

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**HORN OF AFRICA GATEWAY DEVELOPMENT
PROJECT (IDA CREDIT NO. 6768)**

**FOR THE YEAR ENDED
30 JUNE, 2023**

KENYA REVENUE AUTHORITY



THE NATIONAL ASSEMBLY
PAPERS LAYED

DATE: 07 DEC 2023
TABLED BY: Hon. Owen Baya, CSMP
Deputy Majority Leader
A. Shubuto



KENYA REVENUE AUTHORITY

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

PROJECT GRANT/CREDIT NUMBER. 6768-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2023**

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

CONTENTS	PAGE
1. ACRONYMS AND GLOSSARY OF TERMS.....	ii
2. PROJECT INFORMATION AND OVERALL PERFORMANCE	iii
3. STATEMENT OF PERFORMANCE AGAINST PROJECT’S PREDETERMINED OBJECTIVES	xiv
4. ENVIROMENTAL AND SUSTAINABILITY REPORTING.....	xvii
5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xxi
6. REPORT OF THE INDEPENDENT AUDITORS ON THE HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT	xxii
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023.	1
8. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023.....	2
9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2023.....	3
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 TH JUNE 2023.....	4
11. SIGNIFICANT ACCOUNTING POLICIES.....	5
12. NOTES TO THE FINANCIAL STATEMENTS	10
13. ANNEXES.....	26
14. ANNEXES.....	27

1. ACRONYMS AND GLOSSARY OF TERMS

KRA	Kenya Revenue Authority
MOU	Memorandum of Understanding
ICT	Information and communication technology
KENHA	Kenya National Highway Authority
RECTS	Regional Electronic Cargo Tracking System
RRU	Rapid Response Unit
SOPs	Standard Operating Procedures
EAC	East Africa Community
GOK	Government of Kenya
NLC	National Lands Commission
UON	University of Nairobi
OSBP	One Stop Border Point
ICMS	Implementation of Integrated Customs Management
PPRA	Public Procurement Regulation Authority

2. PROJECT INFORMATION AND OVERALL PERFORMANCE

2.1 Name and registered office

Name: Horn of Africa Gateway Development Project.

Objective:

The key objective of the project is to improve the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor and the capacity of selected transport related institutions in Kenya

Address: Times Towers Building, Nairobi County, Kenya.

Registered office:

Times Tower Building,
 Haile Selassie Avenue,
 P.O Box 48240-00100,
 Nairobi, Kenya.

Contacts:

Telephone: (254) 020-310900, 2810000, 315553
 E-mail: callcenter@kra.go.ke, cic@kra.go.ke
 Website: www.kra.go.ke

2.2 Project Information

Project Start Date:	7 th October 2020
Project End Date:	30 th June 2028
Project Manager:	Mr. Kenneth Mbobua (Chief Manager)
Project Accountant	CPA. Josephat Omondi (DC- Finance)
Project Coordinator:	Lilian Nyawanda (Commissioner of Customs & Borders Control)
Project Sponsor:	Mr. Humphrey Wattanga (Commissioner General)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury
Project number	6768 -KE
Strategic goals of the project	The strategic goals of the project are Facilitation of Regional Trade and Transport which includes: - (a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

	<p>coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p> <p>(b) Support harmonization of Customs and other border management functions, risk management and control procedures.</p> <p>(c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.</p> <p>(d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.</p> <p>(e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.</p> <p>(f) Provision of advisory services, training and capacity building activities to KRA.</p>						
<p>Achievement strategic goals</p>	<p>of The project management aims to achieve the goals through the following means:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td data-bbox="494 1064 758 1680" style="width: 50%; vertical-align: top;"> <p>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p> </td> <td data-bbox="758 1064 1428 1680" style="width: 50%; vertical-align: top;"> <p>a) Cargo tracking system along the Isiolo-Mandera corridor:</p> <p>1) Geo-fencing of -Isiolo- Modo Gashe Route -Modogashe – Elwak Route -Rhamu – to Mandera Route</p> <p>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</p> <p>b) Communication Equipment:</p> <p>1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)</p> <p>c) Institution strengthening of Border Control Unit and training:</p> <p>1) Purchase Rugged/ Toughbook Laptops-5 , Surveillance Drones-2 (Wajir RRU and Mandera OSBP,- Body Worn Cameras, Satellite phones, Handheld Raman Analyzer and Portable hand-held scanners-3 for OSBPs</p> </td> </tr> <tr> <td data-bbox="494 1680 758 1892" style="vertical-align: top;"> <p>Support harmonization of Customs and other border management functions, risk management and control procedures.</p> </td> <td data-bbox="758 1680 1428 1892" style="vertical-align: top;"> <p>a) Harmonization of Customs and Border Management Procedures including risk management and control measures:</p> <p>1) Procurement of Enhanced Enforcement Equipment - 7 motor vehicles 2) Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities 3) OSBP Baggage Scanners</p> </td> </tr> <tr> <td data-bbox="494 1892 758 2009" style="vertical-align: top;"> <p>Support for the implementation of the memorandum of understanding</p> </td> <td data-bbox="758 1892 1428 2009" style="vertical-align: top;"> <p>1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones) 2) Joint Training to be included in the Training Plan.</p> </td> </tr> </table>	<p>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p>	<p>a) Cargo tracking system along the Isiolo-Mandera corridor:</p> <p>1) Geo-fencing of -Isiolo- Modo Gashe Route -Modogashe – Elwak Route -Rhamu – to Mandera Route</p> <p>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</p> <p>b) Communication Equipment:</p> <p>1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)</p> <p>c) Institution strengthening of Border Control Unit and training:</p> <p>1) Purchase Rugged/ Toughbook Laptops-5 , Surveillance Drones-2 (Wajir RRU and Mandera OSBP,- Body Worn Cameras, Satellite phones, Handheld Raman Analyzer and Portable hand-held scanners-3 for OSBPs</p>	<p>Support harmonization of Customs and other border management functions, risk management and control procedures.</p>	<p>a) Harmonization of Customs and Border Management Procedures including risk management and control measures:</p> <p>1) Procurement of Enhanced Enforcement Equipment - 7 motor vehicles 2) Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities 3) OSBP Baggage Scanners</p>	<p>Support for the implementation of the memorandum of understanding</p>	<p>1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones) 2) Joint Training to be included in the Training Plan.</p>
<p>Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.</p>	<p>a) Cargo tracking system along the Isiolo-Mandera corridor:</p> <p>1) Geo-fencing of -Isiolo- Modo Gashe Route -Modogashe – Elwak Route -Rhamu – to Mandera Route</p> <p>2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs</p> <p>b) Communication Equipment:</p> <p>1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)</p> <p>c) Institution strengthening of Border Control Unit and training:</p> <p>1) Purchase Rugged/ Toughbook Laptops-5 , Surveillance Drones-2 (Wajir RRU and Mandera OSBP,- Body Worn Cameras, Satellite phones, Handheld Raman Analyzer and Portable hand-held scanners-3 for OSBPs</p>						
<p>Support harmonization of Customs and other border management functions, risk management and control procedures.</p>	<p>a) Harmonization of Customs and Border Management Procedures including risk management and control measures:</p> <p>1) Procurement of Enhanced Enforcement Equipment - 7 motor vehicles 2) Upgrade of KRA LAN at Various Customs Stations to support Enforcement activities 3) OSBP Baggage Scanners</p>						
<p>Support for the implementation of the memorandum of understanding</p>	<p>1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones) 2) Joint Training to be included in the Training Plan.</p>						

