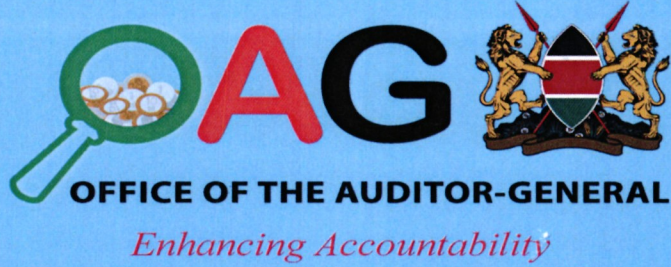



REPUBLIC OF KENYA



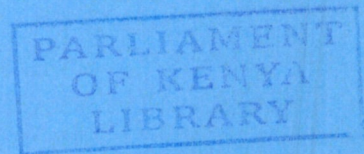
REPORT

| | |
|---|---------------------------|
|  THE NATIONAL ASSEMBLY PARLIAMENT OF KENYA | |
| DATE: | 05 JUL 2023 |
| | DAY: Thursday |
| TABLED BY: | Hon. Samuel Chepkonga, MP |
| CLERK AT THE TABLE: | Joyce Kiprotich |

OF

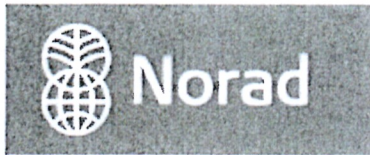
THE AUDITOR-GENERAL

ON

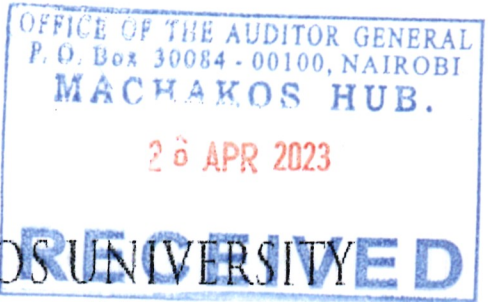


**NORWEGIAN PROGRAMME FOR
CAPACITY DEVELOPMENT IN HIGHER
EDUCATION AND RESEARCH (NORHED II)**

**FOR THE YEAR ENDED
31 DECEMBER, 2022**



MACHAKOS UNIVERSITY
A Preferred University of Scholarly Excellence



Project Name: Norwegian Programme for Capacity Development in Higher Education and Research
for Development (NORHED II)

Implementing Entity: MACHAKOS UNIVERSITY

PROJECT GRANT NUMBER: QZA-21/0162

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

DECEMBER 31, 2022

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

*Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED
II) Reports and Financial Statements
for the financial year ended December 31, 2022*

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name

The project's official name is Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II)

Objective

The key objective of the project is Water Essence Africa – creating synergy to meet the global challenges

Address

The project headquarters offices are: Machakos University, Machakos County, Kenya.

The address of its registered office is:

Machakos University

P.O Box 136-90100

Wote Road

Machakos, KENYA

Contacts: The following are the project contacts

Telephone: (254) 735 247939 / 727 780999

E-mail: info@mksu.ac.ke

Website: www.mksu.ac.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

| | |
|---------------------|---|
| Project Start Date: | The project start date is 01.01.2022 |
| Project End Date: | The project end date is 31.12.2026 |
| Project Manager: | The project manager is Eng. Mwalimu K. Musau |
| Project Sponsor: | The project sponsor is The Norwegian Agency for Development Cooperation (NORAD) |

1.3 Project Overview

| | |
|--|--|
| Line Ministry/State Department of the project | The project is under the supervision of the Education Ministry. (State Department of University Education) |
| Project number | QZA-21/0162 |
| Strategic goals of the project | The strategic goals of the project are as follows: (i) Better qualified workforce (ii) Applied sustainable solutions and practices (iii) Evidence-based policies (iv) Enhanced gender equality and inclusion |
| Achievement of strategic goals | The project management aims to achieve the goals through the following means: (i) Higher-qualified graduates (ii) More and higher-quality research (iii) More inclusive higher education |
| Other important background information of the project | The project has FOUR work packages which are headed by different partner institutions. These work packages are further subdivided into activities and tasks for each partner institution. |
| Current situation that the project was formed to intervene | The project was formed to intervene in the following areas: (i) Uptake of project-produced research in public water-oriented policies, especially connected to climate change effects; (ii) Positive influence of project-produced research findings and innovative solutions on local communities and water sector including the water industry and SMEs; |

*Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) Reports and
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| | |
|------------------|---|
| | <p>(iii) Parity of genders in employment rate by water-related education programme in the water sector;</p> <p>(iv) Growing employers rating of quality and relevance of water-related program graduates.</p> |
| Project duration | The project started on 1st January 2022 and is expected to run until 31st December 2026 |

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the banker for the current year:

- (i) Kenya Commercial Bank
P.O. Box 30-90100
Machakos

1.5 Auditors

The project is audited by the:

