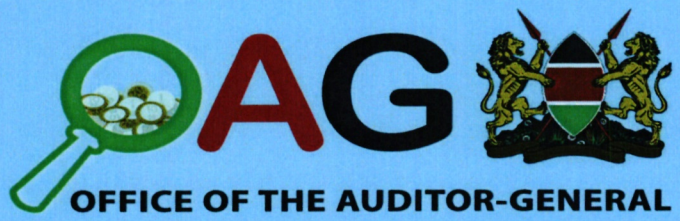
REPUBLIC OF KENYA



REPORT OF THE AUDITOR-GENERAL ON TECHNICAL ASSISTANCE TO ENHANCE THE CAPACITY OF THE PRESIDENT'S DELIVERY UNIT (ADB GRANT NO.5500155012902)

FOR THE YEAR ENDED 30 JUNE, 2020

THE PRESIDENCY

PROJECT NAME: TECHNICAL ASSISTANCE TO ENHANCE THE CAPACITY OF THE PRESIDENT'S DELIVERY UNIT

IMPLEMENTING ENTITY: THE PRESIDENCY

PROJECT GRANT/CREDIT NUMBER P-KE-K00-005

REVISED ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS

AFDB	-	African Development Bank
PDU	-	President's Delivery Unit
B4	-	Big Four Agendas/Pillars
FY	-	Financial Year
GOK	-	Government of Kenya
IPSAS	-	International Public Sector Accounting Standards
KPI	-	Key Performance Indicator
Kshs.	-	Kenya Shillings
MDA	-	Ministries, Departments and Agencies
NDITC	-	National Development Implementation & Technical Committee
PSASB	-	Public Service Accounting Service Board
PEMANDU	-	Performance Management and Delivery Unit
RMC	-	Regional Member Countries
SAGA	-	Semi-Autonomous Government Agencies
SMART	-	Specific, Measureable, Achievable, Realistic & Time-bound
USD	-	United States Dollars

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

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

Objective: The key objective of the project is to enhance the capability of the President's Delivery Unit to drive implementation of the targeted big four (B4) agendas.

Address: The project headquarters office is at State House, Nairobi (city), and Nairobi County, Kenya.

The address of its registered office is:
P.O BOX 40530-00100
NAIROBI

Contacts: The following are the project contacts

Telephone: (254) (020)2227436
E-mail: pdu@president.go.ke
Website: www.president.go.ke

1.2 Project Information

Project Start Date:	The project start date is 01-07-2018
Project End Date:	The project end date is 31-12-2020
Project Manager:	The project manager is Mr. Andrew Wakahiu
Project Sponsor:	The project sponsor is African Development Bank

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of The Presidency-State House.
Project number	P-KE-K00-005
Strategic goals of the project	The strategic goals of the project are as follows: (i) Strengthen the delivery-tracking and advisory support function of the President's Delivery Unit (PDU) with technical assistance and training for the selected pillars of the B4 Namely: Food security, health, affordable housing and manufacturing. (ii) Improve knowledge sharing and communication.

	(iii)
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Support preliminary work and consultation on target setting; (ii) Design and updating of credible delivery plans and trajectories for the Big 4 pillars; (iii) Establish and fine tune delivery tracking routines; (iv) Overhaul the executive dashboard.
Other important background information of the project	The Big 4 agendas called for a step change in delivery on the ground. The project is specifically intended to strengthen the delivery, tracking, advisory and relationship management functions of PDU to support implementation of flagship projects and engage proactively with line ministries and the counties.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) PDU's limited capacity to effectively fulfill its expanded role of monitoring the delivery of the Big 4 Agendas at national and county level. (ii) Lack of specialized skills in areas of focus for the Big 4 to be able to manage delivery tracking, support and problem solving.
Project duration	The project started on 1st July, 2018 and is expected to run until 30th June, 2020

1.4 Bankers

The following are the bankers for the current year:

Central Bank Of Kenya
Haile Selassie Avenue
P.O Box 60000
City Square 00200
Nairobi, Kenya

1.5 Auditors

The project is audited by:

The Auditor General
Kenya National Audit
Anniversary Towers, University way
P.O Box 30084-00100
Nairobi, Kenya