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

	<table border="1"> <tr> <td data-bbox="491 197 756 555">(MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.</td> <td data-bbox="756 197 1430 555">3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare, Preparation of OSBP Manuals and Operationalize the joint Border Management Structure.</td> </tr> <tr> <td data-bbox="491 555 756 972">Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.</td> <td data-bbox="756 555 1430 972">1) Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange 2) Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's</td> </tr> <tr> <td data-bbox="491 972 756 1218">Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.</td> <td data-bbox="756 972 1430 1218">1) Site survey of the route including indicating possible location of Customs Facilitation centres 2) Economic Activities (in the geographical locations of the three countries) 3) Trade volumes and Type of goods traded between the countries. 4) Trade Barriers (non-tariff and Tariff Barriers) 5) Existing bilateral or multi-lateral trade agreements 6) Trade flow and trend analysis</td> </tr> <tr> <td data-bbox="491 1218 756 1301">Capacity Building and Training of KRA Staff</td> <td data-bbox="756 1218 1430 1301">1) Training of KRA staff (Corporate and Group Trainings)</td> </tr> <tr> <td data-bbox="491 1301 756 1413">Operating Costs</td> <td data-bbox="756 1301 1430 1413">1) Field Missions 2) Supervision of Works 3) Groundbreaking and launch activities 4) Branding</td> </tr> </table>	(MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.	3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare, Preparation of OSBP Manuals and Operationalize the joint Border Management Structure.	Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.	1) Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange 2) Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's	Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.	1) Site survey of the route including indicating possible location of Customs Facilitation centres 2) Economic Activities (in the geographical locations of the three countries) 3) Trade volumes and Type of goods traded between the countries. 4) Trade Barriers (non-tariff and Tariff Barriers) 5) Existing bilateral or multi-lateral trade agreements 6) Trade flow and trend analysis	Capacity Building and Training of KRA Staff	1) Training of KRA staff (Corporate and Group Trainings)	Operating Costs	1) Field Missions 2) Supervision of Works 3) Groundbreaking and launch activities 4) Branding
(MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.	3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare, Preparation of OSBP Manuals and Operationalize the joint Border Management Structure.										
Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.	1) Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange 2) Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's										
Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.	1) Site survey of the route including indicating possible location of Customs Facilitation centres 2) Economic Activities (in the geographical locations of the three countries) 3) Trade volumes and Type of goods traded between the countries. 4) Trade Barriers (non-tariff and Tariff Barriers) 5) Existing bilateral or multi-lateral trade agreements 6) Trade flow and trend analysis										
Capacity Building and Training of KRA Staff	1) Training of KRA staff (Corporate and Group Trainings)										
Operating Costs	1) Field Missions 2) Supervision of Works 3) Groundbreaking and launch activities 4) Branding										
Other important background information of the project	<p>The Project Development Objectives are to improve: (a) the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) the capacity of selected transport related institutions in Kenya.</p> <p>The northern part of Kenya has poor road networks and digital connectivity, thus making trade along the Isiolo-Modogashe-Wajir-Elwak-Rhumu and Mandera route very difficult. However, there lies the potential of cross border and international trade linking the horn of Africa countries. The role of Kenya Revenue Authority is to provide Trade Facilitation and cargo monitoring along the trade route.</p>										
Current situation that	The overarching objective of the HoA Program, which the										

the project was formed to intervene	proposed project will contribute to, is “enhancing connectivity among the HoA countries and access to seaports; facilitation of domestic and regional trade and economic integration, and road safety”. This will be achieved through a sequential improvement in physical and institutional infrastructure and promoting trade and investing in development facilitation interventions. The overall program will be implemented in a Series of Projects (SoPs). The first project of the program (Phase 1- Kenya) focuses on Kenya which is the gateway to HoA for east, south and central Africa. The follow-on Phases will focus on the improvement of adjoining economic corridors, trade facilitation, digital connectivity, human development, and promoting resilience in Somalia and Ethiopia.
Project duration	The project started on 7th October 2020 and is expected to run until 30th June 2028.

2.4 Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

The Project Management Team who worked on the project in the financial year ended 30th June 2023 are as stated below. This included a Project Team Leader and all the key stakeholders as stipulated in the Finance Agreement and these where the team involved in the project. Below stated also are their positions, qualification and roles to the project.

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

PROJECT IMPLEMENTATION TEAM MEMBERS FOR THE HoAGDP				
	Names	Title/ designation	Key qualifications	Responsibility
1.	Kenneth Mbobua	Chief Manager	Bachelor of Science, Computer Science , Prince 2 Project Management, M&E	Team Leader
2.	Christine Ilahalwa	Manager	MA- International Studies	Social Safeguards Specialist
3.	Daniel Wambua	Manager	MBA, Strategic Management	Technical officer
4.	Jacqueline Osango	Manager	CPA(K), MBA (Finance)	Project Accountant
5.	Miriam Musyimi	Assistant Manager	MBA (Strategic Management), CIPS, BA (Purchasing & Supply Chain Management)	Procurement Officer
6.	Sheila Mwalekwa	Assistant Manager	MBA, Project Management	Customs and Border Control
7.	Margaret Muturi	Supervisor	B.A. Economics, Project Planning & Management	Monitoring and Evaluation
8.	Jeremiah Kosgei	Customs Policy	MBA, Strategic Management Bachelor Of Commerce	Customs and Border Control
9.	Christine Maangi	Manager	MSc (Human Resource Management), MA (Project Planning Management), PGD (Human Resource Management) BA (Gender &Development)	Training Specialist
10.	Mohamed Abdi	Assistant Manager	BSC. Electrical and Electronic Engineering, CCNA.	ICT Specialist
11.	Maximilla Anyango	Manager	M.A. Communication	Diplomacy, Marketing & communication
12.	Charles Anino	Officer	BTECH Civil Engineering	Facilities and Logistics specialist
13.	Samwel Ribiro	Assistant Manager	Master of Science, Data Communications	Security Specialist
14.	Alfrida Chepkirui	Officer – Customs BTO	Bachelor of Science, Computer Science (Computer Information Systems)	Secretariat
15.	Ruth Rugwe	Assistant Manager	M.A, Economics	Monitoring & Evaluation
16.	Ferdinand Amaumo	Assistant Manager	B.A Economic /Maths CPA (K)	Technical Officer

2.7 Funding summary

The Project is for a duration of eight years from 2020 to 2028 with an approved budget of Euro 6.45 million equivalent to KShs 988 million (converted at 152.9815 EURO CBK rate as at 30th June 2023) as highlighted in the table below:

Below is the funding summary:

PROJECT INFORMATION AND OVERALL PERFORMANCE

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date (30th June 2023)		Undrawn balance to date (30th June 2023)	
	EURO '000'	KShs '000'	EURO '000'	KShs '000'	EURO '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	5,300	810,802	1,008	129,408	4,292	681,394
(ii) Counterpart funds						
Government of Kenya	1,150	175,929	-	-	1,150	175,929
Total	6,450	986,731	1,008	129,408	5,442	857,323

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

B. Application of Funds

Source of funds	Amount received to date (30th June 2023)		Cumulative Amount paid to date (30th June 2023)		Unutilised balance to date – (30th June 2023)	
	EURO '000'	KShs '000'	EURO '000'	KShs '000'	EURO '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	1,008	129,408	91	13,954	917	115,454
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	1,008	129,408	91	13,954	917	115,454

2.8 Summary of Overall Project Performance

The project performance for FY 2022/23 to 30th June 2023 is 100% based on current year's budget spend and commitments.

The cumulative project performance on budget and commitments from inception to date is 18% as at June 2023. The project completion status on activities is at 25%.

Period	Project performance			Completion status %
	Budget "Kshs"	Budget spend & commitments "Kshs"	Budget spend & commitments %	
-Current year (FY 2022/23)	55,000,000	Paid 13,656,341 Committed 165,947,256 Total 179,603,597	100%	25%
-Funds bal b/f	123,916,837 178,916,837			
Project Total	988,108,000	Paid 13,953,791 Committed 165,947,256 Total 179,901,047	18%	25%

The status of implementation is as follows;

Sub component B – Facilitation of Regional Trade and Transport

a) (i) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies and

Cargo Tracking System along the Isiolo-Mandera Corridor

- 1) Geo-fencing of
 - Isiolo- Modogashe Route
 - Modogashe – Elwak Route
 - Rhamu – to Mandera Route
- 2) Installation of Smart Gates solutions at Rhamu and Mandera OSBPs

		Geo-fencing of the routes & Installation of Smart Gates Solutions
a.	Contractor	Activity yet to commence
b.	Contract Type	Goods
c.	Projected Commencement Date	Jan 2024
d.	Projected Completion Date	Dec 2024 to June 2028
e.	Projected Contract amount:	USD 500,000 (Kshs. 54M)
f.	Progress Status	User requirements gathering from various stakeholders in KRA. Installation of Geo-fencing & Smart Gates Solution is dependent on the construction of the road and construction of the RRU's by KENHA. Expected to commence end of FY 2023/24.
g.	Payments	Nil

(ii) Support the implementation of an integrated border management system:-

Communication Equipment

- 1) Purchase of CCTV Surveillance Cameras, Body Worn cameras, Satellite Phones and implementation of CCTV's and Smart Gate Monitoring command center (Established in Times Tower, on the 13th Floor RECTS & Scanner Command Centre)

Institution strengthening of Border Control Unit and training

- 2) Purchase Ruggeded/ Toughbook Laptops-5, Surveillance Drones-2 (Wajir RRU and Mandera OSBP, Body Worn Cameras, Satellite phones, Handheld Raman Analyzer and portable hand-held scanners-3 for OSBPs

		Purchase of Various Customs and other Border management equipment & Training
a.	Contractor	Tender was unresponsive
b.	Contract Type	Goods & Services
c.	Projected Commencement Date	Jan 2024 to June 2025
d.	Projected Completion Date	June 2026 to Dec 2027
e.	Projected Contract amount:	USD 1,500,000 (Kshs. 164M)
f.	Progress Status	-Communication Equipment are dependent on procurement of - World Bank No objection approval already received for procurement of Enforcement equipment as below :- a) Drones- USD 326,000 b) 5 Ruggedized Laptops, 10 Satellite phones, 2 Portable hand held scanner and 30 Body worn cameras- USD 115,000 -KRA advertised for the equipment on 14 th Feb 2023, tender closed in

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

		April 2023 and the tender became unresponsive. -Communication equipment scheduled to be procured in FY 2023/24 after procurement of enforcement equipment
g.	Payments	Nil

b) Support harmonization of Customs and other border management functions, risk management and control procedures:-