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

1.6 Roles and Responsibilities

The NORHED II Implementation Team;

| Names | Title designation | Key qualification | Responsibilities |
|----------------------------|---|--|---|
| Prof. Joyce Agalo | Ag. Vice Chancellor | Professor of Education | Overall governance |
| Prof. Peter Mwita | Deputy Vice Chancellor (Research, Innovation and Linkages) | Professor of Statistics | In charge of Research, Innovation and Linkages Division in the University |
| Eng. Mwalimu K. Musau | Project Co-ordinator | M.Sc. Civil Engineering B.Sc. Civil Engineering | Leadership and co-ordination of activities |
| Ms. Caroline Mwendu Athman | Project Secretary | PhD Civil Engineering (on going) M.Sc. Civil Engineering (Structural option) B.Sc. Civil Engineering | Reporting, Logistics and overall secretarial work |
| CPA Teresia Mutunga | Project Accountant | MBA (Finance), B. ED (Accounts & Mathematics), CPA (K) | Preparation of Financial Reports and Statements |
| Dr. George Waswa | Resource Person | Ph.D. Agricultural Engineering M.Sc. Civil Engineering | Project related research |
| Mr. Michael Githinji | Resource Person | M.Sc. Civil Engineering (Ongoing) B.Sc. Civil Engineering | Project related research |

1.7 Funding summary

The Project is for duration of 6 years from 2021 to 2026 with an approved budget of NOK 1,401,000 equivalent to Kshs 18,289,824 (Eighteen million, two hundred eighty-nine thousand, eight hundred twenty-four only). Although NORHED II Grant Agreement - Partnership Contract was signed on 17th December 2021, the Partners activities and funding started in the year 2022 with an approved budget for Machakos University of NOK 544,000 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-Year 2022 | | Amount received to date – (31 December 2022) | | Undrawn balance to date | |
|------------------------------|----------------------------|------------------|--|------------------|---------------------------|-------------|
| | <i>Donor currency NOK</i> | <i>KShs</i> | <i>Donor currency NOK</i> | <i>KShs</i> | <i>Donor currency NOK</i> | <i>KShs</i> |
| (i) Grant | | | | | | |
| University of Bergen, Norway | 544,000 | 6,666,959 | 544,000 | 6,666,959 | 0 | 0 |
| Total | 544,000 | 6,666,959 | 544,000 | 6,666,959 | 0 | 0 |

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

| Application of funds | Amount received to date – (31st December 2022) | | Cumulative Amount paid to date – (31st December 2022) | Unutilised balance to date (31st December 2022) | |
|---------------------------------|--|------------------|---|---|------------------|
| | <i>Donor currency NOK</i> | <i>Kshs</i> | | <i>Donor currency NOK</i> | <i>Kshs</i> |
| (i) Grant | | | | | |
| University of Bergen, Norway | 544,000 | 6,666,959 | 1,103,370 | 453,969 | 5,563,589 |
| Total | 544,000 | 6,666,959 | 1,103,370 | 453,969 | 5,563,589 |

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance during the year 2022:

1. Name and abstract content of the curriculum developed during FY 2022
2. In FY 2022, we advertised for Masters scholarship in water related field and did not get applications.
3. In the process of writing a paper on external stake holder survey conducted in FY 2022.
4. Second bidding for the scientific equipment in progress.

Project Deliverables

| | Total Amount (Kshs) | Verified Amount as at December 2022 | Remaining Amount for all years | Comments/rem edial actions |
|---|------------------------|---|--------------------------------------|-------------------------------|
| | Kshs | Kshs | Kshs | |
| 1.SALARY/PERSONNEL COSTS | 8,289,820 | 1,838,316 | 6,451,504 | |
| 1.1. Faculty compensation: | 2,806,788 | 490,218 | 2,316,570 | |
| 1.1.1: Curricula development/ teaching/project meetings | 261,097 | 61,277 | 199,820 | Partially verified |
| 1.1.2: Supervision Master students | 652,741 | 122,554 | 530,187 | Partially verified |
| 1.1.3: Supervision PhD candidates | 652,741 | 122,554 | 530,187 | Partially verified |
| 1.1.4: Research time/field work /writing | 1,240,209 | 183,832 | 1,056,377 | Partially verified |
| 1.1.5: Other, if relevant. (please specify in comments field) | - | - | - | |
| 1.2. Administration: | 1,566,583 | 245,109 | 1,321,474 | |
| 1.2.1 Administration | 1,566,583 | 245,109 | 1,321,474 | Partially verified |
| 1.3. Scholarships/fellowships: | 3,916,448 | 1,102,990 | 2,813,458 | |
| 1.3.1: Master | 2,349,869 | 1,102,990 | 1,246,879 | Partially verified |
| 1.3.2: PhD | 1,566,579 | - | 1,566,579 | Partially verified |
| 1.3.3: Postdoc | - | - | - | |
| 1.3.4: Other, if relevant (please specify in comments field) | - | - | - | |
| 2.EXTERNAL CONSULTANTS | 1,488,251 | 232,853 | 1,255,398 | |

*Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) Reports and
Financial Statements
for the financial year ended December 31, 2022*

| | | | | |
|--|-------------------|------------------|-------------------|--------------------|
| 2.1: External consultants /experts: | - | - | - | |
| 2.2: Audit: | 1,488,251 | 232,853 | 1,255,398 | Partially verified |
| 3.TRAVEL COSTS | 4,086,162 | 796,604 | 3,289,558 | |
| 3.1: Curricula development, teaching/ meetings/ supervision | 1,305,483 | 245,109 | 1,060,374 | Partially verified |
| 3.2.: Field work including supplies | 1,357,702 | 343,152 | 1,014,550 | Partially verified |
| 3.3: Staff and student mobility including internship for South partners | 1,031,332 | 208,342 | 822,990 | Partially verified |
| 3.4: Workshops and conferences | 391,645 | - | 391,645 | Partially verified |
| 3.5: Other, if relevant (please specify in comments field) | - | - | - | |
| 4.INVESTMENTS | 3,916,455 | 3,676,632 | 239,823 | |
| 4.1: Infrastructure | - | - | - | |
| 4.2: Scientific equipment and related supplies | 3,916,455 | 3,676,632 | 239,823 | Partially verified |
| 4.3: Installation, maintenance and insurance of equipment | - | - | - | |
| 4.4: Other, if relevant (please specify in comments field) | - | - | - | |
| 5.OTHER COSTS | 509,136 | 122,554 | 386,582 | |
| 5.1: Publications | 117,499 | 24,511 | 92,988 | Partially verified |
| 5.2: Dissemination | 261,090 | 36,766 | 224,324 | Partially verified |
| 5.3: Gender mainstreaming initiatives | 130,547 | 61,277 | 69,270 | Partially verified |
| 5.4: Leave No One behind /LNOB) initiatives | - | - | - | |
| 5.5: Other, if relevant (please specify in comments field) | - | - | - | |
| TOTAL | 18,289,824 | 6,666,959 | 11,622,865 | |
| Share of total | | 36.45% | | |

