

REPUBLIC OF KENYA



Enhancing Accountability

REPORT NATIONAL ASSEMBLY
PAPERS LAID

DATE: 30 NOV 2023

DAY

Thursday

TABLED
BY:

Hon Kimani Ichungu, CS, MP
The Leader, Majority Party

CLERK-AT
THE-TABLE:

Inzogu Mwale



THE AUDITOR-GENERAL

ON

**KENYA OFF-GRID SOLAR
ACCESS PROJECT FOR UNDERSERVED
COUNTIES (IDA CR.NO.6135-KE)**

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

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**



**KENYA OFF-GRID SOLAR ACCESS PROJECT
(KOSAP)**

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PROJECT CREDIT NUMBER: 6135KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

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1. Acronyms and Glossary of Terms

KOSAP	Kenya Off-grid Solar Access Project
CBK	Central Bank of Kenya
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
PFM	Public Finance Management
NT	National Treasury
PFM	Public Finance Management.
WB	World Bank
Comparative FY	Financial year preceding the current financial year
KPLC	Kenya Power and Lighting Company Limited
CRA	Commission on Revenue Allocation

2. Project Information and Overall Performance

2.1 Name and registered office

Name: Kenya Off-grid Solar Project

Objective: The key objective of the project is to increase access to modern energy services in underserved counties of Kenya

The project headquarters offices are in Nairobi, Kenya

The address of its registered office is:

Kawi House, Red Cross Road,
P.O Box 34585 – 000100,
Telephone: (254) 2341400, 2710955,
E-mail: info@rea.co.ke,
Website: www.rea.co.ke

2.2 Project Information

Project Start Date:	The project start date is 5 th September 2017
Project End Date:	The project end date is 30 th May 2025
Project Coordinator:	The project coordinator is Mr. Edward Gakunju
Project Sponsor:	The project sponsor is International Development Association, which will contribute 100% of project costs.

2.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry Of Energy.
Project number	IDA CR. NO. 6135-KE
Strategic goals of the project	The strategic goals of the project are as follows: (i) Mini-grids for Community Facilities, Enterprises, and Household (Component 1) (ii) Standalone Solar System and Clean Cooking Solutions for Households (Component 2) (iii) Standalone Solar Systems and Solar Water Pumps for Community Facilities (Component 3) (iv) Implementation Support and Capacity Building (Component 4)

<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means: The implementing agencies (IAs) are the Ministry of Energy (MoE), KPLC, and REREC. Components 1 and 3 is being implemented by KPLC and REREC. Component 2 is implemented by the MoE through a competitively selected consortium of debt and grant facility managers. The MoE will implement Component 4 as well.</p>
<p>Other important background information of the project</p>	<p>The proposed project aims to support the GoK’s announced objective of reaching all Kenyan consumers with energy services. The project proposes a comprehensive suite of investments to provide modern energy services to households, enterprises, and community facilities, with pragmatic business models to attract private sector investment, sustainable services, know-how, and efficiencies. A substantial TA component is proposed to support a widespread consumer education campaign to inform and engage with citizens, create a new Strategic Planning and Program Management (SPPM) unit to coalesce sector planning and NES implementation efforts, and launch an inclusive county capacity building program across various dimensions identified through needs assessment.</p> <p>The project area is divided into six lots (referred as ‘service territories’ hereon) based on county allocations derived from scale of challenge (un-electrified population and community facilities), poverty index and population density to (a) achieve greatest impact with limited IDA resources, (b) deliver services where the need is the largest (c) consider additional costs due to low population density, and (d) consider principles of equality such that all the counties should benefit in a similar manner. Such a division into lots allows economies of scale in the procurement and elicits private sector contractors to be present in these underserved counties over a long term. All the procurements in the proposed project will be carried out according to these lots.</p>
<p>Areas that the project was formed to intervene</p>	<p>The 14 underserved counties collectively represent 72 percent of the country’s total land areas and 20 percent of the country’s population, including historically nomadic societies that even today continue to rely on pastoralism. Their population is highly dispersed, at a density four times lower than the national average. They present profound infrastructure deficits, including lack of access to roads, electricity, water, and social services. There is also significant insecurity in certain areas, giving rise to substantial numbers of displaced persons and livelihood adaptations that further undermine economic prosperity.</p>

Project duration	The project started on 5 th September 2017 and is expected to run until 30 th May 2025.
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2.4 Bankers

The project bank details are as below;

Co-operative Bank
Mombasa Road Branch
Account No. 01141125016301
Nairobi.

2.5 Auditors

The project is audited by the:

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

Project Information and Overall Performance (Continued)

2.6 Roles and Responsibilities

Names and contact details	Title designation	Key Qualifications	Responsibilities
Edward Gakunju +254722244879 egakunju@rea.co.ke	Project Coordinator	Master's Degree in Economic Policy Management	<ul style="list-style-type: none"> • Overall coordination of Project activities • Coordinate Project implementation activities as per the work plan • Prepare project implementation reports • Attend project coordination meetings
Walter Nduta +254707879796 Walter.nduta@rerec.co.ke	Project Accountant	BBM (Accounting), C.P.A (K)	<ul style="list-style-type: none"> • Preparation of the project's financial reports • Process of project-related payments
Festus Kasonzo +254722138880 fkasonzo@rea.co.ke	Procurement Specialist	Master's Degree in Procurement and Supplies	<ul style="list-style-type: none"> • Preparation of projects procurement plans • Preparation of bid documents • Coordinate tendering evaluation and award notifications • Coordination of procurement activities of the project
Nicholas Muigai 0722269540 nmuigai@rea.co.ke	Project Engineer	Bsc in Electrical Engineering	<ul style="list-style-type: none"> • Review of project designs • Analyse all the Technical aspects of the project

