

KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

**OF**

THE NATIONAL ASSEMBLY

DATE: 17 FEB 2022

**THE AUDITOR-GENERAL**

**ON**

**TECHNICAL ASSISTANCE TO ENHANCE  
THE CAPACITY OF THE PRESIDENT'S  
DELIVERY UNIT**

**(ADB GRANT NO.5500155012902) PROJECT**

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

**STATE DEPARTMENT FOR INTERIOR  
AND CITIZEN SERVICES**



**PROJECT: TECHNICAL ASSISTANCE TO ENHANCE THE CAPACITY OF THE  
PRESIDENT DELIVERY UNIT**

**IMPLEMENTING ENTITY: STATE DEPARTMENT OF INTERIOR**

**PROJECT LOAN/GRANT 5500155012902**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2021**

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

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name**

The project's official name is Technical Assistance to Enhance the Capacity of the President Delivery Unit.

**Purpose of the project:** To enhance the capacity of the PDU to drive delivery of the Government's Big Four (B4) Agenda in Manufacturing and Food Security

**Objective**

The key objective of the project is to enhance the capability of the president delivery unit to drive implementation of the targeted Big Four B4.

**Address**

The project headquarters offices are in Nairobi City, Kenya.

The address of its registered office is:

P. O. BOX 40530-00100

NAIROBI.

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

**Name:** Mr. Andrew Wakahiu

**Telephone:** (020) 2020930

**E-mail:** [info@delivery.go.ke](mailto:info@delivery.go.ke)

**Website:** [delivery.go.ke](http://delivery.go.ke)

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.2 Project Information**

<b>Project Start Date:</b>	The project start date is 07-08-2018
<b>Project End Date:</b>	The project end date is 31-12-2020
<b>Project Manager:</b>	The project manager is Mr Andrew Wakahiu
<b>Project Sponsor:</b>	The project sponsor is African Development Bank

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Interior
Project number	P-KE-K00-005
Strategic goals of the project	The strategic goals of the project are as follows: (i) Strengthen the delivery-tracking and advisory support function of the PDU with technical assistance and training for the selected pillars of the B4, Namely, food security and manufacturing. (ii) Improve knowledge sharing and communication.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Support preliminary work and consultation on target setting. (ii) Design and updating of credible delivery plans and trajectories for the Big 4 pillars. (iii) Establish and fine tune delivery tracking routines, overhaul the executive dashboard.

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Other important background information of the project	The Big 4 agenda called for a step change in delivery on the ground. The project is specifically intended to strengthen the delivery tracking, advisory and relationship management functions of PDU to support implementation of flagship projects and engage proactively with line ministries and the counties.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"> <li>(i) PDU's limited capacity to effectively fulfil its expanded role of monitoring the delivery of the Big 4 Agenda at national and county level.</li> <li>(ii) Lack of specialized skills in areas of focus for the Big 4 to be able to manage delivery tracking, support and problem solving.</li> </ul>
Project duration	The project started on 7th August 2018 and is expected to run until 31st December 2020

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya  
Haile Selassie Avenue  
P.O Box 60000  
City Square 00200  
Nairobi, Kenya.

**1.5 Auditors**

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

**1.6 Roles and Responsibilities**

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

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<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Andrew Wakahiu	Head, Delivery	<ul style="list-style-type: none"> <li>• Bachelor of Business Management, Sales and Marketing, Moi University</li> <li>• Chartered Institute of Arbitrators</li> </ul>	<ul style="list-style-type: none"> <li>• Overall project leadership, coordination, and management of the project.</li> </ul>
Lee Kyonze	Dashboards and ICT Systems Expert	<ul style="list-style-type: none"> <li>• Master of Information Technology Management, University of Sydney</li> <li>• Bachelor of Science in Computer Science, University of Nairobi</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and maintain robust information system(s) and dashboards to support multilevel reporting covering the county, regional and national development committees.</li> <li>• Support the M&amp;E activities related to priority projects and programs of MDAs for the achievement of the Big Four agenda.</li> <li>• Ensure relevant updates to the priority programs are carried out for effective reporting.</li> </ul>
Mungai Munene	Delivery Lead	<ul style="list-style-type: none"> <li>• Master of Science in Sustainable Urban Development at Oxford University in London, United Kingdom</li> <li>• Bachelor of Science in Mechanical Engineering at University of Nairobi</li> </ul>	<ul style="list-style-type: none"> <li>• Project Management Office (PMO) - Team Lead overseeing delivery of the Big Four (4) Agenda</li> <li>• Core Secretariat of the NDICCC and NDITC Committees</li> <li>• Coordination of roll-out of priority projects and preparation of regular progress</li> </ul>

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			<p>reports to Chief of Staff</p> <ul style="list-style-type: none"> <li>• Primary Liasion between office of Chief of Staff and Big Four Implementing agencies</li> <li>• Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019</li> </ul>
Byron Buyu	Delivery Expert	<ul style="list-style-type: none"> <li>• Master of Science Governance, Peace and Security Studies</li> <li>• Bachelor of Technology of Electrical and communication Engineering</li> </ul>	<ul style="list-style-type: none"> <li>• Works closely with the Permanent secretary of Infrastructure, Housing, Public works and Maritime and relevant MDAs to track the delivery of B4 flagships under the 4 pillars</li> <li>• Participates in preliminary work and consultations on Target Setting and Design of credible Delivery Plans and Trajectories for the Big 4 pillars</li> <li>• Ensures accurate and validated delivery tracking information is uploaded to the Executive Dashboard in a timely manner and in the required formats in GPRS</li> <li>• Works Closely with National development Implementation Committee to follow up on National projects</li> </ul>

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Terry Kiunge Ramadhani	Delivery Expert	<ul style="list-style-type: none"> <li>• Masters of Business Administration- University of Liverpool</li> <li>• Bachelors of Education – Kenyatta University</li> <li>• Prince 2 Certification</li> </ul>	<ul style="list-style-type: none"> <li>• Mapped to line Ministries and Agencies (MDA'S) tasked with implementation of the Big 4 Agenda.</li> <li>• Primary focus is tracking delivery, facilitating problem solving and</li> <li>• Training implementing agencies on pertinent areas are they arise in as far as problem solving is concerned.</li> <li>• Validating implementation progress and</li> <li>• Assessing the impact of the Big 4 on the ground</li> </ul>
Humprey Ngunjiri Wambugu	Senior Director, Delivery	<ul style="list-style-type: none"> <li>• Msc Computer Information Systems</li> <li>• Bsc Computer Science</li> <li>• Certified Public Accountant</li> <li>• Project Management (Prince II)</li> </ul>	<ul style="list-style-type: none"> <li>• Co-ordinate within the Region, using a multi-sectoral approach, the implementation of National Government Programmes and Projects.</li> <li>• Monitor, verify and evaluate the progress of National Government Projects Programmes and Projects with the Region.</li> <li>• Identify and suggest solutions for bottlenecks that hinder the implementation of National Government Development Programmes and Projects within the Region.</li> </ul>

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			<ul style="list-style-type: none"> <li>• Manage relationships between all MDAs and SAGAs who have operations within the Region.</li> <li>• Prepare bi-weekly progress reports to the National Development Implementation Technical Committee on the implementation status of National Government Development Programmes and Projects within the Region.</li> <li>• Advise the National Development Implementation Technical Committee on identified priority National Government Development Programmes and Projects within the Region.</li> </ul>
Katra Sambili	Delivery Expert	<ul style="list-style-type: none"> <li>• BA International Relations</li> <li>• MSc International Development</li> <li>• MPA Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Collaborate closely with Kenya's 8 Regional Commissioners and 47 County Commissioners on the effective delivery of development programs</li> <li>• Liaise with the Cabinet Secretaries, Principal Secretaries and Senior Advisors and Technical Experts in the Ministries of Water and Sanitation; Environment and</li> </ul>

