenya Urban Support Program

Objective

The key objective of the project is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya.

Address

The project headquarters offices are in Nairobi County, Kenya.

The address of its registered office is: The Ministry of Transport, Infrastructure, Housing and Urban Development

State Department of Housing and Urban Development

P.O Box 34477-00100

Nairobi

Telephone number is (254) 340972

The project also has offices/branches in the 45 counties excluding the counties of Nairobi and Mombasa, and to other eligible urban areas within those counties.

Contacts: The following are the project contacts

Telephone: **Contacts:** (254)3 340972



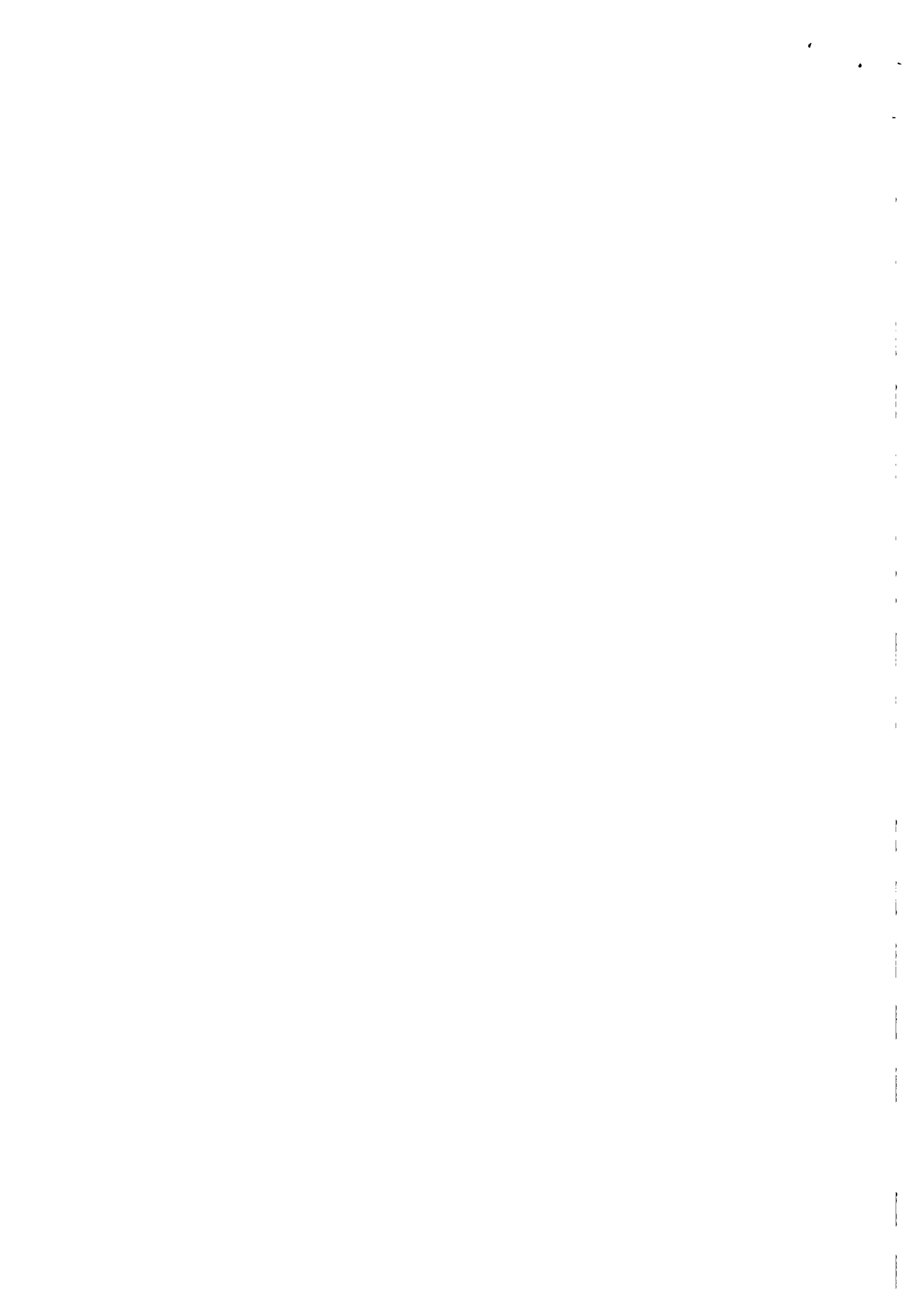
1. Project Information and Overall Performance (Continued)

1.2 Project Information

Project Start Date:	The project start date is 26 July 2017
Project End Date:	The project end date is 31 July 2023 (6 years after effective starting date)
Project Manager:	The Project Coordinator is Mr Charles K'Onyango
Project Sponsor:	The project sponsor is through a hybrid of the Investment Project Financing (IPF) and Program for Results (P for R) instruments) from the International Development Association (IDA) and counterpart funds from the Government of Kenya (GoK).

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Housing and Urban Development in the Ministry of Transport, Infrastructure, Housing and Urban Development. Ministry.
Project number	IDA 61340
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> (i) Support for the establishment, operationalization and strengthening of the institutional framework for urban management as part of the national level interventions (Window 1) (ii) Strengthening management and administration of urban finances (including conditional grants) in Window 1 (iii) Provision of support for planning, urban infrastructure, and service delivery in Window 1 (iv) Assist County Governments Address Urban Development and Management Issues as part of the county level interventions (Window 2) (v) Ensure Urban institutions are established and operational (UCG minimum conditions are



	<p>achieved) in Window 2</p> <p>(vi) Ensure Urban institutions are performing effectively in delivering urban infrastructure and services (UDG performance standards are achieved) in Window 3</p>
Achievement of strategic goals	The project management aims to achieve the goals through the following means: Through institutional arrangements at the national, county and urban board levels
Other important background information of the project	The project key objective is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: Establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya
Project duration	The project started on 26 th July 2017 and is expected to run until 31 July 2023.

Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya- DA Account
Haille Sellassie
A/c No 1000317876
- (ii) Central Bank of Kenya- KShs Account
Haille Sellassie
A/c No 1000396946

1.5 Auditors

The project is audited by the Auditor General, Office of Auditor General, P.O Box 30084 – 00100 Nairobi.

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Charles K'Onyango	Programme Coordinator	Registered Planner	Overall programme coordination.
Solomon Ambwere	Deputy Programme Coordinator, KUSP Head in Urban Planning and Urban Management	Registered Planner	Deputy to programme coordinator, Management of Urban Planning
Isaac Mungania	KUSP Head of Institutional Development and Management Support	Land Surveyor	Management of component I activities
Eng.Charles Mutunga	Head of Infrastructure Management	Registered Engineer	Management of Infrastructure Services
Patrick Gachanja	Head of Grants Management	Chief Economist	Management of Grants
Christopher Kingi	Programme Accountant	Certified Public Accountant	Accounting and Financial Management
Mercy Kimani	Deputy Head, Urban Planning and Urban Management	Urban Planner and Surveyor	Management of Urban Planning

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Francis Owade	Deputy Head, Infrastructure Management	Architect	Social safeguards
Simon Wekesa	Deputy Head, Institutional Development and Management	Economist	Monitoring and Evaluation
Kenneth Nyaseda	Program Environmental Officer	Registered planner	Environmental
Esther Maina	Program Finance Officer	Finance	Finance
Maureen Ombuki	Program Procurement Officer	Procurement	Procurement

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Project Information and Overall Performance (Continued)

7. Funding summary

The Project is for duration of 6 years from 2017 to 2023 with an approved budget of US\$ 320 million equivalent to KShs 32,822,400,000 as highlighted in the table below:

Below is the funding summary:

Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 06 2022)		Undrawn balance to date (30 06 2022)	
	Donor currency(USD) (A)	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
(i) Loan						
DfA	300,000,000	31,020,000,000	281,888,585	29,440,326,528	18,111,415	1,579,673,472
(ii) Counterpart funds						
Government of Kenya	20,000,000	2,068,000,000	3,219,956	330,270,916	16,780,044	1,737,729,084
Total	320,000,000	33,088,000,000	285,108,542	29,770,597,443	34,891,458	3,317,402,557

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Project information and overall performance (continued)

3. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)		Unutilised balance to date (30 th June 2022)	
	Donor currency EUR	Kshs	Donor currency EUR	Kshs	Donor currency EUR	Kshs
(i) Loan	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
IDA Loan	281,888,585	29,440,326,528	281,093,537	29,350,104,480	795,048	90,222,048
	0	0	0	0		
(ii) Counterpart funds	0	0	0	0		
Government of Kenya	3,219,956	330,270,916	3,219,956	330,270,916	-	-
Total	285,108,541	29,770,597,444	284,313,493	29,680,375,396	795,048	90,222,048



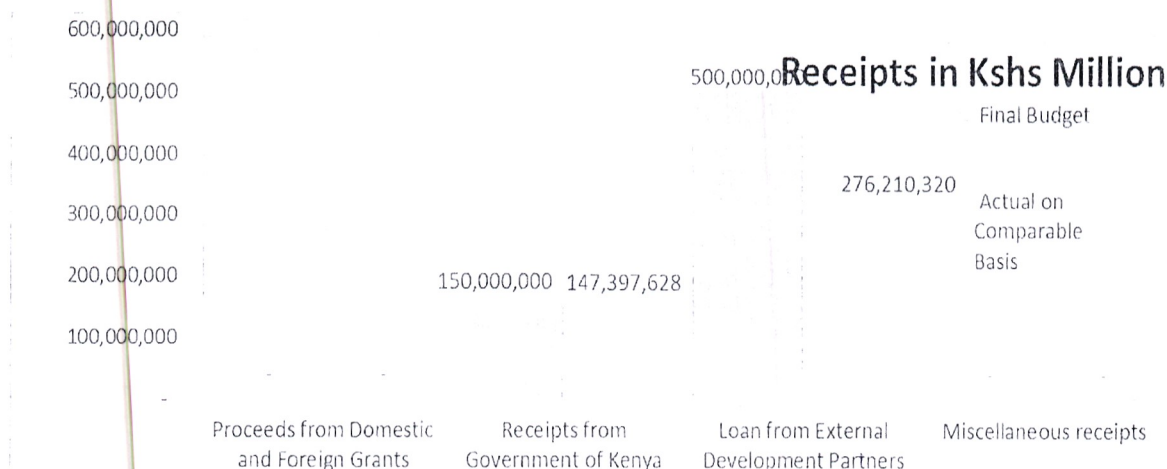
Project Information and Overall Performance (Continued)

1.8 Summary of Overall Project Performance:

The budget for KUSP for the 2021/2022 Fiscal Year is Kshs 650,000,000 of which Kshs. 150,000,000 is the Government of Kenya (GOK) contribution. The programme spent a total of Ksh 572,457,546 (88%) of the budget. Cumulative Programme disbursements stand at 96% for the loan and 91% overall.