World Bank and Government of Kenya			<ul style="list-style-type: none"> • Project sponsors. • Reviewing and accepting requests for no objection, yearly work plans and budgets, project withdrawal applications, and expenditure category reallocation. • Participating in implementation support missions.
The Ministry Of Energy			<ul style="list-style-type: none"> • Ensures that Project’s budget is accounted for in its development Projects • Disburse the government counterpart funding. • Review and track the Project’s annual work plan and budget against the set targets and makes the approvals. • Oversee the execution of the project coordinating team.
The Auditor			<ul style="list-style-type: none"> • Mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. • Facilitate submission of the audited report to the project’s sponsors by 31

			December each year.
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2.7 Funding summary

The Project is for duration of (7) years, (8) months and (25) days from 05th September 2017 to 30th May 2025. The total project Cost is Euros 28M equivalent to Kshs. 3,500,000,000 as highlighted in the table below:

Project Information and Overall Performance (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date (30.06.2023)		Undrawn balance to date (30.06.2023)	
	EURO (A)	Kshs (A')	EURO (B)	Kshs (B')	USD (A)-(B)	Kshs (A')-(B')
(i) Loan						
International Development Association-IDA	28,000,000	3,500,000,000	870,000	110,868,972	27,130,000	3,389,131,028
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	28,000,000	3,500,000,000	870,000	110,868,972	27,130,000	3,389,131,028

**Kenya Off-grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023**

Project Information and Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date - (30 th June 2023)	
	EURO (A)	Kshs (A')	EURO (B)	Kshs (B')	EURO (A)-(B)	Kshs (A')-(B')
(i) Loan						
International Development Association-IDA	870,000	110,868,972	56,506	8,048,500	813,494	102,811,952
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	870,000	110,868,972	56,506	8,048,500	813,494	102,811,952

Project Information and Overall Performance (Continued)

2.8 Summary of Overall Project Performance:

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

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

During the year under review, the project received Kshs.0.00 Nil against a final budget of Kshs. 200,000,000 and incurred Kshs.8,048,500 expenditure against a budget of Kshs. 200,000,000 resulting to underutilization of Kshs. 191,951,500, or 96%. The projects' cumulative receipts and payments are Kshs. 110,868,972 and Kshs.8,048,500 respectively.

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

The project is ending on 30 May 2025. Activities in component 4 are under way. These are preparatory activities for Component 1 and 3. As highlighted below per component;

Mini-grids for Community facilities, Enterprises, and Households

Mini-grids for Community Facilities, Enterprises, and Households is being implemented by Kenya Power & Lighting Company (KPLC) and Rural Electrification and Renewable Energy Corporation (REREC): This component finances procurement of construction, operation and maintenance of mini-grids. A total of 42 mini grids will be implemented in the 14 underserved counties. The mini grids will serve 75-1,835 prospective users, with approximate total demand of 20-340Kw. This component comprises two packages with eight lots under

REREC and KPLC and five lots with two packages under REREC for supply and installation, and 6-7 years Operation and Maintenance (O&M) of mini-grids, with possible renewal of O&M contact period by the client.

Key Achievements

REREC and KPLC finalised their bidding documents for the mini grids and submitted them to the Bank for review. The Bank is currently reviewing the documents for the technical and procurement aspects.

Community Engagements Exercise in support of Land Acquisition has been completed in all the counties and community compensation projects for the land donated for the minigrids generated plant identified.

A Stand-alone solar system for community facilities

Standalone Solar Systems and Solar Water Pumps for community facilities to be implemented by REREC and KPLC. This component has two subcomponents: Sub-component **3A**-Standalone Solar Systems for community facilities which will be implemented as one package with 11 lots and Sub-component **3B**-Solar Water Pumps for Community Facilities.

Key Achievements

The ministry requested Bank to allow transfer procurement to REREC and KPLC. The two procurements have been transferred to REREC and KPLC to proceed to expedite. Bidding and installation of solar pump in the 14 counties has been done submitted and approved by the World Bank and advertisement for bidders done. Upon submission of the bids, evaluation was done in September 2022. However, REREC is awaiting the clearance and No Objection from The Bank so as to finalize the award process.

Comment on value-for-money achievements

Major consultancies have been concluded in the preparatory stage. Bidding documents have been delivered therefore publishing of the documents will set stage for implementing component 1. Component 2 is ongoing and disbursement of funds to the Solar Service Providers and Clean Cooking Stove Service Providers is in progress. Component 3 is still at the preparatory stage. Activities in Component 4 are underway and are facilitating component 1, 2 and 3. Measures are in place to ensure that value for money is achieved. This is through project monitoring and evaluation strategy adopted by the Project Coordinating Unit (PCU).

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

The absorption rate was Kshs. 8,048,500, or 4% of the total final budget of Kshs. 200,000,000, to Procure of venue for evaluation of the Bids for Solar Pumps for Boreholes – September 2022 and confirmation of design estimates and produce power distribution network (PDN) drawings for the 48 sites in Marsabit, Samburu, Turkana and Isiolo counties March 2023.