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			<p>Forestry; Lands and Physical Planning; Agriculture, Fisheries Livestock and Irrigation on the progress of priority projects and debottlenecking of the same.</p> <ul style="list-style-type: none"> <li>• Contribute to the realization of the President's Legacy programme encapsulated in the Big 4 Agenda: Food Security; Universal Healthcare; Manufacturing and Affordable Housing</li> <li>• Ensure accurate and validated delivery tracking information is uploaded to the GPRS Executive Dashboard in a timely manner and in the required formats</li> <li>• Provide technical support in the development and implementation of strategies and policies for the Food and Nutrition Security Pillar</li> </ul>
Nixon Githuku Nganga	Communications and Knowledge Expert	<ul style="list-style-type: none"> <li>• M.A, Communications and Media</li> <li>• PGD Mass Communication</li> <li>• B.ED (Linguistics and Literature)</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake a communication needs assessment and prepare and implement a communication strategy for PDU</li> </ul>
Laura Mutindi	Sector Expert	<ul style="list-style-type: none"> <li>• - Master of Science Project Management at Edith Cowan</li> </ul>	<ul style="list-style-type: none"> <li>• Project Management Office (PMO) - Team Member overseeing</li> </ul>

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		<p>University in Perth, Australia</p> <ul style="list-style-type: none"> <li>- Bachelors of International Business and Marketing at Edith Cowan University in Perth, Australia</li> <li>Bachelors of Construction Management at University of Nairobi</li> </ul>	<p>delivery of the Big Four (4) Agenda</p> <ul style="list-style-type: none"> <li>Core Secretariat of the NDICCC and NDITC Committees</li> <li>Coordination of roll-out of priority projects and preparation of regular progress reports to Chief of Staff</li> <li>Primary Liaison between Office of Chief of Staff and Big Four Implementing agencies</li> <li>Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019</li> </ul>
Dr. Victoria Ndibo	Sector Expert	<p>PhD Organizational Learning and Leadership at Teachers College in Colombia University, New York USA</p> <ul style="list-style-type: none"> <li>M.A. Social-Organizational Psychology at Teachers Collage in University of Colombia, New York USA</li> <li>Global Executive Masters of Business Administration (GEMBA) at USIU in Nairobi</li> </ul>	<ul style="list-style-type: none"> <li>Project Management Office (PMO) - Team Member overseeing delivery of the Big Four (4) Agenda;</li> <li>Core Secretariat of the NDICCC and NDITC Committees;</li> <li>Coordination of roll-out of priority projects and preparation of regular progress reports to Chief of Staff;</li> <li>Primary Liaison between Office of Chief of Staff and Big</li> </ul>

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			<p>Four (4) implementing agencies</p> <ul style="list-style-type: none"> <li>• Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019</li> </ul>
Patrick K. Ngatia	Delivery Expert	<ul style="list-style-type: none"> <li>• Master of Arts</li> <li>• Environmental planning and Management</li> <li>• Bachelor of Science Biology</li> </ul>	<p>Work closely with the Regional Commissioners, County Commissioners, or relevant MDAs and SAGAS to track the big 4 and national flagship projects.</p> <ul style="list-style-type: none"> <li>• Design monitoring, evaluation and assessment tool for use in project verification for delivery. Ensure accurate and timely reporting to decision makers to ensure effective interventions.</li> <li>• Conduct training sessions/delivery labs, for MDA and county officials</li> <li>• Undertake gap analysis and identify training and mentoring needs for MDAs and County governments charged with implementation of B4 flagships under the two pillars.</li> </ul>
Sylvia Kwamboka Ong'ondi	Delivery Expert	<ul style="list-style-type: none"> <li>• MSc. Management – University of Leeds, UK</li> </ul>	<ul style="list-style-type: none"> <li>• Work closely with the Principal Secretaries of MDAs to track the delivery of Big 4 projects</li> </ul>

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		<ul style="list-style-type: none"> <li>• BSc. Electrical &amp; Electronics Engineering – University of Nairobi</li> <li>• PRINCE2 Practitioner</li> </ul>	<ul style="list-style-type: none"> <li>• Participate in preliminary work and consultations on target Setting and Design of credible Delivery plans and trajectories</li> <li>• Ensure accurate and validated delivery tracking information is uploaded to the Executive dashboard in a timely manner</li> <li>• Conduct training sessions and delivery labs for MDAs</li> <li>• Work closely with the National Development Implementation Committee to follow up on National projects</li> </ul>
Michael N. Mbugua	Project Accountant	<ul style="list-style-type: none"> <li>• CPA(K)</li> <li>• Member of the Institute of Certified Public Accountants of Kenya</li> </ul>	<ul style="list-style-type: none"> <li>• Processing of all payments and imprests related to the project</li> <li>• Maintaining the projects cash book</li> <li>• Reconciliation of the project accounts</li> <li>• Preparation of statutory reports and financial statements</li> <li>• Response to audit queries</li> </ul>

**1.7 Funding summary**

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The Project was for duration of 27 Months from 07-08-2018 to 31-12-2020 with an approved budget of AfdB USD 1,800,000 equivalent to KShs 175,944,000 and GOK counterpart funding of USD 881,400.

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30-6-2021)		Undrawn balance to date	
	Donor currency (USD)	KShs	Donor currency (USD)	KShs	Donor currency (USD)	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
<b>(i) Grant</b>						
AFDB	1,800,000	175,944,000	1,678,278	167,727,105	1,604.92	160,395.70
<b>(ii) Counterpart funds</b>						
Government of Kenya	881,400	86,153,912	653,466	65,307,362	227,934	20,846,550
<b>Total</b>	<b>2,681,400</b>	<b>262,097,912</b>	<b>2,331,744</b>	<b>233,034,467</b>	<b>229,539</b>	<b>21,006,946</b>

The undrawn balance differs from the amount of donor commitment less amount received, these has been caused by fluctuation in exchange rate from UAC to US Dollar.

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

<b>(i) Grant</b>						
AFDB	1,678,278	167,727,105	167,599,082	-	128,023	
<b>(i) Counterpart funds</b>						
Government of Kenya	653,466	65,307,362	65,307,362	-	-	
<b>Total</b>	<b>2,331,744</b>	<b>233,034,467</b>	<b>232,906,444</b>	<b>-</b>	<b>128,023</b>	

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.8 Summary of Overall Project Performance:**

The President Delivery Unit was transferred to State Department of Interior from State House by The Executive Order No. 1 of 2019 has to date provided support in tracking priority programmes, prepared monthly progress reports with the coordination of MDA's, SAGA's, Regional Commissioners and County commissioners and resolved numerous bottlenecks that would otherwise have impacted the outcome of the projects.

Below is budget utilisation to date.

Receipt/payment item	Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>
<b>Receipts</b>				
Proceeds from domestic and foreign grants	175,944,000	167,727,105	8,216,895	95%
<b>Total Receipts</b>	<b>175,944,000</b>	<b>167,727,105</b>	<b>8,216,895</b>	<b>95%</b>
<b>Payments</b>				
Purchase of goods and services	175,944,000	167,599,082	8,344,918	95%
<b>Total payments</b>	<b>175,944,000</b>	<b>167,599,082</b>	<b>8,344,918</b>	<b>95%</b>

**1.9 Summary of Project Compliance:**

The project compliance with applicable laws and regulations, and essential external financing agreements/covenants,

## **(i) STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES**

**Purpose of the project:** To enhance the capacity of the PDU to drive delivery of the Government's Big Four (B4) Agenda in Manufacturing and Food Security

### **PROJECT DESCRIPTION**

#### **2.1. Project Objectives**

2.1.1 The overall objective of the Project is to enhance the capability of the President Delivery Unit to drive implementation of the targeted B4.