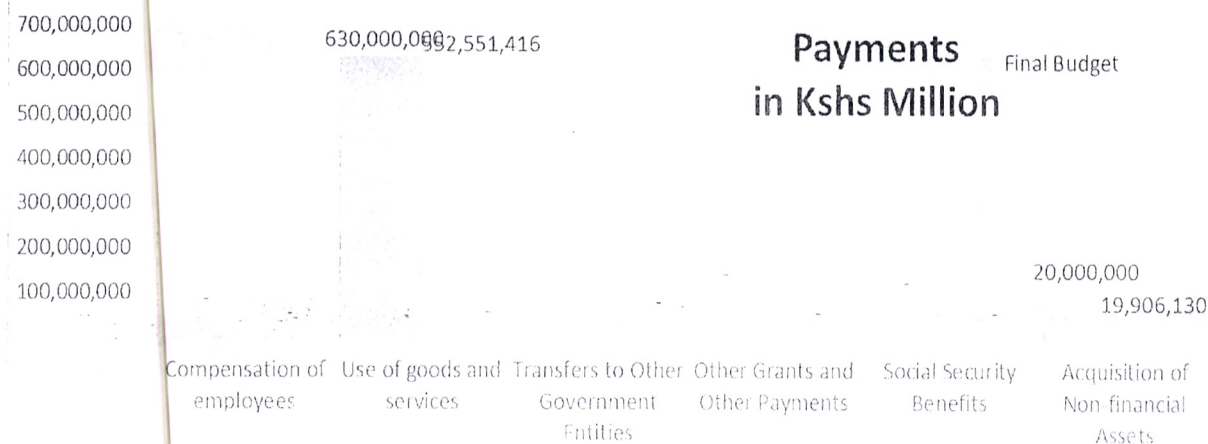
1.8.1 Receipts Utilisation

Under the period under review (2021/2022) the project received KShs 276,210,320 as Loan from External Development Partners from IDA. This represented 55% of the budget and Ksh 147,397,628 from the Government of Kenya representing 98% of the budget. The receipts utilisation is as shown in the bar graph below:



1.8.2 Payments Utilisation

The actual project performance in the period under review (2021/2022) is KShs 572,457,546 representing 88% of the budget of the year which stands at Ksh 650,000,000. The payments utilization is as shown in the bar graph below:



Project Information and Overall Performance (Continued)

1.8.3 Key Achievements

- i. Programme Appraisal Document prepared
- ii. Programme Operation Manual (POM) prepared.
- iii. Signing of Financing Agreement done on 14th Sep, 2017.
- iv. Implementation Structures: -
- v. The National Program Coordination Team (PCT) has been formed with the core team (Coordinator and 4 Comp heads) and others key technical officers appointed. In addition, the team has been sensitized on their roles and responsibilities.
- vi. Setting up of County Coordination Teams done and operational.
- vii. Formation of Program Steering and Technical Committees done and operational.
- viii. 1st full Annual Performance Assessment (APA) – Final APA Report done and submitted on 18th October, 2018
- ix. Briefing of Governors, CECs, and COs in Feb – March, 2018 on KUSP requirements.
- x. KUSP launched on 23rd April, 2018.
- xi. Conducted County consultations in July and August, 2018 to establish the readiness of county urban infrastructure proposals for Urban Development Grant (UDG) funding in Financial Year 2018/19 and briefed counties on preparations of Annual Municipal Investment Plans.
- xii. Facilitated five Counties (Mombasa, Nairobi, Nakuru, Kisumu and Uasin Gishu) to participate in CRP Mission in Bangkok Thailand on 9th to 13th July, 2018.
- xiii. Conducted CRP/KUSP mission 16th to 26th October, 2018. Counties visited were: - Nairobi, Mombasa, Nakuru, Uasin Gishu and Kisumu.
- xiv. Counties received UDG for 2018/2019 financial year on 20th December, 2018
- xv. Facilitated two Counties (Makueni and Nakuru) to participate in the 8th Edition Africities Summit in Marrakech – Morocco from 20th to 24th November, 2018.
- xvi. Participated in CRP planning workshop in Durban – South Africa, from 26th to 30th November, 2018.
- xvii. Held 6 steering committee meetings;
 - a. 1st held on 8th may 2018, which endorsed the fulfillment of the disbursement Linked Indicators Number One (DLI) Minimum Conditions and disbursement of Urban Institutional Grant (UIG).
 - b. 2nd held on 31st August 2018 to endorse Draft Fund Report of the First KUSP Annual Performance Assessment and the Disbursement Schedule for Urban Development Grants (UDG). This was deferred pending clarification on the APA process.

Project Information and Overall Performance (Continued)

- c. 3rd held on 4th October 2018 which finally endorsed Draft Fund Report of the First KUSP Annual Performance Assessment and approved the disbursement Schedule for Urban Development Grants (UDG)
- d. 4th held on 19th February, 2020 which was to endorse the disbursement as per findings of 2nd APA report however this was not done instead the committee enormously decided to grant a week extra days to five municipalities (Kwale, Hola, Rumuruti, Maralal and Marsabit) that had not qualified for UDG to submit the required information for to them to qualify.
- e. 5th held on 9th March, 2020, which approved disbursement schedule for 2019/2020 financial year.
- f. 6th held on 10th March, 2020, which confirmed minutes of 9th March, 2020.
- xviii. UIG for 2017/18 and 2018/19 disbursed to the 45No. counties.
- xix. Procured six individual consultants to support IPDU.
- xx. Facilitated validation of Consultancy services for initial work on classification and establishment of urban of areas through County Governments (excluding Nairobi and Mombasa contract findings workshop of 45No for CECS on 27th March, 2019.
- xxi. Sensitized on KUSP 45No. Municipal Board Chairmen on 29th March, 2019.
- xxii. Facilitated Governors retreat which included CECs, COs and a Technical officer from 45No. Counties in Naivasha, 9th to 10th April, 2019. The retreat was on KUSP, KISP, and Affordable Housing Program.
- xxiii. Trained 392No. County Program Coordination Team members on Environment and Social Safeguards (ESSA), Financial Management (FM) and monitoring and evaluation (M&E) KUSP requirements in four clusters from 15th to 26th April, 2019.
- xxiv. Conducted KUSP NPCT – World Bank Joint Implementation Support Mission from 15th to 29th May, 2019.
- xxv. Held 3no. Technical meetings
 - a. Held inaugural meeting held on 30th July, 2019.
 - b. Held the 2nd meeting on 5th August, 2019 where the APA 2 Score Card was reviewed and agreed upon.
 - c. Held the 3rd meeting on 17th February, 2020 which endorsed the 2nd APA report.
- xxvi. Held NPCT, WB and IPDU meeting on 9th August, 2019.
- xxvii. Held a meeting with UN-Habitat, WB and NPCT with the aim of charting a way forward on developing 4No. guideline notes for Urban planning, Urban infrastructure and municipal services on 23rd August, 2019.

Project Information and Overall Performance (Continued)

- xxviii. Held a validation workshop for Municipal Urban Planning Needs and Preparedness for Kenya Urban Support Program (KUSP) through County Governments on 23rd August 2019.
- xxix. NPCT trained as GEMS Trainer of Trainers from 17th to 20th September, 2019
- xxx. Conducted County Infrastructure and Affordable Housing Sites Visits from 29th September to 22nd October, 2019
- xxxi. Conducted KUSP ESSA compliance workshop – 14th to 15th November, 2019
- xxxii. Conducted 2nd full APA stakeholder’s validation workshop (Steering, PTC, CECM Urban, Governors, the National Treasury, Council of Governors) – 15th to 16th November, 2019
- xxxiii. Consultancy services for initial work on classification and establishment of urban of areas through County Governments (excluding Nairobi and Mombasa) – 60 Million completed on 31th September 2019
- xxxiv. Consultancy services for conducting municipal urban planning needs and preparedness for KUSP through County Governments -60M completed on 30th August, 2019
- xxxv. Undertaken 5th KUSP Implementation Mission – 11th to 29th November, 2019
- xxxvi. Held a meeting with NPCT, WB and ACAL on 3rd December, 2019
- xxxvii. NPCT retreat of Final 2nd APA report and analysis of appeals from 20th to 26th January, 2020
- xxxviii. Consultancy services for initial work on classification and establishment of urban of areas through County Governments (excluding Nairobi and Mombasa) – 60 Million – completed on August, 2019
- xxxix. Consultancy services for conducting municipal urban planning needs and preparedness for KUSP through County Governments -60M– completed on August, 2019
- xl. KUSP participated in 10th World Urban Forum as an exhibitor and facilitate the best performing counties (Kericho and Meru) with reference to APA2 results and other best counties like Kirinyaga, Wajir, Migori, Homa Bay. Also facilitated three members of National Assembly, Council of Governors and Chairperson Urban Committee.
- xli. Have conducted several need based training with request from the counties/Municipality.
- xlii. Facilitated and participated on Technical Deep Dive (TDD) conference, held at Naivasha, 29th February to 6th March, 2020.
- xliii. NPCT held virtual consultative meetings with the CoG and Bank with aim of resolving program fiduciary issues to enable trigger disbursement for the financial 2020/2021.
- xliv. NPCT held two virtual mission planning meetings.

Project Information and Overall Performance (Continued)

- xlv. KUSP implementation Support Mission held virtually due to Covid-19 pandemic in April, 2021 to selected counties.
- xlvi. Disbursed UDG grant in November 2020, May 2021 and June 2021.

1.8.4 Challenges Encountered and recommendations

- i. Technical capacity gaps

1.8.5 Possible solutions to the challenges

- i. Core M&E team to make continuous follow ups.
- ii. Continues capacity building exercises

1.9 Summary of Project Compliance:

There were no cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

2 Statement of Performance against Project's Predetermined Objectives

The key development objective of the Project's 2018-2023 plan is to:

- a) To establish and strengthen urban institutions in participating counties in Kenya
- b) To deliver improved infrastructure and services in participating counties 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: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Urban areas with approved charters, established boards, appointed urban managers, and a budget vote (measures establishment of urban institutions).	To establish and strengthen urban institutions	Improved Governance and service delivery	Number of urban areas with approved charters, established boards, appointed urban managers and a budget vote.	59 out of 59 municipalities have approved charters, established boards, appointed managers and have budget votes
Urban areas that utilize at least 50 percent of the budget intended for their urban investments in their budget vote (measures strengthening of urban institutions).	To deliver improved infrastructure	Enhanced service delivery	Number of urban areas that utilize at least 50 percent of the budget intended for their urban investments in their budget vote.	54 urban areas have utilized their budget above 50%.
Score in the APA for achievement of urban planning, infrastructure, and service delivery targets by counties/urban areas, averaged across all urban areas that qualify for the UDG (maximum of 25).	To deliver improved infrastructure	Enhanced service delivery	% Score in the APA for achievement of urban planning, infrastructure	90% (Based on Performance Standards No. 7,8,9 &10)

3 Environmental and Sustainability Reporting

1. **Sustainability strategy and profile**
2. **Environmental performance**

The Program has in-built mechanisms to ensure adherence to the Environmental Management and Coordination Act (1999) as well as the NEMA regulations in all its infrastructure investment projects. This is to ensure environmental soundness and sustainability.

3. **Employee welfare**

All participating municipalities are required to ensure that their contractors strictly adhere to the provisions of Occupational Safety and Health Act (2007) and the applicable regulations in as far as employee safety and welfare are concerned. Further, other legal requirements on gender equality, mainstreaming of special needs groups (PLWD's, marginalized and vulnerable groups) are adhered to.

4. **Market place practices-**

All procurement activities are undertaken in strict compliance to the Public Procurement and Asset disposal act, 2015 as well as the Bank guidelines to ensure transparency, fairness.

4 **Statement of Project Management Responsibilities**

The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* 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, 2022. 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* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* 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.

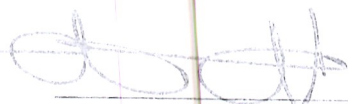
Statement of Project Management Responsibilities (Continued)

The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* 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, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* 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* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* 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 *Principal Secretary* for the State Department of Housing and Urban Development and the *Project Coordinator* for *Kenya Urban Support Programme* on _____ 2022 and signed by them.



Principal Secretary
Name: Mr. Charles M. Hinga, CBS



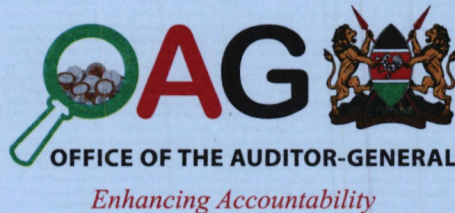
Project Coordinator
Name: Charles K'Onyango



Project Accountant:
Name: Christopher Kingi
ICPAK Member Number: 9467

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA URBAN SUPPORT PROGRAM (IDA CREDIT NO.6134 KE) FOR THE YEAR ENDED 30 JUNE, 2022 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

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 intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Urban Support Program (IDA Credit No.6134 KE) set out on pages 1 to 31, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments,

Report of the Auditor-General on Kenya Urban Support Program (IDA Credit No.6134 KE) for the year ended 30 June, 2022 – State Department for Housing and Urban Development

statement of cash flows 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 Kenya Urban Support Program as at 30 June, 2022, 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 between the International Development Association (IDA) and the Republic of Kenya dated 14 September, 2017 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 Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Urban Support 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 opinion.

