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REPORT

OF

THE NATIONAL ASSEMBLY	
P. 27	
DATE:	13 APR 2023 THURSDAY
TABLED BY:	THE LEADER OF THE MAJORITY PARTY (Hon. Kimani Ichung'u)
CLEAR AT THE TABLE:	Joyce Lemerelle

THE AUDITOR-GENERAL

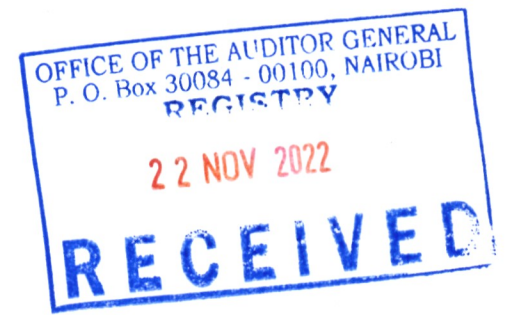
ON

**SECOND INFORMAL SETTLEMENTS
IMPROVEMENT PROJECT
NO. P167814 CREDIT NO. 6759KE**

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

**STATE DEPARTMENT FOR HOUSING
AND URBAN DEVELOPMENT**





PROJECT NAME: SECOND INFORMAL SETTLEMENTS IMPROVEMENT PROJECT (KISIP 2)

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

**PROJECT ID: P167814
CREDIT NUMBER: 6759**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Second Informal Settlements Improvement Project.

Objective: The key objective of the project is to improve access to basic services and tenure security of residents in participating urban informal settlements and strengthen institutional capacity for slum upgrading in Kenya.

Address: The project headquarters office is located in Nairobi County, Kenya.

The address of its registered office is:

Ardhi House,
1st Ngong Avenue,
Nairobi

Contacts:

The following are the project contacts:

P. O. Box 30119, 00100

Nairobi

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 15.02.2021
Project End Date:	The project end date is 31 07 2025
Project Manager:	The project manager is Dr Peris Mang'ira (Phd)
Project Sponsor:	The project sponsor is IDA, and GoK.

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Housing and Urban Development.
Project number	P167814,
Strategic goals of the project	The strategic goals of the project are as follows: (i) Integrated settlement upgrading (ii) Socio-economic inclusion planning (iii) Institutional capacity development for slum upgrading
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Integrated settlement upgrading (ii) Socio-economic inclusion planning Institutional capacity development for slum upgrading
Other important background information of the project	The infrastructure upgrading component of the project is devolved to 23 counties
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) lack of security of tenure (ii) lack of physical infrastructure e.g. roads, foot paths, lighting, water, sewer and waste disposal
Project duration	The project started on 15 th February 2021 and is expected to run until 31 st July 2025

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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the bankers for the current year:

Designated account: Central Bank of Kenya
Head Office,
Account No. 1000487569
Account No. 1000487698
Account No. 1000497203

Project Account: Cooperative Bank of Kenya
Upper Hill Branch
Account No. 01141164136100
Account No. 01141164165900
Account No. 01141164165800

1.5 Auditors

The project is audited by the Auditor General

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

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Dr. Peris Mang'ira (Phd)	Project Coordinator SDS Physical Planning	Phd. Planning, Member AAK, KIP	Overall programme coordination.
Stella Gitimu	Deputy Coordinator and Head of Component 4 DD Slum Upgrading	MBA, BA Land Economics ISK	Manage component 4 activities and overall coordination.
George Arwa	Head of Component 1.1 DD Survey	MA Environmental Management Bsc Land Survey BA Urban Planning ISK, AAK	Manage component 1.1 activities
Gladys Juma	DD Slum Upgrading Head of Component 2	MA Sociology and Community Devpt	Manage comp 2 activities
Mary Ndungu	Director Slum Upgrading Head of Component 3	M A Environmental Mgt and Planning	Manage comp 3 activities
Julius Mugwika	Head of Component 1.2 SPSE (S)	Msc Civil Engineering MIEK	Manage component 1.2 activities
Wagura Theuri	Project Accountant AD SUD	MA, BA (Econ), CPA(K)	Financial Management

1.7 Funding summary

The Project is for duration of four years from 2021 to 2025 with an approved budget of Euros 148M (use donor currency) equivalent to KShs 17,794M as highlighted in the table below:

Below is the funding summary:

A. Source of Funds

(i) Grant						
European Union	-	-	-	-	-	-
(ii) Loan						
IDA	134,800,000	16,176,000,000	1,127,100	144,547,531	133,672,900	16,031,452,469
AFD						
(iii) Counterpart funds						
Government of Kenya	13,480,000	1,617,600,000	750,000	90,000,000	12,730,000	1,527,600,000
Total	148,280,000	17,793,600,000	1,877,100	234,547,531	146,402,900	17,559,052,469

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PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

(i) Grant					
European Union	-	-		-	-
(ii) Loan					
IDA	1,127,100	144,547,531	60,564,741	654,837	83,982,790
AFD	-	-			-
					-
(iii) Counterpart funds					
Government of Kenya	750,000	90,000,000	48,523,974	345,634	41,476,026
Total	1,877,100	234,547,531	109,088,715	1,000,470	125,458,816

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

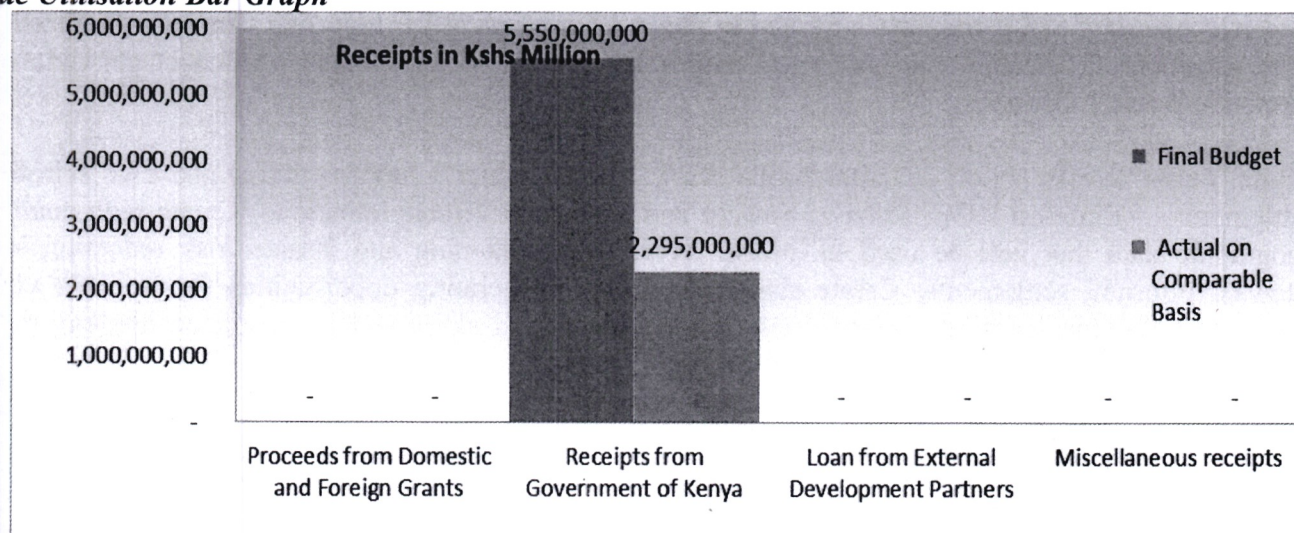
1.8 Summary of Overall Project Performance:

i) Budget performance against actual amounts for current year and for cumulative to-date,