2.1.2 Implementation of the selected B4s involves several MDAs and other stakeholders in the private and public sectors. Therefore, the Project's support to relationship management and coordination will be key. The PDU tracks delivery of projects implemented by the National Administration across Kenya's 47 counties, which themselves suffer from weak capacity to monitor projects. The enormity of the delivery tracking challenge is further highlighted by the fact that the PDU is required to track delivery on projects above a KES25 million or approximately USD250 thousand budget threshold. Eleven thousand (11,000) such projects are currently ongoing across the Counties, and the number is set to grow as implementation of the B4 gathers pace. The logic behind this threshold is that small projects tend to have a significant impact on beneficiary communities and therefore deserve to be tracked. For instance, a school block in a rural setting may have a larger immediate impact for the community than a multi-million-dollar railway line passing through the area. Government policy is, therefore, to pay equal attention to the impact perspective, to the extent feasible, rather than limiting itself to tracking projects from the budgetary angle.

2.1.3 While the PDU has been operational since 2015, its capacity needs strengthening for it to effectively deliver on the additional task of driving, monitoring and coordinating the implementation of the selected B4 areas with all relevant stakeholders. The identified capacity challenges include (i) absence of customized tools, data sets and key performance indicators (KPIs) for delivery tracking, (ii) inadequate expertise in delivery tracking and in the sectors selected under the B4, (iii) absence of mechanisms to identify, and address implementation bottlenecks and propose corrective actions in real-time, and (iv) inadequate capacity for communication.

2.1.4 By way of illustration, currently, the high-level decision-making machinery relies on briefs from Counties and MDAs on the status of projects driving the B4. Yet, these briefs tend to be ad hoc and reactive, typically prompted by high-ranking officials' or The President's visits to a project area. As such, the information presented is not standardized across counties and MDAs, making it unfit for delivery tracking and decision-making purposes.

2.1.5 In view of the above, the key expected outcomes of the envisaged intervention will be to:

**i. Strengthen the delivery-tracking and advisory support function of the PDU with technical assistance and training for the selected pillars of the B4, namely, Food Security and Manufacturing.** This will include improving coordination across all relevant stakeholders and the tracking of flagship programs focusing on key enablers and drivers of the selected pillars. It will also entail the introduction of robust data quality and validation mechanisms to enhance transparency and

accountability. Key outputs under this outcome will include: delivery action plans and trajectories for the two pillars, updated annually; clear KPIs for delivery tracking; a revamped executive dashboard for delivery tracking and visualization of complex information in an easily digestible way for decision-making; customized tools and templates for data collection, validation and reporting; training (delivery labs), coaching and mentoring in delivery tracking and in specialized areas of the selected B4; and high-level stock-takes to enable speedy decision-making and corrective action in case of any slippages. ii. **Improve knowledge-sharing and communication:** Key outputs under this outcome will include: exchange of experiences with other delivery outfits in Africa and beyond (e.g. the PEMANDU experience in Malaysia); showcasing the PDU as model to facilitate replication of effective delivery approaches in other RMCs in the region; and regular communication pieces to correct any communication gaps and highlight achievements made under the B4 for accountability and enhancing ownership from key stakeholders and the general public.

**Project Components and Activities 2.2.1**

Pursuant to the objectives, the project is structured into two components (i) Technical Assistance for improved coordination and delivery tracking (ii) Knowledge-sharing. The project activities under each component are summarized in Table 1.

**Table 1: Project Components and Activities**

Project Component	Key Activities
<p><b>Component I: Technical Assistance for improved coordination &amp; delivery tracking</b></p>	<ul style="list-style-type: none"> <li>• Provide TA to the PDU, MDAs and Counties to conduct delivery-tracking based on established routines</li> <li>• Preliminary work and consultations on Target Setting and Design of credible Delivery Plans and Trajectories for the two pillars</li> <li>• Rapid assessment and refinement of PDU routines to transform them from “good” to “great”</li> <li>• Identification of KPIs for delivery tracking of the food Security and Manufacturing B4s</li> <li>• Design customized data collection, validation, and reporting tools</li> <li>• Upgrade the Executive Dashboard at PDU through re-clustering of information according to the B4 and by county, embedding capabilities to generate real-time reports and infographics, and creation of mobile app version</li> <li>• Set up quarterly B4 stock-take meetings with President, and Cabinet Retreats to facilitate joint strategic steering and decision-making to correct any slippages/unlocking bottlenecks</li> <li>• Conduct gap analysis and design comprehensive capacity building action plan to guide long-term capacity building on delivery tracking at National government and county levels</li> <li>• Provide ad-hoc technical support, mentoring and training to the PDU and entities charged with day-</li> </ul>

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	<p>today implementation of the selected B4s to enhance their capabilities</p> <ul style="list-style-type: none"> <li>• Conduct training (delivery labs), coaching and mentoring in delivery tracking and in specialized areas of the selected B4</li> </ul>
<p><b>Component II: Knowledge-sharing</b></p>	<ul style="list-style-type: none"> <li>• Design communication strategy</li> <li>• Prepare regular communication pieces to correct any communication gaps and highlight achievements made under the B4 for accountability and enhancing ownership</li> <li>• Study tours to exchange experiences with other delivery outfits</li> <li>• Seminars to showcase the PDU as model to facilitate replication of effective delivery approaches in other RMCs in the region</li> </ul>

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**1. Outcome reporting**

Outcome indicators (as per RBLF; add more rows as needed)	Indicator	Basel ine value (Year ) (A)	Most recen t value (B)	End target (C) (expecte d value at project completi on)	Progress towards target (% realized) [(B-A)/(C-A)]	Narrative assessment (indicative max length: 50 words per outcome)
<b>Outcome 1:</b>  Effectiveness of the B4 pillars on Manufacturing and Food security enhanced	Number of Big Four (B4) projects successfully launched to achieve the targeted contributions to economic transformation	0% (2018 )	61% (2020 )	70% (2022)	87% (2020)	<p><b>Manufacturing Sector: (104/134 activities launched i.e.</b></p> <p><b>A. Revitalization of industries:</b></p> <ul style="list-style-type: none"> <li>○ Revitalization of cotton production for value addition - Conventional Hybrids and BT Cotton</li> <li>○ Revamp of Cotton Ginneries</li> <li>○ Revitalization &amp; modernization of Textile Mills</li> <li>○ Revitalization of Tanneries including Market access for leather goods and footwear for local and exports.</li> <li>○ Investment promotion of Fisheries facilitated by KenInvest</li> <li>○ Revitalization of local Automotive Assembly and Auto Parts Manufacturing, including the reduction of Import Declaration Fee from 2% to 1.5% on raw materials including Complete Knockdown kits done through the Finance Act, 2019.</li> </ul> <p><b>B. Set up of Special Economic Zones/ Industrial Parks/SMEs Parks e.g. Naivasha Industrial Park; Mombasa Dongo Kundu SEZ; and Kisumu SEZ.</b></p> <p><b>C. Support to MSMEs through</b></p> <ul style="list-style-type: none"> <li>○ <b>MSME Infrastructure &amp; institutional development. i.e.</b> <ul style="list-style-type: none"> <li>a) Revamping Rivatex East Africa to increase local production of textile and apparel and supply of raw materials to MSMEs.</li> <li>b) Operationalizing the Common Manufacturing &amp; Training Facilities (CMF) in Thika, Kisumu and Nakuru for MSMEs.</li> <li>c) Research and quality product development and skills development especially for MSMEs enhanced in Kisumu</li> </ul> </li> <li>○ <b>MSME Financing, i.e.</b> <ul style="list-style-type: none"> <li>a) Enhanced funding support for MSME through the KShs 4.0B <i>Stawisha</i> SME <i>Mashinani</i> programme launched in February, 2020</li> </ul> </li> </ul>

