

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
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S. Kalamu

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA TRANSPORT SECTOR SUPPORT
PROJECT (IDA CREDIT NO. 4926-KE AND
NO. 5410-KE**

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

STATE DEPARTMENT FOR INFRASTRUCTURE

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
23 DEC 2021
RECEIVED



KENYA TRANSPORT SECTOR SUPPORT PROJECT

STATE DEPARTMENT OF INFRASTRUCTURE

PROJECT GRANT/CREDIT NUMBER: IDA 4926-KE and 5410-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

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Kenya Transport Sector Support Project (KTSSP)
Reports and Financial Statements
For the financial year ended June 30, 2021

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Kenya Transport Sector Support Project (KTSSP)
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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name

The project's official name is Kenya Transport Sector Support Project.

Objective

The key objective of the project is to improve the efficiency of road transport along the Northern corridor.

Address

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

The address of its registered office is:

State Department of Infrastructure

P.O.Box 30260-0100

Nairobi.

Contacts: The following are the project contacts

Telephone (020) 2723232

E-mail: ps@infrastructure.go.ke

E-mail: chiefengineerroads@gmail.com

Website: www.transport.go.ke

Telephone: (254) 20202020

E-mail: 20202020.go.ke

Website: www.go.ke

Kenya Transport Sector Support Project (KTSSP)
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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 24th August,2011
Project End Date:	The project end date is 31 st December,2019
Project Manager:	The project manager is Eng. James Kung'u
Project Sponsor:	The project sponsor is World Bank(IDA)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Infrastructure.
Project number	P124109
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve the institutional capacity of entities implementing the project at the headquarters. (ii) Better arrangements in the urban transport sub-sector.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Support and enhance operations of National Construction Authority and Engineers Board of Kenya. (ii) Study the role and impact of the new constitution regarding the State Department of Infrastructure vis-à-vis the different departments and authorities under team. (iii) Facilitate monitoring and evaluation of the project. (iv) Training manpower in the Kenya Roads Board, Resource Mobilization Department, State Law and State Department of Infrastructure. (v) Inventory of unclassified roads and recommendation thereof for maintenance and management.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Challenges faced in implementation of National Urban Transport Improvement Project(NUTRIP). (ii) Coming into effect of the new Constitution.
Project duration	The project started on 24 th August 2011 and is expected to run until 31 Dec 2019

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1.4 Bankers

The following are the bankers for the current year:

(i) Project account

Central Bank of Kenya
Haile Selassie Avenue
P. O. Box 60000-0200
Nairobi, Kenya.

(ii) Designated account

I&M Bank Ltd
Kenyatta Avenue
P. O. Box 30238-00100
Nairobi, Kenya.

1.5 Auditors

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

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

The project manager and the key stakeholders involved in the project are: -

Names	Title designation	Key qualification	Responsibilities
Eng. J. Kung'u	Project Team Leader	Msc.(Civil Engineering)	proper management of the implementation

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Eng. James W. Theuri	Deputy Team Leader	Msc.(Civil Engineering)	Technical coordination and management of entities on the project
Judith Kerich	Assist. Team Leader	MBA(strategic management)	Administration and financial coordination
Elizabeth Adhiambo	Project Accountant	BBA (Accounting and Finance, CPA-K)	Proper funds flow and timely financial reports

1.7 Funding summary

The Project is for duration of six (6) years from 2011 to 2016 revised to 2019 with an approved budget of US\$ 19.1 million (use donor currency) equivalent to Kshs 1.5 billion as highlighted in the table below:

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date -- (30 June 2021)		Undrawn balance to date	
	Donor currency (A)	KShs (A')	Donor currency KShs (B)	KShs (B')	Donor currency KShs (A)-(B)	KShs (A)-(B)
(i) Loan						
World Bank (IDA)	17,470,000	1,489,300,000	17,470,000	1,489,300,000	-	-
(ii) Counterpart funds						
Government of Kenya	1,630,000	138,941,200	-	34,441,168	1,630,000	104,500,033
Total	19,100,000	1,628,241,200	17,470,000	1,523,741,168	1,630,000	104,500,033

[Delete the non-applicable source of funds from the table above. The amounts received to date should tie/agree to what is captured in the Statement of Receipts and Payments as applicable.]