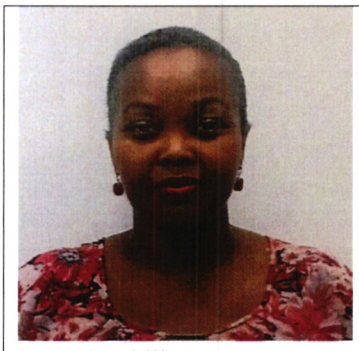
ROLES AND RESPONSIBILITIES

Names	Title designation	Key qualification	Responsibilities
 Andrew Wakahiu	Head, Delivery	• Bachelor of Business Management, Sales and Marketing, Moi University • Chartered Institute of Arbitrators	• Overall project leadership, coordination, and management of the project.
 Lee Kyonze	Dashboards and ICT Systems Expert	• Master of Information Technology Management, University of Sydney • Bachelor of Science in Computer Science, University of Nairobi	• Develop and maintain robust information system(s) and dashboards to support multilevel reporting covering the county, regional and national development committees. • Support the M&E activities related to priority projects and programs of MDAs for the achievement of the Big Four agenda. • Ensure relevant updates to the priority programs are carried out for effective reporting.

 Mungai Munene	Delivery Lead	• Master of Science in Sustainable Urban Development at Oxford University in London, United Kingdom • Bachelor of Science in Mechanical Engineering at University of Nairobi	• Project Management Office (PMO) - Team Lead overseeing delivery of the Big Four (4) Agenda • Core Secretariat of the NDICCC and NDITC Committees • Coordination of roll-out of priority projects and preparation of regular progress reports to Chief of Staff • Primary Liasion between office of Chief of Staff and Big Four Implementing agencies • Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019

 Byron Buyu	Delivery Expert	• Master of Science Governance, Peace and Security Studies • Bachelor of Technology of Electrical and communication Engineering	• Works closely with the Permanent secretary of Infrastructure, Housing, Public works and Maritime and relevant MDAs to track the delivery of B4 flagships under the 4 pillars • Participates in preliminary work and consultations on Target Setting and Design of credible Delivery Plans and Trajectories for the Big 4 pillars • Ensures accurate and validated delivery tracking information is uploaded to the Executive Dashboard in a timely manner and in the required formats in GPRS • Works Closely with National development Implementation Committee to follow up on National projects
 Terry Kiunge Ramadhani	Delivery Expert	• Masters of Business Administration- University of Liverpool • Bachelors of Education – Kenyatta University • Prince 2 Certification	• Mapped to line Ministries and Agencies (MDA'S) tasked with implementation of the Big 4 Agenda. • Primary focus is tracking delivery, facilitating problem solving and • Training implementing agencies on pertinent areas are they arise in as far as problem solving is concerned. • Validating implementation progress and • Assessing the impact of the Big 4 on the ground

 Humprey Ngunjiri Wambugu	Senior Director, Delivery	• Msc Computer Information Systems • Bsc Computer Science • Certified Public Accountant • Project Management (Prince II)	• Co-ordinate within the Region, using a multi-sectoral approach, the implementation of National Government Programmes and Projects. • Monitor, verify and evaluate the progress of National Government Projects Programmes and Projects with the Region. • Identify and suggest solutions for bottlenecks that hinder the implementation of National Government Development Programmes and Projects within the Region. • Manage relationships between all MDAs and SAGAs who have operations within the Region. • Prepare bi-weekly progress reports to the National Development Implementation Technical Committee on the implementation status of National Government Development Programmes and Projects within the Region. • Advise the National Development Implementation Technical Committee on identified priority National Government Development Programmes and Projects within the Region.

 Katra Sambili	Delivery Expert	• BA International Relations • MSc International Development • MPA Public Administration	• Collaborate closely with Kenya's 8 Regional Commissioners and 47 County Commissioners on the effective delivery of development programs • Liaise with the Cabinet Secretaries, Principal Secretaries and Senior Advisors and Technical Experts in the Ministries of Water and Sanitation; Environment and Forestry; Lands and Physical Planning; Agriculture, Fisheries Livestock and Irrigation on the progress of priority projects and debottlenecking of the same. • Contribute to the realization of the President's Legacy programme encapsulated in the Big 4 Agenda: Food Security; Universal Healthcare; Manufacturing and Affordable Housing • Ensure accurate and validated delivery tracking information is uploaded to the GPRS Executive Dashboard in a timely manner and in the required formats • Provide technical support in the development and implementation of strategies and policies for the Food and Nutrition Security Pillar