The low absorption rate was attributed to the retendering of the bids as there was no responsive bid.

However, the evaluation of the Bids for Solar Pumps in the boreholes in the 14 Counties was completed in September 2022, and the Corporation is awaiting no objection from the World Bank before awarding contracts to the eligible bidders.

iv) Implementation challenges and recommended way forward.

- a) Delay in finalization of valuation of the land donated for the mini grids due inadequate budgetary allocation for the exercise. The valuation exercise was being carried out by National Land Commission. The coordinated was being done by Ministry of Energy and Petroleum. Additional budget was finally provided and the exercise has now been completed.
- b) Failure of the Bank's E&S experts in advising the project appropriately and in a timely manner on acceptable method of land acquisition for unregistered community land as majority of the Mini-grid sites under KOSAP fall under this category. This has resulted in delays in bidding for the Mini-grids.

- c) Lack of clarity on the applicability of voluntary land donation criteria to the KOSAP context especially on unregistered community land. The Ministry of Lands and Physical Planning has however given direction on how KOSAP should proceed with land acquisition on unregistered community land which should be restricted to areas set aside for public purpose and consider compensation in kind on unregistered community land.
- d) Insecurity in some areas may affect the construction and installation phase of the project. The project has developed a security plan that was submitted to the Bank for consideration and implementation.

2.9 Summary of Project Compliance:

There were no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key Development Objective of the project's 2018-2023 plan is to increase access to modern energy services in underserved counties in Kenya. This shall be achieved through the following: -

- i. Mini-grids for Community Facilities, Enterprises, and Households
- ii. Stand-alone Solar Systems and Clean Cooking Solutions for Households
- iii. Stand-alone Solar Systems and Solar Water Pumps for Community Facilities

Project Beneficiaries

The project beneficiaries are households, enterprises, and community and public facilities located in the 14 target counties. These beneficiaries will receive modern and climate-friendly infrastructure services such as electricity, improved water and cooking solutions for the first time and replace consumption of alternative fuels and unimproved options.

The beneficiaries are located in counties deemed marginalized by the CRA and consist primarily of the relatively cash-poor, remote, indigenous and pastoralist population. Many of these areas have also experienced significantly security disruptions in recent years. Therefore, provision of infrastructure facilities, energy and water could have a profound impact on these communities.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were

identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Objective	Indicator	Performance
Mini-grids for Community Facilities, Enterprises and Households	No. of people provided with new or improved electricity service	On going
	No. of enterprises provided with new or improved electricity service	On going
	No. of enterprises provided with new or improved electricity service, of which headed by women	On going
Stand-alone Solar Systems and Clean Cooking Solutions for Households	Households provided with new or improved electricity service	On going
	Households provided with new or improved electricity service, of which headed by women	On going
Stand-alone Solar Systems and Solar Water Pumps for Community Facilities	Community facilities provided with new or improved electricity service	On going

4. Environmental and Sustainability Reporting

The project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The Corporation is committed to promoting sustainable environmental management and utilization of natural resources to generate socio-economic benefits. Measures were put in place in 2019/2020 to ensure sustainable energy resource management. Among them include: Implementation of the Energy Act 2019 through development and review of various regulations (in draft form) that guides on sustainable utilization of energy resources; Formulation of Kenya Energy Efficiency and Conservation Strategy and Bio-energy strategy (which aims to promote the development and utilization of bio-energy resources in Kenya in a sustainable manner) both of which are at draft stage; among others. Other strategies put in place include protection of riparian land and reforestation of hydro dam catchment areas through direct involvement and also supply of seedlings to the communities living in project areas.

2. Environmental performance

- a) The proposed project was screened by World Bank and assigned an Environmental Category B Partial Assessment, on the assumption that no major civil works will be funded and no major physical or economic displacement will take place. Four safeguard policies have been triggered for the project. They include (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); (c) OP/BP 4.10, (Indigenous Peoples); and (d) OP/BP 4.12 (Involuntary Resettlement).
- b) The World Bank operational policy on Environmental Assessment (OP/BP 4.01) has been triggered, due to the implementation of the activities outlined under Components 1-3. The main potential environmental impacts anticipated for the project are (a) civil works that would be limited to construction of the mini-grids in remote areas (Component 1), installation of stand-alone systems for households (Component 2), installation of Solar PV for water pumping (Component 3), and construction of distribution lines to connect new customers and (b) environmental, health and safety

concerns are likely to be associated with recycling and disposal of spent batteries for sorting solar useful lives, which is usually 3-5 years after deployment. Rechargeable batteries for sorting solar energy may run on nickel-cadmium (Ni-Cad), nickel metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A), or lead-gel (Pb-gel). These batteries should not be disposed in standard landfills because they can create long-lasting environmental and human health impacts (for example, headaches, abdominal discomfort, seizures and comas, cancers, irritation of skin and respiratory system, burns and damage to skin and eyes, and corrosion) due largely to heavy metals such as mercury, lead, cadmium, and nickel and acids. The entire management processes including de-manufacturing, collection, storage, recycling, transport and disposal may present a challenge to this project and, given the scope of this World Bank operation, could result in environmental and social risks and impacts, although these impacts are reversible and localised and can easily and cost-effectively mitigated.