						<p>b) KShs. 10.0B Credit Guarantee Scheme Agreement signed on 8<sup>th</sup> December, 2020;</p> <ul style="list-style-type: none"> <li>○ <b>MSME Market Access</b> through a Directive issued to all public Agencies for preferential procurement of locally produced goods and services under the Public Procurement and Asset Disposal Act, 2015 and Buy Kenya Build Kenya Strategy.</li> </ul> <p><b>D. Institutional support:</b></p> <ul style="list-style-type: none"> <li>○ Restructuring of the Numerical Machining Complex (NMC) to enable it play critical role in manufacturing of parts, equipment and machinery implemented.</li> <li>○ KShs. 3.35 Billion Fund for set up of the Kenya Industrial Estates (KIE).</li> <li>○ KShs. 1.018 Billion allocated in the FY 2019/20 for the completion of the Research, Technology and Innovation Labs at Kenya Industrial Research and Development Institute (KIRDI).</li> </ul> <p><b>Food Security Sector: (22/70 activities launched) i.e.</b></p> <p><b>A. 50% Reduction in cost of food as a percentage of income</b></p> <ul style="list-style-type: none"> <li>○ <b>Legislation enacted:</b> <ol style="list-style-type: none"> <li>1. National Livestock Policy Published as Sessional Paper No.3 of 2020</li> <li>2. Veterinary Policy- Published as Sessional Paper No.2 of 2020</li> <li>3. The Livestock Bill, 2020</li> </ol> </li> <li>○ <b>Revitalization of Coffee</b> targeting eight (8) counties that produce 80% of Kenyan coffee.</li> <li>○ <b>Potato propagation program deployed</b> with sixteen (16) members of Small and Medium Agricultural Enterprises (SAME)</li> <li>○ Digital Agriculture Strategy launched in August 2020</li> <li>○ National Rice Development Strategy (2019-2030) launched</li> <li>○ 488, 793 farmers covered under crop insurance in 2019-2020.</li> <li>○ 85,000 farmers electronically registered under National Value Chain Support Program in 12 Counties and are accessing the e-voucher subsidy inputs for the short rains season.</li> <li>○ National Cereals and Produce Board and Strategic Food Reserve Trust Funds Reforms</li> <li>○ Implementation of Warehouse Receipting System (WRS)</li> </ul> <p><b>B. Activities implemented for 27% reduction in under-5 malnutrition. i.e.</b></p>
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						<ul style="list-style-type: none"> <li>○ Agri-Nutrition Strategy 2020-2024 launch</li> <li>○ Agri-Nutrition in-service curriculum</li> <li>○ Agri-Nutrition Guidelines for Sustainable Diets Under COVID- 19 Pandemic launch</li> <li>○ Demonstration Kitchen Gardens established for televised daily lessons on affordable kitchen gardens and adoption of healthie eating habits.</li> </ul> <p><b>C. Create 1,000 SMEs and 600,000 jobs</b></p> <ul style="list-style-type: none"> <li>○ Support of 350 dairy groups to manage p harvest losses with bulk milk coolers</li> <li>○ 3,200 Jobs created for coffee, fruits and oil crops nursery operators</li> <li>○ Constructed 20 Livestock Sale Yards and eighteen (18) Haysheds.</li> </ul> <p><b>D. 48% Increase in Agriculture GDP contributor</b></p> <ul style="list-style-type: none"> <li>○ 16.3M Hybrid BT-cotton seed distributed Counties in Eastern, Central and Coast Regions.</li> <li>○ The Animal Identification and Traceability Regulations and the Strategy developed t support Livestock Identification and Traceability Systems (LITS) Programme</li> </ul> <p>Development of model tanneries in Kajiado (at Isiri ) and Baringo (at Mogotio)</p>
	Number of Bank funded operations red-flagged for delays in start-up/implement ations	13 (2018 )	6 (2020 )	=<4 (2022)	77% (2020)	6 projects financed by 7 instruments unlocked by PE <ul style="list-style-type: none"> <li>• Green Zones Development Support Project-phase 2- first disbursement delay</li> <li>• Thwake Multipurpose Water Development Program I – additional funding- signature dela ,</li> <li>• Nairobi Rivers Basins Rehabilitation Restoration: Sewerage I-Signature delay</li> <li>• Supplementary Financing: Ethiopia - Kenya Electricity High w-signature delay</li> <li>• Proposed Technical and Vocational Education and Training Entrepreneurship (TVETE) projec Chuka Water Supply Project</li> </ul>
<b>Outcome 2:</b> <b>Delivery on outputs and outcomes enhanced</b>	% of completed Big Four (B4) projects that achieved their development objective (outputs & outcomes)	N/A	30% (2020 )	At least 80% (2022)	37.5% (2020)	<b>Manufacturing Sector: Only 5 out of the 15 Manufacturing sector initiatives have been completed. i.e.</b> <ul style="list-style-type: none"> <li>A. <b>Fisheries:</b> Investment Promotion of the Marine Fresh water and aquaculture fisheries processes in Kenya, facilitated by KenInvest</li> <li>B. <b>Metal &amp; Allied:</b> Enforcement of Standards for imported and locally manufactured steel and steel products being implemented</li> <li>C. <b>Pharmaceuticals and Medical Consumables:</b> EPZ Pharmaceutical approved to unlock challenge on local market access for Pharmaceutical products.</li> <li>D. <b>Plastics and Rubber:</b> Standards for plastic packaging products being implemented</li> </ul>

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						<p>E. <b>Paper &amp; Paper Board:</b> Zero-rating on importation of books at 0% from India by publishers who source from printers out of Kenya</p> <p><b>Food Security Sector: Only one out of the 5 initiatives have been successfully completed i.e.</b></p> <p>A. <b>27% reduction in under-5 malnutrition i.e.</b></p> <ol style="list-style-type: none"> <li>1. Agri-Nutrition Strategy 2020-2024 launched.</li> <li>2. Agri-nutrition in-service curriculum completed (ready and in use at Kenya school of Agriculture)</li> <li>3. Agri-Nutrition Guidelines for Sustainable Diets Under COVID- 19 Pandemic have been launched online</li> </ol> <p>Demonstration Kitchen Gardens established for televised daily lessons on affordable kitchen gardens and adoption of healthier eating habits.</p>
<p><b>Outcome 3:</b>   <b>Coordination between national departments improved</b></p>	<p>System of coordination routines established to support delivery tracking</p>	<p>Not yet established</p>	<p>System of coordination established through the implementation of Executive Order #1 of 2019, which established PDU as the Secretariat for the NDITC, RDICCC and CDICCC<sup>1</sup></p>	<p>Coordination routines established 3 months after effectiveness</p>	<p>100%</p>	<p>This has been developed and aligned to the executive order No.1, which sets up the NDICCC and the NDITC. These has seen:</p> <p>The NDICCC holding 38 meetings reviewed and resolved all 586 issues referred to it by NDITC. E.g. Reducing congestion at the port and reduced transport costs by SGR; Unlocking the Menengai Geothermal Development Project where NDICCC approved the release of the key documentation to the three (3) Independent Power Producers to enable construction of the power plants; Ensured the acquisition of all wayleaves for the Olkaria – Lessos – Kisumu 300km, 400/220kV line and associated substation project; Unlocking the Ban on BT Cotton; Approved the Agriculture Policy, Veterinary Policy and the Livestock Bill.</p> <p>The NDITC has held 38 meetings reviewing over 1,000 issues and resolved 586 issues of stalled projects. E.g. unlocking the Rail and Road Enabling Infrastructure for SGR and Industrial Park at Kedong Ranch; Revitalization of the Kisumu Port; Development of the Uhuru Business Park; Unlocking of the Galana Kulalu Food Security Project (GKFSP) which had stalled at 85%; and unlocking of the Bachuma Export Quarantine Station project that had stalled.</p>