 Nixon Githuku Nganga	Communications and Knowledge Expert	• M.A, Communications and Media • PGD Mass Communication • B.ED (Linguistics and Literature)	• Undertake a communication needs assessment and prepare and implement a communication strategy for PDU
 Laura Mutindi	Sector Expert	• - Master of Science Project Management at Edith Cowan University in Perth, Australia • - Bachelors of International Business and Marketing at Edith Cowan University in Perth, Australia • Bachelors of Construction Management at University of Nairobi	• Project Management Office (PMO) - Team Member overseeing delivery of the Big Four (4) Agenda • Core Secretariat of the NDICCC and NDITC Committees • Coordination of roll-out of priority projects and preparation of regular progress reports to Chief of Staff • Primary Liaison between Office of Chief of Staff and Big Four Implementing agencies • Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019

 Dr. Victoria Ndibo	Sector Expert	PhD Organizational Learning and Leadership at Teachers College in Colombia University, New York USA • M.A. Social-Organizational Psychology at Teachers Collage in University of Colombia, New York USA • Global Executive Masters of Business Administration (GEMBA) at USIU in Nairobi	• Project Management Office (PMO) - Team Member overseeing delivery of the Big Four (4) Agenda; • Core Secretariat of the NDICCC and NDITC Committees; • Coordination of roll-out of priority projects and preparation of regular progress reports to Chief of Staff; • Primary Liaison between Office of Chief of Staff and Big Four (4) implementing agencies • Project Management, Tracking and Coordination of all Committees formed in Executive Order Number 1 of 2019

 Patrick K. Ngatia	Delivery Expert	• Master of Arts • Environmental planning and Management • Bachelor of Science Biology	Work closely with the Regional Commissioners, County Commissioners, or relevant MDAs and SAGAS to track the big 4 and national flagship projects. • Design monitoring, evaluation and assessment tool for use in project verification for delivery. Ensure accurate and timely reporting to decision makers to ensure effective interventions. • Conduct training sessions/delivery labs, for MDA and county officials • Undertake gap analysis and identify training and mentoring needs for MDAs and County governments charged with implementation of B4 flagships under the two pillars.

 Sylvia Kwamboka Ong'ondi	Delivery Expert	• MSc. Management – University of Leeds, UK • BSc. Electrical & Electronics Engineering – University of Nairobi • PRINCE2 Practitioner	• Work closely with the Principal Secretaries of MDAs to track the delivery of Big 4 projects • Participate in preliminary work and consultations on target Setting and Design of credible Delivery plans and trajectories • Ensure accurate and validated delivery tracking information is uploaded to the Executive dashboard in a timely manner • Conduct training sessions and delivery labs for MDAs • Work closely with the National Development Implementation Committee to follow up on National projects
 Francis M. Muia	Project Accountant	• MBA-Strategic Management, Kenyatta university • Bcom - Finance,MMUST • CPA(K) • Member of the Institute of Certified Public Accountants of Kenya • Senior Management Course, KSG	• Processing of all payments and imprests related to the project • Maintaining the projects cash book • Reconciliation of the project accounts • Preparation of statutory reports and financial statements • Response to audit queries

1.6 Funding summary

The Project is for duration of 26 Months from 01-07-2018 to 31-12-2020 with an approved budget of AFDB USD 1,800,000 equivalent to Kshs 175,944,000 and GOK counterpart funding of USD 881,400 equivalent to Kshs 86,153,912 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30-06- 2020)		Undrawn balance to date (30-06- 2020)	
	Donor currency	*KShs*	*Donor currency*	*KShs*	*Donor currency*	*KShs*
	(A)(USD)	*(A')*	*(B)(USD)*	(B')	*(A)-(B)*	*(A')-(B')*
(i) Grant						
AFDB	1,800,000	175,944,000	1,428,438	142,758,095	332,058	33,185,905
GOK Counterpart Funding	881,400	86,153,912	653,466	65,307,362	227,934	20,846,550
Total	**2,681,400**	**262,097,912**	**2,081,904**	**208,065,457**	**559,992**	**54,032,455**

1.7 Summary of Overall Project Performance:

- The President's Delivery Unit as the secretariat to committees established by The Executive Order No. 1 of 2019 has to date provided support in tracking priority programmes, prepared monthly progress reports with the coordination of MDA's, SAGA's, Regional Commissioners and County commissioners and resolved numerous bottlenecks that would otherwise have impacted the outcome of the projects. This included resolving 136 issues raised at the national committees. In addition, the Project has so far conducted 7 training sessions on delivery tracking targeting staff of the PDU and National Government Administrative Officers in the Counties.