- c) The operational policy on Natural Habitats (OP/BP 4.04) has been triggered, on the assumptions that the project activities under Components 1 and 3 are likely to affect the natural habitats through erection of poles, construction of the mini-grids, and the installation of solar water pumping equipment.

3. Employee welfare

The policies that guides the Corporation on recruitment includes: PSC Recruitment and Selection policy; Delegation of PSC HRM Functions to the Cabinet Secretary, July 2018; Framework for Short Term Employment in the Public Service, May 2019 and Human Resources Policies and Procedures Manual for the Public Service, May 2016. This enabled the Corporation to promote common cadre under the delegated powers as guided by the policy taking into consideration gender and regional balance.

For skills improvement and career progression the Corporation is guided by Human Resource Development Policy for the Public Service, June 2015 and Guidelines on Managing Training in the Public Service. This enabled the Corporation to conduct individual training programmes required for career progression/promotion and those required in the Schemes of Service for various cadres and also group trainings for various cadres.

The Corporation ensured that all staff were put on Performance Appraisal System (PAS) as guided by guidelines for Implementation of Performance Reward and Sanctions in the Public Service and also Performance Rewards and Sanctions framework.

The Corporation has developed its own Occupational Safety and Health Policy with reference to made Occupational Safety and Health, ACT of 2007. A Corporation Committee on Occupational Safety and Health is in place which ensures adherence to OSHA and safety and security of the staff and Corporation properties.

4. Employee welfare

a) Responsible Supply chain and supplier relations-

Procurement undertaken in compliance with WB Procurement Regulations as per Section 3.7 of the regulations are as follows;

- a) Provide timely and sufficient information to Bidders/Proposers/Consultants including through the Notification of intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision.
- b) Promptly acknowledge Complaints received
- c) Resolve complaints promptly and fairly, preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants including commercial and financial information and trade secrets as required by the Bidders/Proposers/Consultants in their Bids/proposals
- d) Maintain complete records of all debriefings and Complaints and their resolution
- e) For contracts subject to prior review, inform the Bank promptly of any complaint submitted and provide the Bank a copy of all relevant documents and information
- f) For contracts subject to prior review, The Client consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process

b) Responsible ethical practices

Strict adherence to financiers Regulations on Annex IV of World Bank Regulations on Anti-corruption guidelines.

c) Regulatory impact assessment

We have to ensure adherence to NEMA in Project implementation is undertaken and as well as pursuing “green procurement” to ensure that suppliers who value the environment are encouraged.

5. Employee welfare

The Corporation has carried out the following measures to ensure acceptance of the projects by the communities around the project area; The Ministry and its Agencies has put in place mechanism for engagement of the people during project implementation. Among them includes operationalization of Stakeholders Coordination committees and rolling out of community engagement strategy and policy.

In addition, the Corporation continued to ensure that local communities were considered for jobs during the implementation of the energy projects. Local communities were also involved during land acquisition.

5. Statement of Project Management Responsibilities

The Chief Executive Officer of Rural Electrification and Renewable Energy Corporation and the Project Manager are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2023.

This responsibility includes: maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, 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; safeguarding the assets of the project; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer and the Project Manager for KOSAP 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 (IPSA).

The Chief Executive Officer and the Project Manager for KOSAP Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Chief Executive Officer and the Project Manager for 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 Chief Executive Officer and the Project Manager for KOSAP Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external

financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

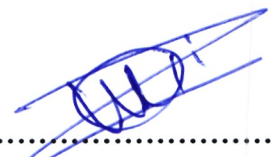
The Project financial statements were approved by the Chief Executive Officer and the Project Manager for KOSAP on 18.09.2023 and signed by them.



.....
CPA Peter Mbugua
Chief Executive Officer



.....
Edward Gakunju
Project Manager



.....
Walter Nduta
Project Accountant
ICPAK Member No:23665

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA OFF-GRID SOLAR ACCESS PROJECT FOR UNDERSERVED COUNTIES (IDA CR.NO.6135-KE) FOR THE YEAR ENDED 30 JUNE, 2023 - RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Off-Grid Solar Access Project for Underserved Counties set out on pages 1 to 37, which comprise of the

Report of the Auditor-General on Kenya Off-Grid Solar Access Project for Underserved Counties (IDA Cr.No.6135-KE) for the year ended 30 June, 2023 - Rural Electrification and Renewable Energy Corporation

statement of financial assets as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects the financial position of Kenya Off-Grid Solar Access Project for Underserved Counties as at 30 June, 2023, 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.6135-KE dated 05 September, 2017, between the International Development Association (IDA) and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Off-Grid Solar Access Project for Underserved Counties 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 judgement are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

The Project Management are responsible for the other information, which comprises the statement of performance against project's predetermined objective, statement of corporate social responsibility/sustainability reporting and the statement of Project management's responsibilities. The other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

Other Matter

1. Low Project Performance

Review of the Project Financing Agreement and the Project supporting documentation revealed that the Project had a total funding of Kshs.3,500,000,000 and was to be implemented within

six (6) years from July, 2017 to 30 June, 2022. However, this has been revised to 31 May, 2025 through unreferenced letter dated 26 June, 2023 from the financier.