- 1) Procurement of Enhanced Enforcement Equipment;-7 Motor Vehicles
- 2) Upgrade of KRA LAN at various Customs Stations to support Enforcement activities
- 3) OSBP Baggage Scanners

		Procurement of Enhanced Enforcement Equipment;-7 Motor Vehicles, Upgrade of KRA LAN at various Customs Stations and OSBP Baggage Scanners
1.	Contractor / Supplier	Tendering in process
2.	Contract Type	Goods
3.	Projected Commencement Date	July 2022 to July 2024
4.	Projected Completion Date	June 2025
5.	Projected Contract amount:	USD 2,000,000 (Kshs. 216M)
6.	Progress Status	-No objection World Bank approval already received for procurement of Motor Vehicles of USD 487,000. -Approval from Head of Public Service to procure 7 motor vehicles through open tender received in Feb 2023. -Tender evaluation completed in June 2023. -Tender Award and Contract expected to be signed Qrt 1 2023/24 - Upgrade of KRA LAN To commence once RRU offices have been constructed -OSBP Baggage Scanners procurement to commence once OSBPs have been constructed
7.	Payments	Nil

c) Support implementation of the MOU between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and Republic of Kenya and Federal Republic of Somalia:-

- 1) Provision of Working equipment to operationalize the JBM (Laptops, printers, projectors, flipcharts, Duty Officer Phones)
- 2) Joint Training to be included in the Training Plan.
- 3) Preparations and engagements with stakeholders including visits, Identify Training needs, Prepare, Preparation of OSBP Manuals and Operationalize the joint Border Management Structure.

		Consultancy, Training & Working equipment provision between Kenya, Ethiopia & Somalia
a.	Contractor	Activity yet to commence
b.	Contract Type	Goods, Services, Training & Consultancy
c.	Projected Commencement Date	Jan 2024 to June 2025
d.	Projected Completion Date	Dec 2026
e.	Projected Contract amount:	USD 500,000 (Kshs. 54M)
f.	Progress Status	-Already commenced talks with the Ministry of Foreign Affairs on Implementation of this initiative.

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

		-Preparation and engagement with stakeholders to commence in FY 2023/24. -Joint Training & Procurement of Working equipment to commence in FY 2024/25.
i	Payments	Nil
ii	Issue/challenge to report and Mitigation	Major challenge with the implementation of this initiative may be the fact that Somalia has no systems and that most of our borders with Somalia are closed.

d) Support the use of ICT for revenue collection and facilitating clearance and release of goods at the border: -

- 1) Integration between the Customs Management System (iCMS) and the Ethiopia Customs Management System for data exchange
- 2) Integration between the KRA RECTS System and the KeNHA Weighbridge Monitoring system (KeNHA to install KRA Automated Container Number Recognition (ACNR) Camera's

		Consultancy integration between ICMS and Ethiopia Customs management system
a.	Contractor	Yet to Begin dependent on construction of the road
b.	Contract Type	Goods & Services
c.	Projected Commencement Date	June 2025
d.	Projected Contract amount:	USD 500,000 (Kshs. 54M)
e.	Payments	Nil
f.	Progress Status	- Yet to Begin dependant on construction of the road by KENHA.

e) Study on trade flows between Kenya, Ethiopia and Somalia: -

- This includes the identification of the following;
- Site survey of the route including indicating possible location of customs facilitation centers
 - Economic activities (in the geographical locations of the three countries)
 - Trade volumes and the type of goods traded between the countries
 - Trade barriers (Tariff and non-tariff)
 - Existing bilateral and multi-lateral trade agreements
 - Trade flows and trade analysis

		Study of trade flows between Kenya, Ethiopia and Somalia
a.	Contractor	Pending
b.	Contract Type	Consultancy
c.	Projected Commencement Date	Dec 2022
d.	Projected Completion Date	Dec 2024
e.	Projected Contract amount:	USD 580,000 (Kshs. 63M)
f.	Progress Status	- No objection World Bank approval already received for procurement of consultancy of USD 580,000 in June 2022. -Advertisement done on 17 th Jan 2023. -Tender evaluation complete and shortlisted companies approved by the World Bank. -KRA currently preparing the RFP for submitted to the Bank. The Bank has given comments which are currently being integrated.
g.	Payments	Nil

f) Capacity Building & Training:-

Training of KRA Staff (Corporate and Group Trainings)		
a.	Contractor	Various
b.	Contract Type	Training
c.	Projected Commencement Date	Aug 2022
d.	Projected Completion Date	June 2028
e.	Projected Contract amount:	USD 1,160,000 (Kshs. 125M)
f.	Progress Status	-No objection approval already received from World Bank for Annual Training Plan FY 2022/23 Kshs 26,223,800. -Trainings began in March 2023 and still in progress, expected to be completed Qrt 1 FY 2023/24.
g.	Payments	a) Amount Paid from inception to prior FY: Kshs. 13,953,791.38

g) Operational Costs:-

This includes the identification of the following;

- a. Field Missions
- b. Supervision of Works
- c. Ground-breaking and launch activities
- d. Branding

Operating Costs		
a.	Contractor	Yet to Begin
b.	Contract Type	Goods & Services
c.	Projected Commencement Date	July 2023
d.	Projected Completion Date	June 2028
e.	Projected Contract amount:	USD 500,000 (Kshs. 54M)
f.	Progress Status	-KRA has written to National Treasury requesting for counterpart budget
g.	Payments	Nil

2.9 Summary of Project Compliance:

The project complied with the applicable laws, regulations and financing agreement.

3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Introduction

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

The key development objectives of the project's 2020-2028 plan are:

- (a) Provision of technical assistance and advisory services to KRA in (i) strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.
- (b) Support harmonization of Customs and other border management functions, risk management and control procedures.
- (c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures.
- (d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.
- (e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya.
- (f) Provision of advisory services, training and capacity building activities to KRA.

During the year under review, the Authority undertook the following activities:

- 1) KRA received World Bank's No objection approval for purchase of Drones, Enforcement Equipment.
- 2) KRA received World Bank's No objection approval and approval from Head of public service for purchase of Motor Vehicles. Tender evaluation completed in the course of the year and tender awarded. The contract will be signed FY 2023/24.
- 3) Tender advertised for Study of Trade consultation was on 17th Jan 2023 and the shortlisted companies approved by World Bank. The tender is waiting approval of RFP by the World Bank.

However, the challenges below were experienced in the financial year while carrying out the project: -

- 1) Advertisement of the tender for Enforcement Equipment was done on 14th Feb 2023 and the tender turned out unresponsive. This was rescheduled to next financial year.
- 2) There have been delays in the No Objection approval from World Bank for commencement of Study of Trade consultancy.
- 3) There have been delays in the No Objection approval from World Bank for KRA Annual Training Plan for FY 2022/23 thus affecting the timely implementation.

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:

Project	Objective	Outcome	Indicator	Performance
Horn of Africa Gateway Development Project	a) Provision of technical assistance and advisory services to KRA in (i) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (ii) Support the implementation of an integrated border management system.	Increased efficient clearance of people, goods and services	Clearance Times	Under Implementation
		Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	Under Implementation
	b) Support harmonization of Customs and other border management functions, risk management and control procedures	Secure trade facilitation centre	Completed border post	Under Implementation
	c) Support for the implementation of the memorandum of understanding (MOU) between Kenya Customs and Ministry of Revenues of the Federal Republic of Ethiopia and between the Republic of Kenya and Federal Republic of Somalia relative to exchange of information and use of common border control procedures	Efficient and effective Prevention and detection of illicit trade	No. of Customs interceptions and compliance levels	Under Implementation
	d) Support the use of ICT for revenue collection and for facilitation clearance and release of goods to help Kenya Customs	Seamless flow of data and information on clearance of goods and	Increased revenues and reduced clearance time	Under Implementation

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

	comply with new transparency requirements of e-citizen registration, electronic collection of revenue and e-reporting of clearance and release of goods.	services		
	e) Undertaking of a study on trade flows among the Horn of Africa countries of Ethiopia, Somalia and Kenya	Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	Under Implementation
	f) Provision of advisory services, training and capacity building activities to KRA.	Trained officers	No. of officers trained	Under Implementation

4. ENVIROMENTAL AND SUSTAINABILITY REPORTING

Introduction

The Horn of Africa Gateway Development Project (HoAGDP)

The mandate of the Horn of Africa Gateway Development Project is to improve: (a) the movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Isiolo-Mandera Regional Road Corridor; and (b) the capacity of selected transport related institutions in Kenya.

1. Sustainability Strategy And Profile

Kenya Revenue Authority's (KRA) vision is to be a globally trusted revenue agency facilitating tax and customs compliance. KRA seeks to be a good Corporate Citizen in all aspects of its operations and activities. To achieve Service Excellence, KRA has put measures in place to pursue excellence in service delivery through provision of various channels of service delivery including expansion of customer service points to ensure the services are easily available to the customers. To achieve this objective, KRA is implementing the following strategies:

1. Establish additional stations/satellite/service centres
2. service improvement – human interaction as well as technology
3. Offer a multi-channel service to enhance service accessibility to taxpayers.