Emphasis of Matter

Weaknesses in the Project Implementation Arrangements

According to the Implementation Arrangements at Schedule 2 of the Financing Agreement, the State Department for Housing and Urban Development has the overall responsibility of the operations of the Project. As the Implementing Agency, the State Department has the responsibility of ensuring that the proceeds of the credit are used for the intended purposes with attention paid to the principles of economy, efficiency, effectiveness, transparency and accountability.

Section E.3 of Schedule 2 further provides that the State Department shall enter into a program participation agreement with the participating Counties which are however autonomous Government entities independent of the State Department and which are not recognized as reporting entities in the Financing Agreement.

The operations of the Project entail receipt of donor funds into the Kenya Urban Support Program Secretariat account through the State Department, which are then transferred to the participating County Governments' accounts for the implementation of the agreed projects at the County level.

Given the autonomy of the participating County Governments, it is therefore difficult for the State Department (Implementing Agency) to enforce accountability in the Counties

for funds received and projects implemented through the Project Secretariat. Further, some of the County Projects were implemented long after the disbursement of funds to the Municipalities. In future, the Financier and the Implementing Ministry or State Department should include a clause in the Financing Agreements to cause the participating County Governments to account for the operations separately.

My opinion is not modified on the effects of this matter.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis amounting to Kshs.650,000,000 and Kshs.423,607,948 respectively resulting to an under-funding of Kshs.226,392,052 or 35% of the budget. Similarly, Management spent an amount of Kshs.572,457,546 against an approved budget of Kshs.650,000,000 resulting to an under-expenditure amounting to Kshs.77,542,454 or 12% of the budget.

The underfunding and underperformance affected the planned activities and impacted negatively on service delivery to the public.

2. Delayed Counterpart Funding

The statement of receipts and payments reflects a loan from external development partners amount of Kshs.276,210,320 received from International Development Association (IDA) and an amount of Kshs.147,397,628 received as counterpart funding from the Government of Kenya. Paragraph 1.7 of the financial statements on the funding summary reflects total commitment on donor (IDA) funding of Kshs.31,020,000,000 and counterpart funding from the Government of Kenya amount of Kshs.2,068,000,000. Further, the total cumulative donor funding as at 30 June, 2022 amounted to Kshs.29,440,326,528 representing 95% of the total donor financing projection while that of the counterpart funding amounted to Kshs.330,270,916 representing 16% of the total counterpart financing projection. With the closing date of the Project of 31 July, 2023, it is doubtful that the donor (IDA) financing balance of Kshs.1,579,673,472 or 5% and the Government's counterpart financing balance of Kshs.1,737,729,084 or 84% all totalling to Kshs.3,317,402,557 will be disbursed to fund the Project's activities before the Project closure date.

Delays by the Government in releasing counterpart funds impacts negatively on Project implementation and development for the citizens.

3. Pending Bills

Note 12.1 to the financial statements reflects pending accounts payable of Kshs.7,054,118 and as further disclosed in Annex 3(a) to the financial statements. Included in the pending accounts payable are invoices amounting to Kshs.2,384,600 that have been long outstanding. However, Management has not provided reasons for non-payment of the bills which exposes the Project to the risk of incurring interest and penalties.

Failure to settle bills during the year to which they relate adversely affects the provisions of the subsequent year as the form a first charge.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources 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

During the year under review, various counties were sampled for physical verification of various contracts undertaken by the Projects. However, various unsatisfactory observations were made as follows:

1. Kericho County (Kericho Municipality)

1.1 Delay in Construction of Storm Water Drainage Facilities

The County Government of Kericho entered into a contract for the construction of storm water drainage facilities at Kapsuser, Kapsoit, Nyagacho and Majengo areas at a total contract sum of Kshs.97,700,768. During the year under review, an amount of Kshs.67,888,219 was paid to the contractor. The works were to be completed within 12 months with expected completion date of 21 May, 2022. However, physical inspection in the month of August, 2022 established that the works at Kapsuser on backfilling and installation of french drains were incomplete while backfilling and drainage works at Nyagacho were yet to be completed.

Further, the County Government entered into another contract with a contractor on 23 May, 2019 for construction of storm water facility within Kericho Town for a period of two (2) years at a contract sum of Kshs.138,859,917. During the year under review, the contractor was paid a total of Kshs.42,392,433.

Physical verification in the month of August, 2022, revealed that the works which were to be completed by 23 May, 2021, was yet to completed and was at 92% with very minimal works ongoing and poor workmanship already noted on completed works. The contractor

had requested for four (4) extensions of the contract period. However, Management did not provide adequate explanations on why the extensions were done.

In addition, the contractor had not completed road marking and road signage, the drainage works at the County Assembly were incomplete while the french drains and backfilling of the road shoulders were yet to be done.

1.2 Delay in Delivery of Fire Fighting Truck

The County Government of Kericho also entered into a contract with a contractor for construction of a fire station and structural improvements at Uhuru Garden for a period of one year at a total contract sum of Kshs.46,942,144 on 23 May, 2019. During the year, the contractor was paid a total of Kshs.13,018,242. Review of the bill of quantities provided for audit indicated that a provisional sum of Kshs.14,500,000 was set aside for the purchase of a fire truck. However, physical inspection in the month of August, 2022 revealed that the fire truck had not been delivered. There was no evidence of extension of the contract and no reason was provided for failure to recover liquidated damages as per the contract terms.

In the circumstances, the Public has not obtained value for money on the above contracts.

2. Homa Bay County (Homa Bay Municipality) - Delay in Completion of Road Works

The County Government of Homa Bay entered into a contract for the upgrading to bitumen standards of junction C-19 to Tom Mboya University Junction Link Road for a period of one year and at a contract sum of Kshs.44,370,899 on 12 May, 2021. During the year, a total amount of Kshs.34,620,952 was paid for the road works. However, physical inspection exercise carried out in the month of July, 2022 revealed that road furniture works amounting to Kshs.775,000 had not been done yet the contract period lapsed on 12 May, 2022. No reason was provided by Management for the delay in completion of the road works.

In the circumstances, the residents of County of Homabay has not obtained value for money on the contract.

3. Bomet County (Bomet Municipality) - Improvement of Longisa Town Roads

The County Government of Bomet entered into a contract for the improvement to bitumen standard of Longisa Town roads. The contract sum was of Kshs.49,242,441 with the date of commencement of contract being 3 January, 2022 for a contract period of ten (10) months ending on 3 November, 2022.

Physical verification in the month of July, 2022 revealed that the amount certified as at 30 June, 2022 was Kshs.15,329,416. However, the professional opinion was given after the contract award date. It was also noted that the contract period had contradicting durations with the signed contract indicating six (6) months while the progress reports indicated ten (10) months. This is contrary to Regulation 23 (a) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that an Accounting Officer to

ensure that procurement and asset disposal contracts are entered into lawfully and implemented accordingly.

In addition, review of interim payment certificate (IPC) No. 1 revealed that a contingency sum of Kshs.950,000 that was paid. However, the supporting documents and the approval of the amount were not provided for audit contrary to Section 139 (2) of the Public Procurement and Asset Disposal Act, 2015.

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

4. Migori County (Migori Municipality)

4.1 Awendo Municipality Phase III

The County Government of Migori entered into a contract for construction of an ultra-modern market, washrooms, cabro paving of paths and landscaping for Awendo Municipality Phase III at a contract sum of Kshs.55,795,422 for a contract period of six (6) months ending on 30 June, 2022. The amount certified as at 30 June, 2022 was Kshs.20,290,012. However, physical verification exercise in July, 2022 revealed the following issues:

- (i). No separate procurement and monthly progress report files were maintained contrary to Section 68 of the Public Procurement and Asset Disposal Act, 2015.
- (ii). The signed form of tender was missing and there was no evidence of provision of performance bond or bid security by the contractor as required by Regulation 106 (7) of the Public Procurement and Asset Disposal Regulations, 2020.
- (iii). The signed bills of quantities and specific conditions of the contract were not provided for audit contrary to Section 70 (6) of the Public Procurement and Asset Disposal Act, 2015.
- (iv). The project was about 60% complete against the actual time lapse of 90%, and was therefore behind schedule. The remaining works included installation of worktops, cabro works, landscaping, water tank installation and installation of a high mast. However, no request for extension of works was provided for audit.

4.2 Rongo Municipality Phase II

The County Government of Migori entered into a contract agreement with a contractor for the installation of solar powered street lights in Rongo Municipality Phase III at a contract sum of Kshs.42,843,295. The date of commencement was 17 January, 2022, for a six (6) months period ending on 30 June, 2022. Amount certified as at 30 June, 2022 was Kshs.39,518,244. However, the signed form of tender was not provided for audit and there was no evidence of provision of performance bond or bid security by the contractor as required by Regulation 106(7) of the Public Procurement and Asset Disposal Regulations, 2020.

Further, the signed bills of quantities and specific conditions of the contract were not provided for audit as required by Section 70 (6) of the Public Procurement and Asset Disposal Act, 2015 and the branded solar powered street lights were installed in an area where the County Government had previously installed the same leading to duplication of the project.

4.3 Ombo Modern Market Migori Municipality Phase III

The County Government of Migori entered into a contract with a contractor for the construction, fabrication and erection of steel tower and water tank, underground water tank and associated works, flood light and supply of stackable heavy-duty steel skip at Ombo Modern Market Migori Municipality Phase III. The contract sum was Kshs.34,793,828 and commencement date of 17 January, 2022 for a contract period of six (6) months ending on 30 June, 2022. The amount certified as at 30 June, 2022 was Kshs.31,066,159. However, the signed form of tender was not provided for audit and there was no evidence of provision of the performance bond or bid security by the contractor required by Regulation 106 (7) of the Public Procurement and Asset Disposal Regulations, 2020.

Further, the signed bills of quantities and specific conditions of the contract were not provided for audit as required by Section 70(6) of the Public Procurement and Asset Disposal Act, 2015. In addition, despite the completion of this project in June, 2022 and the previous construction of 420 market stalls at Ombo modern market in June, 2020, the market was not operational. No explanation was provided for this anomaly.

In the circumstances, Management was in breach of the law and value for money on the project may not have been obtained by the public.

5. Nyamira County (Nyamira Municipality)

5.1 Delay in Upgrading of Public Works Offices - CDF Offices - Nyamira Hospital Junction

The contract for the works was awarded at a total contract sum of Kshs.82,859,330. The contract period was 12 months from 30 April, 2021 to 4 April, 2022. Physical verification exercise in the month of July, 2022 revealed that the road was approximately 21% complete with an amount of Kshs.8,869,921 already paid to the contractor. However, the contractor was not on site and no works were ongoing. The contractor requested for an extension of time for six (6) months up to 30 October, 2022 citing several reasons for delay of the works, which was not granted. Therefore, the contract period had lapsed but the works were incomplete.

5.2 Delay in Upgrading of (B5) Borabu Inn - Golan Heights Resort - Juakali - Nyamira Boys - (B5) Nyabite Market Road - Phase I

The contract was awarded on 4 June, 2019 at a total contract sum of Kshs.104,373,213. The contract was for twelve (12) months from on 5 August, 2019 to 4 August, 2020. Physical verification exercise carried out in July, 2022 revealed that the road was approximately 97% complete with an amount of Kshs.100,578,266 already paid to the

contractor, translating to 97% of the contract sum. Review of records indicated that the contract had been extended for 26 weeks to 5 February, 2021 and a further 24 weeks to 20 August, 2021. The contractor cited late payment for works done as part of the reasons for the delay in completion of the contract.

5.3 Delay in Transfer of Funds from County Revenue Fund to KUSP Special Purpose Account

Review of records during the audit inspection exercise carried out in the month of July, 2022 revealed that Nyamira County Government had not remitted an amount of Kshs.128,256,457 being the funds that were budgeted for in the annual development plan (ADP) of the Project. The funds were still being held in the County Revenue Fund account. No reason was provided by Management to explain the delay in disbursements of the funds to the project account contrary to the provisions of Regulation 74(5) of the Public Finance Management (County Governments) Regulations, 2015.