In addition, a total of Kshs.110,868,972 which represents 3.17% of the total funds committed for the Project was drawn by November, 2020. These funds have remained unutilized since then until the current financial year 2022/2023 when Kshs.8,048,620 was spent on facilitation during survey and design in four (4) Counties namely Turkana, Marsabit, Samburu and Isiolo.

No Project activities were reported in the balance of the ten (10) Counties, yet the extended project completion date is less than two years from now. It is imperative to note that this unutilized money has not earned any interest to date yet the financier continues to charge interest on the drawn amount which now amounts to Kshs.102,811,952.

The continued delay of the project implementation has since led to downscaling of the envisaged project outputs. On inception, the Project funds under Rural Electrification and Renewable Energy Corporation Component were to finance 59 number mini-grids but this number has since been reduced to 31 number as at 30 June, 2023 due to rise in installation costs and the reluctance by the financier to provide extra funds beyond the agreed USD 20 million.

In the circumstances, the Project performance against then loan advanced may not achieve the targeted benefits that were planned.

2. Non-Implementation of Project Activities

During the year under review, Kshs.8,048,620 was spent on facilitation during survey and design in four Counties out of the Project funds received totalling to Kshs.110,868,972 in the financial year 2020/2021. The amount has not earned any interest to date yet the financier continues to load interest on the drawn interest on the drawn down amount. The continued accrual of unqualified interest against the loan and the non-utilisation of the Project funds means the Project as of now is a loss to the public and is an inefficient utilisation of public resources.

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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Environmental Impact Assessment of the Project Sites

Review of the documents provided for audit revealed that the Rural Electrification and Renewable Energy Corporation components of the KOSAP projects were yet to receive

or apply to National Environment Management Authority (NEMA) for an Environmental Impact Assessment License and conduct the procedures required for obtaining of the License as per the NEMA Act, 1988.

In addition, it was noted that on one hand there is public interest where the community needs protection against potential harm to the environment through contamination or pollution, and on the other, there is the Government interests which are environmental and economic but may also have an element of private commercial interest. Further, the consultant may have been paid for the initial sites targeted but since these have been downscaled, public funds may not have been prudently used on environmental social impact reports of sites that will not be constructed.

In the circumstances, the Project Management was in breach of the law

2. Non-Acquisition of Project Land

Review of the documents provided, revealed that there was an issue with compulsory land acquisition on the sites where Rural Electrification and Renewable Energy Corporation is to build the mini-grids as the Ministry of Energy does not have adequate funding to complete the payments for the lands required for the projects.

Premised on that disclosure in the quarterly report provided for audit review, with the fact that Rural Electrification and Renewable Energy Corporation also does not have a budget line for acquisition of land for Projects purposes, there may be an inordinate delay in the process of acquisition. This is contrary to Section 5(4) of the Community Land Act, 2016 read together with Article 40(3) of the Constitution, which states that no interest in, or right over community land may be compulsorily acquired by the State except in accordance with the law, for a public purpose, and upon prompt payment of just compensation to the person or persons, in full or by negotiated settlement.

In the circumstances, the Project's Management was in breach of the law.

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 on whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities which 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Ineffective Project Management

It was observed that the Donor funded projects that are currently under implementation by Rural Electrification and Renewable Energy Corporation are extremely behind schedule putting to risk the donor commitments that have been advanced as they may lapse before the monies are fully drawn for the benefit of the Project beneficiaries. The Business Development Manager who currently oversees the management of the projects may not be adequately facilitated in terms of staffing and resourcing to carry out the project supervision. There is need to create a dedicated project team to manage and supervise the project from the departments involved in project implementation. This project team also needs to comply with Section 151 of the Public Procurement and Asset Disposal Act, 2015 on complex and specialized contract implementation team to avoid duplicity.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which 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 which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 November, 2023

*Kenya Off-grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

7. Statement Of Receipts and Payments For the Year Ended 30th June 2023.

	Note	2022-2023		2021-2022		Total	Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payments controlled by the entity	Payments made by third parties		
		KShs	KShs	KShs	KShs	KShs	KShs
RECEIPTS							
Transfer from Government entities	1	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-
Loan from external development partners	3	-	-	-	-	-	110,868,972
Miscellaneous receipts	4	-	-	-	-	-	-
TOTAL RECEIPTS		-	-	-	-	-	110,868,972
PAYMENTS							
Compensation of employees	5	-	-	-	-	-	-
Purchase of goods and services	6	-	-	-	-	-	-
Social security benefits	7	-	-	-	-	-	-
Acquisition of non-financial assets	8	8,048,500	-	8,048,500	-	-	8,048,500
Transfers to other government entities	9	-	-	-	-	-	-
Other grants and transfers and payments	10	120	-	120	-	-	120
TOTAL PAYMENTS		8,048,620	-	8,048,620	-	-	8,048,620
SURPLUS/(DEFICIT)		(8,048,620)	-	(8,048,620)	-	-	102,820,352

**Kenya Off-grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023**

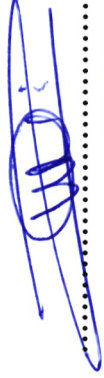
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