The Roll of Customs and Border Control Department:

- a) **Collect and Account for government revenue** - contribution to exchequer revenue averages at 35% per annum.
- b) **Trade Facilitation – Promote economic interests and development of trade** through enhancement of trading activities and ease of doing business.
- c) **National Security** - through Enforcement of Prohibitions and Restrictions.
- d) **Protection of Society** – Domestic industry, health and safety of citizens.
- e) **Compilation of Trade Statistics**

Implementation of the HoAGDP by KRA is in line with the mandate of KRA specifically of ensuring facilitation of trade in the Northern-East part of Kenya. This will be through the opening of borders such as Mandera and Rhamu by establishing One Stop Border Posts, an initiative whose aim is to reduce transit costs incurred in cross border movement by combining the activities of both country's border organizations and agencies at either a single common location or at a single location in each direction without increasing risk to public safety or revenue collection. This is one of the World Trade Organisation's initiatives under the Trade Facilitation Agreement, requiring collaboration amongst border agencies not only at national, but also at international level. The latter referring mainly to Members sharing common borders and requires coordinating procedures at border crossings, which may include alignment of working days and hours, alignment of

procedures and formalities, development and sharing of common facilities, joint controls and establishment of one stop border post controls.

Other initiatives for KRA under the HoAGDP include the implementation of trade facilitation centers to facilitate transit and exports, institutional strengthening through capacity building of staff as well as through the procurement of enforcement equipment. KRA will also be looking to sign Memorandum of Understanding with both Somalia and Ethiopia that will see into opening up of trade between the Partner states. Lastly, KRA will be conducting a study on trade flows to establish patterns of trade, gaps and opportunities of trade in the Northern Easter Region.

To ensure this will take place KRA will:

1. Be working with other government agencies; use the one government approach while addressing any matters pertaining to security, trade, environmental sustainability. For instance, on land acquisition, KRA has made plans and is currently engaging the FCDC, the National Lands Commission as well as the County Governments of the regions for allocation of land. Through the BCOCC and together with the MoFA and IGAD, KRA will be engaging the institutions in order to address diplomatic relations. KRA has establish good working relations with KeNHA who are implementing some initiatives on behalf of KRA.
2. KRA will ensure that there is funding to sustain the assets acquired in the project.
3. KRA will ensure that trainings procured are in line with the corporate direction of the organisation.

2. Environmental performance

A number of statutes and regulations will guide the environmental considerations These include:

- a. The EAC Customs Management Act 2004.The Act restricts the entry of restricted and prohibited goods into the country, as outlined in the Second and Third Schedules of the Act.
- b. Environmental Law – EMCA, 1999 a key consideration here is the restrictions the environmental law places on disposal of unwanted products and e-waste, a key challenge in light of the growing automation of KRA activities and its attempts to adhere to the e-waste disposal guidelines.
- c. Environmental Management and Coordination (Controlled Substances) Regulations, 2007 which regulates the production, trade and use of controlled substances and products.

Evidence as enshrined in the KRA's 8th Corporate Plan

Under the HoAGDP, KRA is yet to implement any activities requiring the above. We shall be updating this as we implement the project.

3. Employee welfare

The hiring process in KRA is governed by the KRA Human Resource Policies (1st July 2023) interpreted in line with Kenya Labour Laws and other relevant regulations and legislations/Acts, and KRA complies with the gender and disability mainstreaming policies. The policy is reviewed every three years and takes into account views from staff. The policy takes into account the improvement of employees' productivity through the systematic development of knowledge, skills and attitudes including Industrial attachment to enable students/attachées acquire knowledge and skills in a professional work setting through application of learnt skills in a given institution and Internships to enable interns to experience on-the-job training. Additionally, KRA has a competitive reward system for its employees in terms of the remuneration including allowances and benefits.

The HR policy on (OSHA 2007) has set minimum health and safety standards that will promote a conducive working environment and integrate health and safety principles and practices into the Authority's business strategies. The policy applies to all employees in the Authority. The Authority is committed to promoting and maintaining high standards of health and safety for employees, customers and the general public, in an endeavour to improve the working conditions of its employees.

During the implementation of the construction of the RRUs and OSBPs by the KeNHA on KRA's behalf, KRA shall ensure that employee welfare for the contractors and consultants is well taken care of.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

KRA conducts:

- a. Supplier appraisal to gauge performance of supplier to gauge who needs help in procurement processes involved and then offers sensitizations to suppliers on a quarterly basis
- b. Supplier engagements especially where there are stalemates
- c. Has MoU with so Banks for agpo groups for LPO financing
- d. Post debriefing especially when bidders fail (not for all tenders)
- e. Pre-bid to inform members what is expected for bidding
- f. Payment is within 60 days. For project contracts in other currencies, KRA engages National Treasury for allocation of budget in A&A.

b) Responsible ethical practices

- KRA ensures that all staff have to declare a conflict of interest eg in procurement evaluation, negotiations and must also declare gifts received associated to work.
- There exists a Corruption Prevention Committee
- Integrity assurance officers

- And KRA staff are sensitized on National Values and corruption prevention.

c) Regulatory impact assessment

KRA adheres to provisions of article 201 of the Constitution of Kenya by ensuring public participation and information sharing.

There are Stakeholder engagement structures in the authority

There also exists a Customer experience framework in the Authority

5. Community Engagements

KRA is yet to implement activities in Northern Eastern side of Kenya. Implementation of these activities will be done by KeNHA on behalf of KRA. However, KRA will be involved in public participation for land acquisition, the social infrastructure input that KeNHA will be implementing.

KRA will present an updated report on the community engagements once we start The implementation of the project in the region.

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023. 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 Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development 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.

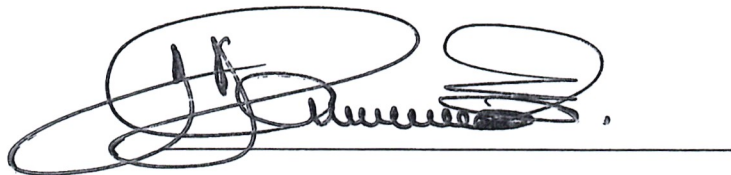
The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development 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 Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Project Accountant, Project Coordinator and Project Sponsor for Horn of Africa Gateway Development Project and signed on

.....
22/07/2023

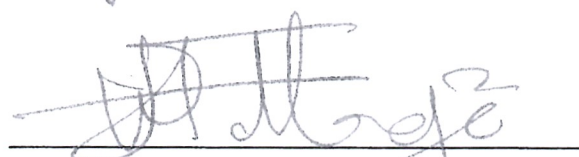
Josephat Omondi
Project Accountant: ICPAK
Member No. 3473

