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REPORT

OF

THE AUDITOR-GENERAL

ON

**EASTERN AFRICA REGIONAL TRANSPORT,
TRADE AND DEVELOPMENT FACILITATION
PROJECT (CREDIT NO.5638-KE IDA)**

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

STATE DEPARTMENT FOR ROADS

Revised Template 30th June 2024



PROJECT NAME:

**EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT
FACILITATION PROJECT**

**IMPLEMENTING ENTITY:
STATE DEPARTMENT FOR ROADS**

CREDIT NO. 5638-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

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1. Acronyms and Glossary of Terms

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

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

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Eastern Africa Regional Transport, Trade & Development Facilitation Project

Objective

The key objective of the project is to strengthen institutional capacities in the State Department for Roads and all beneficiary entities/institutions involved within the project.

Address

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

The address of its registered office is:

State Department for Roads

P.O. Box 30260-00100

Nairobi.

Contacts: The following are the project contacts

Telephone: (254)020 2723232

E-mail: ps@roads.go.ke

Website: www.transport.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 12 th June 2015
Project End Date:	The project end date is 29 th December 2024
Project Manager:	The project manager is Eng. Sospeter Gitonga
Project Sponsor:	The project sponsor is World Bank (IDA)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Roads.
Project number	5638-KE
Strategic goals of the project	The strategic goals of the project are as follows: To improve: (a) The movement of people and goods and digital connectivity and access to social services to communities at designated locations along the targeted sections of the Lokichar Nadapal/Nakodok Road Corridor; and (b) The capacity of selected transport-related institutions in Kenya.
Other important background information about the project	Facilitation of Regional Trade, Transport and Development through harmonization of customs and other management, risk management and control procedures.
The current situation that the project was formed to intervene	The project was formed to support activities designed to strengthen the institutional capacities of implementing entities involved in project implementation and to support monitoring and evaluation of road projects.
Project duration	The project started on 12 th June, 2015 and is expected to run until 29 th December, 2024

Project Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

A/C No. 1000284579

Central Bank of Kenya

Haile Selassie Avenue

P.O. Box 60000-0200

Nairobi, Kenya

2.5 Independent Auditor

The project is audited by:

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

Nairobi, Kenya

2.6 Roles and Responsibilities

The following is a list of officers acting as the Project Implementation Team PIT, their designation as well as their responsibilities

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

2.7 Funding summary

The Project is for a duration of 9 (Nine) years from 2015 to 2024 with an allocated budget of Special Drawing Rights (SDR) 10,112,152.00 equivalent to KShs 1,937,387,201.68. In December 2021 project restructuring was affected through a revised Financing agreement. The restructuring increased the allocation under the State Department by SDR 6,512,191 to a total of SDR 16,624,343.00. The Special Drawing Rights is the currency that the loan was signed. was A summary of these funds is highlighted in the table below:

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency (USD)	Kshs	Donor (USD)	Kshs	Donor currency (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan	<i>1 SDR=Ksh. 158.9697</i>					
World Bank (IDA)	16,624,343.00	2,642,766,838.58	12,636,620.91	2,008,839,849.92	3,987,722.09	633,926,988.66
Total	16,624,343.00	2,642,766,838.58	12,636,620.91	2,008,839,849.92	3,987,722.09	633,926,988.66

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	Donor (USD)	Kshs	Donor (USD)	Kshs	Donor (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Loan	<i>1SDR= KSH 158.9697</i>					
World Bank (IDA) <i>Revenue</i>	12,636,620.91	2,008,839,849.92	12,387,567.08	1,969,247,837.37	249,053.83	39,592,012.55
World Bank (IDA) <i>Direct Payment</i>						
	12,636,620.91	2,008,839,849.92	12,387,567.08	1,969,247,837.37	249,053.83	39,592,012.55