CPA Peter Mbugua
Chief Executive Officer



Edward Gakunju
Project Manager

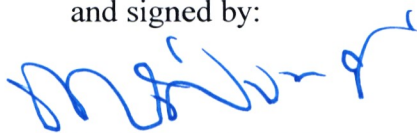


Walter Nduta
Project Accountant
ICPAK Member No:23665

8. Statement of Financial Assets as at 30th June 2023

Description	Note	2022-2023 KShs	2021-2022 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	102,811,952	110,868,972
Cash Balances	11.B	-	-
Cash Equivalents (short term deposits)	11.C	-	-
Total Cash and cash equivalents		102,811,952	110,868,972
Accounts receivables – Imprest and Advances	12	8,400	-
TOTAL FINANCIAL ASSETS		102,820,352	110,868,972
FINANCIAL LIABILITIES			
Third party Deposits and Retentions	13	-	-
NET ASSETS		102,820,352	110,868,972
REPRESENTED BY			
Fund balance b/fwd	14	110,868,972	110,868,972
Prior year adjustments	15	-	-
Surplus/Deficit for the year		(8,048,620)	-
NET FINANCIAL POSITION		102,820,352	110,868,972

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 18.09.2023 and signed by:



CPA Peter Mbugua
Chief Executive officer



Edward Gakunju
Project Manager



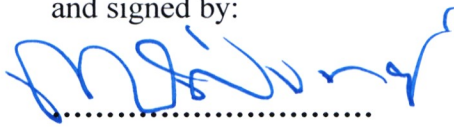
Walter Nduta
Project Accountant

ICPAK Member No:23665

9. Statement of Cashflow for the Year Ended 30th June 2023

Description	Note	2022-2023	2021-2022
		KShs	KShs
CASHFLOWS FROM OPERATING ACTIVITES			
Receipts			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
Total Receipts			
Payments			
Compensation of employees	5	-	-
Purchase of goods and services	6	-	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	120	-
Total Payments			
Adjustments during the year			
Prior year adjustments	15		
Decrease/ (increase) in accounts receivables	16	(8,400)	-
Increase/(decrease) in accounts payable	17		
Net cash flow from operating activities		(8,520)	-
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial assets	8	(8,048,500)	-
Net cash flows from Investing Activities		(8,048,500)	-
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		(8,057,020)	-
Cash and cash equivalent at beginning of the Year	11	110,868,972	110,868,972
Cash and cash equivalent at end of the Year	11	102,811,952	110,868,972

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 18.09. 2023 and signed by:



.....
CPA Peter Mbugua
CHIEF Executive Officer



.....
Edward Gakunju
Project Manager



.....
Walter Nduta
Project Accountant
ICPAK Member No:23665

**Kenya Off-grid Solar Access Project
Annual Report and Financial Statements for the financial year ended June 30, 2023**

10. Statement of Comparison of Budget and Actual Amounts for Year ended 30th June 2023

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on comparable basis d	Budget Utilisation Difference e=c-d	% of Utilisation d=d/c %
RECEIPTS						
Transfer from Government entities	-		-	-	-	0%
Proceeds from domestic and foreign grants	-		-	-	-	0%
Proceeds from borrowings	1,950,000,000	(1,750,000,000)	200,000,000	8,048,620	191,951,380	4%
Miscellaneous receipts	-		-	-	-	0%
Total Receipts	1,950,000,000	-	200,000,000	8,048,620	191,951,380	4%
PAYMENTS						
Compensation to employees	-		-	-	-	0%
Purchase of goods and services	-		-	-	-	0%
Social security benefits	-		-	-	-	0%
Acquisition of non-financial assets	1,949,999,880	(1,750,000,000)	199,999,880	8,048,500	191,951,380	4%
Transfers to other government entities	-		-	-	-	0%
Other grants and transfers	120	-	120	120	-	100%
Total Payments	1,950,000,000	-	200,000,000	8,048,620	191,951,380	4%
Surplus or (Deficit)						

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.


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CPA Peter Mbugua
Chief Executive Officer


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Edward Gakunju
Project Manager


.....

Walter Nduta
Project Accountant
ICPAK Member No:23665

11. Significant Accounting Policies

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

a) Statement of compliance and basis of preparation

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

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

b) Reporting entity

The financial statements are for the Project KOSAP Project under the National Government of Kenya. The financial statements are for the reporting entity Project KOSAP as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

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

i) 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.

j) Contingent Liabilities

A contingent liability is:

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

Significant Accounting Policies (Continued)

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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

k) Contingent Assets

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

l) Pending bills

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

Significant Accounting Policies (Continued)

m) Budget

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

n) Third party payments

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

o) Exchange rate differences

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

Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

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

r) Prior period adjustments

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

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	2022-2023	2021 - 2022	Cumulative to date (from inception)
	Kshs.	Kshs	Kshs
Counterpart funding through Ministry of Energy	-	-	-
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 3)	-	-	-
Other transfers from government entities			
Ministry of Finance	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

(“Other transfers from government entities” is not the counterpart funding which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.)

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	Date received	2022 - 2023					2021 - 2022	
		Amount received in donor currency	Grants Received in Cash	Grants received as direct payments	Grants Received in Kind	Total amount	Total amount in Kshs	Cumulative to date
Grants Received from Bilateral Donors (Foreign Governments)								
World Bank					KShs		KShs	KShs
Grants Received from Multilateral Donors (International Organisations)								
International Development Association (IDA)								
Grants Received from Local Individuals and organisations								
Total								

(* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant).