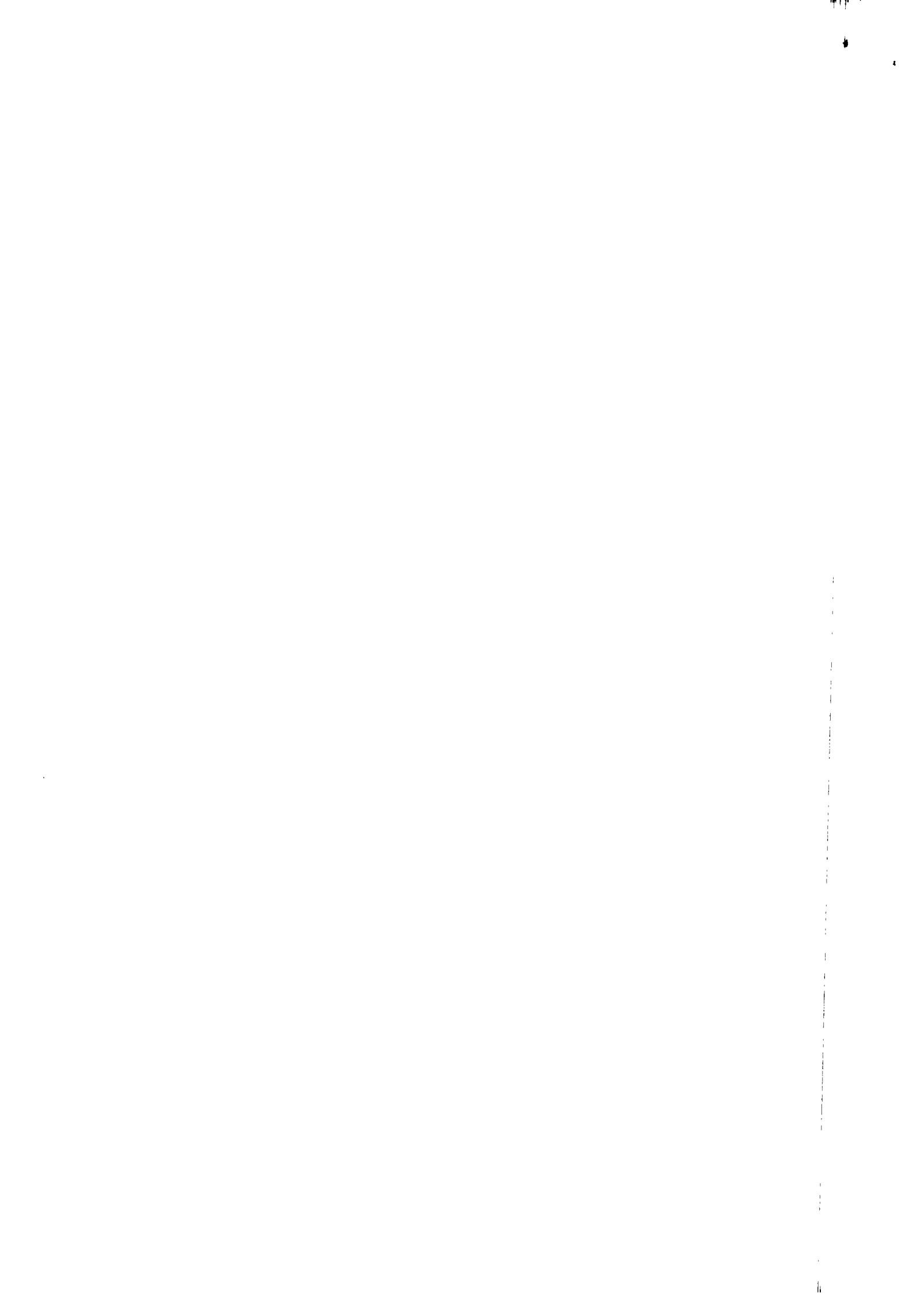


Lilian Nyawanda
Project Coordinator



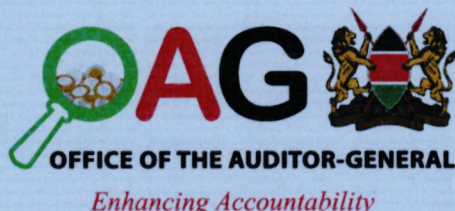
Mr. Humphrey Wattanga
Project Sponsor





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 HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT (IDA CREDIT NO. 6768) FOR THE YEAR ENDED 30 JUNE, 2023 – KENYA REVENUE AUTHORITY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- 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 Horn of Africa Gateway Development Project set out on pages 1 to 26, which comprise the statement of financial

Report of the Auditor-General on Horn of Africa Gateway Development Project (IDA Credit No. 6768) for the year ended 30 June, 2023 – Kenya Revenue Authority

assets as at 30 June, 2023, and the statement of receipts and payments, 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 the Horn of Africa Gateway Development Project, 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 the Public Finance Management Act, 2012 and comply with the Financing Agreement Credit No.6768 dated 7 October, 2020 between the Government of Kenya and International Development Association and the Subsidiary Grant Agreement between the Government of Kenya and the Kenya Revenue Authority dated 11 December, 2020.

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

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.55,000,000 and Kshs.5,193,000 respectively resulting to an under-funding of Kshs.49,807,000 or 91% of the budget. Similarly, the Project spent a total of Kshs.13,656,000 against an approved budget of Kshs.55,000,000 resulting to an under-expenditure of Kshs.41,344,000 or 75% of the budget. Management attributed the under-funding and the under-expenditure to delayed implementation of the Project due to COVID-19 pandemic and delayed processing of No Objections approvals by the World Bank.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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, 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 controls 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 controls 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 controls.
- 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 controls 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

06 October, 2023

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023.

Description	Note	2022-2023			2021-2022			Total	Cumulative
		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 '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'		
RECEIPTS									
Transfers from Government entities	1	-	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	5,193	-	5,193	70,066	-	70,066	129,408	
Loan from external development partners	3	-	-	-	-	-	-	-	-
Miscellaneous receipts	4	-	-	-	-	-	-	-	-
TOTAL RECEIPTS		5,193	-	5,193	70,066	-	70,066	129,408	
PAYMENTS									
Compensation of employees	5	-	-	-	-	-	-	-	-
Purchase of goods and services	6	13,656	-	13,656	297	-	297	13,954	
Social security benefits	7	-	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	-	-	-	-	-	-	-	-
Transfers to other government entities	9	-	-	-	-	-	-	-	-
TOTAL PAYMENTS		13,656	-	13,656	297	-	297	13,954	
SURPLUS/(DEFICIT)		(8,463)	-	(8,463)	69,768	-	69,768	115,454	

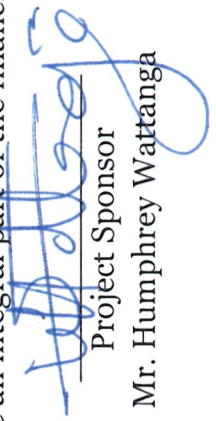
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


Project Accountant

CPA. Josephat Omondi
ICPAK Member No: 3473


Project Coordinator

Lilian Nyawanda

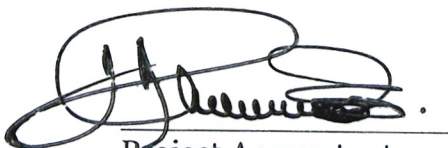

Project Sponsor
Mr. Humphrey Wattanga

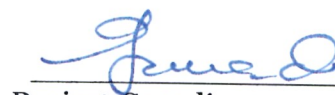
HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

8. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023

Description	Note	2022-2023 KShs '000'	2021-2022 KShs '000'
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	115,454	123,917
Cash Balances	11.B	-	-
Cash Equivalent (Short-term deposits)	11.C	-	-
Total Cash and Cash Equivalents		115,454	123,917
Accounts receivables	12	-	-
TOTAL FINANCIAL ASSETS		115,454	123,917
FINANCIAL LIABILITIES			
Payables – Deposits and Retentions	13	-	-
NET ASSETS		115,454	123,917
REPRESENTED BY			
Fund balance b/fwd	14	123,917	54,148
Prior year adjustments	15	-	-
Surplus/(Deficit) for the period		(8,463)	69,769
NET FINANCIAL POSITION		115,454	123,917

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22/09/2023 and signed by:


 Project Accountant
 CPA. Josephat Omondi
 ICPAK Member Number: 3473


 Project Coordinator
 Lilian Nyawanda

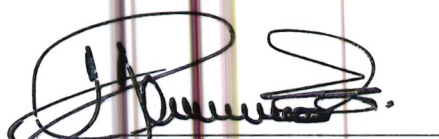

 Project Sponsor
 Mr. Humphrey Wattanga

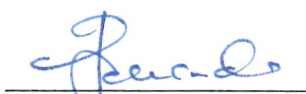
HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

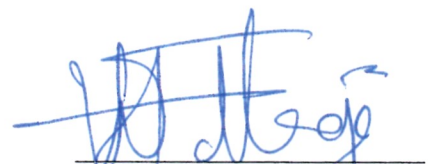
9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2023.

Description	Note	2022-2023 KShs '000'	2021-2022 KShs '000'
Receipts from operating activities			
Proceeds from domestic and foreign grants	2	5,193	70,066
Payments from operating activities			
Purchase of goods and services	6	(13,656)	(297)
Adjustments during the period			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	16		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	17	-	-
Prior Year Adjustments	15	-	-
Net cash flow from operating activities		(8,463)	69,768
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets- (Capital Work In Progress)	8	-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at 1st July	11	123,917	54,148
Cash and cash equivalent at 30th June	11	115,454	123,917

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.....22/09/2023..... and signed by:


 Project Accountant
 CPA. Josephat Omondi
 ICPAK Member Number: 3473


 Project Coordinator
 Lilian Nyawanda


 Project Sponsor
 Mr. Humphrey Wattanga

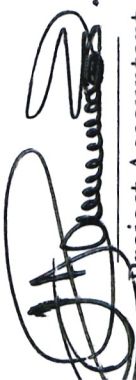
HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT

Annual Report and Financial Statements for the financial year ended June 30th 2023


10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THEYEAR ENDED 30TH JUNE 2023

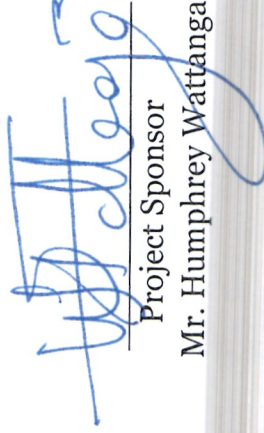
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a KShs '000'	b KShs '000'	c=a+b KShs '000'	d KShs '000'	e=c-d KShs '000'	f=d/c % KShs '000'
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	55,000	-	55,000	5,193	49,807	9%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	55,000	-	55,000	5,193	49,807	9%
Payments						
Purchase of goods and services						
a) Training Services- Capacity Building-13,656	55,000	-	55,000	13,656	41,344	25%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Total Payments	55,000	-	55,000	13,656	41,344	25%

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


Project Accountant

CPA. Josephat Omondi
ICPAK Member Number: 3473


Project Coordinator
Lilian Nyawanda


Project Sponsor
Mr. Humphrey Wattanga

11. SIGNIFICANT ACCOUNTING POLICIES

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for Horn of Africa Gateway Development Project under National Government of Kenya. The financial statements are for the reporting entity Horn of Africa Gateway Development Project as required by Section 81 of PFM Act 2012 .

c) Reporting currency

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

d) Recognition of receipts

Horn of Africa Gateway Development Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

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

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.