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i. Budget performance against actual amounts for the current year and accumulative to-date.* Already provided as part of the Financial Statements.
- ii. Physical progress based on outputs, outcomes and impacts since project commencement*
 - Progress of activities under the department is good since as we head towards the closure of the project there is speedy progress of activities under beneficiary entities.
 - Activities being undertaken in the department are geared towards institutional strengthening of the department in oversight of roads development and maintenance, impacts might not be felt immediately as most of the activities are under procurement or procurement has just been completed.
 - Capacity building program already undertaken or ongoing has helped the Project Implementation Team in understanding and implementation of donor funded projects thus ensuring efficiency in the delivery of the projects.
- iii. Comment on value-for-money achievements*
 - The department has ensured procurement of most of its activities is competitive to ensure value for money is achieved
 - The department has an inspection and acceptance committee which ensures that all goods and services delivered/offered are as per required standards and specifications
 - The department has been working within the approved budget during procurement of the various activities where applicable
- iv. List the implementation challenges and recommended way forward.*
 - a) List of implementation challenges**
 - Price escalations – There has been change in prices of goods and services in the global market due to strengthening of US dollar against local currency thus affecting approved budgets
 - Some of the beneficiaries under the department implementing World Bank financed projects lack knowledge on the procedures and processes in the implementation of these projects because of regular changes of office staff
 - Lengthy internal processes and procedures which has delayed implementation of activities
 - Request for “No Objection” from the Government on procurement of vehicles has delayed procurement of some activities due to period it takes to receive approval from the Government.

a) Way forward

- Proper market survey to be undertaken before commencement of the implementation of projects i.e. inclusion of risk based planning.
- Capacity building of the Project Implementation Team from the Department/Beneficiary entities on implementation of World bank financed projects is necessary
- Integrating Government and World Bank the procurement procedures where possible to reduce time taken in internal delays within the department.

2.9 Summary of Project Compliance:

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

There is no non-compliance on the projects.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

Project Development Objective (PDO)

The objective of the Eastern Africa Regional Transport, Trade and Development Facilitation Project, Second Phase of Program (SOP2) is to improve the movement of goods and people along Lokichar – Nadapal/Nakodok part of the Eldoret-Nadapal/Nakodok road in the northwestern part of Kenya, in particular, and to enhance connectivity between Kenya and South Sudan, in general.

This project contributes to the principal PDO, improving access to the Northwestern part of Kenya and between Kenya and South Sudan, through improving road infrastructure and ICT links, reducing transport and ICT costs, and facilitating the reduction of non-fiscal trade barriers, which help reduce the cost of doing business and development. The project also improves South Sudan's access to seaports by improving the Nadapal/Nakodok – Eldoret part of the Juba- Nadapal – Eldoret (South Sudan – Kenya regional link) corridor that connects to the Northern Corridor serving the landlocked countries in the sub region to Mombasa Sea port. The project provides the most cost-efficient transit corridor for South Sudan that crosses only one border post.

The project help to boost export oriented agricultural development in the northwestern part of Kenya, which is endowed with agricultural land, animal resources, fishery and minerals. It also facilitates the extraction of the recent discovery of oil, and the development of tourism potential in the project area. In addition, the trade facilitation measures deployed under this project help integrate the poor, including the pastoralist women living along the corridor, into the national and sub-regional economy through the development of pastoralist roadside markets. The project contributes significantly to the improvement of the livelihood of the population living in Turkana and West Pokot counties of Kenya, currently living under extreme poverty, where development indicators, including education, life expectancy and sanitation, are far below the national average.

Project Implementation

The Project is implemented by Kenya National Highways Authority (KeNHA), Kenya Revenue Authority (KRA), State Department of Infrastructure (SDoR) and Information, Communication and Technology Authority (ICTA). The implementing entities establish Project Management Teams assigning staff from within. SDoR is responsible for the overall coordination and implementation of the project in Kenya, as well as the implementation of the development facilitation interventions such as designing the export processing zones in conjunction with other relevant government departments and the ministry responsible for commerce. SDoR appoints and maintains throughout the project life a project coordinator for overall coordination. KeNHA focuses on road corridor upgrading. KRA have the overall responsibility of implementing the trade facilitation measures on the Kenyan side while ICTA is responsible for the ICT component. SDoR, KeNHA, KRA and ICTA all have experience in managing Bank supported projects and further TA to strengthen project implementation capacity is provided under the project.