Upcoming Activities

- a) Summer school for students
- b) Scholarships/sponsorship for Masters and Ph.D.
- c) Development of Masters curriculum
- d) Procurement of equipment and related supplies
- e) Workshop

Key issues, risks and recommended way forward.

| S.no. | Issue | Risk | Way forward |
|-------|--|---|-------------------------------------|
| 1. | Delay in usage of the scientific equipment. | The intended beneficiaries or users are denied the benefit. Implementation of the project as per implementation plan thus delaying the achievement of the project goals. | Fast track the procurement process. |
| 2. | Did not get the right candidate on the masters scholarship | To affect the project implementation for that item as a result delay achievement of the project goals | To re-advertise |

1.9 Summary of Project Compliance:

The Project has complied with the Machakos University finance policy and procedure manual, the Public Finance Management Act (PFM, Act 2012) and the Financing agreement with the grant partners.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

The objective of the Project is to support the University to establishing a Water Essence Africa – creating synergy to meet the global challenges through Capacity Development in Higher Education and Research for Development.

The research shall finance eligible activities aimed at achieving the following indicators: -

- a) Better qualified workforce
- b) Applied sustainable solutions and practices
- c) Evidence-based policies
- d) Enhanced gender equality and inclusion

The following table specifies the categories of the proceeds of the grants and the allocations of the amounts in each.

| Disbursement indicators | Amount of Financing Allocated expressed in Kshs |
|---|---|
| Better qualified workforce | 6,605,682 |
| Applied sustainable solutions and practices | |
| Evidence-based policies | |
| Enhanced gender equality and inclusion | 61,277 |
| TOTAL (KSHS) | 6,666,959 |

The University shall have the overall responsibility for planning, implementing, reporting and monitoring of its agreed Project activities, and shall;

- a) Provide sufficient and qualified personnel and all financial and other resources that may be required, over and above the sub-grant, to implement the Project activities as planned.
- b) Implement the Project activities in accordance with the latest agreed Project document, including implementation plan and budget.
- c) Exercise the necessary diligence, efficiency and transparency in line with best practice principles.
- d) Ensure sound financial management of the sub-grant, including establishing a separate ledger account under its financial regulations and rules to ensure that all Project funds are satisfactorily accounted for.
- e) Be solely responsible for any adverse effects of its agreed Project activities.
- f) Keep the Norwegian Institution informed of any plans for major organizational changes which may affect the Project.
- g) Obligation to provide, in a timely manner, all documentation requested by Norad, the Norwegian Institution and the auditors acting on behalf of Norad and the Norwegian Institution for the purposes of assurance and project monitoring, due diligence and reporting.

The key development objectives of the project's agreement/ plan are to:

- a) Co-develop, improve and retain the skills, knowledge, tools and other resources needed for the education of higher quality graduates of water-related study programs.
- b) Conducting more and higher quality water research
- c) Increasing inclusiveness of the partner universities
- d) Improve teaching facilities
- e) Updating water-related curricula meeting the societal demands
- f) Professional development of academic and administrative staff
- g) Improvements in systems and management

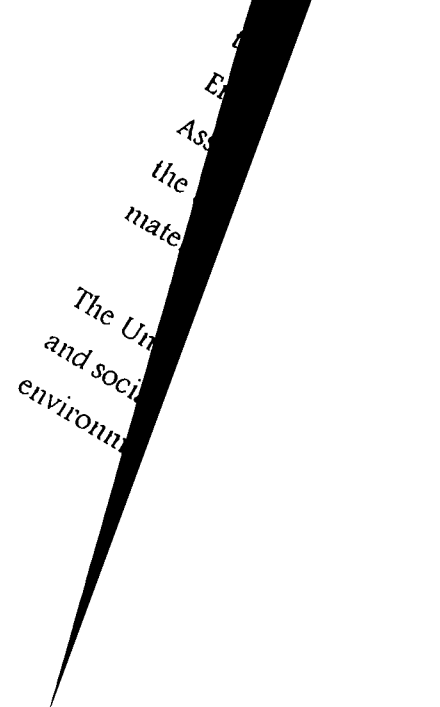
Progress on attainment of Strategic development objectives

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:

| Project | Objective | Outcome | Indicator | Performance |
|----------------------------------|---|--|--|---|
| NORHED II- water ESSENE - Africa | Co-develop, improve and retain the skills, knowledge, tools and other resources needed for the education of higher quality graduates of water-related study programs. | More qualified graduates | Graduate employment rate by education programme in relevant labour market, disaggregated by gender | In FY 2022, we advertised for Masters scholarship in water related field and did not get applications |
| | Conducting more and higher quality water research | Increased publications in peer reviewed journals | Annual number of water-related scientific publications: ▪ total | In the process of writing a paper on external stake holder survey |

Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) Reports and Financial Statements
for the financial year ended December 31, 2022

| | | | | |
|--|---|--|--|--|
| | | | | conducted in FY 2022 |
| | Improve teaching facilities | Increasing the number of laboratory equipment | How NORHED supported small-scale infrastructure and equipment has contributed to increased innovation and testing of new solutions | Second attempt on bidding for the equipment in progress |
| | Updating water-related curricula meeting the societal demands | Development of master's program in water engineering | Number of new, and number of revised Bachelor/ Master / PhD programmes/modules supported by NORHED | Name and abstract content of the curriculum developed during FY 2022 |
| | | | | |



ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) 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 Project will secure an increase in cross-border cooperation between partners that will allow Universities to focus on resources and share competence and knowledge. North-South-South cooperation such as this will allow for the reciprocal exchange of ideas, resources, and competences in water-related fields. It is a way forward that will allow the participating educational systems to leap-frog into the 21st century and equipping them with local competence, solid and high-quality education, and cross-border cooperation conducive to high quality, sustainable research and research education.

The Project is committed to implementing the following measures for its sustainability plan;

- a) Teaching materials will continue to be updated and to be available.
- b) The professional and social network established among the partner staff members will continue to blossom, evident by the competitive advantages in proposal development and joint research
- c) Relationships build between the academia and stakeholders continue to function as a mechanism (for example, the invitation of future employers to regular curriculum development dialogues)
- d) The Project is working closely with policymakers and political level to ensure that the project will achieve sustainable outcomes.

2. Environmental performance

The University shall carry out its Respective Part of the Project in accordance with the requirements of the Environmental and Social Management Framework (ESMF) dated April 18, 2016 and the Environmental and Social Management Plan, as appropriate, and except as the Government and the Association shall otherwise agree in writing. The University shall not amend or waive any provision of safeguard instruments if any such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of its Respective Part of the Project or the Project.

The University shall in its progress report include progress made on compliance with environmental and social safeguard measures under the Project, giving details of measures taken in furtherance of the environmental and social safeguard and any conditions which interfere or threaten to interfere with

the smooth implementation of the said plans and frameworks, and remedial measures taken or required to be taken to address such conditions.

3. Employee welfare

Any hiring process follows the laid down laws, regulations and policies guiding the hiring process and taking into account of the gender ratio and stakeholder engagements. The University has policies which complies with Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The procurement of goods, works and consultant's services required for the project and to be financed out of the proceeds of the Grant shall be procured in accordance with the financing agreement.

b) Responsible ethical practices-

The University shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the relevant laws of Kenya.

c) Regulatory impact assessment-

The University and the project is committed to safeguard and citizen stakeholder's rights that's;

- a) Dignity.
- b) Non-discrimination.
- c) Equity.
- d) Gender equality.
- e) Accountability.
- f) Participation.

5. Community Engagements

The project is committed to sharing its output and input with the community. The following events are being conducted;

- f) Summer school for graduate students
- g) Scholarships/sponsorship for Master and Ph.D.
- h) Skilled based short courses
- i) Communication dissemination
- j) Thesis dissemination of best practices.

3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on December 31, 2022.

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

The Vice Chancellor of Machakos University and the Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Vice Chancellor of Machakos University and the Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended December 31, 2022, and of the Project's financial position as at that date. The Vice Chancellor of Machakos University and the Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) 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 Vice Chancellor of Machakos University and the Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Vice Chancellor of Machakos University and the Project Coordinator for Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) on 15th February, 2023.



CPA Teresia Mutunga
Project Accountant

ICPAK No. 12630

Date 24/4/2023...



Eng. Mwalimu K. Musau
Project Coordinator

Date 24/4/23.....

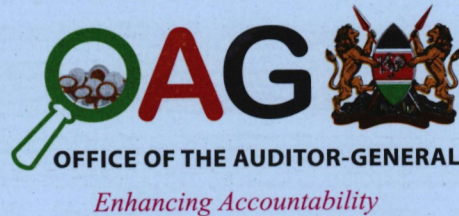


Prof. Joyce Agalo
Ag. Vice Chancellor

Date 24/4/23.....

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NORWEGIAN PROGRAMME FOR CAPACITY DEVELOPMENT IN HIGHER EDUCATION AND RESEARCH (NORHED II) FOR THE YEAR ENDED 31 DECEMBER, 2022

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 Norwegian Programme for Capacity Development in Higher Education and Research (NORHEDII) set out on pages

Report of the Auditor-General on Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) for the year ended 31 December, 2022

1 to 16, which comprise of the statement of financial assets as at 31 December, 2022, and the statement of receipts and payments, statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) as at 31 December, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Financial Management Act of 2012 and Section 10 of Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) - (Water Essence Africa) Partnership Contract, between University of Bergen, Department of Public Health and Primary Care Norway, and Machakos University, Kenya of 17 December, 2021.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on a comparable basis amount of Kshs.6,666,959 and Kshs.1,103,370, respectively resulting in an under expenditure of Kshs.5,563,589 (or 83%) of the budget.