In the circumstances, the expected benefits of the project to the public may not be realized.

6. Baringo County - Delay in Kabarnet Municipality Works

The County Government of Baringo entered into a contract agreement for Infrastructure Development - Anyiny-Juakali Road, Municipal Market Phase II, and Recreational Park at Kabarnet Municipality the works on 20 December, 2021 at a contract sum of Kshs.56,596,100. During the year under review, the contractor was paid an amount of Kshs.12,033,737. According to the half-yearly progress report dated 30 June, 2022, the works were at 40% complete, and the contract expired on 20 July, 2022 and the contractor had requested for an extension which had not been granted.

Further, the performance bond provided of Kshs.2,829,804 expired on 21 June, 2022 and had not been renewed as required. No reason has been provided for failure to complete the project as per the contract agreement.

In addition, review of the progress report on rehabilitation of Kabarnet Municipal Market, Construction of Drainage Works and Cabro Paving of Pedestrian Walkways in Kabarnet Municipality dated 30 June, 2022, indicated that the project was 90% complete and the traders had taken over the municipal market despite the project being incomplete.

Further, according to the grand summary reported in the Interim Payment Certificate (IPC) No. 2, there was overpayment of some bill items totalling to Kshs.3,787,510. No explanation was provided for this anomaly.

In the circumstances, the public may not have obtained value for money for the delayed projects.

7. Kisii County (Kisii Municipality) - Delay in Project Implementation

The Construction of Daraja Mbili – Elimu Umoja Road and Augmentation of Huduma Centre – Kisii Hotel Drain and Associated Works contract was awarded on 23 April, 2021 at a contract sum of Kshs.50,594,197. The contract period was twelve (12) months from 28 July, 2021 to 28 July, 2022. However, physical verification in the month of July, 2022 revealed that the road was approximately 56% complete with an amount of Kshs.14,251,270 already paid to the contractor, which translates to 28% of the contract sum.

Further, the contractor requested for extension of time on the contract citing various reasons for the delay in works including obstruction of electrical poles, lack of design both geometric and pavement as well as lack of engineering drawings, changes in sequence and timing of works. The extension was granted for 85 days to 21 October, 2022. However, the delays in the works and the reasons thereof point to poor feasibility studies of the project carried out by the County Government which should have identified these issues at the planning stage of the project.

In the circumstances, the public may not obtain value for money on the contract.

8. Taita Taveta County (Taita Taveta Municipality)

8.1 Irregular Consultancy Services

The tender for the provision of the consultancy services and Environmental and Social Impact Assessment for the Modernization of Mwatate Market was awarded at a contract sum of Kshs.1,750,000 which was fully paid. However, the tender advertisement documents, list of prequalified contractors and service providers were not provided for audit. Therefore, it was not possible to determine how the winning consultant was invited for the tender/contract contrary to Regulation 33(3) of the Public Procurement and Asset Disposal Regulations, 2020.

Further, a tender for carrying out Environmental Impact Assessment (EIA) for road networks (700M) leading to the Governor's Office Mwatate Sub-county was awarded at a contract sum of Kshs.499,032. However, the tender advertisements, list of prequalified contractors and service providers were not provided for audit. It was not possible to determine how the consultant was invited for the tender contrary to Regulation 33(3) of the Public Procurement and Asset Disposal Regulations, 2020.

8.2 Proposed Modernization of Mwatate Market

The tender for the proposed modernization of Mwatate Market was awarded at a contract sum of Kshs.48,770,254. Review of records indicated that a tender addendum No.1 was issued on 15 September, 2020. The amount paid up to July, 2022 amounted to Kshs.49,896,925 comprising of seven (7) payment certificates totalling to Kshs.48,243,908 and a retention amount of Kshs.1,653,017 thereby leading to an overpayment of Kshs.1,126,671.

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

8.3 Delay in Project Implementation

Tender for the rehabilitation of Mwatate County Administration offices access road, construction of 4-door modern toilets, construction of garbage receptacles, construction of parking and walkway and supply and installation of solar street lighting was awarded at a contract sum of Kshs.48,162,006 on 8 August, 2019. The amount certified for payment at 89% completion of the works was Kshs.40,167,148 which was fully paid by the Municipality of Mwatate.

However, physical verification during the month of July, 2022 revealed that the project had stalled. Management explained that the unpaid amount of Kshs.7,994,858 was not provided by the County Government of Taita Taveta as agreed. However, the agreement or associated documents showing how the funding was to be shared between the Municipality and the County Government were not provided.

In the circumstances, public has not obtained value for money on the contract.

9. Uasin Gishu County (Eldoret Municipality) - Delay in Project Implementation

The County Government of Uasin Gishu entered into a contract for the upgrading of sixty-four (64) Stadium in Eldoret Municipality at a contract sum of Kshs.1,163,563,925. The work commenced on 14 June, 2021 for a contract period of 15 months and expected completion date of 9 August, 2022. According to the progress report of June, 2022, the percentage of works completed was 46% against a lapsed period of twelve (12) months or 80% of the contract period. The project is thus behind schedule.

In the circumstances, the expected benefits of the project to the residents of Uasin Gishu may not be realized.

10. Kitui County (Kitui Municipality) - Stalled Project - Construction of Kithomboani Modern Market

The County Government of Kitui entered into an agreement for the Construction of Kithomboani Modern Market at a contract sum of Kshs.351,585,554. The project commenced on 25 June, 2019 and was expected to be completed by 6 September, 2021. An audit inspection exercise carried out in the month of July, 2022 revealed that total payments made to the contractor by 30 June, 2022 amounted to Kshs.208,131,131 or 59% of the contract sum, while the progress of works was at 85%. The Project had however stalled and the contractor was no longer on site.

In the circumstances, the expected benefits of the project to the residents of Kitui may not be realized.

11. Machakos County (Machakos Municipality) - Delay Projects Implementation

The County Government of Machakos entered into a contract for the construction of Kathemboni Road in Machakos Municipality at a contract sum of Kshs.117,515,928. The works were to be completed within six (6) months in May, 2022. The Municipality had paid the contractor an amount of Kshs.29,088,148. However, the project was yet to be completed and progress of works was at 37% against time lapse of 133% as at 02 August, 2022. No reason was provided by Management for the delay in completion of works.

In the circumstances, the expected benefits of the projects to the public were not realized.

12. Nyeri County (Nyeri Municipality) - Delay in Operationalization of Nyeri Municipal Bus Terminus

The County Government of Nyeri entered into a contract for the construction of Nyeri Municipal Bus terminus at a contact sum of Kshs.575,688,291 on 27 May, 2019. Physical verification in the month of July, 2022, revealed that, although the market works had been completed, the contractor had not handed over the project to the County Government.

In the circumstances, the expected benefits of the project to the public were not realized.

13. Samburu County (Maralal Municipality)

13.1 Unsatisfactory Project Implementation - Trade Market

The County Government of Samburu entered into a contract on 30 June, 2020 for construction of a modern market in Maralal Municipality. The contract duration was one (1) year at a total contract sum of Kshs.53,981,760. The project expected completion date was 30 June, 2021. The total amount paid to the contractor as at 30 June, 2022 was Kshs.51,282,672. Physical verification in the month of July, 2022, revealed that the project was handed over on 30 June, 2022 a delay by one year without approval.

Further, the fire-fighting equipment, external pavements and cabro-paving had not been completed while bitumen had not been applied on the cracks of the joints on the roof top to avoid water leakages. The certificate of substantial completion acknowledging the completion of the project works and defect liability certificate to the contractor were not provided. No explanation was provided by the Management on how the remaining works were to be completed.

13.2 Unsatisfactory Implementation of Project – Maralal Municipality

Similarly, Management entered into a contract for cabro works and storm water drainage at Maralal Municipality on 26 July, 2021 at a contract sum of Kshs.48,510,769. During the year, the contractor was paid a total of Kshs.32,642,800. However, Physical verification in the month of July, 2022 revealed that the cabro works and drainage had

not been done between Buffalo area to Wambu Hardware Street quoted at Kshs.7,050,000 as per the bill of quantities but had been reported as completed as per the measurement sheet of the works prepared on 31 March, 2022. Further, no significant work had been done from the Mosque to Tower Street quoted at Kshs.2,950,000 in the bill of quantities, yet these works had also been reported as complete from the measurement sheet.

In the circumstances, the public did not obtain value for money from the contract.

14. Turkana County (Lodwar Municipality)

14.1 Unsatisfactory Construction of Street Parking Lots and Street Lights

The contract for construction of street parking lots (cabro works) and installation and commissioning of solar street lights and flood lights in Lodwar Municipality was awarded at a contract sum of Kshs.94,428,477 for both cabro works and street lighting as per tender documents provided. However, physical verification in July, 2022 revealed that a total amount of Kshs.41,639,875 had been paid to the contractor in relation to the cabro works done. Further, all the original documentation relating to the contract were not provided for as they were said to have had been taken by the Ethics and Anti-Corruption Commission (EACC) for an ongoing investigation. Further, physical count of all the street lightings revealed that only thirty-two (32) No. street lights had been installed against one hundred and thirty-six (136) as per the contract agreement. No explanation was provided for the failure to install the other one hundred and four (104) street lights. No further measurements of works had been made on the contract since the first payment despite the fact that the contract was 100% complete.

14.2 Unsatisfactory Construction of a Fire Station and Street Lights

The contract for construction of a fire station and installation of solar powered street lights and flood lights in Lodwar Town was signed on 11 July, 2019 at a contract sum of Kshs.87,277,623 and a contract period of 52 weeks. The initial completion date was 10 July, 2020. The project comprised of construction of a fire station at a contract sum of Kshs.53,297,623 and installation of solar powered street lights and flood lights in Lodwar at a sum of Kshs.33,980,000. Included in the construction of the fire station was a proposed four hundred (400) meter long masonry walling, gates and gate house at the fire station at a cost of Kshs.13,132,340. This comprised of external walling at Kshs.3,822,740, metal works Kshs.3,995,200, finishes Kshs.914,400 and provisional and PC sums of Kshs.4,400,000.

However, physical verification exercise in the month of July, 2022 revealed that although the contractor had been paid the full amount of the contract sum of Kshs.87,277,623, the percentage of the physical work completion was approximately 90% and the masonry walling had been done half way. The supporting documentation such as structural drawings, designs and specifications approvals and committee minutes in relation to payment of the provisional sums amounting to Kshs.4,400,000 were not provided.

Further, a comparison of the bill of quantities (BQ) and the actual work done in relation to installation of solar powered street lights and flood lights revealed the following discrepancies;

- (i). According to the BQ, the contractor was to install 8M high hollow silver galvanized steel but a 6M high hollow silver galvanized steel were installed.
- (ii). The contractor installed 120AH solar battery deep cycle instead of the 200AH solar battery deep cycle as specified in the BQ.
- (iii). A 100WP 17.5 V high efficiency solar panel was installed instead of 120WP 17.5V high efficiency solar panel specified in the BQ.
- (iv). A 400W floodlight LED fitting complete with control gear and tabular lamp 220 - 240v, 50HZ, 120 beam angle water proof daylight was installed instead of a 500W floodlight LED fitting as provided in the BQ.
- (v). The Contractor was to install two (2) high-mast lighting poles 24 meters high mild steel hot- deep galvanized and spray coated treatment, rust proof average radius of 100mm fixed on to concrete columns with steel gussets and rawl bolts and complete with portable winch for lowering and raising the flood lights for servicing purposes. However, 18 meters and 12 meters high masts floodlights were installed. Further, the installed floodlights did not have a portable winch for lowering and raising the flood lights for servicing purposes.
- (vi). There was no authority or supporting documentation such as approvals and committee minutes in relation to payment of the contingency sums amounting to Kshs.300,000.

In the circumstances, the County Government of Turkana did not obtain value for money on the contract.