<sup>1</sup> NDITC: National Development Implementation Technical Committee

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Narrative assessment of each outcome, highlighting why targets were not realised, and key lessons learnt

**Effectiveness of the B4 pillars on Manufacturing and Food Security enhanced:**

- The Manufacturing Sector and the Food Security sector achieved several headways in the progression of B4 flagship projects. i

**Manufacturing:**

- a) Modernization of Rivatex Ltd has increased production of fabrics by 500% to 25,000 meters per day, consuming 22,000 bales of local cotton and supporting 29,500 farmers. It has also contributed to import substitution for textile garment for leather industries, school uniforms, Disciplined Forces, medical linen, university gowns, and fabrics for SMEs garments production
- b) Development of Athi River EPZ Textile Hub through construction of industrial sheds has eased entry of Foreign Direct Investment which increased during 2017-2018 from KES. 95.3 billion to KES. 105 billion. This created an additional 6,675 jobs and increased exports earnings by an additional KES. 10 billion;
- c) Manufacture of machines, machinery tools and parts for automotive, electricity and cement sub-sectors generated revenue of KES. 75 million under Buy Kenya, Build Kenya initiative, hence saving on forex.
- d) Supported over 1,200 MSMEs through: credit access of KES. 307 million, market linkages, and training thereby creating over 3,360 jobs;
- e) The Special Economic Zones have been launched in Dongo Kundu in Mombasa and Naivasha while land for Kisumu has been identified and feasibility studies commenced.

**Food Security:**

- a) Laid a foundation for implementation of the Big 4 Agenda by developing and enacting agriculture, livestock, veterinary and fisheries sector policies, laws and regulations, which will improve the ease of doing business in the Sector.
  - b) Sustained the implementation of the Agriculture Sector Transformation and Growth Strategy (ASTGS), which promotes a private sector-led agricultural sector.
  - c) The Government Proposed reforms to the Strategic Food Reserve Trust Fund, the National Cereals and Produce Board (NCPB) and the Fertilizer subsidy program, policies, strategies and regulations to achieve the 100% food and nutrition security.
- These have been great achievements and more would have been met earlier, however a number of Big Four (B4) projects and programmes required unforeseen legal and financial preparatory requirements to off-take the projects. The key lessons learnt are that an enabling environment (either legal or financial) is necessary in ensuring projects are launched.

**Delivery on outputs and outcomes enhanced**

- **% of completed Big Four (B4) projects that achieved their development objective (outputs & outcomes)** There have been several achievements made in the progression of the B4 flagship projects and programmes. These included: Approving the Manufacturing Sector Transformation White Paper, which identified 392 products for gazette for exclusive procurement by Government Agencies from the local MSME sector, Revitalization of industries; start of the set up of Special Economic Zones/ Industrial Parks/SMEs Parks; Support to MSMEs; Approving Policy Sector Plans for the FNS B4 pillar (e.g. the Agricultural Policy: Coffee Revitalization Plan); Deployment of Potato propagation program; Support of 350 dairy groups to manage post harvest losses with bulk milk coolers etc. These were implemented well, and more would have been achieved, however some enabler activities for the Big 4 Projects in the Manufacturing and Food Security Sector lacked budgetary input e.g. infrastructural road projects or water projects. However, during the FY 2019/2020, PDU worked with all MDAs to harmonize driver and enabler budgets to ensure a comprehensive budgetary allocation to the flagship (B4) projects. This has since been adopted in the FY 2020/21 budget and the upcoming FY 2021/22 budget. The Key Lesson Learnt was that the Enablers to the Big 4 Drivers/Projects require harmonization of budgets to ensure success.

**Coordination between national departments improved**

- The System of coordination routines established to support delivery tracking has been successful, where project statuses have been updated regularly. There is need to ensure continuous on-ground and off ground (Ministry) data consistency as this may pose an accuracy challenge in retrieving information about a project.
- The Executive Order #1 of 2019 has brought together a one government approach to resolving issues and challenges where all National Government Departments hold a weekly round table to agree on modalities of unlocking projects. e.g.
  1. Approvals for development of Dongo Kundu SEZ and Naivasha Industrial Park
  2. Reduced congestion at the port and reduce transport costs by SGR

RDICC: Regional Development Implementation Coordination Committee  
CDICC: County Development Implementation Coordination Committee

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3. Manufacturing Sector Transformation White Paper
4. Unlocking the ban on use of BT Cotton
5. Annexing of land for the development of the Kisumu Special Economic Zone
6. Gazetting 392 priority products that must be sourced from SMEs sector for GoK implementation projects.
7. KEPSA round table- agreeing on a list of priority areas for implementation of manufacturing
8. KAM round table– agreeing on a set of measures for improving the manufacturing sector
9. Jua-Kali sector round table that agreed on interventions for reviving the MSME sector
10. Harmonization of legislation affecting Food Security
11. Approving policy Sector Plans
12. Developing the Manufacturing White Paper
13. Developing the Food Security White Paper

This has been achieved through a comprehensive reporting framework i.e. NDICCC Directives; NDICCC Action Matrix; NDITC Action Matrix; NDITC Master Tracker; RDICCC Reports; RC Feedback Reports and NDITC Projects and Programmes reporting

## 1. Output reporting

Output indicators (as specified in the RBLF; add more rows as needed)	Indicators	Most recent value (A)	End target (B) (expected value at project completion)	Progress towards target (% realized) (A/B)	Narrative assessment (indicative max length: 50 words per output)
<b>Output 1:</b>  <b>Develop set of KPIs Overhaul Dashboard and develop tracking tools</b>	B4 flagships with quality KPIs developed (percentage)	100%	100%	100%	The KPIs for Big 4 have been developed at an aspiration level. (Ref: Big 4 Aspirations at <a href="https://big4.delivery.go.ke/">https://big4.delivery.go.ke/</a> ) Project specific levels have developed detailed KPIs parallel to the process of budget alignment.
	Executive dashboard upgraded	Upgraded and operational	Upgraded dashboard operational	Upgraded dashboard operational since 2018	As a result of the roll out of the upgraded Dashboard, more than 11,000 projects and programmes involving 44 State Departments and being implemented in 47 counties were being tracked under the dashboard by December 2020. This represents an increase from 6,000 projects and programmes. Out of these, 42 priority projects are specific to the Big 4 pillar. See Appendix 1 for sample screen shots of the dashboard system
	Set of tracking	100%	100%	100%	1. NDICCC Directives 2. NDICCC Action Matrix 3. NDITC Action Matrix

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	tools developed				4. NDITC Master Tracker 5. RDICCC Reports: 6. RC Feedback Reports NDITC Projects and Programmes reporting
<b>Output 2:</b>  Train and provide advisory services on delivery tracking	Number of training sessions held	8	4	200% Phase 1 & Phase 2 training of delivery finalized including field based training	Phase 1: Four (4) Deliverology training sessions for PDU delivery experts Training session with TBI & PDU Experts (at Windsor) Two (2) Training Session with County Commissioners & Regional Commissioners (at Windsor) Training Session with PDU Experts on Leadership and Deliverology (Naivasha)  Phase 2: Seventy (72) On-ground staff training and delivery labs for unlocking of projects through CDICCC and RDICCC since executive order #1 of January 2019.
	Number of officials trained on the use of the delivery tracking and other tools	106	100	130% Phase 1 & phase 2 training of delivery finalized including field based training	Phase 1: PDU experts, 46 County Commissioners (CCs) and 8 Regional Commissioners (RCs) were trained in four (4) training sessions on delivery tracking.  Phase 2: PDU experts on the ground act as secretariats to RDICC and CDICC, training County Commissioners on Project Tracking & Monitoring
	National Government Administrative Officers in the Counties: Men	94 (88%)	90%	100% Phase 1 & Phase 2 training of delivery finalized including field based training	Phase 1: <b>77 Male and 7 Female</b> Deputy County Commissioners, County Commissioners and Regional Commissioner trained  Phase 2: <b>17 male and 5 female PDU experts</b> on the ground unlock projects with the RDICC and CDICC, using delivery tactics in presenting challenges and possible solutions to the Technical teams of Principal Secretaries.
	National Government Administrative Officers in the	12 (12%)	30%		