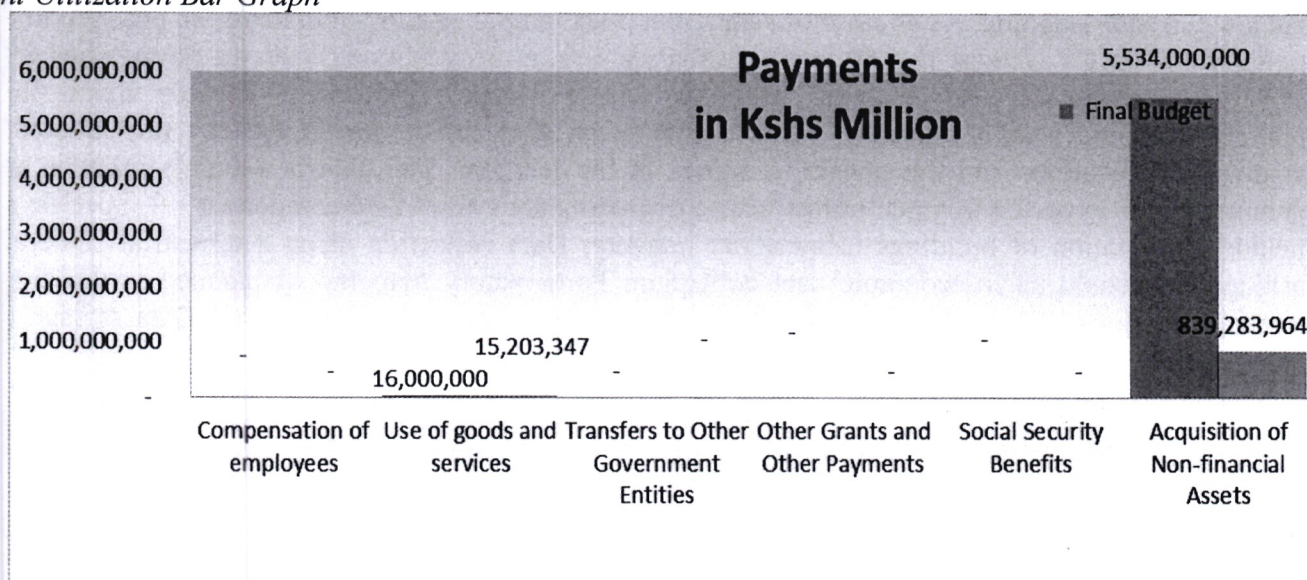
During the year under review, the Project received KShs 2,290,000,000 and incurred expenditure of KShs 854,487,311. The cumulative receipts and expenditures are Kshs. 30,796,025,103 and Kshs. 29,316,453,535 respectively.

Receipts & Payments Utilization

Revenue Utilisation Bar Graph



Payment Utilization Bar Graph



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ii) Physical progress based on outputs, outcomes and impacts since project commencement,

The Project registered various milestones under different components which are majorly preparatory activities and capacity building undertakings as build-ups to implementation phase. Procurement of Consultancy Services is ongoing for sub-components 1.1 (land tenure regularization) and 1.2 (infrastructure upgrading); Consultant on board to prepare various community development Plans and Digital Public Works piloting under component 2 (socio-economic inclusion planning); Consultancy firm as well as Individual GIS Consultant on board and offering their services under component 3 (Institutional Capacity Development for Slum Upgrading); and under component 4 (project coordination and management), Individual Program Assistant, Independent Fiduciary Agency are on board, procurement of an Individual Social Safeguards Expert is ongoing, SECs and GRCs formed in Phase 1 Counties, M&E reporting templates finalized, project vehicles procured, financial management measures in place and Single Fiduciary Management Units (SFMU) formed in phase 1 Counties.

Digital Public Works (Pilot) - Digital Public Works (DPW) which is under piloting phase in Nairobi county settlements of Embaksi KCC, Kahawa Soweto and Embakasi Village intends to: Create high-quality urban geographic data that will be used to inform future urban planning and disaster risk reduction efforts in Kenya's informal settlements; Create short-term income-generating opportunities for Kenya's vulnerable youth; and Provide learning opportunities on valuable digital skills and geospatial technology that could result in improvements in employment and earning in the medium-term.

iii) Value-for-money achievements

The piloting exercise implemented in 11-days cycle, in 3 informal settlements of KCC Village, Embakasi Sokoni and Kahawa Soweto. The youth were trained before embarking on digitization and mapping exercises that are currently ongoing. As at close of June, 30th 2022, a total of 226 youth had been engaged to carry out digital works (KCC Village had 80 youth, Embakasi Sokoni 57 youth and Kahawa Soweto had 89 youth). DPW employs the use of specialized equipment and open-source software to develop digital maps from publicly available satellite images. These digital maps give life to the images by providing details of geographical locations and the physical features in the location. The data is valuable input in economic planning and is expected to guide infrastructure upgrading activities of subcomponent 1.2. Specific activities include Digitization of buildings using aerial imagery; Data collection using a terrestrial camera; Micro-tasking; Household socio-economic data collection; Participatory mapping of planned settlements; Focus group discussions and participatory mapping; Data analysis and presentation; and Data storage and data management.

iv) Absorption rate for each year since the commencement of the project.