- Disbursements for the project have lagged behind due to numerous administrative challenges hence leading to low absorption rates currently standing at 67%. However, funds received so far have contributed greatly to the achievement of some of the project objectives. A notable challenge was lack of inclusion of the funding for this project in the National Budget as required by the Public Financial Management Act. This was because the Project became effective after the 2018-19 Budget had already been approved. Funding was then included in the supplementary budget and approved by parliament.

1.8 Summary of Project Compliance:

As highlighted in 1.7 above, the major non-compliance issues were the lack of inclusion of the funding for the project in the National Budget as summarised below:

Key Issue	Corrective action/ Mitigation measure	Comments
Funding for this Project was not included in the National Budget, as required by the Public Financial Management Act. This was because the Project became effective after the 2018-19 Budget had already been approved	Funding has been included in the supplementary budget 2 and was approved by parliament.	This led to notable delays in the project and has led to low absorption levels.

1.9 Summary of Overall Project Performance:

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

1.10 Summary of Project Compliance:

- Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
- Include consequences suffered on account of non-compliance or likely to be suffered
- Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance3

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Guidance

Refer to the project objectives from the Credit No and project ID which inform the program budget and annual budget. Report on the extent of the project's progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the project in implementation of its plan

Enumerate all the objectives of the project as per the program plan

Introduction

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

The key development objectives of the Project's 2018-2022 plan is to enhance the capacity of the President's Delivery Unit to drive implementation of the targeted Big Four (4) priorities in Manufacturing and Food Security

a) Strengthen the delivery-tracking and advisory support function of the PDU with technical assistance and training for the selected pillars of the B4, namely, Food Security and Manufacturing. This will include improving coordination across all relevant stakeholders and the tracking of flagship programs focusing on key enablers and drivers of the selected pillars. It will also entail the introduction of robust data quality and validation mechanisms to enhance transparency and accountability. Key outputs under this outcome will include; delivery action plans and trajectories for the two pillars, updated annually; clear KPIs for delivery tracking; a revamped executive dashboard for delivery tracking and visualization of complex information in an easily digestible way for decision making; customized tools and templates for data collection, validation and reporting; training (delivery labs), coaching and mentoring in delivery tracking and in specialized areas of the selected B4; and high-level stock-taking to enable speedy decision-making and corrective action in case of any slippages.

b) Improve knowledge-sharing and communication: Key outputs under this outcome will include; exchange of experiences with other delivery outfits in Africa and beyond (e.g. the PEMANDU experience in Malaysia); showcasing the PDU as model to facilitate replication of effective delivery approaches in other RMCs in the region; and regular communication pieces to correct any communication gaps and highlight achievements made under the B4 for accountability and enhancing ownership from key stakeholders and the general public.
c) Delivery Action Plans and Trajectories Manufacturing and Food Security B4: The National Development Implementation and Technical Committee (NDITC) is currently reviewing each of

the Big Four (4) Pillar plans to prioritize and develop an implementation architecture to ensure that set aspirations are further developed to:

1. Goods Procured, Awaiting Delivery & Subsequent Payment
2. The seminars were completely under budgeted and this was a key priority area for PDU especially in the 1st year of implementation;
3. Communication expenditure was spread across the seminars and training seven (7) prioritized initiatives for implementation during the financial years FY 2019/2020, FY 2020/2021, FY 2021/2022.

This process builds on the initial Big Four strategy document developed by McKinsey. In addition, several processes have taken shape through the implementation committees i.e.

- The process of updating the sector plans is ongoing through the B4 delivery committees.
- The process of identifying priority projects for the B4 driver ministries is ongoing including mapping their budget lines to enablers.
- The KPI's for the B4 pillars will be re-defined based on the new priorities that will be agreed on at the budget re-alignment stage.
- There is budget realigning process where Ministries will identify their priority projects for FY 2019/2020 i.e. Manufacturing pillar: Kenani Leather Industrial Park; Constituency Industrial Development Centre; Dongo Kundu SEZ; Naivasha industrial Park, Numerical Machining Complex, and Konza Technopolis complex. Priorities for Food Security are currently being revised in line with the budget re-alignment process and will be available towards the end of October 2019 after consultation with key enablers and the National Treasury.