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	Counties :Women				
	Number of coaching and mentoring sessions held with project implementation officials (PIOs)	1632	At least 20 sessions	Over 100%	<p>A. Mentoring session with road implementing agencies (KeRRA<sup>2</sup>, KURA<sup>3</sup>, KeNHA<sup>4</sup>) on optimizing the road implementation projects</p> <p>B. Coaching sessions with Kenya Ports Authority, Kenya Revenue Authority, and Kenya Railways Corporation on best practices for cargo logistics</p> <p>C. 8 RDICCs have held at least 16 delivery sessions per region totaling 128 meetings and have reviewed over 1,000 issues of stalled projects in total.</p> <p>D. 47 CDICCs have held at least 32 delivery sessions each, totaling 1,504 meetings and reviewed over 1,000 issues of stalled projects and made over 500 verification visits.</p> <p>E. One (1) coaching session with contractors on optimizing contract management process</p> <p>F. One (1) Mentoring sessions with ministries on tracking tools of the NDITC and NDICCC with all 21 Ministries through their 42 Principal Secretaries</p> <p>G. Mentoring session with Ministries on populating the dashboard</p> <p>H. Delivery experts working with Ministries in tracking projects.</p> <p>Delivery experts aligned to the RDICCs and CDICCs in tracking projects</p>
<b>Output 3:</b> Dialogue and follow-up on mechanism and system reporting from implementing Agencies/MDAs to PDU	Number of high-level (PS and above) stock-take meetings held on project	38 NDICCC/NDITC Meetings held	1 stock-take held quarterly (6 by closure of project)	633%	

<sup>2</sup> KeRRA: Kenya Rural Road Authority

<sup>3</sup> KURA: Kenya Urban Road Authority

<sup>4</sup> KeNHA: Kenya National Highways Authority

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	impleme ntation progress and tackling bottlenecks				
	Number of reports on project follow- ups prepared.	40	Reports produce d quarterly	100%	The Big 4 Report has produced 2 Quarterly reports over the implementation period. The report cover quarterly achievements met by each of the B4 Pillars (i.e. Manufacturing, Food Security, Universal Healthcare Coverage & Affordable Housing), and indicates the status of implementing the aspirations (KPIs) under each pillar.  In each of the 38 high level meetings, follow-up comprehensive reports on projects and programmes have been presented at NDICCC through the NDITC Chairman.
<b>Output 4:</b> Disseminate information on delivery of selected B4 programs	Communi cation Strategy	1	PDU Commun ication Strategy	100%	Project Twiga communication strategy developed and currently under implementation
	Published media releases/ communi cation pieces	75	Quarterl y media publicati ons	100%	75 social media communication campaigns launched, providing one (1) media release per day during quarter 4 of 2019.  The information is public. Samples of the content can be obtained at PDU official social media accounts (twitter @PDUDelivery; Facebook @PDUDelivery; IG @PDUDelivery).
	Conduct knowledg e sharing visits /study tours and seminars	1	One (1) Annual Africa Delivery Exchange (ADX) Conferen ce 2020	100%	PDU hosted the ADX in partnership with the TBI and AfDB. The virtual event took place from November 24 to 25, 2020, and brought together over 200 participants including 22 delivery units and experts in deliverology from 28 countries across the continent and beyond. The conference was graced by distinguished dignitaries, i.e. H.E the President of the Republic of Kenya Mr. Uhuru Muigai Kenyatta; Dr. Akinwumi A. Adesina, President of the African Development Bank, and Tony Blair, Chairman of the TBI Global Governance

Narrative assessment of each output, realised or not realised, and key lessons learnt

**Output 1: Develop set of KPIs, Overhaul Dashboard and develop tracking tools:**

The NDICCC/NDITC Tracking tools have formed the basis of reporting on progress made in unlocking project challenges across the 47 Counties. The tools include:

1. NDICCC Directives: This is a matrix of directives that have been deliberated on by the Cabinet Sub-Committee (NDICCC) to the Technical sub-Committee (NDITC) for action by the Principal Secretaries (PSs).
2. NDICCC Action Matrix: This is a matrix that captures and tracks all set of actions resolved by the Cabinet Sub-Committee (NDICCC) for their monitoring and fast tracking implementation.
3. NDITC Action Matrix: This is a matrix that captures and tracks all set of actions resolved by the Technical Sub-Committee (NDICCC) for the PSs monitoring and fast tracking implementation.
4. NDITC Master Tracker: This is an action Tracker of all actions deliberated on at NDITC that shows how many resolutions have been met, what are pending, how many are on-going, which ones are urgent, and which ones are ready for resolution.
5. RDICCC Reports: These are reports from Regional Commissioners, showing the number of challenges that projects are faced with for unlocking
6. RC Feedback Reports: These are reports that show the resolutions given by State Departments to the challenges escalated to the NDITC by the Regional Commissioners on projects and programmes.
7. NDITC Projects and Programmes reporting: These are reports that show a culmination of all projects and programmes that have been discussed at the NDITC, RDICCC and those that have been resolved.

**Output 2: Train and provide advisory services on delivery tracking:**

The PDU Experts both in the Ministries and on the ground have been constantly working with the Regional Commissioners to present project appraisal reports to the NDITC and NDICCC. This has brought about a different form of reporting structure for the National Government Administrative Office (NGAO) and ensured that tracking of projects and programmes is improved, resulting in resolve of over 586 issues. Adopting a reporting framework that captures succinct challenges and proposes specific actions for owners brings about a shift in response to unlocking project bottlenecks.

**Output 3: Dialogue and follow-up on mechanism and system reporting from implementing Agencies/MDAs to PDU:**

The PDU experts work closely with the MDAs in updating the Government Performance Reporting System. This has been achieved through proper relationship building between the MDAs and PDU, and prompted constant follow up on the accuracy of MDAs in reporting on the status of projects and programmes. Relationship building is thus a vital instrument in ensuring projects are constantly updated in the tracking tools and reported on in various NDITC and NDICCC meetings.

**Output 4: Disseminate information on delivery of selected B4 programs:**

Project Twiga was a huge success owed to the recognisance activity held, where teams went to the field to gauge the reception of the beneficiaries and identified projects that had impacts that matched the objectives of the beneficiaries. The Twiga Project was very particular on the social strata of the beneficiaries of the projects and in addition, the success was further brought about by the ability of the team to speak to the beneficiaries in their vernacular language and identified beneficiaries who brought about genuine information on the project.

**(ii) CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY  
REPORTING**

There was no corporate social responsibility as the project agreements don't allow.

**(iii) STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the President Delivery unit 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 (period) ended on June 30, 2021.

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

The Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the Presidents Delivery unit project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the Presidents Delivery unit project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the Presidents Delivery unit 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.

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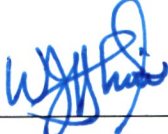
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The Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the Presidents Delivery unit project confirm that the Project has complied fully with applicable Government 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 Principal Secretary for the State Department for Interior and the Project Coordinator for Technical assistance to enhance the Capacity of the Presidents Delivery unit project on \_\_\_\_\_ 2021 and signed by them.