The tasks under the State Department for roads are captured unerringly in the subcomponents extracted from the Project Appraisal Document (PAD) below:

Sub-component 2 (c): Support to MoTI (US\$3.5 million). This sub-component includes a program of activities designed in conjunction with the ministry responsible for commerce, to implement transport, trade and development facilitation measures. It will include such activities as: (i) identifying and designing potential sites and providing services to facilitate the development of export processing zones, storage facilities and rest stops; (ii) certifying export products; and (iii) simplifying the process for import-export.

Sub-component 3 (a): Strengthen the institutional capacities of entities involved in Project implementation including: (i) the capacity of KeNHA in road design review as well as contract management, value engineering, road maintenance, safeguards and procurement management; (ii) project management capacity, maintenance management and engineering capabilities in the transport sector through supporting the Kenyan Roads Board; Engineers Board of Kenya; MoTI, Resource Mobilization Department under the National Treasury, and State Law Office; (iii) supporting the MoTI in the monitoring and evaluation of the projects; and (iv) strengthening project management capacity of Information and Communication Technology Authority (ICTA)

Sub-component 3 (b): Support to strengthen the National Transport and Safety Authority to implement the “Safe System”, program to include such activities as: (i) conducting needs assessment, vehicle safety inspection and safety audits; (ii) strengthening enforcement capability of the Authority and post-impact care; and (iii) assessing road safety on Lokichar-Eldoret section of the Eldoret-Nadapal/ Nakodok Corridor as well as developing and carrying out of a pilot road safety action plan along the corridor.

Sub-component 3 (c): (i) Provision of advisory services, training and operating costs to Ministry of Transport and Infrastructure as required to sustain the management and coordination of Project implementation activities, including audits, and the monitoring and evaluation of progress achieved in the execution of the Project; (ii) Provision of advisory services, training and operating costs to KeNHA as required to sustain the management and coordination of Project implementation activities,

Metrics met

The project is in its 8th year of implementation with some months left to closure, (December 2024).

Multitude achievements and milestones have been met amidst various challenges in implementation.

These achievements have both been evidenced in both the overall project sphere as well as in the tasks for the State Department for Roads.

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project	Objective	Outcome	Indicator	Performance
Eastern Africa Regional Transport, Trade, Development & Facilitation Project (EARTTDFP)	Support to University of Nairobi Engineering department in purchase of specialised equipment's for the University	More student intakes in the university efficiency in the leaning process and increase in staff morale.	% increase in student enrolment	More student enrolment and hence better performance and results.
	Strengthen the institutional capacities of entities involved in Project implementation	Capacity building to Kenya Roads Board, Engineers Board of Kenya, State Department of Infrastructure, State Law Office, Resource Mobilization under National Treasury	Well trained officers as well as equipped offices to enable officers undertake their duties and responsibilities as set out in the various organizations	
	Support to National Transport and Safety Authority to conduct a Consultancy service for a financial sustainability study Support the directorate of occupation safety and health services.	Viability of financial sustainability for NTSA.Equipping of DOSHI with modern technologies.	Financial Sustainability for NTSA. Increase in work places heathy safety	The activity is almost complete. The 29 regions across kenya can receive services to service the citizens.
	Provision of advisory services, training and operating costs to Ministry of Transport and Infrastructure as required to sustain the management and coordination of Project implementation activities	acquiring technical assistance (TA) to entities involved in Project implementation as well as Monitoring and coordination of the project	Efficiency and effectiveness in meeting project objectives	In the FY 23/24 the project continued receiving services from consultants in the Project Management Office for monitoring and coordination.

4. Environmental and Sustainability reporting

Currently the State Department is not involved in any Environmental and Sustainability since the activities under the department are not interactive with environment.

5. Statement of Project Management responsibilities

The *Principal Secretary* for the State Department of Roads and the Project Coordinator for Eastern Africa Regional Transport, Trade and Development Facilitation Project (Chief Engineer Roads) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the situation of the Project for and as at the end of the financial year ended on June 30, 2024.