Significant Accounting Policies (Continued)

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 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.

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

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.

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

Significant Accounting Policies(Continued)

a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

g) Cash and cash equivalents

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

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.

h) Restriction on cash

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

i) Imprest 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.

Significant Accounting Policies (Continued)

j) Contingent Liabilities

A contingent liability is:

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

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

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

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

k) 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.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' 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.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the

Significant Accounting Policies (Continued)

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.

n) Third party payments

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

o) Exchange rate differences

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

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note 15 of these financial statements*

12. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFER FROM GOVERNMENT ENTITIES

During the financial period to 30th June 2023, there was no counterpart funding or other receipts from government.

Description	2022/23 KShs '000	2021/22 KShs '000	Cumulative to-date (from inception)
Counterpart funding through Ministry			
Counterpart funds	-	-	-
	-	-	-
Other transfers from government entities			
Ministry	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the financial period to 30th June 2023, KES 5 Million funding was received from development partners (World Bank-International Development Agency).

Description	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total	
		2021/22				2022/23	2021/22
		Euro '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Grants Received from Bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
International Development Agency	28th April 2023	39	5,193	-	-	5,193	70,066
Grants Received from Local Individuals and organizations						-	-
Total		39	5,193	-	-	5,193	70,066

NOTES TO THE FINANCIAL STATEMENTS(Continued)

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the financial period to 30th June 2023 no loan was received from development partners

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs '000'	
					EURO '000'	KShs '000'
Loans Received from Bilateral Donors (Foreign Governments)		-	-	-	-	-
Loans Received from Multilateral Donors (International Organizations)		-	-	-	-	-
Total		-	-	-	-	-

4. MISCELLANEOUS RECEIPTS

During the financial period to 30th June 2023 no Miscellaneous receipts were received.

Description	2022/23			2021/22	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
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	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(Continued)

5. COMPENSATION OF EMPLOYEES

During the financial period to 30th June 2023, no compensation costs was paid to employees because there were no employees that were assigned to the project on full time basis. The employee handling the project as per the roles & responsibilities indicated in item 1.6 above are Kenya Revenue Authority staff.

Description	2022/23			2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
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	-	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

NOTES TO THE FINANCIAL STATEMENTS(Continued)

6. PURCHASE OF GOODS AND SERVICES

During the 12 months to 30th June 2023. Kshs 13,953,791 was incurred on capacity building trainings.

Description	2022/23			2021/22	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and – information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	13,656	-	13,656	297	13,954
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- – other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	<u>13,656</u>		<u>13,656</u>	<u>297</u>	<u>13,954</u>

NOTES TO THE FINANCIAL STATEMENTS(Continued)

7. SOCIAL SECURITY BENEFITS

As disclosed in Note 9.7 above there were no employees assigned to the project thus no Social Security Benefits as disclosed in the table below:

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

8. ACQUISITION OF NON-FINANCIAL ASSETS

During the financial period to 30th June 2023 no assets were acquired or constructed as disclosed in the table below:

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the financial period to 30th June 2023, no funds were transferred to other reporting government entities.

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Transfers to National Government entities					
Ministry	-	-	-	-	-
Project	-	-	-	-	-
Transfers to County Government					
County	-	-	-	-	-
County	-	-	-	-	-
TOTAL	-	-	-	-	-

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

During the financial period to 30th June 2023, no funds were transferred to Grants.

Description	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(Continued)

11. CASH AND CASH EQUIVALENTS

Description	2022/23 KShs '000'	2021/22 KShs '000'
Bank accounts (Note 11A)	115,454	123,917
Cash in hand (Note)	-	-
Cash equivalents (short-term deposits) (Note 11 C)	-	-
Total	<u>115,454</u>	<u>123,917</u>

As at 30th June 2023, we had received a disbursement of Kshs. 5,193,437 (EUR 38,664)

The project has one bank account as shown below.

11. A Bank Accounts
Project Bank Accounts

Description	2022/23 KShs '000'	2021/22 KShs '000'
Local Currency Accounts		
National Bank of Kenya- A/C No 01071233555600	115,454	123,917
Total local currency balances	<u>115,454</u>	<u>123,917</u>
Total bank account balances	<u>115,454</u>	<u>123,917</u>

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 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

Description	2022/23 EURO '000'	2021/22 EURO '000'
Central Bank of Kenya- A/C No 1000474831		
Opening balance	31	577
Total amount deposited in the account	7	1
Total amount withdrawn (as per Statement of Receipts & Payments)	(39)	(547)
Closing balance (as per SDA bank account reconciliation attached)	-	31

NOTES TO THE FINANCIAL STATEMENTS(Continued)

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

11 B Cash In Hand

During the financial period to 30th June 2023, there was no Cash on hand in the reporting period.

Description	2022/23	2021/22
	KShs 000	KShs 000
Time Towers	-	-
Total cash balances	=	=

11 C Cash equivalents (short-term deposits)

During the financial period to 30th June 2023, there were no Cash equivalents.

Description	2022/23	2021/22
	KShs 000	KShs 000
Time Towers	-	-
Total cash equivalents	=	=

12. IMPRESTS AND ADVANCES

During the financial period to 30th June 2023, there was no pending Imprests or Salary advances in the reporting period.

Description	2022-2023	2021-2022
	Kshs 000	Kshs 000
Government Imprests	-	-
Salary advances	-	-
Total	-	-

12A: BREAKDOWN OF IMPRESTS AND ADVANCES

During the financial period to 30th June 2023, there were no outstanding Imprests or advances.

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	2022/23	2021/22
None	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(Continued)

13. DEPOSITS AND RETENTION MONIES

During the financial period to 30th June 2023, there were no accounts payable.

Description	2022-2023 Kshs 000	2021-2022 Kshs 000
Retention	-	-
Deposits	-	-
Total	-	-

14. FUND BALANCE BROUGHT FORWARD

During the financial period to 30th June 2023, there was balance brought forward of Kshs 123,916,837 in the Project account.

Description	2022-2023 Kshs 000	2021-2022 Kshs 000
Bank accounts	123,917	54,148
Cash in hand	-	-
Outstanding imprests and advances	-	-
Total	123,917	54,148

15. PRIOR YEAR ADJUSTMENT

During the financial period to 30th June 2023, there were no Prior year adjustments as disclosed in the table below:

	Balance b/f FY 2022/2023 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2022/2023
Description of the error	KShs '000'	KShs '000'	KShs '000'
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

16. CHANGES IN IMPREST AND ADVANCES

During the financial period to 30th June 2023, there were no accounts receivables

Description of the error	2022 - 2023	2021 - 2022
	KShs '000'	KShs '000'
Opening Receivables as at 1 st July 2022	-	-
Closing account receivables as at 30 th June 2023	-	-
Changes in Imprest and Advances	-	-

17. CHANGES IN ACCOUNTS DEPOSITS AND RETENTION

During the financial period to 30th June 2023, there were no accounts payable- Deposits and retentions.

Description	2022 - 2023	2021 - 2022
	KShs '000'	KShs '000'
Deposit and Retentions as at 1 st July 2022	-	-
Closing account payable as at 30 th June 2023	-	-
Changes in deposits and retention	-	-

OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

During the financial period to 30th June 2023, the projects didn't have any closing accounts payable.

	Balance b/f FY 2022/2023	Additions for the Year	Paid during the year	Balance c/f FY 2022/2023
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
	-	-	-	-
	-	-	-	-
	-	-	-	-
Total	-	-	-	-

2. PENDING STAFF PAYABLES (See Annex 4B)

As disclosed in Note 5 above there were no any employees on a full time basis thus no Pending Staff Payables as disclosed in the table below:

	Balance b/f FY 2021/2022	Additions for the Year	Paid during the year	Balance c/f FY 2022/2023
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

3. OTHER PENDING PAYABLES (See Annex 4C)

During the financial period to 30th June 2023, there were no other pending payables as disclosed in the table below:

	Balance b/f FY 2021/2022	Additions for the Year	Paid during the year	Balance c/f FY 2022/2023
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

OTHER IMPORTANT DISCLOSURES (Continued)

4. External Assistance

During the financial period to 30th June 2023, there was no other external assistance toward this project in addition to the above disclosed loan from World Bank- International Development Agency

	2022-2023	2021-2022
Description	Kshs 000	Kshs 000
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	2022-2023	2021-2022
Description	Kshs 000	Kshs 000
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
Description		KShs '000'	KShs '000'
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
Total	-	-	-

c. Classes of providers of external assistance

	FY 2022/2023	FY 2021/2022
Description	KShs '000'	KShs '000'
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

Description	FY 2022/2023 KShs '000'	FY 2021/2022 KShs '000'
Goods	-	-
Services	-	-
Total	-	-

e. Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2022/2023 KShs '000'	FY 2021/2022 KShs '000'
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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

During the financial period to 30th June 2023, there was no external assistance paid directly by third parties to settle obligations on behalf of Kenya Revenue Authority.