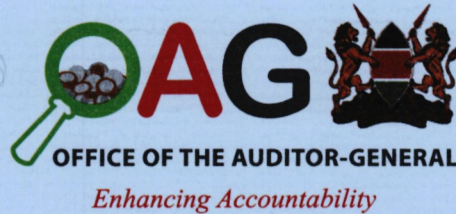
  
\_\_\_\_\_  
Dr.(Eng.) Karanja Kibicho, CBS  
Principal Secretary

  
\_\_\_\_\_  
Andrew Wakahiu  
Project Coordinator

  
\_\_\_\_\_  
Michael N. Mbugua  
Project Accountant  
ICPAK Member Number:14209

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## **REPORT OF THE AUDITOR-GENERAL ON TECHNICAL ASSISTANCE TO ENHANCE THE CAPACITY OF THE PRESIDENT'S DELIVERY UNIT (ADB GRANT NO. 5500155012902) PROJECT FOR THE YEAR ENDED 30 JUNE, 2021 – STATE DEPARTMENT FOR INTERIOR AND CITIZEN SERVICES**

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### **PREAMBLE**

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution 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 Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project set out on pages 1 to

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*Report of the Auditor-General on Technical Assistance to Enhance the Capacity of the President's Delivery Unit (ADB Grant No. 5500155012902) for the year ended 30 June, 2021 – State Department for Interior and Citizen Services*

22, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Financing Agreement Grant No. 5500155012902 dated 7 August, 2018 between African Development Bank (ADB) and the Republic of Kenya.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Technical Assistance to Enhance the Capacity of the President's Delivery Unit 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 in the year under review.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Unsupported Imprest Claims**

The statement of receipts and payments reflects expenditure of Kshs.42,112,100 in respect of purchase of goods and services. Included in this figure is an amount of Kshs.17,143,100 paid in respect of domestic travel and subsistence out of which Kshs.8,997,700 relates to temporary imprests issued without imprest warrants contrary to regulation 91(2) of Public Finance Management (National Government) Regulations, 2015.

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the African Development Bank, I report based on the audit that:

- i. The Project's funds have been used in accordance with the conditions of Grant Agreement with due attention to economy, efficiency and effectiveness for the purposes for which they were provided;
- ii. Goods and services financed have been procured in accordance with the Grant Agreement and the Bank's rules and procedures;
- iii. Necessary supporting documents, records and accounts have been kept in respect of all Project activities; and
- iv. Adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exists.

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the ability of Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project to sustain services, disclosing, as applicable, matters related to sustainability of services and using the appropriate basis of accounting unless the 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 financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 ability of Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project 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 sustaining 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 Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**02 December, 2021**

*Technical Assistance to Enhance the Capacity of the Resident Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021*

(v) STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/2021		2019/2020		Cumulative to-date (From Inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Balance Brought Forward				6,608,123		
Transfer from Government entities	1	-	-	65,307,362	-	65,307,362
AFDB Grant For Direct Payments	2	24,969,010	-	71,461,011	-	127,907,342
AFDB Grant to the special account	2	-	-	12,775,000	-	39,819,763
<b>TOTAL RECEIPTS</b>		<b>24,969,010</b>	<b>-</b>	<b>156,151,496</b>	<b>-</b>	<b>233,034,467</b>
<b>PAYMENTS</b>						
Compensation of employees	3	-	-	65,307,362	-	65,307,362
Purchase of goods and services	4	42,112,110	-	71,461,011	-	165,487,082
Acquisition of non-financial assets	5	-	-	2,112,000	-	2,112,000
<b>TOTAL PAYMENTS</b>		<b>42,112,110</b>	<b>-</b>	<b>138,880,373</b>	<b>-</b>	<b>232,906,444</b>
<b>SURPLUS/ (DEFICIT)</b>		<b>(17,143,100)</b>	<b>-</b>	<b>17,271,123</b>	<b>-</b>	<b>128,023</b>

Direct payments were for consultancy services. A total of Kshs. 24,969,010 was received for the payment of consultants and the same was used to pay inform of Direct payments Hence there was no surplus or deficit.

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

**Technical Assistance to Enhance the Capacity of the Resident Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021**

  
Dr. (Eng.) Karanja Kibicho, CBS

Principal Secretary

  
Andrew Wakahiu

Project Coordinator

  
Michael N. Mbugua

Project Accountant

ICPAK Member Number: 14209

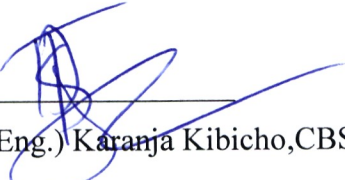
*(IPAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)*

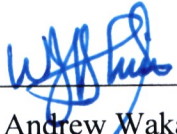
**Technical Assistance to Enhance the Capacity of the President Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021**


**(vi) STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021**

	Note	2020-2021	2019-2020
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalentents</b>			
Bank Balances	7	128,023	17,271,123
<b>Total Cash and Cash Equivalentents</b>		<b>128,023</b>	<b>17,271,123</b>
<b>TOTAL FINANCIAL ASSETS</b>		<b>128,023</b>	<b>17,271,123</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	8	17,271,123	-
Surplus/(Deficit) for the year		(17,143,100)	17,271,123
<b>NET FINANCIAL POSITION</b>		<b>128,023</b>	<b>17,271,123</b>

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

  
Dr.(Eng.) Karanja Kibicho,CBS  
Principal Secretary

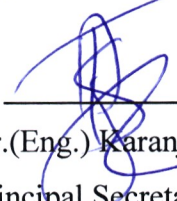
  
Andrew Wakahiu  
Project Coordinator

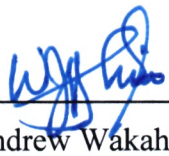
  
Michael N. Mbugua  
Project Accountant  
ICPAK Member Number:14209


**(vii) STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021**

	Note	2020-2021 KShs	2019-2020 KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Proceeds from domestic and foreign grants	2	-	12,775,000
<b>Payments from operating activities</b>			
Purchase of goods and services	4	(17,143,100)	-
<b>Net cash flow from operating activities</b>		<b>(17,143,100)</b>	<b>-</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	5	-	(2,112,000)
<b>Net cash flows from Investing Activities</b>		<b>-</b>	<b>(2,112,000)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(17,143,100)</b>	<b>10,663,000</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>17,271,123</b>	<b>6,608,123</b>
<b>Cash and cash equivalent at END of the year</b>		<b>128,023</b>	<b>17,271,123</b>

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

  
 Dr.(Eng.) Karanja Kibicho, CBS  
 Principal Secretary

  
 Andrew Wakahiu  
 Project Coordinator


  
 Michael N. Mbugua  
 Project Accountant  
 ICPAK Member Number: 14209

*Technical Assistance to Enhance the Capacity of the Fresh Fruit Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021*

(viii) STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget A	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities						
Proceeds from domestic and foreign grants	70,000,000	0	70,000,000	24,969,010	45,030,990	35%
Proceeds from borrowings						
Miscellaneous receipts						
<b>Total Receipts</b>	<b>70,000,000</b>	<b>0</b>	<b>70,000,000</b>	<b>24,969,010</b>	<b>45,030,990</b>	<b>35%</b>
<b>Payments</b>						
Compensation of employees						
Purchase of goods and services	70,000,000	0	70,000,000	42,112,110	27,887,990	60%
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
<b>Total Payments</b>	<b>70,000,000</b>	<b>0</b>	<b>70,000,000</b>	<b>42,112,110</b>	<b>27,887,990</b>	<b>60%</b>