15. Trans Nzoia County (Kitale Municipality) - Delay in Project Implementation

The contract for the construction of Multi-Storey Business Complex for County Government of Trans Nzoia was signed on 25 June, 2018 at a contract sum of Kshs.874,280,383 for a contract period of 728 days. The commencement date for the contract was 10 June, 2019 and the initial completion date was 10 June, 2021. However, the contract period was later revised to 30 November, 2021. The actual amount certified as at 1 June, 2022 was Kshs.569,611,410 while the actual amount paid was Kshs.461,603,521. The percentage of the physical work done as at 1 June, 2022 was 85%. However, an audit inspection exercise carried out in the month of July, 2022 revealed that the project was behind schedule and the percentage of time lapsed was 123% against a physical completion of 85%. Management did not provide explanation for the delay in completion of the Project.

In the circumstances, the public may not have obtained value for money from the contract.

16. Wajir County (Wajir Municipality) - Delay in Project Implementation

The County Government of Wajir awarded two projects through open tender for the construction of non-motorized transport in Wajir Municipality at a contract sum of Kshs.42,935,080 and the construction of Soko Mjinga 2 (Soko County Access) road at a contract sum of Kshs.34,932,942. Review of records revealed that the amounts paid on the two contracts as at 30 June, 2022 were Kshs.11,651,695 and Kshs.6,702,174 respectively. During physical verification exercise carried out on 27 July, 2022 the following issues were however noted:

- (i). The payment of Kshs.6,702,174 to one of the contractor was not supported with a summary of work done and bill of quantity extract showing the works paid for.
- (ii). The contract agreements for the two projects did not indicate the completion date for the projects.
- (iii). The project Managers did not prepare status reports for the two (2) projects and therefore, it was not possible to confirm whether the payments of Kshs.11,651,695 and Kshs.6,702,173 for non-motorized transport in Wajir Municipality and construction of Soko Mjinga 2 (Soko County access) respectively were commensurate with the works carried out for the projects.
- (iv). The contractor was not on site for the Soko Mjinga 2 (Soko County access) project.

In the circumstances, the public may not have obtained value for money on the contract.

17. Garissa County (Garissa Municipality)

17.1 Irregular Construction of Road

The County Government of Garissa awarded the Upgrading to Bitumen Standard of Galbet Township Access Road contract at a contract sum of Kshs.81,825,853 in the financial year 2019/2020. Review of records indicated that the contractor had been paid an amount of Kshs.55,502,069 in 2020/2021 and previous financial years.

Further, the works certified and paid for during the financial year 2021/2022 was Kshs.17,915,040 making a total payment of Kshs.73,417,109 for the project. Included in the total payment is an amount of Kshs.15,043,000 related to culvert and drainage works which was originally tendered at an amount of Kshs.11,404,250 leading to unsupported overpayment of Kshs.3,638,750. This was contrary to contrary to Section 139(1) of the Public Procurement and Asset Disposal Act, 2015.

Further, physical verification on 1 August, 2022 revealed that the drainage works were poorly done and some culverts were dysfunctional and not in use.

17.2 Variation of Contract Prices

Review of tender documents, tender committee minutes and other records provided for audit revealed that Management made variation of two (2) contracts for the following projects:

Project Name	Original Contract Price (Kshs.)	Revised Contract Price (Kshs.)	Variation (Kshs.)	Variation (%)
Proposed Storm Water Drainage and Pedestrian Walkways	91,458,775	101,643,235	10,184,460	11%
Proposed Construction of Qorahey Market	74,341,042	83,959,580	9,618,538	13%

Available information revealed that the variation of the contracts was initiated by the project managers and approved by Garissa Municipality Board. However, the Board minutes approving the variation were not provided for audit contrary to Section 139 (1) of the Public Procurement and Asset Disposal Act, 2015.

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

18. Kilifi County (Kilifi Municipality) - Delay in Completion of Project

The County Government of Kilifi entered into a contract agreement for the construction of a fire station and emergency centre for a period of one year commencing 17 May, 2021 to 17 May, 2022 at a total contract sum of Kshs.120,911,300. During the year, the contractor was paid Kshs.71,666,112. However, physical verification exercise on 28 July, 2022 revealed that the works were at 76% completion. No extension of time had been granted to the contractor after lapse of the contract period. Further, Management did not provide explanations for the delay in delivery of the project.

In the circumstances, the public may not obtain value for money on the contract.

19. Tana River County (Tana River Municipality) - Delay in Completion of Project

The County Government of Tana River entered into a contract for construction of 2 Km Phase II storm water drainage. The contract period was six (6) months commencing 20 January, 2022 to 20 July, 2022 at a contract price of Kshs.61,834,700. As at 30 June, 2022, total amount certified and paid was Kshs.44,390,597. However, during inspection physical on 1 August, 2022, it was observed that the project had not been completed despite the expiry of the contract period. Further, project status report was not provided for audit and Management did not provide explanation for the non-completion of the project within the agreed timelines.

In the circumstances, the County Government of Tana River may not obtain value for money on the contract.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Meru County (Meru Municipality) - Non-maintenance of a Deposits Cashbook

Review of the Meru County Municipal Board KUSP payments indicated that, the Board retained 10% being retention money from the various contractors. However, the Municipality did not maintain a separate deposits cash book and bank account to confirm whether the funds were deducted and are available on demand at the end of defects liability period of the various contracts.

In the circumstances, the effectiveness of internal controls over deposits and retentions could not be confirmed.

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) and the Financing agreement, 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 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 Project or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how 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

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 audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control 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 Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 December, 2022

**Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022**

Statement of Receipts and Payments for the Year Ended 30th June 2022

	Note	2021/22			2020/21			Cumulative to-date (From Inception)
		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	
		KShs	KShs	KShs	KShs	KShs	KShs	
RECEIPTS								
Transfer from Government entities	1	147,397,628	-	147,397,628	102,998,907	-	102,998,917.3	330,270,916
From external development partners	3	276,210,320	-	276,210,320	358,811,292	6,314,968,123	6,673,779,415	29,440,326,528
TOTAL RECEIPTS		423,607,948	-	423,607,948	461,810,199	6,314,968,123	6,776,778,322	29,770,597,444
PAYMENTS								
Purchase of goods and services	6	552,551,416	-	552,551,416	325,640,885	-	325,640,885	1,491,884,690
Acquisition of Non-financial assets	8	19,906,130	-	19,906,130	4,985,750	-	4,985,750	51,471,375
Transfers to Counties	9	-	-	-	-	6,314,968,123	6,314,968,123	28,149,346,744
TOTAL PAYMENTS		572,457,546	-	572,457,546	330,626,635	6,314,968,123	6,645,594,758	29,692,702,809
SURPLUS/DEFICIT		(148,849,598)	-	(148,849,598)	131,183,564	-	131,183,564	77,894,634

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

Principal Secretary
Name: Mr. Charles M. Hinga, CBS

Project Coordinator
Name: Charles K'Onyango

Project Accountant
Name: Christopher Kingi
ICPAK Member No. 9467



Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

7 Statement of Financial Assets As At 30th June 2022

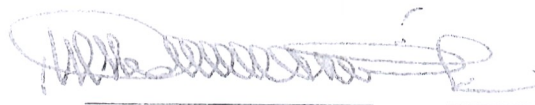
	Note	2021/22	2020/21
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11 A	90,222,048	239,071,646
Cash Balances	11 B	-	-
Total Cash and Cash Equivalents		90,222,048	239,071,646
Imprest and Advances		-	-
TOTAL FINANCIAL ASSETS		90,222,048	239,071,646
REPRESENTED BY			
Fund balance b/fwd	14	239,071,646	107,888,082
Prior year adjustments	15	-	-
Surplus/Deficit for the year		(148,849,598)	131,183,564
NET FINANCIAL POSITION		90,222,048	239,071,646

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th November 2022 and signed by:



Principal Secretary

Date:



Project Coordinator

Date:



Project Accountant

Date:

ICPAK Member No. 9467

8 Statement of Cashflow for the Period 30th June 2022

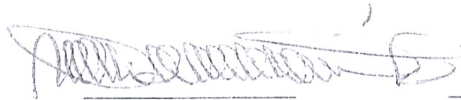
		2021/22	2020/21
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	147,397,628	102,998,907
Payments from operating activities			
Purchase of goods and services	6	(552,551,416)	(325,640,885)
Transfers to Other Government Entities	9	-	(6,314,968,123)
		(405,153,788)	(6,537,610,101)
Change in Imprests & Advances	12	-	602,709
Adjustments during the year	15	-	-
Net cash flow from operating activities		(405,153,788)	(6,537,007,392)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-financial Assets	8	(19,906,130)	(4,985,750)
Net cash flows from Investing Activities		(19,906,130)	(4,985,750)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	276,210,320	6,673,779,415
Net cash flow from financing activities		276,210,320	6,673,779,415
NET INCREASE IN CASH AND CASH EQUIVALENT		(148,849,598)	131,786,273
Cash and cash equivalent at BEGINNING of the year		239,071,646	107,285,373
Cash and cash equivalent at END of the year		90,222,048	239,071,646

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 29th November 2022 and signed by:




Principal Secretary

Date:



Project Coordinator

Date:



Project Accountant

Date: 29th Nov. 2022

ICPAK Member No.9467

Kericho Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Statement of Comparison of Budget and Actual Amounts for the Year Ended 30th June 2022

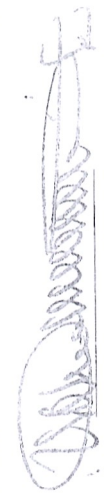
Receipts/Payments Item	Original Budget A	Adjustments b	Final Budget e=a+b	Actual on Basis D	Budget Utilization Difference e-c-d	% of Utilization F=d/c %
Receipts						
Transfer from Government entities	200,000,000	(50,000,000)	150,000,000	147,397,628	2,602,372	98%
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	500,000,000	-	500,000,000	276,210,320	223,789,680	55%
Miscellaneous receipts						
Total Receipts	700,000,000	(50,000,000)	650,000,000	423,607,948	226,392,052	65%
Payments						
Compensation of employees						
Purchase of goods and services	660,000,000	(30,000,000)	630,000,000	552,551,416	77,448,584	88%
Social security benefits						
Acquisition of non-financial assets	40,000,000	(20,000,000)	20,000,000	19,906,130	93,870	100%
Transfers to other government entities						
Other grants and transfers						
Total Payments	700,000,000	(50,000,000)	650,000,000	572,457,546	77,542,454	88%