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 discloses with reasonable accuracy at any time the financial position of the project,
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud,
- (iv) Safeguarding the assets of the project,
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the State department for Roads and the *Project Coordinator* for Eastern Africa Regional Transport, Trade and Development Facilitation 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.

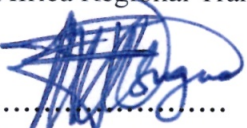
The *Principal Secretary* for the Ministry of Roads and the *Project Coordinator* for Eastern Africa Regional Transport, Trade and Development Facilitation Project are of the opinion that the Project's financial statements give a true and fair view of the state of


Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The *Principal Secretary* for Roads and the *Project Coordinator* for Eastern Africa Regional Transport, Trade and Development Facilitation Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the State department for Roads and the *Project Coordinator* for Eastern Africa Regional Transport, Trade and Development Facilitation 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 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 Ministry of Roads and the *Project Coordinator* for Eastern Africa Regional Transport, Trade and Development Facilitation Project on 10th September 2024 and signed by:


.....
Eng. Joseph M Mbugua, CBS
Principal Secretary


.....
Sospeter Gitonga
Project Coordinator


.....
Cyrus Njau
Project Accountant
ICPAK Member No: 19592

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROJECT (CREDIT NO.5638-KE IDA) FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR ROADS

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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Eastern Africa Regional Transport, Trade and Development Facilitation Project set out on pages 1 to 20, which

Report of the Auditor-General on Eastern Africa Regional Transport Trade and Development Facilitation Project (Credit No.5638-KE IDA) for the year ended 30 June, 2024 - State Department for Roads

comprise of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Eastern Africa Regional Transport, Trade and Development Facilitation Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement No.5638-KE dated 20 July, 2015 between the Republic of Kenya and the International Development Association.

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

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budget receipts and payments on actual comparable basis amounts of Kshs.1,490,000,000 and Kshs.1,148,957,653, respectively resulting to underfunding of Kshs.341,042,347 or 23% of the budget. However, the Project spent an amount of Kshs.1,116,075,159 against actual receipts of Kshs.1,148,957,653 resulting to under-utilization of Kshs.32,882,494 or 3% of the actual receipts. The under-funding and under-utilization affected the planned activities and may have impacted negatively on the project objectives.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. Although Management had indicated the issues as resolved as at 30 June, 2024, no evidence was provided to support the position.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 International Development Agency (IDA), I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;

- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit


My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

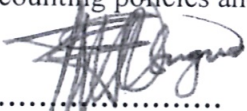
14 November, 2024

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*


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

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>FY 2023/24</i>			<i>FY 2022/23</i>			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Loan from external development partners	1	230,779,709.10	918,177,944.09	1,148,957,653.19	51,833,339.45	47,389,447.44	99,222,786.89	2,008,839,849.92
Total receipts		230,779,709.10	918,177,944.09	1,148,957,653.19	51,833,339.45	47,389,447.44	99,222,786.89	2,008,839,849.92
Payments								
Compensation to employees	2				270,645.00	-	270,645.00	164,930,415.00
Purchase of goods and services	3	174,280,965.65	765,039,509.18	939,320,474.83	79,066,373.75	47,389,447.44	126,455,821.19	1,582,464,439.02
Acquisition of non-financial assets	4	23,616,250.00	153,138,434.91	176,754,684.91	11,348,298.00	-	11,348,298.00	221,852,983.91
Total payments		197,897,215.65	918,177,944.09	1,116,075,159.74	90,685,316.75	47,389,447.44	138,074,764.19	1,969,247,837.37
Surplus/ (deficit)		32,882,493.45		32,882,493.45	-38,851,977.30		-38,851,977.30	39,592,012.55