Kenya Transport Sector Support Project (KTSSP)
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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)		Cumulative Amount paid to date – (30 th June 2021)	Unutilised balance to date (30 June 2021)	
	Donor currency USD (A)	Kshs (A')		Donor currency USD (A)-(B)	Kshs (A')-(B')
(i) Loan					
World Bank (IDA)	17,470,000	1,489,300,000	1,489,300,000	-	-
(ii) Counterpart funds					
Government of Kenya		34,441,168	34,441,168	-	-
Total	-	1,523,741,168	1,523,741,168	-	-

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

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

1.9 Summary of Project Compliance:

- i) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- ii) Include consequences suffered on account of non-compliance or likely to be suffered.
- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the projects are to:

Project Development Objectives (PDO)

The Project Development Objectives are to: (a) increase the efficiency of road transport along the Northern Corridor and the Tanzania-Kenya-Sudan road corridor; (b) enhance aviation safety and security to meet international standards; and (c) improve the institutional arrangements and capacity in the transport sector.

Project Beneficiaries

This is a national project with regional dimensions. The improvement of parts of the northern corridor road (in the former Coast province) and of the Kisumu-Kitale road section that links Tanzania-Kenya-Sudan with branches to Uganda and Ethiopia will facilitate trade and regional integration, benefiting a large population in the project area, in Kenya and East Africa. These two road corridors serve high potential, productive and populous areas: in particular, the Tanzania-Kenya-Sudan road corridor serves about 19.8 million people in western Kenya, while the Northern Corridor traverses all parts of Kenya (except for the former North Eastern province), serving about 70 percent of Kenya's population and businesses that contribute about

80 percent of gross domestic product (GDP). The Northern Corridor is also the main transport backbone for East Africa, linking Uganda, Tanzania, Sudan, Rwanda, Burundi and Eastern Democratic Republic of Congo to the port of Mombasa.

The main beneficiaries of the identified road improvements are the road users, including businesses, farmers, and local communities in the project area. Based on the current level of traffic, it is estimated that about 147,000 direct beneficiaries of which 40 percent are female (road users excluding bicycle riders) use these road sections per day, while about one million passengers of which 30 percent are female use MIA annually. The travel time from Kitale to Kisumu is expected to fall by 40 percent and vehicle operating costs is expected to be reduced by 25 percent with the proposed improvements, and the provision of road-side amenities, including bicycle tracks, pedestrian crossings, access roads to markets and public institutions along the selected road sections, and improvement of junctions will enhance road safety. In addition, the rehabilitation of the runway at MIA in Mombasa, which is the main gateway by air to Kenya's Coastal region, will support the vital beach tourism sector in Kenya. Finally, building the capacities of the institutions in the transport sector will enhance the delivery of services to all Kenyans.

Project Implementation

There are five implementing agencies for KTSSP: KeNHA, MoR, MoT, KAA and KCAA. About 97 percent of the project was implemented by parastatals (KeNHA, KAA, and KCAA) with independent Boards outside the central government; the remaining three percent by MoR and MoT. The project was

Kenya Transport Sector Support Project (KTSSP)
Reports and Financial Statements
For the financial year ended June 30, 2021

mainstreamed into the operations of these institutions and formed an integral part of their investment program.

The tasks under the State Department of Infrastructure are captured unerringly in the sub components extracted from the Project Appraisal Document (PAD) below:

Sub component B-2: Support to the KRB and MoR (Total US\$8.90 million of which IDA US\$8.54 million). This will involve:

- (a) Study of the impact of the new constitution on the responsibilities and functioning of KeNHA, KeRRA and KURA and the role of KRB;
- (b) Support to enhance the operational capacities of NCA and ERB;
- (c) Study of the role of MoR and provision of technical assistance to implement its new functions and strengthen the Material Department, Mechanical Transport Department and Kenya Institute of Highways and Buildings Technology (KIHBT) and External Resources Department of the Ministry of Finance;
- (d) Inventory of unclassified roads (typically less than nine meters corridor) and recommendations for their maintenance and management;
- (e) Conducting monitoring and evaluation of the performance of the Project and sector coordination; and
- (f) Training of manpower in KRB, ERD, State Law Office, and MoR