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



Principal Secretary

Date



Project Coordinator

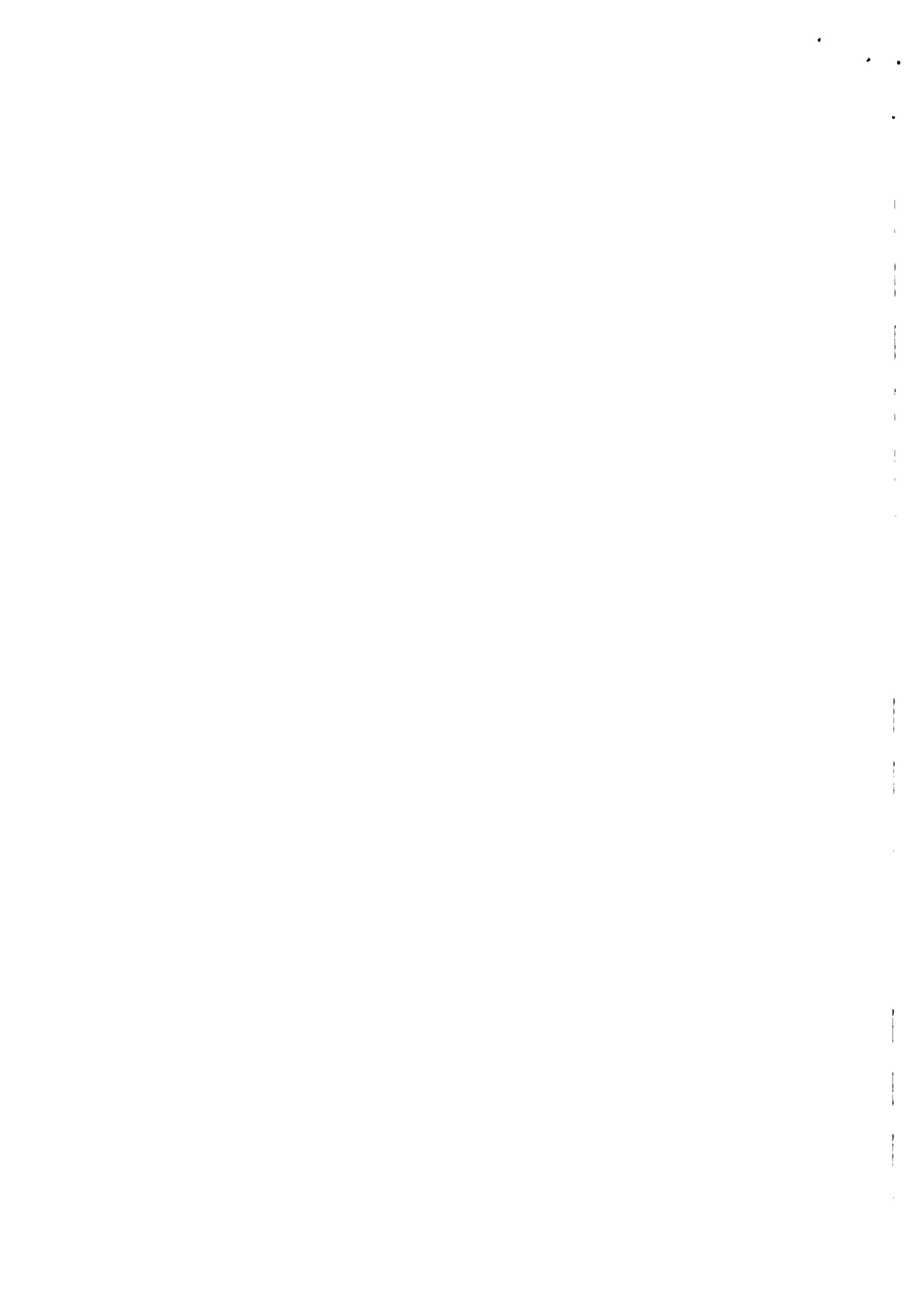
Date



Project Accountant

Date 29th Nov 2022

ICPAK Member No.9467



10 Significant Accounting Policies

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

10.1 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.

10.2 Reporting entity

The financial statements are for the Kenya Urban Support Program under State Department for Housing and Urban Development. The financial statements are for **Kenya Urban Support Program** as required by Section 81 of the PFM Act, 2012.

10.3 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.

10.4 Recognition of receipts

The *Kenya Urban Support Program* recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

i) Transfers from the Exchequer

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

ii) External Assistance

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



Significant Accounting Policies (Continued)

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.

10.5 Recognition of payments

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

i) Compensation 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.

Significant Accounting Policies (Continued)

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.

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.

10.6 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.

10.7 Cash and cash equivalents

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

Significant Accounting Policies (Continued)

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.

10.8 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.

10.9 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.

10.10 Contingent Liabilities

A contingent liability is:

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

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

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

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

Significant Accounting Policies (Continued)

10.11 Contingent Assets

The *Kenya Urban Support Program* 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.

10.12 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.

10.13 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.*

Significant Accounting Policies (Continued)

10.14 Third party payments

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

10.15 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.

10.16 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.

10.17 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, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

11 Notes to the Financial Statements

1. Transfers from Government entities

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

	2021/22	2020/21	Cumulative
	KShs	KShs	to-date
<i>Counterpart funding through State Department for Housing and Urban Development</i>			
Counterpart funds Quarter 1			
Counterpart funds Quarter 2			
Counterpart funds Quarter 3			
Counterpart funds Quarter 4	147,397,628	102,998,907	330,270,916
<i>Other transfers from government entities</i>			
Appropriations-in-Aid			
Total	147,397,628	102,998,907	330,270,916

Notes to the Financial Statements (Continued)

Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, 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	
						2021-2022 Kshs	2020-2021 Kshs
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

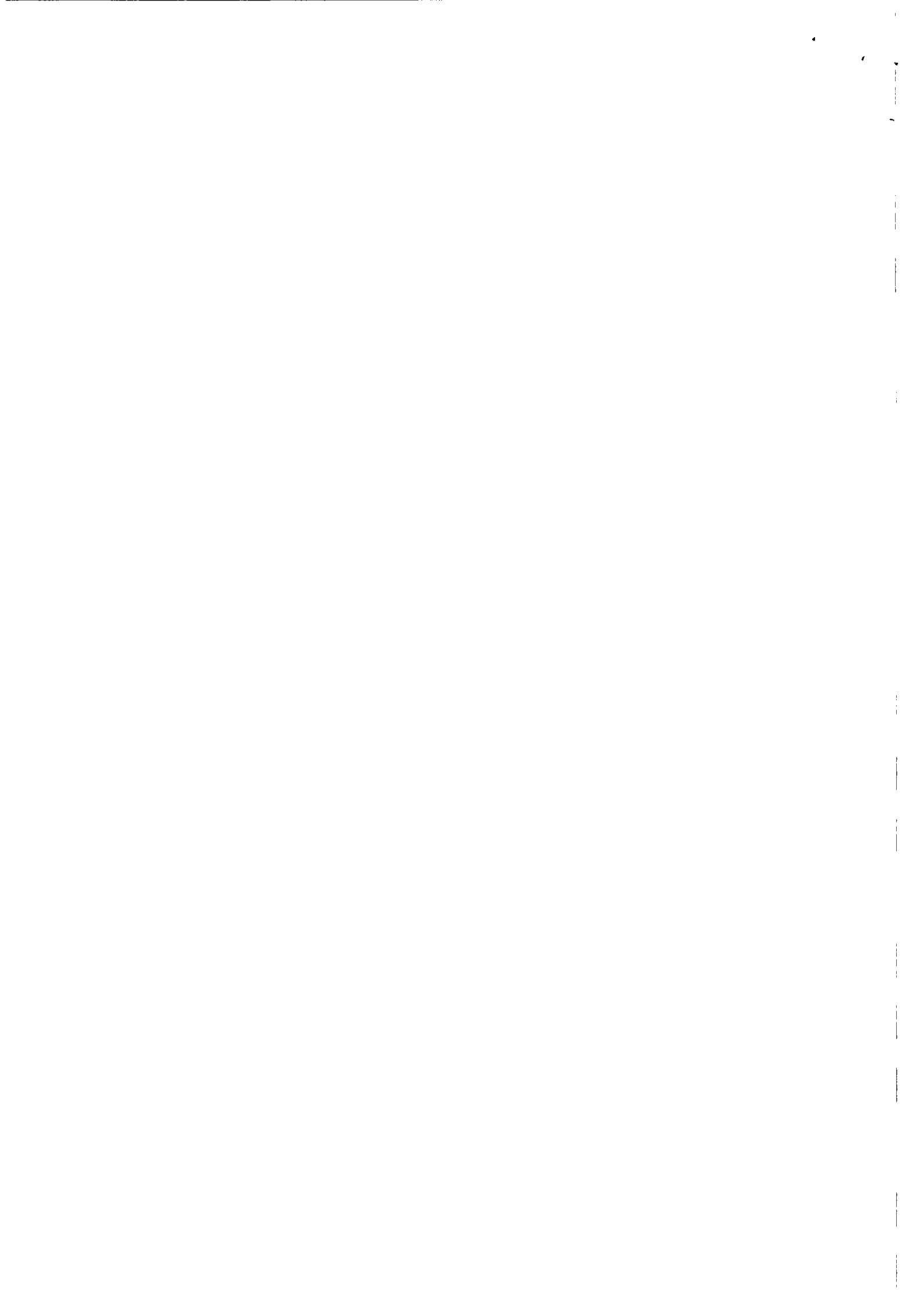
During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency (\$)	Loans received in cash	Loans received as payment*	Total amount in KShs	
					KShs	FY 2020/21
Loans Received from Multilateral Donors (International Organisations)						
IDA - NPCT		2,434,000	276,210,320		276,210,320	358,811,292
IDA - Counties		-	-		-	6,314,968,123
Total		2,434,000	276,210,320		276,210,320	6,673,779,415

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

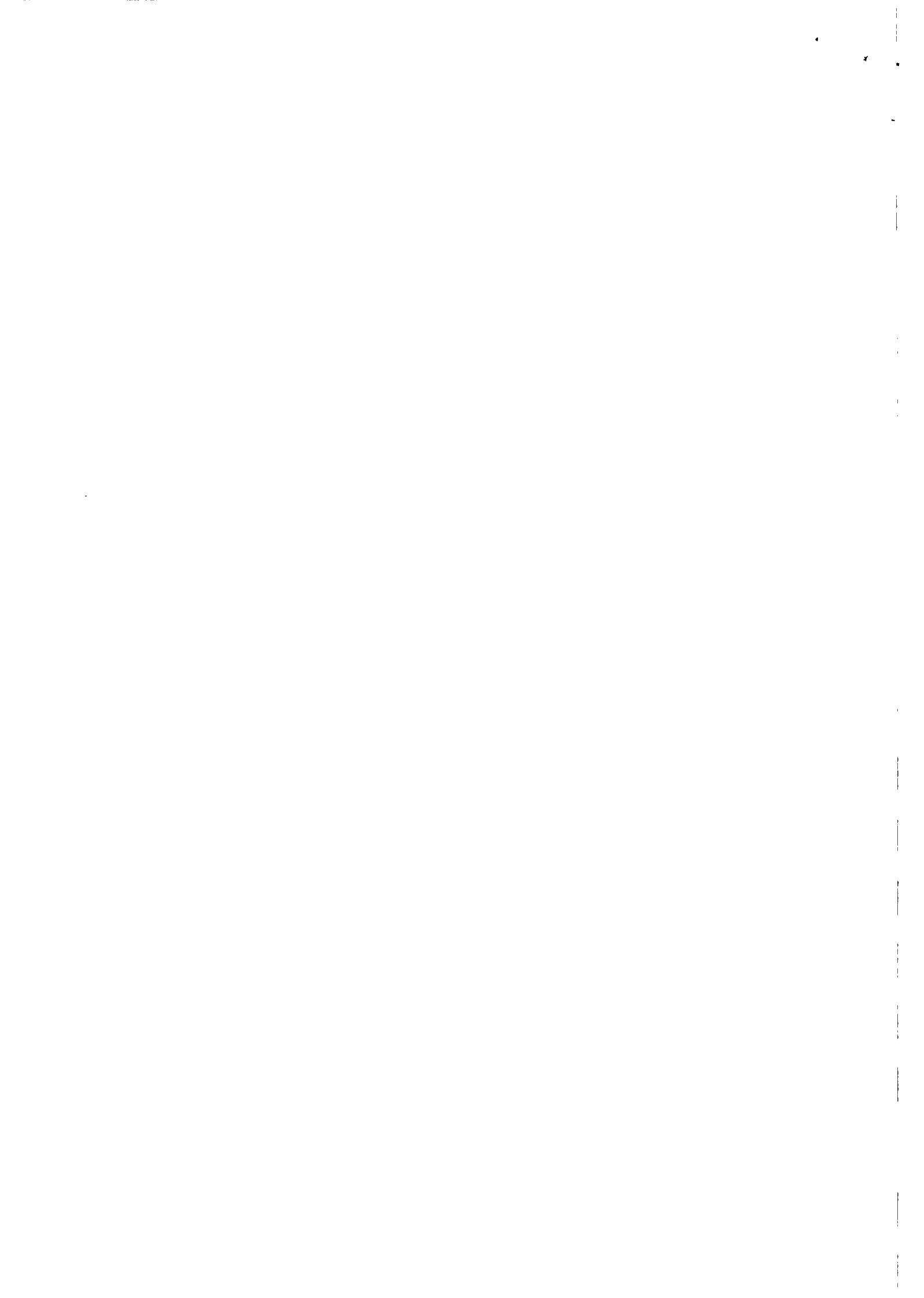
	2021-2022			2020/2021	Cumulative to-date (from inception) Kshs
	Receipts controlled by the entity in Cash Kshs	Receipts controlled by third parties Kshs	Total receipts Kshs		
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
Total	-	-	-	-	-