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


.....
Eng. Joseph M Mbugua, CBS
Principal Secretary

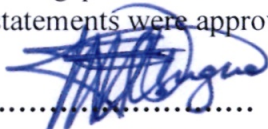

.....
Eng. Sospeter Gitonga
Project Coordinator


.....
Cyrus Njau
Project Accountant
MBA, CPA-K, CPS-K
ICPAK Member No: 19592


8. Statement of Financial Assets as at 30th June 2024

Description	Note	FY 2023/24	FY 2022/23
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	5	39,592,012.55	6,709,519.10
Total Cash and Cash equivalents		39,592,012.55	6,709,519.10
Total Financial Assets		39,592,012.55	6,709,519.10
Financial Liabilities			
Third party Deposits and Retention		-	-
Net Assets		39,592,012.55	6,709,519.10
Represented By			
Fund Balance B/fwd.	6	6,709,519.10	45,561,496.40
Prior Year Adjustments			-
Surplus/(Deficit) for the Year		32,882,493.45	(38,851,977.30)
Net Financial Position		39,592,012.55	6,709,519.10

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10th September 2024 and signed by:


.....
Eng. Joseph M Mbugua, CBS
Principal Secretary


.....
Eng. Sospeter Gitonga
Project Coordinator

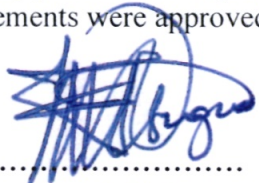

.....
Cyrus Njau
Project Accountant
MBA, CPA-K, CPS-K
ICPAK Member No: 19592

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*


9. Statement of Cashflow for the year ended 30th June 2024

Description	Notes	FY 2023/24 Kshs	FY 2022/23 Kshs
Cashflow from operating activities			
Total receipts			-
Payments			
Compensation of employees	2	-	(270,645.00)
Purchase of goods and services	3	(174,280,965.65)	(79,066,373.75)
Total Payments		(174,280,965.65)	(79,337,081.75)
Adjustments during the year			
Prior year adjustments			-
Decreased/(Increase) in accounts payable			-
Decreased/(Increase) in accounts receivable			-
Net receipts/(payments)		(174,280,965.65)	(79,337,081.75)
Cash flow from financing activities			
Proceeds from foreign borrowings	1	230,779,709.10	51,833,339.45
Acquisition of non-financial assets	4	(23,616,250.00)	(11,348,298.00)
Net cash flow from financing activities		207,163,459.10	51,833,339.45
Net increase in cash and cash equivalents		32,882,493.45	(38,851,977.30)
Cash and cash equivalent at the beginning of the year	6	6,709,519.10	45,561,496.40
Cash and cash equivalent at the end of the year	5	39,592,012.55	6,709,519.10

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 10th Sept 2024 and signed by:


.....
Eng. Joseph M Mbugua, CBS
Principal Secretary


.....
Eng. Sospeter Gitonga
Project Coordinator

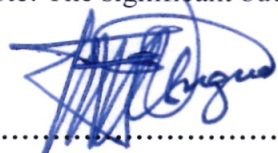

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Cyrus Njau
Project Accountant
MBA, CPA-K, CPS-K
ICPAK Member No: 19592

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Proceeds from borrowings	520,000,000	970,000,000	1,490,000,000	1,148,957,653.19	341,042,346.81	77%
Total Receipts	520,000,000	970,000,000	1,490,000,000	1,148,957,653.19	341,042,346.81	77%
Payments						
Compensation to employees						
Purchase of goods and services	370,000,000	760,000,000	1,130,000,000	939,320,474.83	190,679,525.17	83%
Acquisition of non-financial assets	150,000,000	210,000,000	360,000,000	176,754,684.91	183,245,315.09	49%
Total Payments	520,000,000	970,000,000	1,490,000,000	1,116,075,159.74	373,924,840.26	75%
Surplus or Deficit	-	-	-	32,882,493.45	-32,882,493.45	

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



.....
Eng. Joseph M Mbugua, CBS
Principal Secretary



.....
Eng. Sospeter Gitonga
Project Coordinator



.....
Cyrus Njau
Project Accountant
MBA, CPA-K, CPS-K
ICPAK Member No: 19592

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for EARTTDFP under the State Department for Roads. The financial statements are for the reporting entity as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

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

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

Annex 6 of this financial statement is a register of the contingent liabilities in the year.