The project is on the first year of the implementation period.

v) Implementation challenges and recommended way forward

Issue/challenge	Lesson	Recommendation
1. Lengthy procurement processes at both Government of Kenya and the World Bank.	Synchronization of procurement activities to reduce project delay	All activities need to be synchronization of procurement activities to reduce project delay
2. staff turnovers at the county levels necessitated changes to the county project causing disruptions on flow of information causing delays on feedback from county to national teams.	There is need to have stable working teams at the county level	Sensitize the county executives on the need to have stable county implementation teams

1.9 Summary of Project Compliance:

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of the project are to:

- a) To complete tenure regularization for settlements under the project;
- b) To benefit persons living in selected settlements through both infrastructure and tenure options under KISIP
- c) To benefit females and males under the KISIP interventions;
- d) To provide people with access to improved drainage infrastructure under the project;
- e) To provide people living in urban informal settlements with access to all season roads within a 500-meter radius under KISIP;
- f) To provide people in urban areas with access to improved water sources under KISIP;

Progress on attainment of Strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Tenure security enhancement	To enhance tenure regularization under the project	Enhanced ownership of land to pave way for infrastructure and housing development	Enhanced security of tenure	
Project beneficiaries by gender	To benefit females and males under the KISIP interventions	Females and males benefitted from KISIP interventions alike	Gender parity in project beneficiaries	
People with access to improved drainage infrastructure	To provide people with access to improved drainage infrastructure under the project	Improved access to drainage infrastructure within settlements	Number of people with improved drainage infrastructure under the project	
People with access to all season road	To provide people living in urban informal settlements	Improved access to all season roads within 500-meter	Number of people with improved access to all	

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within a 500 meter radius	with access to all season roads within a 500-meter radius under KISIP	radius	season roads within 500-meter radius	
People within urban areas with access to improved water sources	To provide people in urban areas with access to improved water sources under KISIP	Improved access within urban areas to improved water sources	Number of people with access to improved water sources within urban areas	
Total project beneficiaries – tenure and infrastructure	To benefit persons living in selected settlements through both infrastructure and tenure options under KISIP	Improved living conditions of people living in slums and informal settlements through tenure security and installation of infrastructure and service delivery	Number of people benefiting from the project – tenure and infrastructure	

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

KISIP 2 exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on three pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar:

1. Sustainability strategy and profile

KISIP is being implemented in the fastest growing urban areas in Kenya which have witnessed increased number of people living and working in informal settlements. The five major urban areas per population and contribution to the GDP are: Nairobi, Mombasa, Kisumu, Eldoret and Nakuru. Mombasa works were completed and handed over by H.E President on 5th January 2017. Works in the Counties of Nairobi, Nakuru, Kericho, Kisumu, Machakos, Embu, Kitui have been completed. As a result of KISIP, 1,389,980 people are currently benefitting from KISIP interventions, of which 694,990 are females. The urban transition is well under way in Kenya and urbanization is projected to continue to grow at a rapid pace. Devolution will further speed up the rate of urbanization for the country. Due to the growth and entrenchment of devolution, the urban areas of Nakuru and Eldoret are currently being prepared to assume city status, which will increase Kenyan cities from three to five: Nairobi, Mombasa, Kisumu, Nakuru and Eldoret. KISIP has intervened in all the major five urban areas and hence supporting efforts aimed at sustainable urbanization. The urban transition in Kenya will play an important role in determining the country 's growth prospects and social stability. KISIP was formulated to bridge and contribute to improving the living conditions of people living in informal settlements in Kenya and make urban areas more liveable.

2. Environmental performance

The project developed and implements an effective Environmental and Social Management Framework. This has facilitated resettlement of project affected persons including resettlement of structures and businesses. Compliance with the environmental policies and concerns are addressed through environmental impact assessments (EIAs), which further have the provisions for an effective Environmental Management Plans (EMP) to ensure sustainability of the KISIP projects. Additionally, under the Labour Intensive Cash for Work activities (1A), further safeguard protocols were developed for the implementation of the Kazi Mtaani programme. These have continued to be used even under the GoK financing of the digital public works of the programme.

3. Employee welfare

Projects implemented adhered to the provisions of the Occupational Safety and Health Act of 2007, (OSHA) and have enforced the same in construction and office environments in collaboration with the relevant agencies. Contractors are instructed to adhere to its provisions and also show evidence of compliance with the same.

The Public Service Commission (PSC) is in charge of hiring staff on behalf of MDA's. All staff are appraised on a yearly basis. Training is given especially for courses required for promotion or career progression.

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The State Department conducted training projections at the beginning of every financial year to guide the Human resource department in nominating and selecting officers for training. Additionally, due to the dynamic nature of the economy the department undertook steps to proactively engage staff in training to ensure their skills conforms to the current needs. Staff performance appraisal is done annually to ensure that productivity meets the required standards upon which employee with exemplary performance are given priority for promotions.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The State department ensured fair competition among the bidders while issuing the tenders. The bidders are evaluated on set guidelines and given equal opportunity

The State Department for Housing and Urban Development has a Corruption Prevention Committee in place whose functions amongst others include:

- Setting priorities in the prevention of corruption within the State Department
- Planning and coordinating corruption prevention strategies
- Integrating all corruption prevention initiatives in the State Department
- Receiving and reviewing reports on corruption reports made by staff and other stakeholder. Evidence of concrete measures taken must be made available and referrals to other agencies well documented.
- Spearheading corruption prevention campaigns within the State Departments
- Monitoring and evaluating the impact of corruption prevention campaigns within the State Department

b) Responsible Supply chain and supplier relations-

The State Department proactively engaged stakeholders to ensure vital flow of information regarding payments. This ensures that accountability and transparency in procurement of goods and services is maintained between the involved parties. Upon completion of a project, the department ensures timely issuance of the completion certificate.

c) Responsible marketing and advertisement-

Open advertisement is done in forums easily accessible to the public like newspapers, websites and government notices.

d) Product stewardship-

The State Department ensures the customers have the right to quality and prompt services, accurate and balanced information, respect and courteous treatment by the staff, timely payments for goods delivered and services rendered and access to our offices and officers within the official working hours.

4. Community Engagements

The communities were greatly involved throughout the year through the Settlement Executive Committees (SECs) in resolving various issues pertaining to operationalization of bio digesters in Nairobi and Naivasha; participation in planning and survey activities of RAP implementation and infrastructure development.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Second Informal Settlements Improvement Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022.

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

The Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Second Informal Settlement Improvements 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 Housing and Urban Development and the Project Coordinator for Second Informal Settlement Improvement 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, 2022, and of the Project's financial position as at that date. The Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Second Informal Settlements Improvement 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 Housing and Urban Development and the Project Coordinator for Second Informal Settlement Improvements 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

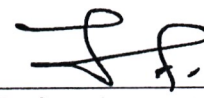
The Project financial statements were approved by the Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Second Informal Settlement Improvements Project on 21st November 2022 and signed by them.



Principal Secretary
Name: **Charles M. Hinga, CBS CA(SA)**



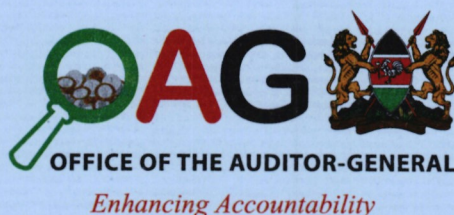
Project Coordinator
Name: **Peris Mang'ira**



Project Accountant:
Name: **Wagura Theuri**
ICPAK No: **13047**

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON SECOND INFORMAL SETTLEMENTS IMPROVEMENT PROJECT NO. P167814 CREDIT NO. 6759KE FOR THE YEAR ENDED 30 JUNE, 2022 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Second Informal Settlements Improvement Project No.P167814 set out on pages 1 to 32, which comprise of the statement of financial assets as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Second Informal Settlements Improvement Project as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.6759-KE between the Republic of Kenya and International Development Association (IDA) dated 17 August, 2020 and the Public Finance Management Act, 2012.