Notes to the Financial Statements (Continued)

5. Compensation to Employees

	2021/2022			2020/2021	
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs	Total payments Kshs	Cumulative to-date Kshs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	-	-	-	-	-



Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

	FY 2021/22		FY 2020/21	Cumulative to-date
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs		
Utilities, supplies and services				KShs
Domestic travel and subsistence				24,058,540
Foreign travel and Subsistence				88,777,842
Training payments				4,598,481
Hospitality Supplies and Services				53,487,577
Insurance costs				114,047
Office and general supplies and services	28,539,733		19,219,760	355,946
Fuel Oil and Lubricants	2,000,000			85,009,501
Other operating expenses				2,000,000
Routine maintenance – vehicles and other transport equipment	521,621,923		306,421,125	828,342,548
Consultancy services: – Technical and professional services	389,760			389,760
Total	552,551,416		325,640,885	1,491,884,690

Notes to the Financial Statements (Continued)

7. Social Security Benefits

	2021-2022			2020-2021	Cumulative to-date Kshs
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total Payments Kshs	Total Payments Kshs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	FY 2021/22			FY 2020/21	Cumulative to-date
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	KShs
Construction of civil works					
Overhaul & refurbishment of construction and civil works					15,959,495
Purchase of vehicles & other transport equipment				-	10,620,000
Research, studies, project preparation, design & supervision	19,906,130		19,906,130	4,985,750	24,891,880
Total	19,906,130		19,906,130	4,985,750	51,471,375

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2022, we transferred funds to reporting government entities as shown below:

	FY 2021/22		FY 2020/21	Cumulative to-date
	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs
Amounts disbursed				
• Urban Institutional Grants (UIG)	-	-	8,800,000	2,250,000,000
• Urban Development Grant (UDG)	-	-	6,306,168,123	25,899,346,744
•				
TOTAL	-	-	6,314,968,123	28,149,346,744

The amounts above are accounted for as below:

9.A. ANALYSIS OF AMOUNTS TRANSFERED TO COUNTIES

	FY 2021/22		FY 2020/21	Cumulative to-date
	KShs	KShs	KShs	KShs
Opening balance (A)	11,509,132,678		13,319,999,857	-
Add: Amounts disbursed during the year (B)				
• Urban Institutional Grants (UIG)	-		8,800,000	2,250,000,000
• Urban Development Grant (UDG)	-		6,306,168,123	25,899,346,744
Less: Expenditure incurred (C)				
• Expenditure incurred under UIG (See Annex 3)	(220,504,743)		(890,570,434)	(2,177,459,794)
• Expenditure incurred under UDG (See Annex 4)	(6,494,488,246)		(7,235,264,867)	(21,177,747,260)
Closing balance (A+B-C)	4,794,139,690		11,509,132,678	4,794,139,690

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2022			2021-2022	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

11. Cash And Cash equivalents

	FY 2021/22	FY 2020/21
	KShs	KShs
Bank accounts (Note 7 A)	90,222,048	239,071,646
Cash in hand (Note 7 B)	-	-
Cash equivalents (short-term deposits) (Note 7 C)	-	-
Breakdown of imprests and advances (Note 8)	-	-
Total	90,222,048	239,071,646

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

11. A Bank Accounts

Project Bank Accounts

	2021/22	2020/21
	KShs	KShs
Foreign Currency Accounts		
Central Bank of Kenya [A/c No. 10003317876]	1,232,120.28	1,200,083.10
Central Bank of Kenya [A/c No. 10003354507]	41.24	38.24
Total Foreign Currency balances	1,232,161.52	1,200,121.34
Local Currency Accounts		
Central Bank of Kenya [A/c No 1000396946]	90,222,048	239,071,646
Total local currency balances	90,222,048	239,071,646
Total bank account balances	-	240,271,767.34

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 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

	2021/22	2020/21
	USD	USD
(i) KENYA URBAN SUPPORT PROGRAMME – IDA 61340 [A/c No 1000317876]		
Opening balance	1,200,083.10	2,732,793.69
Total amount deposited in the account	2,466,037.18	1,731,584.28
Total amount withdrawn (as per Statement of Receipts & Payments)	(2,434,000.00)	(3,264,294.87)
Closing balance (as per SDA bank account reconciliation attached)	<u>1,232,120.28</u>	<u>1,200,083.10</u>
(ii) KENYA URBAN SUPPORT PROGRAMME – IDA 61340 [A/c No 1000354507]		
Opening balance (as per the SDA reconciliation)	38.24	21,473,778.24
Total amount deposited in the account	37,425,835.00	-
Total amount withdrawn (as per Statement of Receipts & Payments)	(37,425,832.00)	(21,473,740.00)
Closing balance (as per SDA bank account reconciliation attached)	<u>41.24</u>	<u>38.24</u>

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix v* support these closing balances and *annex 6*.

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Notes to the Financial Statements (Continued)

11 B Cash in hand

	2021/22	2020/21
	KShs	KShs
Cianda House	-	-
Total cash balances	=	=

There was no cash in hand at the end of the year

11 C Cash equivalents (short-term deposits)

	2021/22	2020/21
	KShs	KShs
Central Bank of Kenya	-	-
Total	=	=

There were no short-term deposits at the end of the year

12. Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	-	602,709
Salary advances	-	-
Total	-	602,709

12b: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022	Balance 2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Paul Chepkwony	-	-	-	-	602,709
Total	-	-	-	-	602,709

Notes to the Financial Statements (Continued)

13. Deposits and Retention Monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

14. Fund Balance Brought Forward

	2021/22	2020/21
	KShs	KShs
Bank accounts	239,071,646	107,285,373
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances	-	602,709
Total	239,071,646	107,888,082

15. Prior Year adjustment

Description of the error	Balance b/f FY 2021/2022 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2020/2021
	Kshs	Kshs	Kshs
Bank account Balances		-	-
Cash in hand			
Accounts Payables			
Receivables			
Others (<i>specify</i>)			
Total		-	-

16. Changes in Receivable

Description	2021 - 2022	2020 - 2021
	KShs	KShs
Opening Receivables as at 1st July 2021	-	602,709
Closing account receivables as at 30th June 2022	-	-
Change in Receivables	-	(602,709)



Notes to the Financial Statements (Continued)

17. Changes in Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2022	-	-
Change in payables	-	-

Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022

12 Other Important Disclosures

12.1 Pending Accounts Payable (See Annex 3a)

	FY 2021/22	FY 2020/21
	Kshs	Kshs
Construction of buildings		
Consultancy services		
Supply of goods		
Supply of services	7,054,118	2,567,156
	7,054,118	2,567,156

12.2 Pending Staff Payables (See Annex 3b)

	Balance b/f FY 2020/20 21	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Other Important Disclosures (Continued)

12.3 Other Pending Payables (See Annex 3c)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

12.4 External Assistance

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022

Other Important Disclosures (Continued)

d. Non-monetary external assistance

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e....Purpose and use of external assistance

Payments made by third parties	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Compensation to employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
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	-	-

Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022

Other Important Disclosures (Continued)

f. External Assistance paid by third parties on behalf of KUSP

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

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

3.3 Prior Year Auditor-General's Recommendations

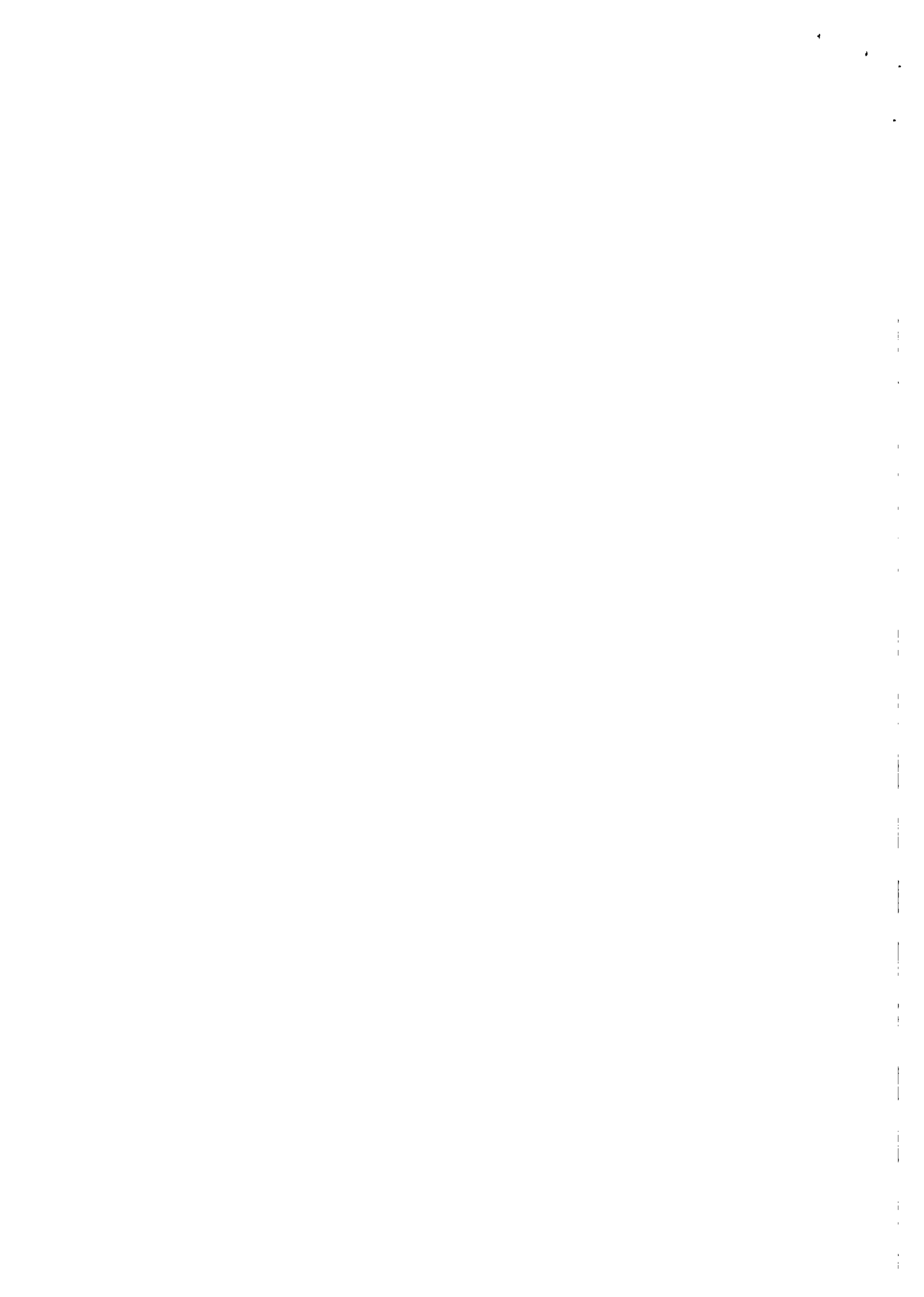
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Pending bills	The pending bills of Kes 2,567,156 has been paid in full except for the few outstanding invoices.	Resolved	
4.	Delayed counterpart funding	The Budget for year 2021/2022 has been increased to Kshs.150 Million and the budget for the year 2022/2023 will be significantly increased. GOK financing is also expected in the outer years for the Project implementation.	Ongoing	