k) Contingent Assets

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

l) Pending bills

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

Significant Accounting Policies (Continued)

m) Budget

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

n) Third party payments

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

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

o) Exchange rate differences

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

Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

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

r) Prior period adjustments

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

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

12. Notes to the Financial Statements (Continued)

1. Loan from External Development Partners

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

Description		2023/24			2022/23	
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	Total amount in Kshs
		USD	Kshs	Kshs	Kshs	Kshs
Loans received from World Bank	29-09-2023		55,047,717.35		55,047,717.35	66,399,515.39
	03-11-2023		45,753,926.25		45,753,926.25	32,823,271.50
	08-12-2023		16,502,828.35		16,502,828.35	
	10-01-2024		15,590,089.35		15,590,089.35	
	4-09-2024		51,940,740.65		51,940,740.65	
	07-05-2024			45,944,407.15		45,944,407.15
				918,177,944.09	918,177,944.09	
Total			230,779,709.10	918,177,944.09	1,148,957,653.19	99,232,854.89

Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

2. Compensation to Employees

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Basic salaries of Contracted Officers				270,645.00	164,930,415.00
Total				270,645.00	164,930,415.00

Notes to the Financial Statements (Continued)

3. Purchase of Goods and Services

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	79,219,422.40	765,039,509.18	844,258,931.58	26,164,758.00	867,348,360.58
Training payments	95,061,543.25		95,061,543.25	111,639,361.19	313,818,877.44
Specialized materials and services				-	398,330,981
Other operating payments					2,966,220.00
Total	174,280,965.65	765,039,509.18	939,320,474.83	137,804,119.19	1,582,464,439.02

Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

4. Acquisition of Non-Financial Assets

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of vehicles & other transport equipment		16,612,758.00	16,612,758.00	11,348,298	61,711,056.00
Purchase of ICT equipment	23,616,250.00	136,525,676.91	160,141,926.91		160,141,926.91
Total	23,616,250.00	153,138,434.91	176,754,684.91	<u>11,348,298.00</u>	221,852,982.91

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

5. Cash And Cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts (Note 7)	39,592,012.55	6,709,519.10
Total	<u>39,592,012.55</u>	<u>6,709,519.10</u>

(EARTTDFP) has one 1 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:

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

Special Deposit Accounts

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

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

Special Deposit Accounts Movement Schedule

Description	2023/2024	2022/2023
	USD	USD
(i) A/c Name [A/c No: 1000243579]		
Opening balance	-	\$76,544.04
Total amount deposited in the account	\$ 1,732,610.81	\$ 300,984.13
Total amount withdrawn (as per Statement of Receipts & Payments)	\$ 1,622,193.55	(\$ 377,528.17)
Closing balance (as per SDA bank account reconciliation attached)	<u>\$ 110,418.14</u>	\$0
(ii) A/c Name [A/c No: 1000243579 (Kshs.)]	(Kshs.)	(Kshs.)
Opening balance (as per the SDA reconciliation) 1USD=Kshs(118.85)	-	9,097,259.15
Total amount deposited in the account (1Usd=Kshs141.99)	205,920,794.76	42,736,080.30
Total amount withdrawn (as per Statement of Receipts & Payments) (1Usd=Kshs137.29)	<u>(192,797,703.42)</u>	(51,833,339.45)
Closing balance (as per SDA bank account reconciliation attached)	<u>13,123,091.34</u>	<u>0</u>

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

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

6. Fund Balance Brought Forward

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank accounts	6,709,519.10	45,561,497
Outstanding imprest and advances		
Accounts Payables		
Total	6,709,519.10	45,561,497

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

7. Bank Accounts

Description	2023/2024	2022/2023
	Kshs	Kshs
Local Currency Account		
Central Bank of Kenya [A/c No1000284579]	39,592,012.55	6,709,519.10

8. Other Important Disclosures (Continued)

1. External Assistance

Description	2023/2024	2022/2023
	Kshs	Kshs
External assistance received as loans		-
External assistance received in kind- as receipts by third parties	918,177,944.09	47,389,447.44
Total	918,177,944.09	47,389,447.44

a). External assistance relating loans and grants

Description	2023/2024	2022/2023
	Kshs	Kshs
External assistance received in kind- as payment by third parties	918,177,944.09	47,389,447.44
Total	918,177,944.09	47,389,447.44