In the circumstances, the underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 10 of Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) - (Water Essence Africa) Partnership Contract, between University of Bergen, Department of Public Health and Primary Care Norway, and Machakos University, Kenya of 17 December, 2021, I report based on my audit, that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Norwegian Programme for Capacity Development in Higher Education and Research (NORHEDII), so far as appears from the examination of those records; and,

- iii. The Norwegian Programme for Capacity Development in Higher Education and Research (NORHED II) financial statements agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective 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 that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 that may cast significant doubt on the Project's ability 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 sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

16 June, 2023


5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022.

| | Note | 2022 | | | 2021 | | | Cumulative to-date (From inception) |
|--------------------------|------|--|---|-----------|--|---|-------|--|
| | | Receipts and payment controlled by the entity | Payments made by third parties | Total | Receipts and payment controlled by the entity | Payments made by third parties | Total | |
| | | KShs | KShs | KShs | KShs | KShs | KS | |
| RECEIPTS | | | | | | | | |
| | | | | | | | | |
| | 1 | 6,666,959 | - | 6,666,959 | - | - | - | 6,666,959 |
| | | 6,666,959 | - | 6,666,959 | - | - | - | 6,666,959 |
| TOTAL RECEIPTS | | | | | | | | |
| PAYMENTS | | | | | | | | |
| | | | | | | | | |
| | 2 | 305,400 | - | 305,400 | - | - | - | 305,400 |
| | 3 | 739,756 | - | 739,756 | - | - | - | 739,756 |
| | 4 | 58,214 | - | 58,214 | - | - | - | 58,214 |
| | | 1,103,370 | - | 1,103,370 | - | - | - | 1,103,370 |
| | | 5,563,589 | - | 5,563,589 | - | - | - | 5,563,589 |
| TOTAL PAYMENTS | | | | | | | | |
| SURPLUS/(DEFICIT) | | | | | | | | |

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


CPA Teresa Mutunga
Project Accountant


Eng. Mwalimu K. Musau
Project Coordinator


Prof. Joyce Agalo
Ag. Vice Chancellor

ICPAK No. 12-630

Date 2023/04/2023


Date 2023/04/23


Date 2023/04/2023

6. STATEMENT OF FINANCIAL ASSETS AS AT 31ST DECEMBER 2022

| | Note | 2022 | 2021 |
|--|------|------------------|----------|
| | | KShs | KShs |
| FINANCIAL ASSETS | | | |
| Cash and Cash Equivalents | | | |
| Bank Balances | 5 | 5,563,589 | - |
| Total Cash and Cash Equivalents | | 5,563,589 | - |
| Accounts Receivables | | - | - |
| TOTAL FINANCIAL ASSETS | | 5,563,589 | - |
| REPRESENTED BY | | | |
| Fund balance b/fwd | | - | - |
| Surplus/(Deficit) for the year | | 5,563,589 | - |
| NET FINANCIAL POSITION | | 5,563,589 | - |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15th February, 2023 and signed by:


CPA Teresia Mutunga
Project Accountant


Eng. Mwalimu K. Musau
Project Coordinator


Prof. Joyce Agalo
Ag. Vice Chancellor

ICPAK No. 12-630

Date 24/4/2023


Date 24/4/23

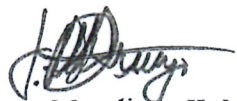
Date 24/4/2023

7. STATEMENT OF CASHFLOW FOR THE PERIOD 31ST DECEMBER 2022

| | Note | 2022 KShs | 2021 KShs |
|--|------|--------------------|--------------|
| CASHFLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from operating activities | | | |
| Transfer from Government entities | | - | - |
| Proceeds from domestic and foreign grants | 1 | 6,666,959 | - |
| Miscellaneous receipts | | - | - |
| Payments from operating activities | | | |
| Salary/Personnel Costs | 2 | 305,400 | - |
| Travel Costs | 3 | 739,756 | - |
| Other Costs | 4 | 58,214 | - |
| | | | |
| Net cash flow from operating activities | | (1,103,370) | - |
| CASHFLOW FROM INVESTING ACTIVITIES | | | |
| Acquisition of Assets | | - | - |
| Net cash flows from Investing Activities | | - | - |
| CASHFLOW FROM BORROWING ACTIVITIES | | | |
| Proceeds from Foreign Borrowings | | - | - |
| Net cash flow from financing activities | | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 5,563,589 | - |
| Cash and cash equivalent at BEGINNING of the year | | | |
| Cash and cash equivalent at END of the year | | 5,563,589 | |

The accounting policies and explanatory notes to these financial statements form an integral part of these financial statements. The entity financial statements were approved on 15th February, 2023


CPA Teresia Mutunga
Project Accountant


Eng. Mwalimu K. Musau
Project Coordinator


Prof. Joyce Agalo
Ag. Vice Chancellor

ICPAK No. 12630

Date ..24/4/2023


Date ..24/4/23


Date ..24/

GRAND ACTUAL AMOUNTS

| Payments Item | Original Budget KShs | Adjustments | Final Budget KShs | Actual on Comparable Basis KShs | Budget Utilization Difference KShs | % of Utilization |
|---|-------------------------|-------------|----------------------|--|---|---------------------|
| Receipts | | | | | | |
| Proceeds from domestic and foreign grants | 6,666,959 | - | 6,666,959 | 6,666,959 | - | 100 |
| Total Receipts | 6,666,959 | - | 6,666,959 | 6,666,959 | | 100 |
| Payments | | | | | | |
| Salary/Personnel cost | 1,838,316 | - | 1,838,316 | 305,400 | 1,532,916 | 17 |
| External Consultants - Audit | 232,853 | - | 232,853 | - | 232,853 | 0 |
| Travel Cost | 796,604 | - | 796,604 | 739,756 | 56,848 | 93 |
| Investments | 3,676,632 | - | 3,676,632 | - | 3,676,632 | 0 |
| Other Costs | 122,554 | - | 122,554 | 58,214 | 64,340 | 48 |
| Total Payments | 6,666,959 | - | 6,666,959 | 1,103,370 | 5,563,589 | 17 |

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


 CPA Teresia Mutunga
Project Accountant


 Eng. Mwalimu K. Musau
Project Coordinator


 Prof. Joyce Agalo
Ag. Vice Chancellor

ICPAK No. 12630
 Date 24/4/2023.....