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

Basis for Qualified Opinion

1. Acquisition of Non-Financial Assets

As disclosed in Note 8 to the financial statements, the statement of receipts and payments reflects acquisition of non-financial assets of Kshs.38,438,339 comprising of purchase of vehicles amounting to Kshs.5,700,000, purchase of office furniture and general equipment amounting to Kshs.7,829,550, and research, studies, project preparation, design and supervision amounting to Kshs.24,908,789. However, no detailed approved workplan and budget were provided to show the expenditure was in respect to the budgeted activities of the Project.

In addition, the purchase of office furniture and general equipment expenditure of Kshs.7,829,000 includes amounts paid on 28 and 30 June, 2022 for supply of desktop computers and network configuration all amounting to Kshs.5,399,050 and whose date of delivery, commissioning and acceptance were not indicated.

In the circumstances, the accuracy and validity of acquisition of non-financial assets expenditure of Kshs.38,438,339 could not be confirmed.

2. Purchase of Goods and Services

As disclosed in Note 6 to the financial statements, the statement of receipts and payments reflects purchase of goods and services amount of Kshs.70,650,376. The expenditure comprised of utilities, supplies and services amounting to Kshs.7,368,845, communication, supplies and services amounting to Kshs. 4,486,010, domestic travel and subsistence amounting to Kshs.38,367,608, printing and advertising amounting to Kshs.12,113,838, training amounting to Kshs.71,000 and routine maintenance amounting to Kshs.8,243,075.

However, review of records revealed that a total of Kshs.1,483,421 issued as standing imprest to cater for office operations and Kshs.4,060,910 for supply of tonners for a project that had been in operation for just one year was excessive. Further, communication expenditures related to calling cards amounting to Kshs.4,486,010 were procured during the year. Although the list of the staff airtime entitlement was provided, the detailed breakdown of project staff who got the airtime and the amount received compared to the entitlement was not provided for audit review.

In addition, domestic travel costs of Kshs.38,367,608 include an unsupported amount of Kshs.14,974,175 transferred to State Department for Housing and Urban Development. No evidence on how the payments related to the project was provided. Further, imprests paid to staff amounting to Kshs.18,424,983 did not however have supporting documentation such as the surrender vouchers to show that the activities undertaken related to the project.

In the circumstances, the accuracy and validity of the purchase of goods and services expenditure of Kshs.70,650,376 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Second Informal Settlements Improvement 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 qualified opinion.

Key Audit Matters

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

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, 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.

Annual Work Plan and Budget of the Project

Section F(1) of schedule 2 of the financing agreement requires the recipient to prepare for approval the proposed project consolidated annual work plan and budget for the following fiscal year containing all project activities and eligible expenditures proposed for the year. Further, Section F(2) requires the recipient to ensure that the project is implemented in accordance with the annual work plan and budget. However, although Management provided a workplan for the year, the details in the workplan could not be tied to the specific expenditure items in the statement of receipts and payments.

In the circumstances, Management was in breach of the financing agreement.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 International Development Association (IDA), except for the matters under Basis for Qualified Opinion section, I report based on my audit that: -

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

Responsibilities of Management and those charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but

is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Project ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 November, 2022

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022

None	2021/2022			2020/2021			Cumulative to-date (From inception)
	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
	KShs	KShs	KShs	KShs	KShs	KShs	KShs
RECEIPTS							
1	90,000,000	-	90,000,000				90,000,000
2	-	-	-				
3	144,547,531		144,547,531				144,547,531
4	-	-	-				
TOTAL RECEIPTS	234,547,531		234,547,531				234,547,531
PAYMENTS							
5	-	-	-				
6	70,650,376		70,650,376				70,650,376
7							
8	38,438,339		38,438,339				38,438,339
9							
10							
TOTAL PAYMENTS	109,088,715		109,088,715				109,088,715
SURPLUS/ (DEFICIT)	125,458,816		125,458,816				125,458,816

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

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



Principal Secretary
Name: Charles M. Hinga, CBS, CA(SA)



Project Coordinator
Name: Peris Mang'ira



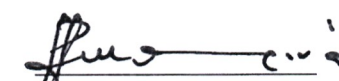
Project Accountant
Name: Wagura Theuri
ICPAK Member No: 13047

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021/2022	2020/2021
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	124,293,636	-
Cash Balances	11. B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
Total Cash and Cash Equivalents		124,293,636	-
Accounts Receivables	12	1,165,180	-
TOTAL FINANCIAL ASSETS		125,458,816	-
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions	13	-	-
NET ASSETS		125,458,816	-
REPRESENTED BY			
Fund balance b/fwd	14	-	-
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		125,458,816	-
NET FINANCIAL POSITION		125,458,816	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21st Nov. 2022 and signed by:


 Principal Secretary
 Date


 Project Coordinator
 Date



 Project Accountant
 Date
 ICPAK Member No.13047

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022

		2021/2022	2020/2021
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	90,000,000	-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Payments from operating activities			
Compensation of employees	5	-	-
Purchase of goods and services	6	(70,650,376)	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Adjustments during the year			
Prior Year Adjustments	15	-	-
Decrease/(Increase) in Accounts Receivable	16	(1,165,180)	-
Increase/(Decrease) in Accounts Payable:	17	-	-
Net cash flow from operating activities		18,184,444	-
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(38,438,339)	-
Net cash flows from Investing Activities		(38,438,339)	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	144,547,531	-
Net cash flow from financing activities		144,547,531	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		124,293,636	-
Cash and cash equivalent at BEGINNING of the year	11	-	-
Cash and cash equivalent at END of the year	11	124,293,636	-

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 21st Nov 2022 and signed by:


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No: 13047


*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on		% of Utilization f=d/c %
				Comparable Basis d	Budget Utilization Difference e=c-d	
Receipts						
Transfer from Government entities	170,000,000	-	170,000,000	90,000,000	80,000,000	53%
Proceeds from domestic and foreign grants	-	-	-	-	-	
Proceeds from borrowings	3,300,000,000	-2,750,000,000	550,000,000	144,547,531	405,452,469	26%
Miscellaneous receipts	-	-	-	-	-	0%
Total Receipts	3,470,000,000	-2,750,000,000	720,000,000	234,547,531	485,452,469	33%
Payments						
Compensation of employees	-	-	-	-	-	0%
Purchase of goods and services	170,000,000	-	170,000,000	70,650,376	99,349,624	42%
Social security benefits	-	-	-	-	-	0%
Acquisition of non-financial assets	500,000,000	-2,750,000,000	550,000,000	38,438,339	461,561,661	8%
Transfers to other government entities	2,800,000,000	-	50,000,000	-	50,000,000	0%
Other grants and transfers	-	-	-	-	-	0%
Total Payments	3,470,000,000	-2,750,000,000	720,000,000	109,088,715	610,911,285	15%

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


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No:13049

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Statement of compliance and basis of preparation

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

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

10.2 Reporting entity

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

10.3 Reporting currency

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

10.4 Recognition of receipts

The 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

Significant Accounting Policies (Continued)

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

10.5 Recognition of payments

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

i) Compensation 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.