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Charlie K. Onyango



*Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022*

14 Annexes

Annex I - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022

	Final Budget	Actual on Comparable Basis	Budget on Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	150,000,000	147,397,628	2,602,372	98%	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	500,000,000	276,210,320	223,789,680	55%	Due to the lengthy procurement processes, the Project did not spend on some budgeted procurement items and therefore could not re-imburse from the donor.
Miscellaneous receipts	-	-	-	-	
Total Receipts	650,000,000	423,607,948	226,392,052	65%	
Payments					
Compensation of employees	-	-	-	0%	
Purchase of goods and services	630,000,000	552,551,416	77,448,584	88%	This was caused by the delay in procurement processes and the effects of Covid-19 slowed down implementation of Programme activities.
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	20,000,000	19,906,130	93,870	100%	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	650,000,000	572,457,546	77,542,454	88%	





*Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022*

Annex 3a - Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020/21	Comments
a	b	c	d=a-c			
Supply of goods						
CMC Motors Group	197,508	2021/2022	-	197,508	-	Lack of Exchequer
Sawela Lodges	488,500	2021/2022		488,500		Lack of Exchequer
Sunset Hotel Ltd	234,000	2020/2021		234,000	234,000	Insufficient budgetary provision
Lake Naivasha Resort Limited	1,076,000	2021/2022	-	1,076,000	-	Lack of Exchequer
Muanzoni Lodge	214,400	2020/2021	-	214,400	214,000	Insufficient budgetary provision
Bounty Car Rental	178,640	2020/2021	-	178,640	178,640	Insufficient budgetary provision
Kenya School of Government	1,839,400	2020/2021	-	1,839,400	1,839,400	Insufficient budgetary provision
Astorian Grand Hotel	545,200	2020/2021		545,200	545,200	Insufficient budgetary provision
Burch's Resort	612,500	2020/2021	-	612,500	612,500	Insufficient budgetary provision
Sarova Panafic Hotel	374,800	2021/2022		374,800		Insufficient budgetary

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021-2022	Outstanding Balance 2020/21	Comments
Grand Royal Hotel	237,600	2021/2022		237,600		Insufficient budgetary provision
Laitan Enterprises Ltd	700,000	2021/2022		700,000		Insufficient budgetary provision
Realege Africa	355,570	2021/2022		355,570		Insufficient budgetary provision
Sub-Total	7,054,118		-	7,054,118	3,623,740	
Grand Total	7,054,118		-		-	

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex 3b - Analysis of Pending: Staff Bills

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others (Specify)							
7.							
8.							
Sub-Total							
Grand Total							

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex 3c - Analysis of other Pending Payables

Name	Brief Description	Original Amount	Date Contracted	Payable Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex 4 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2021/22 (a)	*Purchases/Additions in the Year (KShs) 2021/22 (b)	**Disposals in the Year (KShs) 2021/22 (c)	Closing Cost (KShs) 2021/22 (d)= (a)+ (b)-(c)
Land				
Buildings and structures				
Transport equipment	10,620,000	-	-	10,620,000
Office equipment, furniture and fittings	766,140	-		766,140
ICT Equipment, Software and Other ICT Assets	22,721,565	2,110,850		24,832,415
Other Machinery and equipment				
Heritage and cultural assets				
Intangible assets				
Total	34,107,705	2,110,850	-	36,218,555

*Kenya Urban Support Program
Annual Report and Financial Statements for the period ended June 30, 2022*

Annex 5 – Contingent Liabilities Register

	Nature of contingent liability	Payable to	Estimated Amount Kshs	Expected date of payment	Remarks
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex: 6 Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

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

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex 7 Disaster Expenditure Reporting Template

Date:

Entity	Year	Quarter				
Period to which this report refers (F-Y)						
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

ANNEX 8 -- COUNTIES UIG RECEIPTS AND EXPENDITURE REPORTS

County Code	County Name	OPENING BALANCE (A)	DISBURSEMENT DURING THE YEAR (B)	EXPENDITURE DURING THE YEAR (C)	CLOSING BALANCE (D=A+B-C)
1	Baringo County	20,560,609	-	9,283,720	11,276,889
2	Bomet County	43,173	-	1,080	42,093
3	Bungoma County	1,022,677	-	303,220	719,457
4	Busia County	60,299	-	60,299	0
5	Elgeyo Marakwet County	699,470	-	402,300	297,170
6	Embu County	-	-	0	0
7	Garissa county	201,561	-	180	201,381
8	Homabay County	-	-	0	0
9	Isiolo County	255,182	-	0	255,182
10	Kajiado County	312,298	-	0	312,298
11	Kakamega County	-	-	0	0
12	Kericho County	1,064	-	1,064	0
13	Kiambu County	-	-	0	0
14	Kilifi County	15,358,230	-	6,434,126	8,924,103
15	Kirinyaga County	12,538,997	-	12,538,997	0
16	Kisii County	760,808	-	744,227	16,581
17	Kisumu County	14,874,563	-	14,765,664	108,900
18	Kitui County	6,195,861	-	6,191,465	4,396
19	Kwale County	36,111,428	-	24,700,496	11,410,933
20	Laikipia County	5,467,478	-	5,181,339	286,139
21	Lamu County	41,939,889	-	20,235,826	21,704,064

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

County Code	County Name	OPENING BALANCE (A)	DISBURSEMENT DURING THE YEAR (B)	EXPENDITURE DURING THE YEAR (C)	CLOSING BALANCE (D=A+B-C)
22	Machakos County	4,818,925	-	4,818,925	0
23	Makueni County	6,560,944	-	4,585,254	1,975,690
24	Mandera County	1,137,867	-	0	1,137,867
25	Marsabit County	12,033,557	-	9,441,882	2,591,675
26	Meru County	151,113	-	130,750	363
27	Migori County	3,024	-	1,569	1,455
28	Muranga County	2,491,131	-	2,491,131	0
29	Nakuru County	11,507,181	-	11,507,181	0
30	Nandi County	4,122,271	-	4,065,500	56,771
31	Narok County	25,679,072	-	21,753,209	3,925,863
32	Nyamira County	-	-	0	0
33	Nyandarua County	17,119,928	-	7,515,265	9,604,663
34	Nyeri County	26,903,476	-	21,096,240	5,807,236
35	Samburu County	9,579,917	-	8,122,935	1,456,982
36	Siaya County	32,516	-	32,516	0
37	Taita Taveta	-	-	0	0
38	Tana River County	9,457,683	-	9,453,534	4,149
39	Tharaka Nithi County	1,782,655	-	1,782,655	0
40	Trans Nzoia County	459,060	-	459,060	0
41	Turkana County	13,683	-	1,134	12,549
42	Uasin Gishu County	3,685,549	-	3,685,549	0
43	Vihiga County	26,145	-	1,440	24,705
44	Wajir County	8,793,485	-	8,713,821	79,664
45	West Pokot County	15,437	-	1,191	14,246
	TOTAL	302,758,205	-	220,504,743	82,253,462

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

ANNEX 9 – MUNICIPALITIES UDG RECEIPTS AND EXPENDITURE REPORTS

County Code	Municipality Name	OPENING BALANCE (A)	DISBURSEMENT DURING THE YEAR (B)	EXPENDITURE DURING THE YEAR (C)	CLOSING BALANCE (D=A+B-C)
1	Baringo	85,204,872	-	10,911,129	74,293,743
2	Bomet	107,629,517	-	45,938,519	61,690,998
3	Bungoma - Bungoma	6,718,386	-	-20,168,843	26,887,229
4	Bungoma - Kimilili	158,681,819	-	132,749,911	25,931,908
5	Busia	45,528,122	-	17,432,928	28,095,194
6	Elgeyo Marakwet	74,236,957	-	30,721,332	43,515,625
7	Embu County	64,841,691	-	15,197,425	49,644,266
8	Garissa	173,344,063	-	39,336,077	134,007,986
9	Homabay	109,596,868	-	67,790,220	41,806,648
10	Isiolo	101,147,532	-	21,068,937	80,078,594
11	Kajiado - Kajiado	61,638,039	-	61,638,039	0
12	Kajiado Ngong	280,086,574	-	203,253,151	76,833,423
13	Kakamega - Kakamega	120,637,844	-	96,798,634	23,839,210
14	Kakamega - Mumias	146,797,367	-	146,797,367	0
15	Kericho	375,270,622	-	163,159,809	212,110,813
16	Kiambu - Karuri	145,601,586	-	87,773,060	57,828,526
17	Kiambu - Kiambu	192,095,989	-	103,050,810	89,045,179
18	Kiambu - Kikuyu	518,664,529	-	246,963,786	271,700,743
19	Kiambu - Limuru	149,518,267	-	105,149,248	44,369,019
20	Kiambu - Ruiru	445,025,833	-	208,933,352	236,092,481
21	Kiambu - Thika	240,391,128	-	114,779,130	125,611,998
22	Kilifi - Kilifi	137,679,068	-	74,667,986	63,011,082
23	Kilifi - Malindi	241,214,164	-	78,856,988	162,357,176

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

County Code	Municipality Name	OPENING BALANCE (A)	DISBURSEMENT DURING THE YEAR (B)	EXPENDITURE DURING THE YEAR (C)	CLOSING BALANCE (D=A+B-C)
24	Kirinyaga	36,008,481	-	24,366,753	11,641,728
25	Kisii	158,723,593	-	80,348,238	78,375,355
26	Kisumu	369,931,290	-	368,504,142	1,427,148
27	Kitui	103,783,174	-	103,783,174	0
28	Kwale	31,055,374	-	0	31,055,374
29	Laikipia	43,300,646	-	28,993,776	14,306,870
30	Lamu	76,998,278	-	49,649,992	27,348,286
31	Machakos - Kangundo	543,641,087	-	451,147,438	92,493,649
32	Machakos - Machakos	391,502,459	-	297,204,592	94,297,867
33	Machakos - Mavoko	322,671,463	-	319,019,150	3,652,313
34	Makueni	175,691,466	-	80,503,128	95,188,338
35	Mandera	50,821,484	-	29,370,326	21,451,158
36	Marsabit	81,625,375	-	47,733,992	33,891,383
37	Meru	153,338,664	-	117,603,117	35,735,548
38	Migori - Awendo	169,255,083	-	90,936,789	78,318,294
39	Migori - Migori	104,657,742	-	77,146,051	27,511,691
40	Migori - Rongo	120,204,870	-	82,433,216	37,771,654
41	Muranga	34,823,305	-	8,914,197	25,909,108
42	Nakuru - Naivasha	478,981,483	-	185,032,542	293,948,941
43	Nakuru - Nakuru	1,233,579,758	-	332,134,597	901,445,162
44	Nandi	246,438,319	-	107,356,976	139,081,344
45	Narok	44,277,600	-	42,208,110	2,069,489
46	Nyamira	175,415,315	-	46,956,899	128,458,416
47	Nyandarua	183,843,712	-	50,983,704	132,860,008

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

County Code	Municipality Name	OPENING BALANCE (A)	DISBURSEMENT DURING THE YEAR (B)	EXPENDITURE DURING THE YEAR (C)	CLOSING BALANCE (D=A+B-C)
48	Nyeri	98,759,001	-	92,883,141	5,875,860
49	Samburu	72,860,838	-	32,047,780	40,813,058
50	Siaya	51,942,768	-	38,136,602	13,806,165
51	Taita Taveta	29,337,045	-	14,789,633	14,547,412
52	Tana River	73,184,327	-	57,578,325	15,606,002
53	Tharaka Nithi	15,123,677	-	15,123,678	0
54	Trans Nzoia	351,135,225	-	230,692,742	120,442,483
55	Turkana	92,023,525	-	14,319,215	77,704,309
56	Uasin Gishu	850,448,140	-	771,740,748	78,707,392
57	Vihiga	72,685,791	-	72,685,791	0
58	Wajir	135,882,484	-	67,080,501	68,801,983
59	West Pokot	50,870,795	-	12,280,197	38,590,598
	TOTAL	11,206,374,473	-	6,494,488,246	4,711,886,227

Kenya Urban Support Program

Annual Report and Financial Statements for the period ended June 30, 2022

Annex 10: Other Support Documents

- i) Operational account Bank Reconciliation June 2021
- ii) Operational account Bank Reconciliations June 2022
- iii) Cash Count Certificate/Board of Survey
- iv) Bank certificate
- v) Special Deposit Account statements
- vi) Statement of Special (Designated) Account