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
Kenya Transport Sector Support Project	Study of the impact of the new constitution on the responsibilities and functioning of KeNHA, KeRRA and KURA and the role of KRB			
	Support to enhance the operational capacities of NCA and ERB			
	Study of the role of MoR and provision of technical assistance to implement its new functions and strengthen the Material Department, Mechanical Transport Department and (KIHBT) and External Resources Department of the Ministry of Finance			
	Inventory of unclassified roads and recommendations for their maintenance and management			
	Conducting monitoring and evaluation of the performance of the Project and sector coordination; and			
	Training of manpower in KRB, ERD, State Law Office, and MoR			

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Currently the State Department is not involved in any corporate social responsibility since the activities under the department are not interactive with any society.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the State Department of Infrastructure and the Project Coordinator for *Kenya* Transport Sector Support Project (Chief Engineer Roads) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the State Department of Infrastructure and the *Project Coordinator* for *Kenya* Transport Sector Support *project* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the State Department of Infrastructure and the *Project Coordinator* for *Kenya* Transport Sector Support project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The *Principal Secretary* for the State Department of Infrastructure and the *Project Coordinator* for *Kenya* Transport Sector Support project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State Department of Infrastructure and the *Project Coordinator* for *Kenya* Transport Sector Support project confirm that the Project has complied fully with applicable Government

Kenya Transport Sector Support Project (KTSSP)
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For the financial year ended June 30, 2021

Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Principal Secretary for the State Department of Infrastructure and the Project Coordinator for Kenya Transport Sector Support project on _____ 2021 and signed by them.



Principal Secretary
Prof. Arch. Paul M. Maringa
(PhD), CBS, F.A.A.K, MKIP



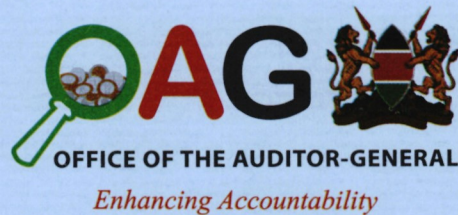
Project Coordinator
Eng. J. M. Kung'u



Project Accountant:
CPA Elizabeth Adhiambo
ICPAK Member No.9045

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 TRANSPORT SECTOR SUPPORT PROJECT (IDA CREDIT NO. 4926-KE AND NO. 5410-KE FOR THE YEAR ENDED 30 JUNE, 2021 – STATE DEPARTMENT FOR INFRASTRUCTURE

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Transport Sector Support Project set out on pages 1 to 24, which comprise of the statement of financial assets as at 30 June, 2021, statement of receipts and payments, statement of cash

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report the financial statements present fairly, in all material respects, the financial position of Kenya Transport Sector Support Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.4926-KE dated 23 May, 2011 and as amended through Finance Agreement No.5410-KE dated 31 March, 2014 between International Development Association and the Republic of Kenya.

In addition, the special account statement present fairly the special accounts transaction and the closing balances has been reconciled with the books of account.

Basis for Qualified Opinion

Accuracy of the Financial Statements

The statement of receipts and payments for the year ended 30 June, 2021 reflects Nil transactions for receipts and payments in the year, however, and even though the Management confirmed that the project came to an end in 2019, available information indicates that an amount of Kshs.8,001,161 was paid to a local Company on 21 October, 2020 in respect of an outstanding bill after closure of the project and was settled through GoK development budget.

In the circumstances, the accuracy of the Nil figure reported in the statement of receipts and payments for the year ended 30 June, 2021 could not be confirmed.

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

Other Matter

Project Closure Report

The project information and overall performance for the year ended 30 June, 2021 indicates that the project was started on 24 August, 2011 and was to end on 31 December, 2019. However, a project closure report had not been prepared and submitted for audit review two years after the closure period of the project.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delay in Submission of Financial Statements for Audit

Kenya Transport Sector Support Program's Management submitted financial statement to the Auditor General for audit on 16 November, 2021 contrary to the provisions of the Public Audit Act, 2015 Section 47(1) which states that 'the financial statements required under the Constitution, the Public Finance Management Act, 2012 (No.18 of 2012) and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.'

The Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association, except for the matters under Emphasis of matter, I report based on my audit, that: -

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 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 Project financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the Project 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

14 December, 2021

Kenya Transport Sector Support Project (KTSSP)
Reports and Financial Statements
For the financial year ended June 30, 2021

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/2021			2019/2020			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	-	-		5,299,168	-	34,441,168	
Loan from external development partners	2	-	-		-	182,292,856	1,489,300,000	
Miscellaneous receipts		-	-		-	-	126,000	
TOTAL RECEIPTS		-	-		5,299,168	182,292,856	1,523,867,168	
PAYMENTS								
Compensation of employees	3	-	-		-	-	51,910,715	
Purchase of goods and services	4	-	-		5,615,435	182,292,856	1,437,616,408	
Acquisition of non-financial assets	5	-	-		-	-	25,727,910	
TOTAL PAYMENTS		-	-		5,615,435	182,292,856	1,523,813,341	
SURPLUS/ (DEFICIT)		-	-		(316,267)	-	53,827	

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



Principal Secretary
Prof. Arch. Paul M. Maringa
 PhD), CBS, F.A.A.K, MKIP



Project Coordinator
Eng. J. M. Kung'u



Project Accountant:
CPA Elizabeth Adhiambo
 ICPAK Member No.9045

Kenya Transport Sector Support Project (KTSSP)
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7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	6.A	53,827	53,827
Cash Balances		-	-
Cash Equivalents (short-term deposits)		-	-
Total Cash and Cash Equivalents		53,827	53,827
Accounts Receivables		-	-
TOTAL FINANCIAL ASSETS		53,827	53,827
FINANCIAL LIABILITIES			
NET ASSETS		-	-
REPRESENTED BY			
Fund balance b/fwd	7	53,827	(745,335)
Prior year adjustments	8	-	1,112,429
Surplus/(Deficit) for the year		-	(316,267)
NET FINANCIAL POSITION		53,827	53,827

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2021 and signed by:



Principal Secretary
Prof. Arch. Paul M. Maringa
(PhD), CBS, F.A.A.K, MKIP

Date



Project Coordinator
Eng. J. M. Kung'u

Date



Project Accountant
CPA Elizabeth Adhiambo

Date

ICPAK Member No.9045

Kenya Transport Sector Support Project (KTSSP)
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8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1		5,299,168
Payments from operating activities			
Compensation of employees	3	-	-
Purchase of goods and services	4		(5,615,435)
Adjustments during the year			
Prior Year Adjustments	9	-	-
Net cash flow from operating activities		-	(316,267)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	2	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS			(316,267)
Cash and cash equivalent at BEGINNING of the year	6	53,827	370,094
Cash and cash equivalent at END of the year	11	53,827	53,827

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 _____ 2021 and signed by:



Principal Secretary
 Prof. Arch. Paul M. Maringa
 (PhD), CBS, F.A.A.K, MKIP

Date



Project Coordinator
 Eng. J. M. Kung'u

Date



Project Accountant
 CPA Elizabeth Adhiambo

Date

ICPAK Member No.9045:

Kenya Transport Sector Support Project (KTSSP)
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments B	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities						
Proceeds from domestic and foreign grants						
Proceeds from borrowings						
Miscellaneous receipts						
Total Receipts						
Payments						
Compensation of employees						
Purchase of goods and services						
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
Total Payments						

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



Principal Secretary
 Prof. Arch. Paul M. Maringa
 (PhD), CBS, F.A.A.K, MKIP



Project Coordinator
 Eng. J. M. Kung'u



Project Accountant
 CPA Elizabeth Adhiambo

Date

Date

Date

ICPAK Member No:9045

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 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.

10.3 Reporting entity

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

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

Salaries and Wages, Allowances, 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 incurred and paid for.