10.6 In-kind donations

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

10.7 Cash and cash equivalents

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

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. 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.

Significant Accounting Policies (Continued)

10.8 Restriction on cash

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

10.9 Imprests and Advances

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

10.10 Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 5** of this financial statement is a register of the contingent liabilities in the year.

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

10.11 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)

10.12 Pending bills

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

10.13 Budget

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

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

10.14 Third party payments

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

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

10.15 Exchange rate differences

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

10.16 Comparative figures

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

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

10.18 Prior period adjustments

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

11. NOTES TO THE FINANCIAL STATEMENTS

1. Transfers from Government entities

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

	2021/22	2020/21	Cumulative to-date (from inception)
	KShs	KShs	
<i>Counterpart funding through State Department for Housing and Urban Development</i>			
Counterpart funds Quarter 1	40,000,000	-	40,000,000
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	50,000,000	-	50,000,000
Total (See Annex 2)	<u>90,000,000</u>	=	<u>90,000,000</u>
<i>Other transfers from government entities</i>			
Appropriations-in-Aid	-	-	-
Total	<u>90,000,000</u>	=	<u>90,000,000</u>

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Notes to the Financial Statements (Continued)

2. Proceeds from Domestic And Foreign Grants

During the 12 months to 30th June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						2021/22	2020/21
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Grants Received from Multilateral Donors (International Organizations)							
SIDA		-	-	-	-	-	-
Grants Received from Local Individuals and organizations							
Total		-	-	-	-	-	-

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the 12 months to 30th June 2022 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2021/22	2020/21
Loans Received from Bilateral Donors (Foreign Governments)						
Loans Received from Multilateral Donors (International Organisations)						
International Development Association (IDA)	12-10-2021	1,127,100	144,547,531		144,547,531	-
French Development Agency (AFD)		-	-	-	-	-
Total		1,127,100	144,547,531		144,547,531	-

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

4. Miscellaneous Receipts

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
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Notes to the Financial Statements (continued)

5. Compensation of Employees

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

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Notes to the Financial Statements (continued)

6. Purchase of Goods and Services

	2021/2022			2020/2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	7,368,845	-	7,368,845		7,368,845
Communication, supplies and services	4,486,010	-	4,486,010		4,486,010
Domestic travel and subsistence	38,367,608	-	38,367,608		38,367,608
Foreign travel and subsistence	-	-			
Printing, advertising and information supplies	12,113,838	-	12,113,838		12,113,838
Rentals of produced assets	-	-			
Training payments	71,000	-	71,000		71,000
Hospitality supplies and services	-	-			
Insurance costs	-	-			
Specialized materials and services	-	-			
Other operating payments	-	-			
Routine maintenance – vehicles and other transport equipment	8,243,075	-	8,243,075		8,243,075
Routine maintenance- other assets	-	-			
Exchange rate losses/gains (net)	-	-	-		
Total	<u>70,650,376</u>	=	<u>70,650,376</u>	=	<u>70,650,376</u>

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

7. Social Security Benefits

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

There were no payments for social security benefits

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	2021/2022			2020/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	5,700,000	-	5,700,000	-	5,700,000
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	7,829,550	-	7,829,550	-	7,829,550
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	24,908,789	-	24,908,789	-	24,908,789
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	<u>38,438,339</u>	=	<u>38,438,339</u>	=	<u>38,438,339</u>

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (continued)

9. Transfers to other Government Entities

During the 12 months to 30 June 2022, we transferred funds to reporting government entities as shown below:

	2021/2022			2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Transfers to County Governments					
TOTAL	-	-	-	-	-

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

*Second Informal Settlements Improvement Project
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For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

10. Other grants and Transfers and Payments

	2021/2022			2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

11. Cash and Cash Equivalents

	2021/2022	2020/2021
	KShs	KShs
Bank accounts (Note 8.13A)	124,293,636	-
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
Total	<u>124,293,636</u>	<u> -</u>

The project has 1 number of project account spread within the project implementation area and two number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

	2021/2022	2020/2021
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No:]	-	-
Equity Bank [A/c No.....]	-	-
Total Foreign Currency balances	-	-
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No. 01141164136100]	40,310,846	-
Co-operative Bank of Kenya [A/c No. 01141164165900]	83,982,790	-
Co-operative Bank of Kenya [A/c No. 01141164165800]	-	-
Others (<i>amount held by Bank as collateral</i>)	-	-
Total local currency balances	<u>124,293,636</u>	<u> -</u>
Total bank account balances	<u>124,293,636</u>	<u> -</u>

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2021/2022	2020/2021
	KShs	KShs
(i) Central Bank of Kenya [A/c No 1000487569] DA-A NG		
Opening balance	-	-
Total amount deposited in the account	144,547,531	-
Total amount withdrawn (as per Statement of Receipts & Payments)	<u>144,547,531</u>	=
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) Central Bank of Kenya [A/c No 1000487698] DA-B County Govts		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	=	=
(iii) Central Bank of Kenya [A/c No 1000497203] DA-C LICW		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	=	=

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

11 B Cash in Hand

	2021/2022	2020/2021
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	=	=

11 C Cash equivalents (short-term deposits)

	2021/2022	2020/2021
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	=

12. Imprests and Advances

<i>Description</i>	2021/2022	2020/2021
	Kshs	Kshs
Government Imprests	1,165,180	-
Salary advances	-	-
Total	<u>1,165,180</u>	=

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Notes to the Financial Statements (Continued)

12B: Breakdown of Imprests And Advances

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2022</i>	<i>Balance 2021</i>
<i>James Wahome</i>	<i>622,093</i>	<i>11/07/2022</i>	<i>-</i>	<i>622,093</i>	
<i>Peris Mang'ira</i>	<i>543,087</i>	<i>11/07/2022</i>	<i>-</i>	<i>543,087</i>	
Total	<u>1,165,180</u>	=	=	<u>1,165,180</u>	=

13. Deposits and Retention Monies

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

14. Fund Balance Brought Forward

	2021/2022	2020/2021
	KShs	KShs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

15. Prior Year Adjustment

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

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

16. Changes in Receivable

Description	2021/2022	2020/2021
	KShs	KShs
Opening Receivables as at 1 st July 2021	-	-
Closing account receivables as at 30 th June 2022	-	-
Change in Receivables	=	=

17. Changes in Accounts Payable

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

12. OTHER IMPORTANT DISCLOSURES

1. Pending Accounts Payable (See Annex 3a)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	=	=	=	=

2. Pending Staff Payables (See Annex 3b)

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 3c)

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

4. External Assistance

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

Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Other Important Disclosures (Continued)

a). External assistance relating loans and grants

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

b) Undrawn external assistance

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

c) classes of providers of external assistance

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

Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Other Important Disclosures (Continued)

d. Non-monetary external assistance

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

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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

Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Other Important Disclosures (Continued)

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

	FY 2021/20212	FY 2020/2021
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

13. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS

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

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)

The project began in the year under review therefore no prior auditor recommendations



Principal Secretary

21st Nov, 2022

Date



Project Coordinator

21/11/2022

Date

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

14. ANNEXES

Annex 1 - Variance Explanations - Comparative Budget and Actual Amounts

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	170,000,000	90,000,000	80,000,000	53%	(i)
Proceeds from domestic and foreign grants	-	-	-	0%	
Proceeds from borrowings	550,000,000	144,547,531	405,452,469	26%	
Miscellaneous receipts	-	-	-	0%	
Total Receipts	720,000,000	234,547,531	485,452,469		
Payments					
Compensation of employees	-	-	-	0%	
Purchase of goods and services	170,000,000	70,650,376	99,349,624	42%	(ii)
Social security benefits	-	-	-	0%	
Acquisition of non-financial assets	500,000,000	38,438,339	461,561,661	8%	(ii)
Transfers to other government entities	50,000,000	-	50,000,000	0%	(ii)
Other grants and transfers	-	-	-	0%	
Total payments	720,000,000	109,088,715	610,911,285		

(i) *The low receipts was due to unavailability of funds from the exchequer*

(ii) *There was a delay in approval of supplementary budget; for this reason,*

there was a delay in recruiting workers to implement the 3rd phase of kazi mtaani


**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Annex 2: Reconciliation of Inter-Entity Transfers

PROJECT NAME:		Kenya Informal Settlement Improvement Project		
Break down of Transfers from the State Department of Housing and Urban Development				
a.	Government Counterpart Funding	Bank Statement Date	Amount (KShs)	Financial Year
		08-09-2021	40,000,000	2021/2022
		12-10-2021	144,547,531	2021/2022
		17-06-2022	50,000,000	2021/2022
		Total	234,547,531	
b.	Direct Payments	Bank Statement Date	Amount (KShs)	For 2021/2022
			-	
		Total	-	
c.	Others	Bank Statement Date	Amount (KShs)	For 2021/2022
			-	
		Total	-	
		TOTAL(a+b+c)	234,547,531	

The above amounts have been communicated to and reconciled with the parent Ministry/ state department

Project Coordinator
Kenya Informal Settlement Improvement Project

Sign 

Head of Accounting Unit
State Department of Housing and Urban Development

Sign 

*Second Informal Settlements Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2022*

Annex 3a - Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
	a	b	c	d=a-c		
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						

*Second Informal Settlements Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2022*

Annex 3b - Analysis of Pending Staff Bills

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

**Second Informal Settlements Improvement Project
Reports and Financial Statements
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Annex 3c - Analysis of Other Pending Payables

Name	Brief Description	Original Amount	Date Contracted	PayzAmount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

Annex 4 – Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2020/21	Donations in form of assets (KShs) 2021/22	*Purchases/ Additions in the Year (KShs) 2021/22	**Disposals in the Year (KShs) 2021/22	Transfers in/(out) Kshs 2021/22	Closing Cost (KShs) 2021/22
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(c)-d
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	-	-	5,700,000	-	-	5,700,000
Office equipment, furniture and fittings	-	-	7,829,550	-	-	7,829,550
ICT Equipment,	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
Total	-	-	13,529,550	-	-	13,529,550

Notes

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

***Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022***

***** 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 Ministry, Department or Agency. 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***

*Second Informal Settlements Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2022*

Annex 5 – Contingent Liabilities Register

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

**Second Informal Settlements Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2022**

Annex: 6 Reporting of Climate Relevant Expenditures

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

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

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

*Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022*

Annex 7 Disaster Expenditure Reporting Template

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

Annex 8: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2022
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance

**Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022**

**Second Informal Settlements Improvement Project
Trial Balance
As at June 30, 2022**

	KSHS	KSHS
Particulars	Dr	Cr
Proceeds from Domestic and Foreign Grants		-
Receipts from Government of Kenya		90,000,000
Loan from External Development Partners		144,547,531
Miscellaneous receipts		-
Utilities, supplies and services	7,368,845	
Communication, supplies and services	4,486,010	
Domestic travel and subsistence	38,367,608	
Foreign travel and subsistence	-	
Printing, advertising and information supplies & services	12,113,838	
Training expenses	71,000	
Hospitality supplies and services		
Insurance costs	-	
Routine maintenance – vehicles and other transport equipment	8,243,075	
Construction of civil works	-	
Purchase of vehicles & other transport equipment	5,700,000	
Purchase of office furniture & general equipment	7,829,550	
Research, studies, project preparation, design & supervision	24,908,789	
Rehabilitation of civil works	-	
Outstanding Imprests and Advances	1,165,180	
change in cash balances	124,293,636	
	234,547,531	234,547,531



Prepared by **Wagura Theuri**

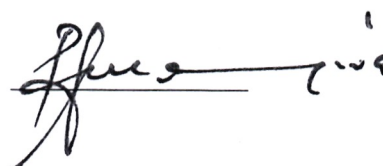
Second Informal Settlements Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

Second Informal Settlements Improvement Project
Itemized Budget for The Year Ending 30th June 2022

	Budget	Actual
Uses of Goods and Services	Kshs.	KShs
Utilities, supplies and services	20,000,000	7,368,845
Communication, supplies and services	-	4,486,010
Domestic travel and subsistence	100,000,000	38,367,608
Foreign travel and subsistence		-
Printing, advertising and information supplies & services	20,000,000	12,113,838
Training expenses	9,000,000	71,000
Hospitality supplies and services		-
Insurance costs	1,000,000	-
Routine maintenance – vehicles and other transport equipment	20,000,000	8,243,075
Consultancy services: – Technical and professional services		
Sub Total	170,000,000	<u>70,650,376</u>
		-
Acquisition of Non-Financial Assets		
Purchase of vehicles & other transport equipment	50,000,000	5,700,000
Purchase of office furniture & general equipment	20,000,000	7,829,550
Purchase of specialized plant, equipment and machinery		-
Research, studies, project preparation, design & supervision	430,000,000	24,908,789
Rehabilitation of civil works	-	-
Transfers to Other Government Entities	50,000,000	
Sub Total	550,000,000	<u>38,438,339</u>
Total	<u>720,000,000</u>	<u>109,088,715</u>

Prepared by Wagura Theuri
Financial Management, KISIP

Approved by Peris Mang'ira
KISIP National Coordinator

**SECOND KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO. 67590-KE (DA-A)

Bank Account No.: 1000487569 Held with Central Bank of Kenya

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		1,127,100.00
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		1,127,100.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2022		-
5	Amounts claimed but not credited as at 30 June 2022		-
6	Amounts withdrawn and not claimed		1,127,100.00
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2022		1,127,100.00