Description	FY 2022/2023 KShs '000'	FY 2021/2022 KShs '000'
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

OTHER IMPORTANT DISCLOSURES (Continued)

5. Payments By Third Party on Behalf of The Project

During the financial period to 30th June 2023, no payments were done directly to suppliers on behalf of the project .

5.1 Classification by Source

Description	FY 2022/2023 KShs '000'	FY 2021/2022 KShs '000'
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
Total	-	-

5.2 Classification of payments made by Third Parties by Nature of expenses

Description	FY 2022/2023 KShs '000'	FY 2021/2022 KShs '000'
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

OTHER IMPORTANT DISCLOSURES (Continued)

6. Related party transactions:

During the financial period to 30th June 2023, there was no related party transaction payments made.

Description	FY 2022/2023	FY 2021/2022
	KShs '000'	KShs '000'
Compensation to Key Management	-	-
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties	-	-
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
Total Transfers from related parties	-	-

7. Contingent Liabilities

During the financial period to 30th June 2023, there was no contingent liabilities

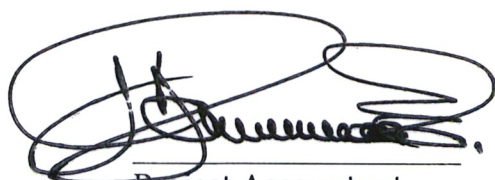
Contingent liabilities	FY 2022/2023	FY 2021/2022
	KShs '000'	KShs '000'
Court cases against the project	-	-
Bank guarantees in favour of other govt. entities	-	-
Contingent liabilities arising from PPPs/ donor agreements	-	-
Total		

13. ANNEXES

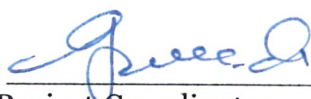
ANNEX 1 - PRIOR YEAR AUDITOR- GENERAL RECOMMENDATIONS

The following is the summary of issues raised by the external auditor

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
AUD/OAG /KRA.01/ 2020-2021/(6)	There were no material issues noted and no significant deficiency				



Project Accountant
 CPA. Josephat Omondi
 ICPAK Member Number: 3473



Project Coordinator
 Lilian Nyawanda



Project Sponsor
 Mr. Humphrey Wattanga

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

14. ANNEXES

ANNEX 2 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR CURRENT YEAR 2022/2023

	Final Budget KShs '000'	Actual on Comparable Basis KShs '000'	Budget Utilization Difference KShs '000'	% of Utilization	Comments on Variance (below 90% and over 100%)
Receipts	a	b	c=a-b	d=b/a %	
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	55,000	5,193	49,807	9%	1) KRA requested for disbursement of 5M amount spend by May 2023. Kshs 8M spend in June 2023 will be disbursed in FY 2023/24. 2) As per World bank disbursement guidelines, KRA can only claim disbursement of what it has spent on the planned activities for FY 2022/23
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	55,000	5,193	49,807	9%	
Payments					
Purchase of goods and services					
a) Training Services- Capacity Building- 13,656	55,000	13,656	41,344	25%	This is the status of the Activities implemented FY 2022/23; 1) KRA Annual Training Plan FY 2022/23 (Kshs 21M) World Bank No Objection approval received. Training of 13M already implemented, the remaining to be completed FY 2023/24 2) Consultancy on Study of Trade flows (Kshs 62M) World Bank No Objection approval received, Tender Opening and Evaluation already done, awaiting final approval from World Bank for Implementation to begin in FY 2023/24 3) Motor Vehicles (Kshs 95M) World Bank No objection approval received, Tender process complete, delivery & payment scheduled to be complete in FY 2023/24
b) Purchase of Furniture & Office Equipments	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Total Payments	55,000	13,656	41,344	25%	Delays in World Bank No objection approval on KRA Annual Training Plan FY 2022/23 which was received in May 2023 and Consultancy on Study of Trade Flows which we are still waiting for final World Bank clearance to begin implementation. These impacted the underutilisation of budget by 75% (100%-25%).

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX 3: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT			
Breakdown of Transfers			
	<u>Government Counterpart</u>		
a.	Funding		<u>Indicate the FY to which the amounts relate</u>
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
		-	
		-	
		-	
	Total	-	
b.	Direct Payments		<u>Indicate the FY to which the amounts relate</u>
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
		-	
		-	
		-	
	Total	-	
c.	Others		<u>Indicate the FY to which the amounts relate</u>
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
		-	
		-	
		-	
	Total	-	
	TOTAL(a+b+c)	-	

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX 4A - ANALYSIS OF PENDING BILLS

During the financial period to 30th June 2023, there were no pending bills on the project

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid to Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
	a	KShs '000'	KShs '000'	KShs '000'		
		b	c	d=a-c		
Supply of services						
1.	-	-	-	-		
2.	-	-	-	-		
3.	-	-	-	-		
Sub-Total						
Grand Total	-		-	-	-	

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX 4B - ANALYSIS OF PENDING STAFF BILLS

During the financial period to 30th June 2023, there were no pending staff compensated on the project thus there were no staff bills.

Name of Staff	Job Group	Original Amount	Date Payable Contracte	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
	d	a	b	c	d=a-c		
Permanent Employees - Management							
None	-	-	-	-	-	-	
Sub-Total							
Permanent Employees – Others							
None	-	-	-	-	-	-	
Sub-Total							
Temporary employees							
None	-	-	-	-	-	-	
Sub-Total							
Others (specify)							
None	-	-	-	-	-	-	
Sub-Total							
Grand Total							

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX 4C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Fund Transaction Description	Original Amount	Date Payable Contract	Amount Payable Date	Outstanding Balance 2022-2023	Outstanding Balance 2021-2022	Comments
		a	b	c	d=a-c		
	Amounts due to National Govt Entities						
1.							
2.							
3.							
	Sub-Total						
	Amounts due to County Govt Entities						
4.							
5.							
6.							
	Sub-Total						
	Amounts due to Third Parties						
7.							
8.							
9.							
	Sub-Total						
	Others (specify)						
10.							
11.							
12.							
	Sub-Total						
	Grand Total						

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX 5 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs'000) 2022-2023 (a)	*Purchases/Additio ns in the Year (KShs'000) 2022-2023 (b)	**Disposals in the Year (KShs'000) 2022-2023 (c)	Transfers in/(out) Kshs000 2022-2023 (d)	Closing Cost (KShs000) 2022-2023 (e) = (a) + (b) - (c) + (-) d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
Total					

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

Asset class	Opening Cost (KShs'000) 2022-2023 (a)	*Purchases/Additions in the Year (KShs'000) 2022-2023 (b)	**Disposals in the Year (KShs'000) 2022-2023 (c)	Transfers in/(out) Kshs000 2022-2023 (d)	Closing Cost (KShs000) 2022-2023 (e)= (a)+ (b)-(c)+(-)d
-------------	--	--	---	---	--

ANNEX 6 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

ANNEX: 7 REPORTING OF CLIMATE RELEVANT EXPENDITURE

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

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

Annex 8: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII	Column VIII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments	

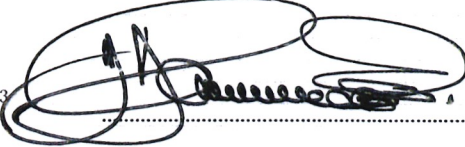
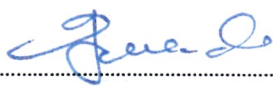
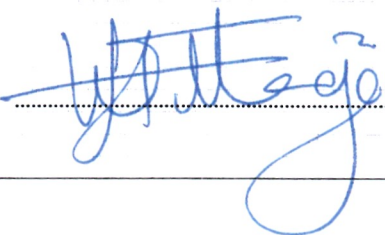
HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 9: OTHER SUPPORT DOCUMENTS

- i. Bank Reconciliations statement as at 30th June 2023
- ii. Board of Survey Report
- iii. Special Deposit Account(s) reconciliation statement(s)
- iv. KRA Trial Balance

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

APPENDIX i- BANK RECONCILIATION STATEMENT AS AT 30TH JUNE 2023

MINISTRY: IMPLEMENTING AGENCY: PROJECT NAME: IDA CREDIT: REPORT: THIS SCHEDULE: Bank and Branch: Account No.: PERIOD OF REPORT: CURRENCY:	FINANCE KENYA REVENUE AUTHORITY HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT No. 6768-KE Interim Financial Report (IFR) Bank Reconciliation Statement National Bank of Kenya Ltd - Times Tower Nairobi 01071233555600 Year ending 30th June 2023 Kenya shilling			
01/07/2022	Balance b/fwd	<u>Note.</u>	<u>Kshs</u>	<u>Kshs</u>
				123,916,837
	Receipts		5,193,437	
	Interest			5,193,437
	Total Receipts			129,110,274
Less:				
	Bank charges as at 30/06/2023			
	Payments as at 30/06/2023		13,656,341	13,656,341
Add:				
	Unpresented cheque			
30/06/2023	Balance as per bank statement			<u>115,453,933</u>
KENYA REVENUE AUTHORITY				
PROJECT A/C 01020014867900			<u>Kshs</u>	<u>Kshs</u>
30/06/2023	Balance per Bank Statements			<u>128,320,894</u>
	Add:			
30/06/2023	Receipts in cash book not yet credited by Bank			
30/06/2023	Payments in Bank statement and not in the cash book			
	Deduct:			
30/06/2023	Cheques not debited by Bank (Unpresented cheques)			12,866,961
30/06/2023	Receipts in bank statement not in the cash book			
	Balance per Cash Book			<u>115,453,933</u>
	Notes:			
	CPA. Josephat Omondi Project Accountant - ICPAK Member No. 3473			
	Lilian Nyawanda Project Coordinator			
	Mr Humphrey Wattanga Project Sponsor Commissioner General			