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	2022 - 2023				2021 - 2022		Cumulative to date
		Amount in loan currency	Amount Received in Cash	Loan Received as Direct Payment	Total amount	Total amount	KShs	
		Euro	KShs	KShs	KShs	KShs	KShs	
Loans Received from Bilateral Donors (Foreign Governments)								
Loans Received from Multilateral Donors (International Organisations)			-	-				
International Development Association (IDA) Through MOE			-	-			110,868,972.00	
Total		-	-	-	-	-	110,868,972.00	

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2022-2023		2021-2022		Cumulative to date (from inception)
	Receipts controlled by the entity	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	-	-	-	-	-

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2022-2023			2021-2022	Cumulative to date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries 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 Personal Payments	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2022-2023			2021-2022	
	Payments made in cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to date
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and - information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training expenses	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance - vehicles and other transport equipment	-	-	-	-	-
Routine maintenance - other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	2022-2023			2021-2022	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	2022-2023			2021-2022	Cumulative to date
	Payments made by the Entity in cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	8,048,500	-	8,048,500	-	8,048,500
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	8,048,500	-	8,048,500	-	8,048,500

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Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2023, we transferred funds to reporting government entities as shown below:

Description	2022-2023			2021-2022	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					
Ministry of Energy	-	-	-	-	-
Transfers to County Government					
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.

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Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	2022-2023			2021-2022		Cumulative to date
	Payments made by the Entity in cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	Total Payments KShs	
Grants for scholarships	-	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-	-
Bank Charges	120		120	-	-	120
Total	120	-	120	-	-	120

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Bank accounts (Note 11.A)	102,811,952	110,868,972
Cash in hand (Note 11.B)		
Cash equivalents (short-term deposits) (Note 11.C)		
Total	102,811,952	110,868,972

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

11. A Bank Accounts

Project Bank Accounts

Description	2022-2023	2021-2022
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Total foreign currency Balances	-	-
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No.01141125016301]	102,811,952	110,868,972
Total local currency balances	102,811,952	110,868,972
Total bank account balances	102,811,952	110,868,972

Special Deposit Accounts

The Project component under REREC doesn't have a special deposit account. The whole project is supervised by the Ministry Of Energy and the Special Account is domiciled under the Ministry and accounting and reconciliations for this account is done at the Ministry.

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2022-2023	2021-2022
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	≡	≡

11 C Cash equivalents (short-term deposits)

Description	2022-2023	2021-2022
	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

Description	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests	-	-
<i>Refund from REREC KCB A/C to Project A/c c/o Jacinta Pkania</i>	8,400	-
Total	8,400	-

Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2023	Balance 2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Officer 1	-	-	-	-	-
Officer 2	-	-	-	-	-
Officer 3	-	-	-	-	-
Officer 4	-	-	-	-	-
Officer 5	-	-	-	-	-
Programme 1	-	-	-	-	-
Total	-	-	-	-	-

13. Deposits and Retention Monies

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Retention	-		-	
Deposits	-		-	
Total	-		-	
Ageing analysis	Current FY	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2 -3 years				
Over 3 years				
Total				

Notes to the Financial Statements (Continued)

14. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	110,868,972	110,868,972
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	110,868,972	110,868,972

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

16. Changes in Imprests and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Opening Receivables as at 1 st July 2022	-	-
Closing account receivables as at 30 th June 2023	8,400	-
Change in Imprests and advances	8,400	-

17. Changes in Accounts Deposits and Retention

Description	2022-2023	2021-2022
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2022	-	-
Closing accounts payables as at 30 th June 2023	-	-
Change in deposit and retention	-	-

13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY	Additions for the period	Paid during the year	Balance c/f For Current FY
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 4b)

	Balance b/f from Comparative FY	Additions for the period	Paid during the year	Balance c/f for Current FY
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 4c)

	Balance b/f FY 2021/2022	Additions for the period	Paid during the year	Balance c/f FY 2022/2023
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

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

a). External assistance relating loans and grants

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

Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans	Construction	3,389,131,028	3,389,131,028
Undrawn external assistance - grants		-	-
Total		3,389,131,028	3,389,131,028

c) Classes of providers of external assistance

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

Other Important Disclosures (Continued)

d. Non-monetary external assistance

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

Payments made by third parties	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Compensation to employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
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	-	-

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 2022/2023	FY 2021/2022
Description	Kshs	Kshs
International assistance organization- IDA	-	-
Total	-	-

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity.

5.1 Classification by Source

	2022 - 2023	2021 - 2022
Description	Kshs	Kshs
National government	0.00	0.00
Multilateral donors	0.00	0.00
Bilateral donors	0.00	0.00
International assistance organization	0.00	0.00
NGOs	0.00	0.00
National Assistance Organization	0.00	0.00
Total	0.00	0.00

(Third party payments may be done by other entities that are not providers of external assistance)

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

Payments made by third parties	2022 - 2023	2021 - 2022
Description	Kshs	Kshs
Compensation of employees	0.00	0.00
Use of goods and services	0.00	0.00
Subsidies	0.00	0.00
Transfers to other government units	0.00	0.00

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Other grants and transfers	0.00	0.00
Social security benefits	0.00	0.00
Acquisition of assets	0.00	0.00
Finance costs, including loan interest	0.00	0.00
Other payments	0.00	0.00
Total	0.00	0.00

N/B The above subclassification will be adopted based on the appropriate county's operations.

6. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	2022-2023	2021 - 2022
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	0.00	0.00
Key Management Compensation others (specify)	0.00	0.00
Total Compensation to Key Management	0.00	0.00
<u>Transfers to related parties</u>		
Transfers to other government entities	0.00	0.00
Total Transfers to related parties	0.00	0.00
<u>Transfers from related parties</u>		
Transfers from the Ministry/ department	0.00	0.00
Payments made on behalf of the project by other govt. entities	0.00	0.00
(Insert any other transfers received)	0.00	0.00
Total Transfers from related parties	0.00	0.00

7. Contingent Liabilities

Contingent liabilities	2022 - 2023	2021 - 2022
	Kshs	Kshs
Court case xxx against the project	0.00	0.00
Bank guarantees in favour of other govt. entities	0.00	0.00
contingent liabilities arising from PPPs/ donor agreements	0.00	0.00
Total	0.00	0.00

(Give details- Update ANNEX 6 - Contingent liabilities register)

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Annexes

Annex 1: Prior Year Auditor-General's Recommendations


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
<p>No. 1</p> <p>Project Performance</p> <p>The Project Financing Agreement and the supporting documentation indicated that Kenya Off-Grid Solar Access Project for the underserved counties had a total funding of Kshs. 3,500,000,000 and was to be implemented within 5 years from July, 2017 to 30 June, 2022. As at the end of the financial year 2021/2022, the total amount drawn under the financing agreement was Kshs. 110,868,972 but the amount remained unspent with no expenditure incurred on the project during the financial year. The amount drawn up to 30 June, 2021 represents 3.17% of the total funds committed for the project under the financing agreement while the project timeline was forty-six months out of seventy months representing sixty-six (66%) of the total time.</p> <p>Further, the Management did not provide an approved work plan for audit review. In the circumstance, it was not possible to ascertain/determine the project</p>	<p>Implementation of the project was delayed by the lengthy land acquisition process. However in October 2021 the National Land Commission (NLC) advised implementing agencies (REREC, KPLC and MOE) that for unregistered community land intend compensation should be done for land donated by the community for the minigrids NLC as correctly carrying out the valuation of the land to determine the in kind compensation to be</p>	<p>Resolved</p>	<p>Expected completion date: 30th May 2025</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe:
	performance against the work plan.	done. Implementation of the project is therefore in progress and is expected to be completed by 30th May 2025.		



Chief Executive Officer
CPA Peter Mbugua



Edward Gakunju
Project Manager

Annex 2: Variance Explanations - Comparative Budget and Actual Amounts for FY 2022 – 2023

Receipts/Payments Item	Final Budget	Actual on comparable basis	Budget Utilisation Difference	% of Utilisation	Comments on Variance (Below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
RECEIPTS					
Transfer from Government entities	-	-	-	0%	
Proceeds from domestic and foreign grants	-	-	-	0%	
Proceeds from borrowings	200,000,000	-	200,000,000	0%	
Miscellaneous receipts	-	-	-	0%	
Total Receipts	200,000,000	-	200,000,000	0%	
PAYMENTS					
Compensation to employees	-	-	-	0%	
Purchase of goods and services	-	-	-	0%	
Social security benefits	-	-	-	0%	
Acquisition of non-financial assets	199,999,880	8,048,500	191,951,380	4%	Implementation of the project was delayed by the lengthy land acquisition process.
Transfers to other government entities	-	-	-	0%	
Other grants and transfers	120	120	-	100%	
Total Payments	200,000,000	8,048,620	191,951,380	4%	
Surplus or Deficit	-	(8,048,620)			

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Annex 3: Reconciliation of Inter-Entity Transfers

Project Name: Kenya Off-Grid Solar Access Project			
Break down of transfers from the State Department of Energy			
a. Government Counterpart funding	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
		0.00	
		0.00	
		0.00	
	Total	0.00	
B. Direct payments	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
		0.00	
		0.00	
C. Others	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	Indicate the FY to which the amounts relate
		0.00	
		0.00	
		0.00	
	Total (A+B+C)	0.00	

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

Project Manager
REREC



Sign -----

Head of Accounting Unit
Ministry Of Energy



Sign -----

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Annex 4a: Analysis of Pending Bills

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

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Annex 4b - Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current Year	Outstanding Balance Previous FY	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							

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Annex 4c: Analysis of Other Pending Payables

Name	Brief Transaction Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	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 (<i>specify</i>)							
7.							
8.							
Sub-Total							
Grand Total							

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Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2022/2023 (a)	Donations in form of assets (KShs) 2022/2023 (b)	*Purchases/ Additions in the Year (KShs) 2022/2023 (c)	** Disposals in the Year (KShs) 2022/2023 (d)	Transfers in/(out) Kshs 2022/2023 (d)	Closing Cost (KShs) 2023 (e)= (a)+ (b)+c)-(d)+(-)d
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-
Office equipment, furniture and fittings	-	-	-	-	-	-
ICT Equipment,	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	0.00	-	8,048,500	-	-	8,048,800
Total	0.00	-	8,048,500	-	-	8,048,800

Notes

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

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the 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

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Annex 6: 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					

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Annex 7: Reporting Of Climate Relevant Expenditures

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

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Annex 8: Reporting Disaster Management Expenditure

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

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Annex 9: Other Support Documents

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