d) Upgrading of the Dashboard & development of tracking tools: Through the revamped dashboard, the PDU is now tracking 6 Flagship projects under the Manufacturing B4 and 22 (flagship projects) projects under the Food Security B4: As a result of the roll out of the upgraded Dashboard, more than 11,000 projects and programmes involving 44 State Departments and being implemented in 47 counties were being tracked under the dashboard by December 2020. This represents an increase from 6,000 projects and programmes. Out of these, 42 priority projects are specific to the Big 4 pillar. Data captured under the dashboard helps the PDU to validate progress, monitor slippages and facilitate problem solving. Appointed data entry officials from the State Departments (each of which has at least 1 designated data entry official) upload the status of their respective projects on a continuous basis. The team at PDU thereafter validates these updates and approve once satisfied with the update. Part of the process of validation entails sharing some of project progress updates with PDU officials assigned to the counties to physically verify the true status on the ground. Where ground status varies from what the State Departments provided, feedback is relayed back to the Ministries for follow up. In such cases, the verified ground status takes precedence in PDU's reports. This in and of itself has helped increase data integrity on the status being reported for each project tracked through the Dashboard. A positive example under Manufacturing B4 is on the recently launched textiles factory, Rivatex East Africa Limited. Adjacent to this factory is a modern state of the art tablets and laptops assembly plant, which was not being reported by the Ministry officials. PDU officials based in Uasin Gishu county picked this through their site visits and recommended its tracking and inclusion as a key project under Manufacturing B4. This also led to its launch by H.E. the President together with Rivatex.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Communication Strategy Published media releases/ communication pieces	Disseminate information on delivery of selected B4 programs	Strategy document approved by Chief of Staff & Head of Delivery in December 2018 i.e. Project Twiga communication strategy developed and currently under implementation	100% Disseminated information on delivery of selected B4 programs	**100%** 75 social media communication launched, providing 1 media release per day The information is public. Samples of the content can be obtained at PDU official social media accounts (twitter) @PDUDelivery; @PDUDelivery; IG@PDUDelivery;
Food Security and Nutrition Pillar Manufacturing Pillar	Effectiveness of the Big 4 pillars on Manufacturing and Food Security enhanced	Number of Big Four (B4) projects successfully launched to achieve the targeted contributions to economic transformation	28% of the launches are in current process as this is a prerequisite of Big 4 as budgets were aligned to include the enabler component	GOK had to step back and carry out budget realignment of the big four having found out that a number of the Big 4 projects were missing the enabler component of their budget as part of the FY 2019/2020 budget realignment to support B4 projects

Coordination between national departments improved	System of coordination routines established to support delivery tracking	System of coordination established through the implementation of Executive Order #1, which established PDU as the core Secretariat for the National Development and Implementation Technical Committee, Regional Development Implementation Coordination Committee and County Development Implementation Coordination Committee	100% System of coordination routines established to support delivery tracking	**100% effective system of Coordination of routines established to support delivery tracking**
Develop set of KPIs Overhaul Dashboard and develop tracking tools	B4 flagships with quality KPIs developed,	The KPIs for Big 4 have been developed at an aspiration level. Project specific level have developed detailed KPIs parallel to the process of budget alignment.	100% operational and in use for each specific pillar	100% operational and in use for each specific pillar
	Executive dashboard upgraded,	Executive Dashboard has been developed and aligned to the executive order No.1	100% Upgraded dashboard operational	100% Upgraded dashboard operational

	Set of tracking tools developed	1.National Development Implementation and Communication Cabinet Committee (NDICCC) Directives 2. National Development Implementation Technical Committee (NDITC) Action Matrix 3. NDITC Master Tracker 4. RDICCC Reporting template: 5. NDITC Projects and Programmes reporting template	100% operational and in use	100% operational and in use
Train and provide advisory services on delivery tracking	Number of training sessions held		50% Phase 1 training of delivery finalized awaiting phase 2(field based on the job training)	50% Deliverology training for delivery experts
	Number of officials trained on the use of the delivery tracking and other tools		50% Phase 1 training of delivery finalized awaiting phase 2(field based on the job training)	PDU staffs, CCs and RCs were trained in different training sessions on delivery tracking.
		National Government Administrative Officers in the Counties	Phase 1 training of delivery finalized awaiting phase 2 (field based on the job training)	County Commissioners and Regional commissioner training Operationalization of the County & Regional Implementation committees

		Number of coaching and mentoring sessions held with project implementation	25%	Coaching session with contractors on optimizing contract management process Mentoring sessions with ministries on tracking tools of the NDITC and NDICCC Mentoring session with Ministries on populating the dashboard Delivery experts working with Ministries in tracking projects. Delivery experts aligned to the RDICCCs in tracking projects Mentoring session with road implementing agencies (KERRA, KURRA, KENHA) on optimizing the road implementation projects Coaching sessions with KPA, KRA, and KRC on best practices for cargo logistics