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

APPENDIX ii – BOARD OF SURVEY REPORT

Bank Reconciliation-2 1

MINISTRY: THE NATIONAL TREASURY
 IMPLEMENTING AGENCY: KENYA REVENUE AUTHORITY
 PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
 IDA CREDIT: NO. 6768KE
 REPORT: Bank Reconciliation Statement
 Bank and Branch: National Bank of Kenya Ltd - Times Tower Nairobi
 Account No. 01071233555600
 PERIOD OF REPORT: 30TH JUNE, 2023

		Ksha	Ksha
01/06/2023	Balance b/fwd		128,320,893.65
	Receipts		
	Interest		
	Total Receipts		128,320,893.65
	Less		
	Bank charges a/c at 30/06/2023		
	Payments a/c at 30/06/2023		
	Add		
	Unpresented cheque		
30/06/2023	Balance as per bank statement		128,320,893.65
KENYA REVENUE AUTHORITY			
PROJECT A/C 01071233555600			
		Ksha	Ksha
30/06/2023	Balance per Bank Statements		128,320,893.65
	Add		
30/06/2023	Receipts in cash book not yet credited by Bank		
30/06/2023	Payments in Bank statement and not in the cash book		
	Deduct:		
30/06/2023	Cheques not debited by Bank (Unpresented cheques)	12,866,961.38	
30/06/2023	Receipts in bank statement not in the cash book		12,866,961.38
	Balance per Cash Book		115,453,932.27

	NAME	DESIGNATION	SIGNATURE	DATE
Prepared by:	George Ouya	Supervisor		04/07/2023
Checked by:	Alex Mwangi	Asst. Manager		04/07/2023
Approved by:	Jacqueline Osango	Manager		4th July 2023

N/O Board of Survey Team:
 1- George Ouya 04/07/2023
 2- Philip Kiplangat 04/07/2023

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

BOARD OF SURVEY REPORT (CONTINUATION)



A Subsidiary of KCB Group PLC

National Bank of Kenya Limited
Head Office: National Bank Building
Harambee Avenue
P.O. Box 72866 - 00200, Nairobi, Kenya
Tel: +254 (0) 20 2828000
Cell: +254 (0) 711 038000
Email: info@nationalbank.co.ke
Website: www.nationalbank.co.ke

03 JULY 2023

KCA 30

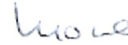
CERTIFICATE OF BALANCE

Certified that the balance of KSH Account of K.R.A. - HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT A/C 01071233555600 as at 30-06-2023 is KSH. 128,320,893.65. Credit)

Read: *KSH One hundred twenty eight million three hundred twenty thousand eight hundred ninety three cents sixty five only (Credit).*

Examined by: 

Authorized Signatory

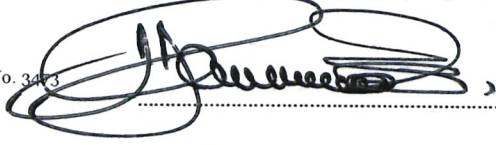

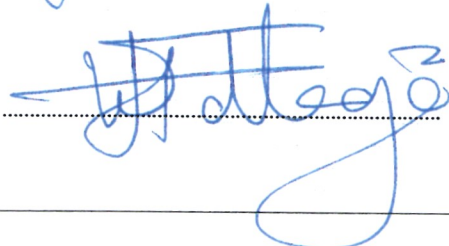


Branch Operations Manager

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

APPENDIX iii

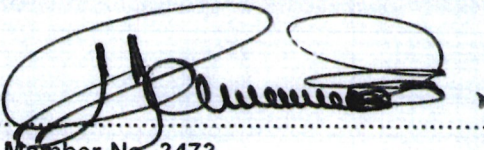
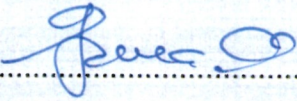
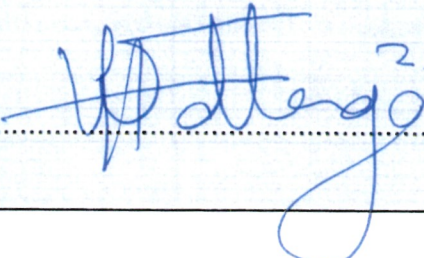
BANK RECONCILIATION SPECIAL DEPOSIT ACCOUNT CENTRAL BANK OF KENYA

<p>MINISTRY: IMPLEMENTING AGENCY: PROJECT NAME: IDA CREDIT: REPORT: THIS SCHEDULE: Bank and Branch: Account No.: PERIOD OF REPORT: CURRENCY:</p>	<p>KENYA REVENUE AUTHORITY HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT No. 6768-KE Interim Financial Report (IFR) Summary statement of receipts and expenditure Bank Reconciliation Statement Central Bank of Kenya LTD 1000474831 Year ending 30th June 2023 EURO</p>																																								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 10%; text-align: center; border-bottom: 1px solid black;">Note.</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">EURO</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">EURO</th> </tr> </thead> <tbody> <tr> <td>01/07/2022</td> <td></td> <td></td> <td style="text-align: right;">30,867</td> </tr> <tr> <td>Add:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Receipts</td> <td></td> <td style="text-align: right;">7,797</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Interest</td> <td></td> <td></td> <td style="text-align: right;">7,797</td> </tr> <tr> <td style="padding-left: 20px;">Total Receipts</td> <td></td> <td></td> <td style="text-align: right;">38,664</td> </tr> <tr> <td>Less:</td> <td></td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Payments as at 30/06/2023</td> <td></td> <td style="text-align: right;">38,664</td> <td style="text-align: right;">38,664</td> </tr> <tr> <td style="padding-left: 20px;">Unpresented cheque</td> <td></td> <td></td> <td></td> </tr> <tr> <td>30/06/2023</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">Balance as per bank statement</td> </tr> </tbody> </table>			Note.	EURO	EURO	01/07/2022			30,867	Add:				Receipts		7,797		Interest			7,797	Total Receipts			38,664	Less:				Payments as at 30/06/2023		38,664	38,664	Unpresented cheque				30/06/2023			Balance as per bank statement
	Note.	EURO	EURO																																						
01/07/2022			30,867																																						
Add:																																									
Receipts		7,797																																							
Interest			7,797																																						
Total Receipts			38,664																																						
Less:																																									
Payments as at 30/06/2023		38,664	38,664																																						
Unpresented cheque																																									
30/06/2023			Balance as per bank statement																																						
<p>CPA. Josephat Omondi Project Accountant - ICPAK Member No. 3473</p>																																									
<p>Lilian Nyawanda Project Coordinator</p>																																									
<p>Mr Humphrey Wattanga Project Sponsor Commissioner General</p>																																									

HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
Annual Report and Financial Statements for the financial year ended June 30th 2023

APPENDIX iv – TRIAL BALANCE PROJECT

MINISTRY: FINANCE
IMPLEMENTING AGENCY: KENYA REVENUE AUTHORITY
PROJECT NAME: HORN OF AFRICA GATEWAY DEVELOPMENT PROJECT
IDA CREDIT: NO. 6768-KE
REPORT: TRIAL BALANCE FOR YEAR 2022/2023

TRIAL BALANCE HORN OF AFRICA GATEWAY PROJECT AS AT 30TH JUNE 2023			
GL Code	Item Description	2022/2023	
		DR (Kshs)	CR (Kshs)
ASSETS			
13000251	Bank Bal c/d as at 30th June 2023	115,453,932.27	
NON-CURRENT LIABILITIES			
2210010	Fund Bal b/f		123,916,836.65
2210010	Fund Received in Year		5,193,437.00
2210010	Grant Received in Year (Direct Payments)		-
EXPENSES			
60008010	Training	13,656,341.38	
60002020	Local Accomodation		-
TOTAL BALANCES		129,110,273.65	129,110,273.65
<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>CPA. Josephat Omondi Head of Finance Project Accountant - ICPAK Member No. 3473</p> </div> <div style="width: 60%; text-align: center;">  </div> </div> <hr style="border-top: 1px dashed black;"/> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>Lilian Nyawanda Project Coordinator</p> </div> <div style="width: 60%; text-align: center;">  </div> </div> <hr style="border-top: 1px dashed black;"/> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p>Mr Humphrey Wattanga Project Sponsor</p> </div> <div style="width: 60%; text-align: center;">  </div> </div>			