Discrepancy between total appearing on line 3 and 9

-

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs



**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 01-08-2022

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2022
Account No.	1000487569
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	SECOND INFRMAL STTLMT IMPRVT PRJ-NG
Credit Agreement	
Currency	EUR

Part A - Account Activity

Beginning balance of 1st July, 2021
as per C.B.K. Ledger Account 0.00

Add:

Total Amount deposited by World Bank 1,127,100.00

Total Interest earnings if deposited in account

Total amount refunded to cover ineligible
expenditure

Deduct:

Total amount withdrawn 1,127,100.00

Total service charges if not included above in
amount withdrawn

Ending balance on 30th June,2022 0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: 

DATE 13-07-2022

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: 

DATE 01-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June,2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 2 of 2

Run Date: 13/07/2022 Run Time: 07:28:10
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000487569

ACCOUNT TITLE : SECOND INFRMAL STTLMT IMPRVT PRJ-NG
 30/06/2022

STATEMENT PERIOD: From 01/07/2021 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :			0.00		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	15/09/2021	FT21258XF5X4	FUNDING	0.00	1,127,100.00
2	06/10/2021	FT21279MCD3	PA127239	-1,127,100.00	0.00
				CLOSING BALANCE : 0	

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM [More Options](#) [Clear Selection](#) [Find](#)

Account 1000487569

Statement From 20210701

Statement To 20220630

TAM.E.STMT.OF.ACCT.EPRM



Loan: IDA 67590 (IDA - IDA Credit) | **Status:** Disbursing | **Country:** Kenya |

Project: P167814 - Second Kenya Informal Settlements Improvement Project

[Loan Overview](#) | [Disbursements](#) | [History](#) | [Repayments](#) | [Amortization Schedule](#) | [Audit Submission](#)

[Applications](#) | [eSignatorie\(s\)](#) | [Beneficiaries](#) | **[Designated/UN Accounts](#)** | [Category Schedule](#) |

Designated Account Detail- DA-A

Account Details

Account Holder	SECOND INFORMAL SETTLEMENTS IMPROVE	DA Currency	EUR
Account Holder's Bank	CENTRAL BANK OF KENYA HAILE SELASSIE AVENUE NAIROBI Swift: CBKEKENXXX	Current Authorized Allocation	0.00
Account Number	1000487569 Hide	Associated Categories	1 - (Gds,Wrks,Ncs,Cs prt 1.1&1.2) 3 - (Gds,Ncs,Cs prt2 excpt prt 2f) 5 - (Cs,OpC,Tr prts 3&4)
Intermediary Bank	STANDARD CHARTERED BANK 1 BASINGHALL AVENUE LONDON Swift: SCBLGB2LXXX	Other Financing Sources	

Transaction Details

Currency (EUR) [View Transaction List](#)

Total Deposits Less Refunds	1,127,100.00
Documented	0.00
Outstanding Balance	1,127,100.00
Waived Documentation Amount	0.00
Transaction in Process	1,523,423.00

**SECOND KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: IDA LOAN CREDIT NO. 67590-KE (DA-B)

Bank Account No.: 1000487698 Held with Central Bank of Kenya

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA		-
	Less:		
2	Total amount documented		-
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as as 30 June 2022		-
5	Amounts claimed but not credited as at 30 June 2022		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2022		-

Discrepancy between total appearing on line 3 and 9

-

Notes:

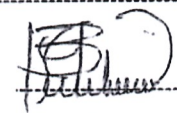
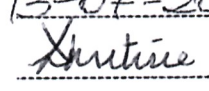
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs

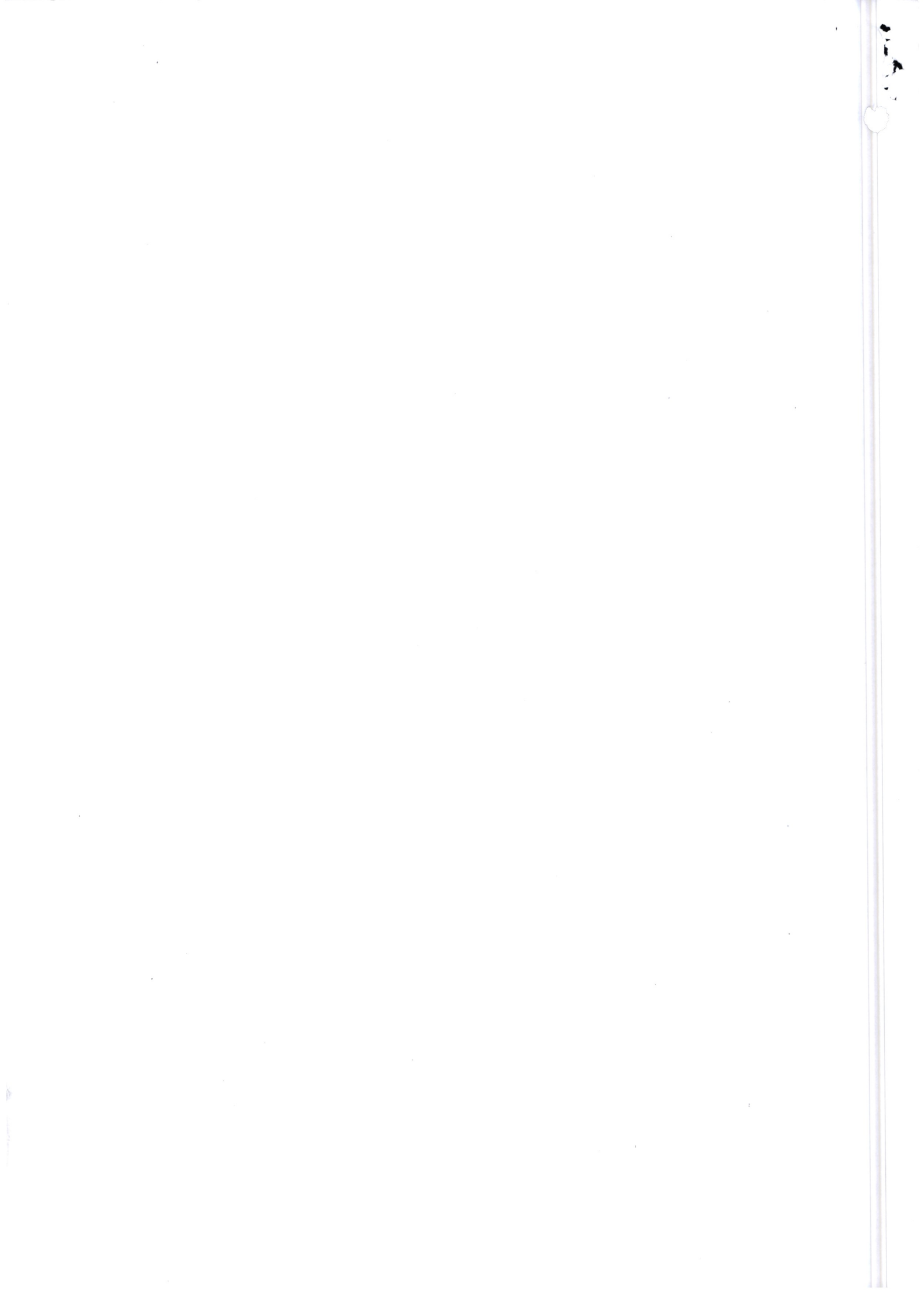
Signature
**AUTHORISED REPRESENTATIVE
 RESOURCE MOBILISATION DEPARTMENT
 THE NATIONAL TREASURY**