Dialogue and follow-up on mechanism and system reporting from implementing Agencies/MDAs to PDU	Number of high-level (PS and above) stock-take meetings held on project implementation progress and tackling bottlenecks	Stock taking meeting held where a pack of reports are prepared for each: 1. NDICCC Directives 2. NDITC Action Matrix 3. NDITC Master Tracker 4. NDITC Minutes 5. NDITC Agenda 6. NDITC Action letters	27% Stock taking meeting held where a pack of reports are prepared for each: 1. NDICCC Directives 3. NDITC Action Matrix 3. NDITC Master Tracker 4. NDITC Minutes 5. NDITC Agenda 6. NDITC Action letters 4.	35 NDICCC & NDITC weekly meetings have been held since the approval of Executive order No. 1 to unlock bottlenecks on the Big 4. Kenya currently planning for a delivery exchange seminar in 2020
	Number of reports on project follow-ups prepared.	Reports produced on a quarterly basis	4 Reports produced quarterly	100% Reports produced quarterly

3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period;

(i) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project;
(ii) 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;
(iii)safeguarding the assets of the Project;
(iv)selecting and applying appropriate accounting policies; and
(v) Making accounting estimates that are reasonable in the circumstances.

The State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2020, and of the Project's financial position as at that date. The State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the State House Comptroller and the *Project Coordinator* for Technical Assistance to Enhance the Capacity of the President's Delivery Unit ***project*** on 30-09-2020 and signed by them.

Kinuthia Mbugua, CBS,OGW	Andrew Wakahiu	Francis M. Muia
Comptroller of State House	Project Cordinator	Project Accountant
		ICPAK Member No. 12346
Date: 30-09-2020	Date:30-09-2020	Date:30-09-2020

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON TECHNICAL ASSISTANCE TO ENHANCE THE CAPACITY OF THE PRESIDENT'S DELIVERY UNIT (ADB GRANT NO.5500155012902) FOR THE YEAR ENDED 30 JUNE, 2020 – THE PRESIDENCY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project set out on pages 23 to 40, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Technical Assistance to Enhance the Capacity of the President's Delivery Unit Project as at 30 June, 2020, 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 Grant Agreement No.5500155012902 dated 7 August, 2018 between the Republic of Kenya and the African Development Bank and the Public Finance Management Act, 2012.

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

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual receipts on comparable basis of Kshs.175,466,216 and Kshs.149,543,373 respectively resulting to an under-funding of Kshs.25,922,843 or 24% of the budget. Also, the statement of comparative budget and actual amounts reflects final payments budget and actual expenditure on comparable basis of Kshs.175,466,216 and Kshs.138,880,373 respectively resulting to an under-funding of Kshs.36,585,843 or 33% of the actual receipts.

Management explained the underutilization to be a result of late disbursement of funds and minimal activities arising from the Covid-19 pandemic.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCESS

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

i. The Project`s funds have been used in accordance with the conditions of Grant Agreement with due attention to economy, efficiency and effectiveness for the purposes for which they were provided;

ii. Goods and services financed have been procured in accordance with the Grant Agreement and the Bank`s rules and procedures;

iii. Necessary supporting documents, records and accounts have been kept in respect of all Project activities; and

iv. Adequate internal control to monitor expenditure and other financial transactions and ensure safe custody of assets exists.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for 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 ability of the Project to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

29 December, 2020

5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Balance Brought Forward		6,608,123	-		-	-
Transfer from government entities	**9.3**	65,307,362	-	-	-	65,307,362
AFDB Grant For Direct Payments	**9.4**	71,461,011	-	31,477,321	-	102,938,332
AFDB Grant to the special account	**9.4**	12,775,000	-	27,044,763	-	39,819,763
TOTAL RECEIPTS		**156,151,496**	-	**58,522,084**	-	**208,065,457**
PAYMENTS						
Compensation of employees	**9.5**	65,307,362	-	-	-	65,307,362
Purchase of goods and services	**9.6**	71,461,011	-	51,913,961	-	123,374,972
Acquisition of non-financial Assets	**9.7**	2,112,000				2,112,000
TOTAL PAYMENTS		**138,880,373**	-	**51,913,961**	-	**190,794,334**
SURPLUS/ (DEFICIT)		**17,271,123**	-	**6,608,123**	-	**17,271,123**

Direct payments were for consultancy services. A total of Kshs. 71,461,011 was received for the payment of consultants and the same was used to pay inform of Direct payments Hence there was no surplus or deficit.