Date 24/4/23.....

Date 24/4/2023.....

J. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Basis of Preparation

10.2 Statement of compliance and basis of preparation

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

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

10.3 Reporting entity

The financial statements are for the Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

10.3.1 Reporting currency

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

10.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

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

Restriction on cash

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

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. There were no contingent liabilities in the year.

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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

During the year no funds were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended December 31, 2022.

q) Errors

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

0. NOTES TO THE FINANCIAL STATEMENTS

1. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 31st December 2022, we received grants from donors as detailed in the table below:

| Name of Donor | Date received | Amount received in donor currency | Grants received in cash | Grants received as direct payment* | Grants received in kind | Total amount in KShs | |
|------------------------------|---------------|-----------------------------------|-------------------------|------------------------------------|-------------------------|----------------------|------|
| | | | | | | 2022 | 2021 |
| | | NOK | KShs | KShs | KShs | KShs | KShs |
| University of Bergen, Norway | 18.03.2022 | 397,500 | 4,906,622 | - | - | 4,906,622 | - |
| University of Bergen, Norway | 18.8.2022 | 146,500 | 1,760,338 | - | - | 1,760,338 | - |
| Total | | 544,000 | 6,666,959 | - | - | 6,666,959 | - |

2. SALARY/PERSONNEL COSTS

| | 2022 | | | 2021 | Cumulative to-date |
|---|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total payments | Total payments | |
| | KShs | KShs | KShs | KShs | KShs |
| 1.SALARY/PERSONNEL COSTS | | | | | |
| 1.1. Faculty compensation: | | | | | |
| 1.1.1: Curricula development/ teaching/project meetings | 61,277 | - | 61,277 | - | 61,277 |
| 1.1.2: Supervision Master students | - | - | - | - | - |
| 1.1.3: Supervision PhD candidates | - | - | - | - | - |
| 1.1.4: Research time/field work /writing | 183,832 | - | 183,832 | - | 183,832 |
| 1.1.5: Other, if relevant. (please specify in comments field) | - | - | - | - | - |
| 1.2. Administration: | | | | | |
| 1.2.1 Administration | 60,291 | - | 60,291 | - | 60,291 |
| 1.3. Scholarships/fellowships: | | | | | |
| 1.3.1: Master | - | - | - | - | - |
| 1.3.2: PhD | - | - | - | - | - |
| 1.3.3: Postdoc | - | - | - | - | - |
| 1.3.4: Other, if relevant (please specify in comments field) | - | - | - | - | - |
| Total | 305,400 | - | 305,400 | - | 305,400 |

3. TRAVEL COSTS

| | 2022 | | | 2021 | Cumulative to-date |
|---|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total payments | Total payments | |
| | KShs | KShs | KShs | KShs | KShs |
| 3.TRAVEL COSTS | | | | | |
| 3.1: Curricula development, teaching/ meetings/ supervision | 245,109 | - | 245,109 | - | 245,109 |
| 3.2.: Field work including supplies | 300,744 | - | 300,744 | - | 300,744 |
| 3.3: Staff and student mobility including internship for South partners | 193,903 | - | 193,903 | - | 193,903 |
| 3.4: Workshops and conferences | - | - | - | - | - |
| 3.5: Other, if relevant (please specify in comments field) | - | - | - | - | - |
| Total | 739,756 | - | 739,756 | - | 739,756 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. OTHER COSTS

| | 2022 | | | 2021 | Cumulative to-date |
|--|-------------------------------------|--------------------------------|----------------|----------------|--------------------|
| | Payments made by the Entity in Cash | Payments made by third parties | Total payments | Total payments | |
| | KShs | KShs | KShs | KShs | KShs |
| 5. OTHER COSTS | - | - | - | - | - |
| 5.1: Publications | - | - | - | - | - |
| 5.2: Dissemination | - | - | - | - | - |
| 5.3: Gender mainstreaming initiatives | 58,214 | - | 58,214 | - | 58,214 |
| 5.4: Leave No One behind /LNOB) initiatives | - | - | - | - | - |
| 5.5: Other, if relevant (please specify in comments field) | - | - | - | - | - |
| TOTAL | 58,214 | - | 58,214 | - | 58,214 |

5. CASH AND CASH EQUIVALENTS

| | 2022 | 2021 |
|--|------------------|----------|
| | KShs | KShs |
| Kenya Commercial Bank A/c No. 1180326849 - Research Grants Account (NORHED II) | 5,563,589 | - |
| Total | 5,563,589 | - |

The statement as per the Bank balance as at 31.12.2022 is reading KShs.11,680,623 which is inclusive of an amount of KShs.6,117,034 for other research projects

for the financial year ended December 31, 2022

1. OTHER IMPORTANT DISCLOSURES

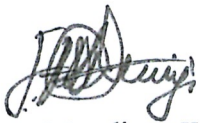
1. PENDING ACCOUNT PAYABLES

| | FY 2022 | FY 2021 |
|--------------------|---------|---------|
| Description | Kshs | Kshs |
| Supply of services | - | - |
| Supply of goods | - | - |
| Total | - | - |


12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

This is the first audit of the project hence there are no previous issues from the Auditor for follow up.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status: | Timeframe: |
|---|--------------------------------------|------------------------|---------|------------|
| | | | | |
| | | | | |


 Eng. Mwalimu K. Musau
 Project Coordinator

Date ..24/4/23.....