DATE: 01-08-2022

SPECIAL ACCOUNT STATEMENT

	For period ending	30th JUNE, 2022
	Account No.	1000487698
	Depository Bank	CENTRAL BANK OF KENYA
	Address	CBK
	Related Loan	SECOND INFRML STTLMT IMPRVT PRJ-CG
	Credit Agreement	
	Currency	EUR
<u>Part A - Account Activity</u>		
Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account		0.00
Add:		
Total Amount deposited by World Bank		0.00
Total Interest earnings if deposited in account		-----
Total amount refunded to cover ineligible expenditure		-----
Deduct:		
Total amount withdrawn		0.00
Total service charges if not included above in amount withdrawn		-----
Ending balance on 30th June,2022		0.00
<u>AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA</u>		SIGNATURE: 
		DATE: 13-07-2022
<u>AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY</u>		SIGNATURE: 
		DATE: 01-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



Results 1 - 1 of 1

Run Date: Run Time:
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI
 STATEMENT PERIOD: From 01/07/2021 To

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER :

ACCOUNT TITLE : SECOND INFRML STTLMT IMPRVT PRJ-CG
 30/06/2022

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1				0.00	0.00
CLOSING BALANCE :				0	

END OF ACCOUNT STATEMENT

Favourites

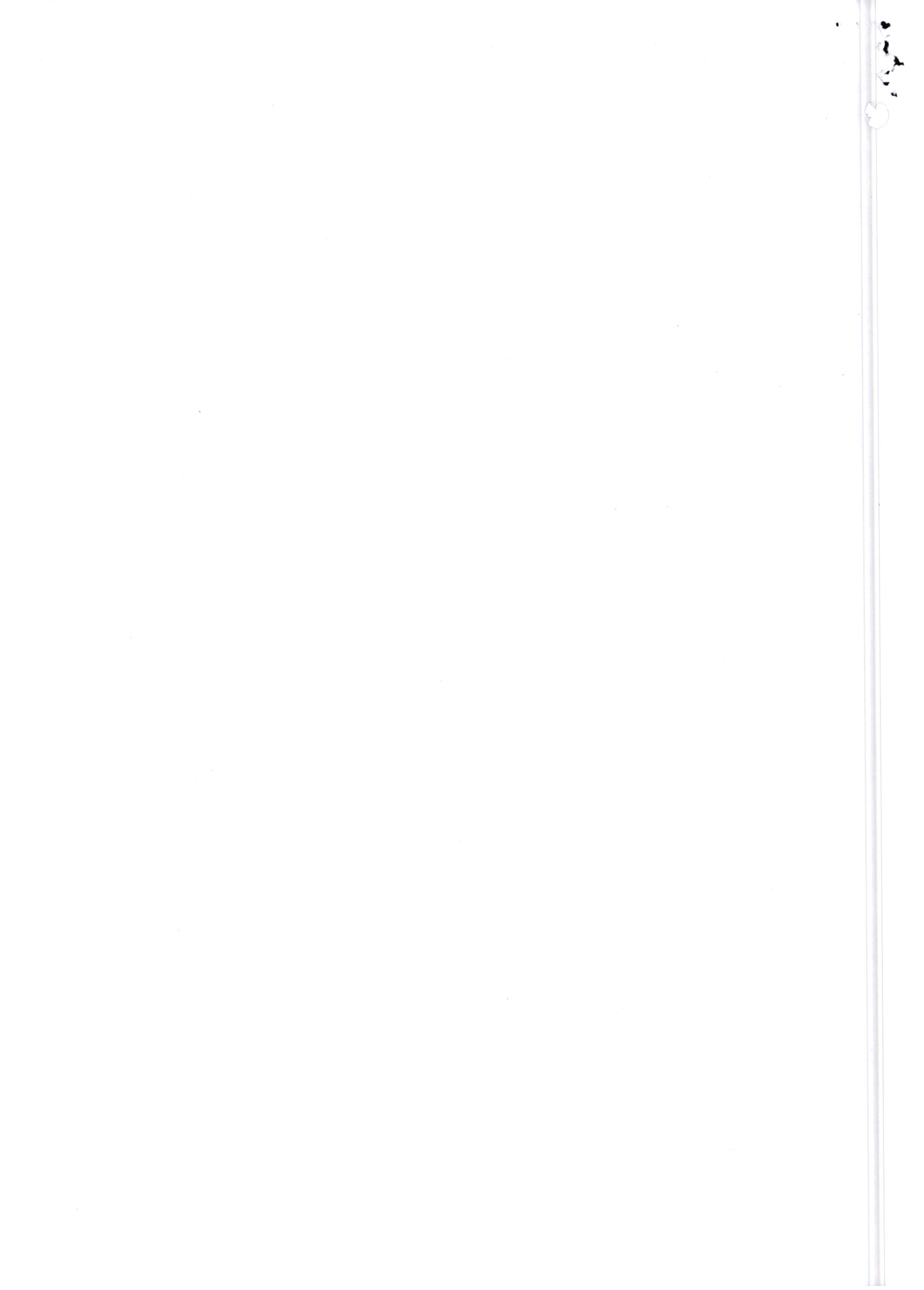
TAM E STMT.OF ACCT.EPRM

[More Options](#)
[Clear Selection](#)

Find

Account equals 1000487698
 Statement From equals 20210701
 Statement To equals 20220630

TAM E STMT.OF ACCT EPRM





Loan: IDA 67590 (IDA - IDA Credit) | **Status:** Disbursing | **Country:** Kenya |

Project: P167814 - Second Kenya Informal Settlements Improvement Project

[Loan Overview](#) |
 [Disbursements](#) |
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[Applications](#) |
 [eSignatorie\(s\)](#) |
 [Beneficiaries](#) |
 [Designated/UN Accounts](#) |
 [Category Schedule](#) |

Designated Account Detail- DA-B

Account Details

Account Holder	DA Currency	EUR
Account Holder's Bank	Current Authorized Allocation	20,000,000.00
Account Number	Associated Categories	2 - (Gds,Wrks,Ncs,Cs prt 1.2b)
Intermediary Bank	Other Financing Sources	

Transaction Details	Currency (EUR)	View Transaction List
Total Deposits Less Refunds	0.00	
Documented	0.00	
Outstanding Balance	0.00	
Waived Documentation Amount	0.00	
Transaction in Process	0.00	