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

Kinuthia Mbugua CBS, OGW
Comptroller of State House
Date: 30-09-2020

Andrew Wakahiu
Project Coordinator
Date: 30-09-2020

Francis M. Muia
Project Accountant
ICPAK Membership Number 12346
Date:30-09-2020

6. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.8A	17,271,123	6,608,123
Total Cash and Cash Equivalents		17,271,123	6,608,123
TOTAL FINANCIAL ASSETS		**17,271,123**	**6,608,123**
REPRESENTED BY			
Surplus/(Deficit) for the year		17,271,123	6,608,123
NET FINANCIAL POSITION		**17,271,123**	**6,608,123**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th June, 2020 and signed by:

Kinuthia Mbugua CBS, OGW
Comptroller of State House
Date: 30-09-2020

Andrew Wakahiu
Project Cordinator
Date: 30-09-2020

Francis M. Muia
Project Accountant
ICPAK Membership
Number 12346
Date: 30-09-2020

7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE, 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts for operating activities			
Proceeds from domestic and foreign grants	9.4	12,775,000	-
Payments for operating activities			
Purchase of goods and services	9.6		(51,913,961)
		-	
Net cash flow from operating activities		**12,775,000**	**(51,913,961)**
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.7	(2,112,000)	-
Net cash flows from Investing Activities		**(2,112,000)**	**-**
CASHFLOW FROM BORROWING ACTIVITIES			
Grant from AFDB	9.4	-	58,822,084
Net cash flow from financing activities		-	58,522,084
NET INCREASE IN CASH AND CASH EQUIVALENT		**10,663,000**	**6,608,123**
Cash and cash equivalent at BEGINNING of the year		**6,608,123**	-
Cash and cash equivalent at END of the year		**17,271,123**	**6,608,123**

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 30-06- 2020 and signed by:

Kinuthia Mbugua CBS, OGW
Comptroller of State House
Date: 30-09-2020

Andrew Wakahiu
Project Cordinator
Date: 30-09-2020

Francis M. Muia
Project Accountant
ICPAK Membership
Number 12346
Date: 30-09-2020

8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Balance Brought Forward				6,608,123		
Transfer from Government entities			65,307,362	65,307,362	-	
Proceeds from domestic and foreign grants	109,871,000	287,854	110,158,854	84,236,011	25,922,843	76 %
Proceeds from borrowings AFDB						
Total Receipts	**109,871,000**	**287,854**	**175,466,216**	**156,151,496**	**25,922,843**	**76 %**
Payments						
Compensation of employees			65,307,362	65,307,362	-	
Purchase of goods and services	109,871,000	(2,112,146)	107,758,854	71,461,011	36,297,843	66 %
Social security benefits	-	-	-			
Acquisition of non-financial assets	-	2,400,000	2,400,000	2,112,000	288,000	88 %
Transfers to other government entities	-	-	-			
Other grants and transfers	-	-	-			
Total Payments	**109,871,000**	**287,854**	**175,466,216**	**138,880,373**	**36,585,843**	**67 %**

(i) The budget utilization difference was occasioned by the late disbursement of funds.
(ii) Due to Covid-19 pandemic there were minimal activities across the country therefore members of staff were not able to travel to supervise various counties.

Kinuthia Mbugua CBS, OGW
Comptroller of State House
Date: 30-09-2020

Andrew Wakahiu
Project Coordinator
Date: 30-09-2020

Francis M. Muia
Project Accountant
ICPAK Membership Number 12346
Date: 30-09-2020

9. NOTES TO THE FINANCIAL STATEMENTS

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

9.1 Basis of Preparation

9.1.1 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.

9.1.2 Reporting entity

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

9.1.3 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.

9.2 Significant Accounting Policies

a)Recognition of receipts

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

- **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.

- **External Assistance**

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

Significant Accounting Policies (Continued)

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.

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.

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

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

b) Recognition of payments

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

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

- **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.

- **Interest on borrowing**
  Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

Significant Accounting Policies (Continued)

- **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.

- **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.

c) 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.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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

.