 Prof. Joyce Agalo
 Ag. Vice Chancellor

Date ..24/4/2023.....

13. ANNEXES

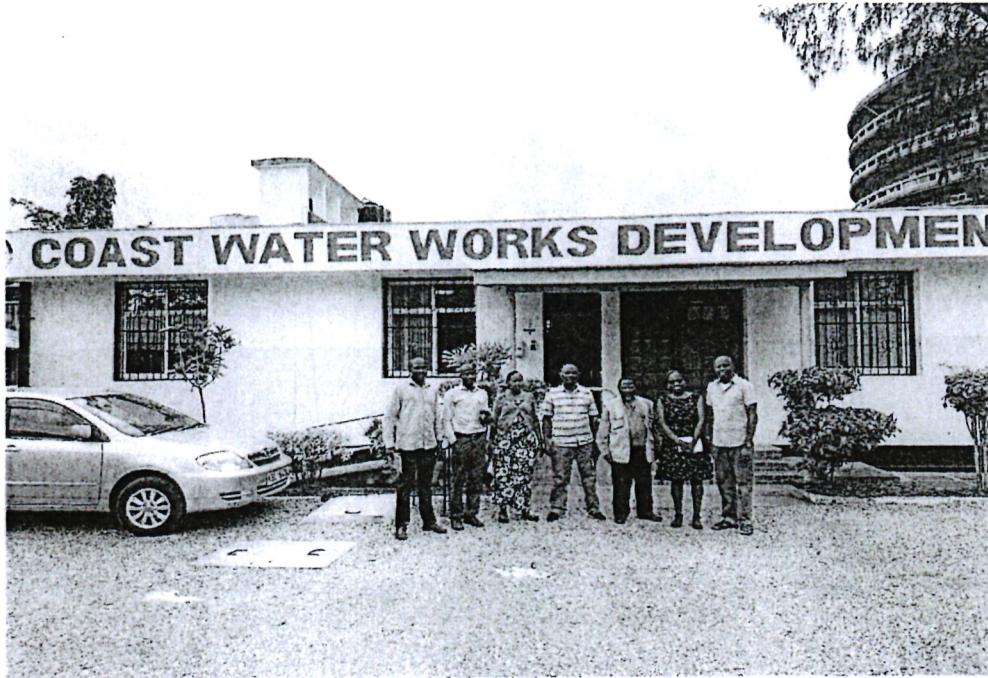
ANNEX 1 - VARIANCE EXPLANATIONS – COMPARISON OF BUDGET AND ACTUAL AMOUNTS

| Receipts/Payments Item | Original Budget | Final Budget | Actual on Comparable Basis | Budget Utilization Difference | % of Utilization |
|---|---------------------|---------------------|----------------------------|-------------------------------|------------------|
| | KShs | KShs | KShs | KShs | KShs |
| Receipts | | | | | |
| Proceeds from domestic and foreign grants | 6,666,959.35 | 6,666,959.35 | 6,666,959.35 | - | 100 |
| Total Receipts | 6,666,959.35 | 6,666,959.35 | 6,666,959.35 | | 100 |
| Payments | | | | | |
| Salary/Personnel cost | 1,838,316.00 | 1,838,316.00 | 305,400.00 | 1,532,916.00 | 17 |
| External Consultants – Audit | 232,853.35 | 232,853.35 | - | 232,853.35 | 0 |
| Travel Cost | 796,603.60 | 796,603.60 | 739,755.60 | 56,848.00 | 93 |
| Investments | 3,676,632.00 | 3,676,632.00 | - | 3,676,632.00 | 0 |
| Other Costs | 122,554.40 | 122,554.40 | 58,214.00 | 64,340.40 | 48 |
| Total Payments | 6,666,959.35 | 6,666,959.35 | 1,103,369.60 | 5,563,589.75 | 17 |