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

  
Dr. (Eng.) Karanja Kibicho, CBS

Principal Secretary

  
Andrew Wakahiu

Project Coordinator

  
Michael N. Mbugua

Project Accountant

ICPAK Member Number: 14209

**(ix) SIGNIFICANT ACCOUNTING POLICIES**

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

**10.1 Basis of Preparation**

**10.2 Statement of compliance and basis of preparation**

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

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

**10.3 Reporting entity**

The financial statements are for the Project Technical Assistance To Enhance The Capacity Of The President's Delivery Unit under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

**10.3.1 Reporting currency**

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

**10.4 Significant Accounting Policies**

**a) Recognition of receipts**

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

**i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**b) Donations and grants**

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

**Significant Accounting Policies (Continued)**

**c) Proceeds from borrowing**

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

**d) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**Significant Accounting Policies (Continued)**

**iii) Interest on borrowing**

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

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

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

**v) Acquisition of fixed assets**

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

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

**f) In-kind donations**

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

### **Significant Accounting Policies (Continued)**

#### **g) Cash and cash equivalents**

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

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

#### **Restriction on cash**

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

#### **h) Accounts receivable**

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

**Significant Accounting Policies (Continued)**

**i)Contingent Liabilities**

A contingent liability is:

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

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

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

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

**j) Contingent Assets**

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

value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**Significant Accounting Policies (Continued)**

**k) Pending bills**

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

**l) Budget**

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

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

**m) Third party payments**

*Technical Assistance to Enhance The Capacity of The President Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021*

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

During the year Kshs 0 being loan disbursements were received in form of direct payments from third parties.

**Significant Accounting Policies (Continued)**

**n) Exchange rate differences**

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

**o) Comparative figures**

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

**p) Subsequent events**

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

**Technical Assistance to Enhance The Capacity of The President Delivery Unit  
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For the financial year ended June 30th, 2021**

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**q) Errors**

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

**Technical Assistance to Enhance The Capacity of The President Delivery Unit  
Reports and Financial Statements  
For the financial year ended June 30th, 2021**

**(x) NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

<b>Counterpart funding through Ministry xxx</b>			
Counterpart funds Quarter 1	-	34,692,801	34,692,801
Counterpart funds Quarter 2	-	10,407,841	10,407,841
Counterpart funds Quarter 3	-	10,103,360	10,103,360
Counterpart funds Quarter 4	-	10,103,360	10,103,360
<b>Total</b>	<b>=</b>	<b><u>65,307,362</u></b>	<b><u>65,307,362</u></b>

The counterpart funds were used to pay the consultants compensation.

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

<b>Grants Received from Bilateral Donors (Foreign Governments)</b>		249,840	-	24,969,010		24,969,010	84,236,011
<b>Total</b>		<b>249,840</b>		<b>24,969,010</b>		<b>24,969,010</b>	<b>84,236,011</b>

\* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. COMPENSATION OF EMPLOYEES**

	2020/2021			2019/2020	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
-					
Basic salaries and allowances	-	-	-	65,307,362	65,307,362
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b><u>65,307,362</u></b>	<b><u>65,307,362</u></b>

**4. PURCHASE OF GOODS AND SERVICES**

	2020/2021			2019/2020	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Domestic travel and subsistence	17,143,100	-	17,143,100	-	19,654,200
Training Payment		-	-	-	13,323,300
Hospitality supplies and services	-	-	-	-	4,602,240
Other operating payments	-	24,969,010	24,969,010	71,461,011	127,907,342
<b>Total</b>	<b><u>17,143,000</u></b>	<b><u>24,969,010</u></b>	<b><u>42,112,110</u></b>	<b><u>71,461,011</u></b>	<b><u>165,487,082</u></b>

Other operating expenses relates to contracted professional services

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/2020	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Purchase of laptops and tablets	-	-	-	2,112,000	2,112,000
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b><u>2,112,000</u></b>	<b><u>2,112,000</u></b>

*[Provide explanation as necessary]*

**6. CASH AND CASH EQUIVALENTS**

	2020/2021	2019/2020
	KShs	KShs
Bank accounts (Note 8.13A)	128,023	17,271,123
<b>Total</b>	<b><u>128,023</u></b>	<b><u>17,271,123</u></b>

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

**7. BANK ACCOUNTS**

**Project Bank Accounts**

	2020/2021	2019/2020
	KShs	KShs
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya [A/c No 1000464798]	128,023	17,271,123
<b>Total bank account balances</b>	<b><u>128,023</u></b>	<b><u>17,271,123</u></b>

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**8. FUND BALANCE BROUGHT FORWARD**

Bank accounts	17,271,123	-
<b>Total</b>	<b><u>17,271,123</u></b>	<b><u>=</u></b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Special Deposit Accounts**

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

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

**Special Deposit Accounts Movement Schedule**

	2020/2021	2019/2020
	KShs	KShs
<b>(i) Central Bank of Kenya [A/c No 1000464798]</b>		
Opening balance	17,271,123	6,608,123
Total amount deposited in the account	-	12,775,000
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>17,143,100</u>	<u>2,112,000</u>
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b><u>128,023</u></b>	<b><u>17,271,123</u></b>

The Special Deposit Account(s) reconciliation statement has been attached as Annex 6 support these closing balances.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**(xi) OTHER IMPORTANT DISCLOSURES**

**1. EXTERNAL ASSISTANCE**

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as grants	24,969,010	84,236,011
<b>Total</b>	<b>24,969,010</b>	<b>84,236,011</b>

*a). External assistance relating loans and grants*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as grants	24,969,010	84,236,011
<b>Total</b>	<b>24,969,010</b>	<b>84,236,011</b>

*b) Undrawn external assistance*

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
Undrawn external assistance - grants		160,396	37,133,905
<b>Total</b>		<b>160,396</b>	<b>37,133,905</b>

*c) classes of providers of external assistance*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	24,969,010	84,236,011
<b>Total</b>	<b>24,969,010</b>	<b>84,236,011</b>

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**OTHER IMPORTANT DISCLOSURES (Continued)**

*d. non-monetary external assistance*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Services	24,969,010	71,461,011
<b>Total</b>	<b>24,969,010</b>	<b>71,461,011</b>

*e Purpose and use of external assistance*

Payments Made by Third Parties	FY	FY
	2020/2021	2019/2020
	Kshs	Kshs
Use of goods and services	24,969,010	71,461,011
<b>TOTAL</b>	<b>24,969,010</b>	<b>71,461,011</b>

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

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

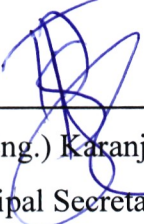
Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	24,969,010	71,461,011
<b>Total</b>	<b>24,969,010</b>	<b>71,461,011</b>

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**(xii) PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

There was no outstanding audit issue in the prior years.

  
\_\_\_\_\_  
Dr.(Eng.) Karanja Kibicho,CBS  
Principal Secretary

  
\_\_\_\_\_  
Andrew Wakahiu  
Project Coordinator

  
\_\_\_\_\_  
Michael N. Mbugua  
Project Accountant:  
ICPAK Member Number:14209

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(xiii) ANNEXES

**ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Proceeds from domestic and foreign grants	70,000,000	24,969,010	45,030,990	35%	
<b>Total Receipts</b>	<b>70,000,000</b>	<b>24,969,010</b>	<b>45,030,990</b>	<b>35%</b>	
<b>Payments</b>					
Purchase of goods and services	70,000,000	42,112,110	27,887,990	60%	
<b>Total payments</b>	<b>70,000,000</b>	<b>42,112,110</b>	<b>27,887,990</b>	<b>60%</b>	

(i) The budget utilization difference was occasioned by the late disbursement of funds.

**ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS**

There was no inter-entity transfer during the year

**ANNEX 3A - ANALYSIS OF PENDING BILLS**

There were no pending bills during the year.

**ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER**

There was no asset acquired during the year

**ANNEX 5 – CONTINGENT LIABILITIES REGISTER**

There were no contingent liabilities during the year.

**APPENDICES**

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