Significant Accounting Policies (Continued)

e) Accounts receivable

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

f) 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.

g) 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 recognized 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.

h) Third party payments

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

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

Significant Accounting Policies (Continued)

i) 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 recognized in the statements of receipts and payments.

j) 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.

k) 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, 2020

l) Errors

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to date (from inception)
	KShs	KShs	Kshs.
Counterpart funding through The Presidency			
Counterpart funds Quarter 1	34,692,801	-	34,692,801
Counterpart funds Quarter 2	10,407,841	-	45,100,642
Counterpart funds Quarter 3	10,103,360	-	55,204,002
Counterpart funds Quarter 4	10,103,360	-	65,307,362
Total	**65,307,362**	-	**65,307,362**

The counterpart funds were used to pay the consultants compensation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 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	
						2019/2020	2018/2019
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (AFDB)	23-04-20	842,865	12,775,000	71,461,011	-	84,236,011	58,522,084
Total		**842,865**	**12,775,000**	**71,461,011**		**84,236,011**	**58,522,084**

The direct payment grants of Kshs.71,461,011 represent payments for consultancy services done directly by the donor on behalf of the project.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs	KShs	KShs	KShs	KShs
Basic Salaries and allowances	-	-	65,307,362	-	65,307,362
Total	-	-	**65,307,362**	**-**	**65,307,362**

The counter fund received was used to pay Salaries and wages

9.6. PURCHASE OF GOODS AND SERVICES

	2019-2020			2018-2019	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs.	Kshs.	Kshs.		KShs.
Domestic travel and subsistence	-	-	-	2,511,100	2,511,100
Use of goods and services		-	-	-	-
Training payments	-	-	-	13,323,300	13,323,300
Hospitality supplies and services	-	-	-	4,602,240	4,602,240
Contracted Professional Services	-	71,461,011	71,461,011	31,477,321	102,938,332
Total	-	**71,461,011**	**71,461,011**	**51,913,961**	**123,374,972**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of laptops and tablets	2,112,000	-	2,112,000	-	2,112,000
Total	**2,112,000**	**-**	**2,112,000**	**-**	**2,112,000**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 8.8A)	17,271,123	6,608,123
Total	**17,271,123**	**6,608,123**

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

9.8A BANK ACCOUNTS

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
Local Currency Accounts		
Central Bank of Kenya [A/c No 1000411627]	17,271,123	6,608,123
Total bank account balances	**17,271,123**	**6,608,123**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Central Bank Accounts

Below is the Central Bank account movement schedule which shows the flow of funds that were voted in the year. These funds have been reported in the year under the Statement of Receipts and Payments.

Accounts Movement Schedule

	2019/20	2018/19
	KShs	KShs
(i) A/C Name [A/c No 1000411627]		
Opening balance	6,608,123	0
Total amount deposited in the account	12,775,000	27,044,763
Total amount withdrawn (as per Statement of Receipts & Payments)	2,112,000	20,436,640
Closing balance (*as per bank account reconciliation attached*)	**17,271,123**	**6,608,123**

The Account reconciliation statement has been attached as Appendix ii to support these closing balances.

OTHER IMPORTANT DISCLOSURES (Continued)

External Assistance

Description	FY 2019/2020 Kshs	FY 2018/2019 Kshs
External assistance received as loans and grants	84,236,011	58,522,084
External assistance received in kind- as payment by third parties	-	-
Total	84,236,011	58,522,084

a)External assistance relating loans and grants

Description	FY 2019/2020 Kshs	FY 2018/2019 Kshs
External assistance received as loans	-	-
External assistance received as grants	84,236,011	58,522,084
Total	**84,236,011**	**58,522,084**

b)Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants		37,133,905	121,369,916
Total		**37,133,905**	**121,369,916**

c. Classes of providers of external assistance

Description	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Multilateral donors	84,236,011	58,522,084
Total	**84,236,011**	**58,522,084**

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

d. Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Compensation of Employees		
Use of goods and services	71,461,011	31,477,321
TOTAL	71,461,011	31,477,321

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

OTHER IMPORTANT DISCLOSURES (Continued)

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

This relates to payments done directly to consultants by ADB on behalf of the presidency

Description	FY 2019/2020 Kshs	FY 2018/2019 Kshs
National government	-	-
Multilateral donors	71,461,011	31,477,321
Total	**71,461,011**	**31,477,321**

10. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

There were no outstanding audit issues.

Kinuthia Mbugua, CBS, OGW
Comptroller of State House

Date

Andrew Wakahiu
Project Coordinator

Date

11. APPPENDICES

i. Payments as at 30th June, 2020

ii. Bank Reconciliations

iii. Board of survey Certificate

iv. Special Deposit Account(s) reconciliation statement(s)