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

c Purpose and use of external assistance

Payments made by third parties	2023/2024	2022/2023
Description	Kshs	Kshs
Compensation to employees		-
Use of goods and services	765,089,509.18	47,389,447.44
Subsidies		
Transfers to other Government entities		
Other grants and transfers		
Social Security benefits		
Acquisition of assets	153,088,434.91	
Finance Costs including loan interest		
Repayment of principal on domestic and foreign borrowing		
Other payments		
Total	918,177,944.09	47,389,447.44

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

d. External Assistance paid by third parties on behalf of EARTTDFP by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).

	2023/2024	2022/2023
Description	Kshs	Kshs
World Bank	918,177,944.09	47,389,447.44
Total	918,177,944.09	47,389,447.44

*Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024*


13. Annexes


Annex 1: Prior Year Auditor-General’s Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
OAG/SD/EARTTT &FP/2021/2022(23)	Budgetary Control and Performance	Its true that we budgeted for Kshs 200,000,000 for the FY 2022/2023 during that financial year The state department has up scaled activities that were delayed consuming the earmarked project funds. The increased activities that will take place over the next 6 months will ensure that the project meets the desired outcomes.		RESOLVED
	Undrawn Loan Balances	It’s true the donor commitment to the project is Ksh 1,937,387,201.68. It’s also true that the project has drawn Ksh 1,288,802,895.13 leaving undrawn balance of Ksh 648,584,306.55 This scenario was brought about by the project restructuring process that consequently dropped some activities while adopting other tasks that were more realistic and more achievable in respect to attaining the Project Development Objectives. This means that most activities will therefore be implemented in the FY 2022/2023 and it has been extended up to December 2024		RESOLVED

Guidance Notes:

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


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Eng. Joseph M Mbugua, CBS
Principal Secretary


.....
Eng. Sospeter Gitonga
Project Coordinator

Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY 2023-2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from borrowings	1,490,000,000	1,148,957,653.19	341,042,346.81	77%	Delay in getting No Objection from World Bank
Total Receipts	1,490,000,000	1,148,957,653.19	341,042,346.81	77%	
Payments					
Purchase of goods and services	1,130,000,000	939,320,474.83	190,679,525.17	83%	Delay in getting No Objection from World Bank
Acquisition of non-financial assets	360,000,000	176,754,684.91	183,245,315.09	49%	
Total payments	1,490,000,000	1,116,075,159.74	373,924,840.26	75%	

Eastern Africa Regional Transport, Trade & Development Facilitation Project (EARTTDFP)
Annual Report and Financial Statements for the financial year ended June 30, 2024

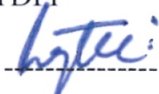
Annex 3: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the State Department of Roads				
A. Government Counterpart funding				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
	Total			
B. Direct payments				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
		918,177,944.09		FY 2023/24
		47,389,447.44		FY 2022/23
		33,750,000		FY 2021/22
	Total	999,317,391.00		
C. Others				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
	Total			
	Total (A+B+C)			

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

Project Coordinator
EARTTDFP

Sign



Project Accountant
State Department of Infrastructure

Sign



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Annex 3a: Analysis of Pending Bills none

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance Previous 2022	Comments
		a	b	c=a-b		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

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Annex 4: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2022-2023	Outstanding Balance Previous 2022	Comments
Amounts due to National Govt Entities							N/A
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

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Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023	Donations in form of assets (KShs) 2023	*Purchases/ Additions in the Year (KShs) 2023	**Disposals in the Year (KShs) 2023	Transfers in/(out) Kshs 2023	Closing Cost (KShs) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and structures						
Transport equipment						
Office equipment, furniture and fittings						
ICT Equipment,						
Other Machinery and Equipment		ATTACHED				
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
Total						

Notes

* Purchases/Additions in the year reconciled to the amount in Statement of Receipts and Payments

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

Annex 6: Contingent Liabilities Register

	Nature of contingent liability	Remarks
1		
2	NOT APPLICABLE	
3		
4		
5		
6		
7		
8		
9		
10		

Annex 7: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)