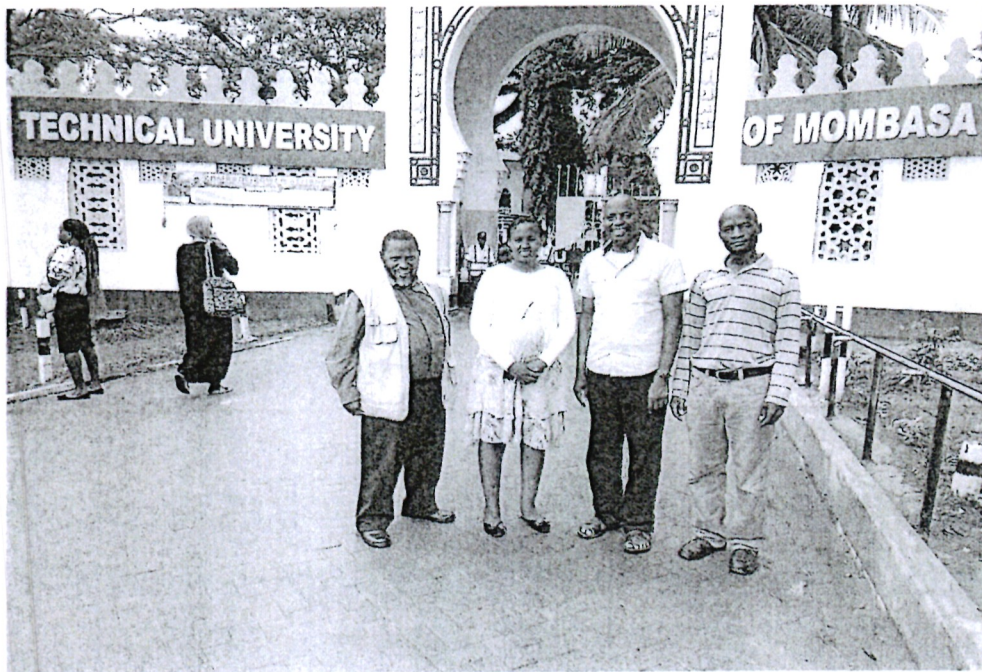
- 1) Proceeds from domestic and foreign grants were received at KShs 6,666,959.35 which is 100% of the budgeted amount.
- 2) The underutilization of 83% for the budget of Salary/Personnel payment was as a result of Scholarship/ Fellowship of Master which was advertised and did not manage to attract students and also delay in application of the administration cost.
- 3) The non-utilization of the allocated budget of External Consultant was as a result of the budget being allocated for external audit, it will be utilized in the subsequent year for the external audit by March 2023.
- 4) The non-utilization of the allocated budget of Investment was as a result of purchase of Scientific equipment and related supplies through procurement process in which the first advertisement was not successful where bidders were above market price. The process of purchase of the equipment is on course under the procurement laws.

- 5) The utilization of 48% of the allocated costs of Other cost was for purposes of Gender mainstreaming activities, the balance is to be utilized in the subsequent year for Publication and Dissemination of results of NORHED II Water Essence research.

ANNEX 2 – PICTORIAL REPRESENTATION OF KEY PAST ACTIVITIES



Committee members at Coast Water Development agency during external stake holders survey



Committee members at Technical University of Mombasa during external stake holders survey

*Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II) Reports and Financial Statements
for the financial year ended December 31, 2022*

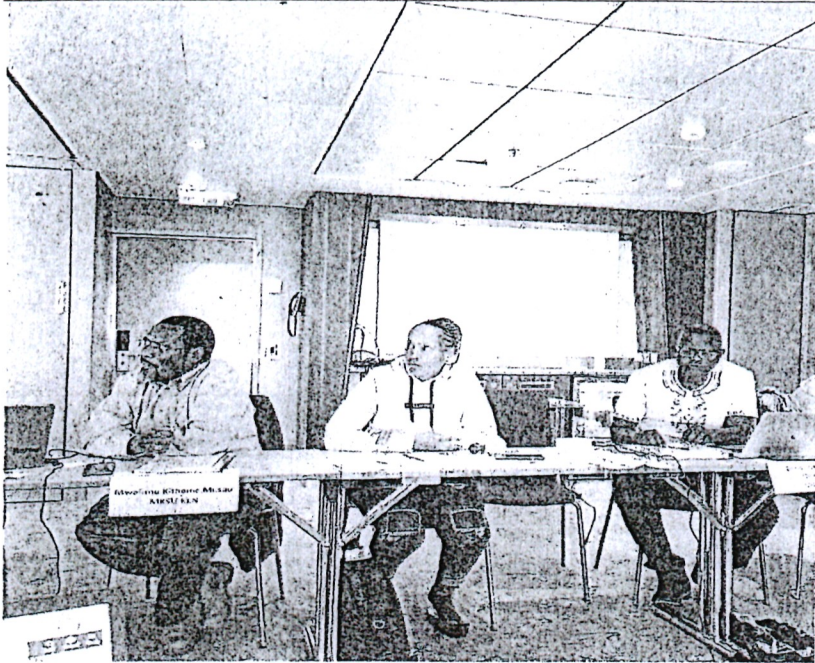


CPA Teresa Mutunga (Third from right) during gender mainstreaming workshop held in Makerere University



Committee members during curriculum development workshop. In attendance was Prof. Mwita, Ag. Vice Chancellor Machakos University.

*Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II)
Reports and Financial Statements
for the financial year ended December 31, 2022*



Eng. Mwalimu K. Musau, Ms. Caroline Mwende (L-R) during first inaugural meeting held in Oslo

Norwegian Programme for Capacity Development in Higher Education and Research for Development (NORHED II)
 Reports and Financial Statements
 for the financial year ended December 31, 2022


APPENDICES

- i. Bank Reconciliations statement as at 31st December, 2022



| MACHAKOS UNIVERSITY | | | |
|--|--------------|-------------------------|-------------|
| RECONCILIATION DETAIL | | | |
| KENYA COMMERCIAL BANK - 1180326849 | | | |
| LEDGER: | MAIN ACCOUNT | | |
| START OF REC. DATE: | 01 DEC 2022 | END OF REC. DATE: | 31 DEC 2022 |
| | | | KShs |
| Bank Balance as of 31st December 2022 statement | | | 11,680,623 |
| Less: Items in the Bank Statement Not in the Cash Book | | | |
| DATE | REFERENCE | NAMES | AMOUNT |
| 31/12/2022 | 31.12.2022 | Other Research Projects | 6,117,034 |
| Cash Book Balance as of 31st December 2022 | | | 5,563,589 |

Prepared by: CPA Teresa Nwangi Sign:  Date: 24/4/2023

Checked by: F. Wambua Sign:  Date: 24/4/2023

24 APR 2023