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i) Contingent Liabilities

A contingent liability is:

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

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

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

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

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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

During the year Kshs being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

q) Errors

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

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2020/21	2019/20	
	KShs	KShs	Cumulative to-date (from inception)
<i>Counterpart funding through Ministry -</i>			
Counterpart funds Quarter 4	-	(5,299,168)	34,441,168
Total (See Annex 2)	=	(5,299,168)	34,441,168
	=	=	=
Appropriations-in-Aid	-	182,292,856	1,202,564,382
Total	=	182,292,856	1,202,564,382

[Provide explanation as necessary noting that “Other transfers from government entities” is not the counterpart funding which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.]

Kenya Transport Sector Support Project (KTSSP)
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For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2020/21	2019/20
Loans Received from Multilateral Donors (International Organisations)						
World Bank (IDA)	-	-	-	-	-	182,292,856
Total					-	182,292,856

Kenya Transport Sector Support Project (KTSSP)
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For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. COMPENSATION OF EMPLOYEES

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
-					
Basic salaries of Project employees	-	-	-	-	51,910,715
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Total	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>51,910,715</u>

Kenya Transport Sector Support Project (KTSSP)
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For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. PURCHASE OF GOODS AND SERVICES

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	-
Training payments	-	-	-	4,359,254	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	182,292,856	-
Other operating payments	-	-	-	1,256,181	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	=	=	=	187,908,291	1,437,616,408

[Provide explanation as necessary]

Kenya Transport Sector Support Project (KTSSP)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. ACQUISITION OF NON-FINANCIAL ASSETS

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of vehicles & other transport equipment	-	-	-	-	25,727,910
Acquisition of other intangible assets	-	-	-	-	-
Total	=	=	=	=	<u>25,727,910</u>

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	KShs	KShs
Bank accounts (Note 8.13A)	53,827	53,827
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
Total	<u>53,827</u>	<u>53,827</u>

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

6. A Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	KShs	KShs
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No:1000231157]	53,827	53,827
Others (<i>specify</i>)	-	-
Total local currency balances	<u>≡</u>	<u>≡</u>
Total bank account balances	<u>53,827</u>	<u>53,827</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2020/21	2019/20
	KShs	USD
(ii) A/c Name [A/c No: 00100581671216]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	2,944,627.42
Total amount withdrawn (as per Statement of Receipts & Payments)	-	2,944,627.42
Closing balance (as per SDA bank account reconciliation attached)	=	=

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

7. FUND BALANCE BROUGHT FORWARD

	2020/21	2019/20
	KShs	KShs
Bank accounts	53,827	53,827
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	53,827	53,827

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2020/2021 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

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For the financial year ended June 30, 2021

9. EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	182,292,856
Total	-	182,292,856

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for the financial year ended June 30, 2021

OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	-	182,292,856
External assistance received as grants	-	-
Total	-	182,292,856

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OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

Description	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021 Kshs	FY 2019/2020 Kshs
Compensation of Employees	-	-
Purchase of goods and services	-	182,292,856
Subsidies	-	-
Other Payments	-	-
TOTAL	-	182,292,856

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

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

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

Kenya Transport Sector Support Project (KTSSP)
Reports and Financial Statements
for the financial year ended June 30, 2021

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)

Guidance Notes:

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



Principal Secretary
Prof. Arch. Paul M. Maringa
(PhD), CBS, F.A.A.K, MKIP

Date



Project Coordinator
Eng. J. M. Kung'u

Date

Kenya Transport Sector Support Project (KTSSP)
 Reports and Financial Statements
 For the financial year ended June 30, 2021

13. ANNEXES

ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	-	-	-	-	
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	-	-	-	-	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	-	-	-	-	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	-	-	-	-	

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Construction of buildings	a	b	c	d=a-c		
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.				Nil	8,001,161.40	Settled
8.						
Sub-Total						
Grand Total					8,001,161.40	

Kenya Transport Sector Support Project (KTSSP)
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ANNEX 3B - ANALYSIS OF PENDING STAFF BILL

ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLE

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

ANNEX 5 – CONTINGENT LIABILITIES REGISTER

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2021
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. **GOK IFMIS comparison Trial Balance**