

Enhancing Accountability

REPORT

OF

Majority Whip
Hon. Wangwe

THE AUDITOR-GENERAL *Anne Musandu*

ON

**KENYA DEVELOPMENT OF SOLAR POWER
PLANT IN GARISSA PROJECT
(GCL NO.2015(10))**

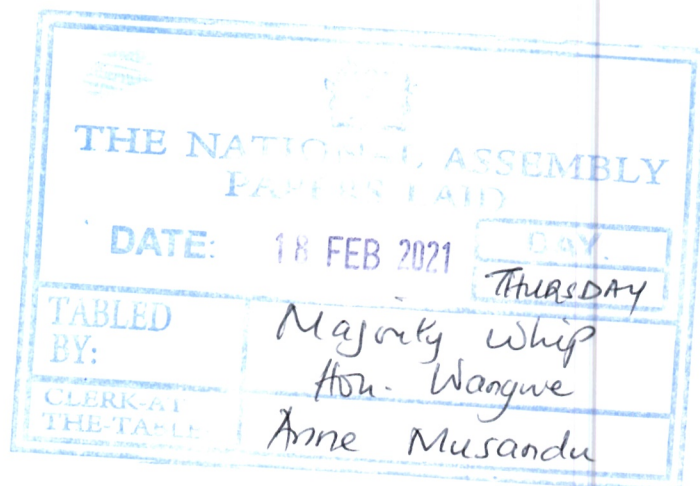
**FOR THE YEAR ENDED
30 JUNE, 2020**

**RURAL ELECTRIFICATION AND
RENEWABLE ENERGY CORPORATION**

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50MW SOLAR POWER PLANT IN GARRISA PROJECT

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PROJECT CREDIT NUMBER GCL2015 (10)

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Solar Power Plant In Garrisa Project

Objective: The key objectives of the project are:

1. To promote development and use of renewable energy technology
2. To replace the costly power from the Garissa Diesel Power Station being managed by Kenya Electricity Generating Company Limited
3. To offer voltage and grid support to the areas in the North Eastern parts of the country

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

1.2 Project Information

Project Start Date:	The project start date is 21 st August 2015
Project End Date:	The project end date is 20 th August 2022
Project Coordinator:	The project coordinator is Eng, James Muriithi
Project Sponsor:	The project sponsor is China Exim Bank, through the National Treasury

1.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry Of Energy
Project number	GCL2015(10)
Strategic goals of the project	1.To increase access to safe and sustainable electricity towards the realisation of country's economic blueprint, Vision 2030 3.Renewable Energy Development Planning and Energy Sector Development Direction 4.Regional Sustainable Development

	5. Reliability and energy mix in generation 6. Environmental & Ecological sustainability
Duration Of the Project	7 Years
Achievement of strategic goals	<ol style="list-style-type: none"> 1. To replace the costly power from the Garissa Diesel Power Station being managed by Kenya Electricity Generating Company Limited 2. To offer voltage and grid support to the northern frontier counties and reduce cost of electricity while boosting reliability
Other important background information of the project	<p>As of 2010, total installed generation capacity in Kenya was 1429MW and power demand was projected to reach 2500MW and 15000MW by 2015 and 2030 respectively.</p> <p>Upon completion, the plant was projected to generate 76.473GWh meeting demand of 70000 households in Kenya – equivalent to 50% of Garissa town</p>
Current situation that the project was formed to intervene	High cost of thermal generation(Garissa Diesel Power Station) to support the energy needs of Garissa town and its environs

1.4 Bankers

The following are the bankers for the current year:

- a) Co-operative Bank,
Nairobi Business Centre Branch,
Account No. 01136125016303,
Nairobi.

1.5 Auditors

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

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names and contact details	Title designation	Key Qualifications	Responsibilities
CPA Peter Mbugua	CEO	Masters In Business Administration-Finance,CPAK	Accounting Officer of the project
Eng. James Muriithi	Project Coordinator	Mechanical and Electrical Engineer	Overall coordination of Project activities
Eng. Jonathan Mbutu	Project Coordinator From May 2020	Mechanical and Electrical Engineer	Overall coordination of Project activities
CPA Lucy Kinyanjui	Project Accountant	BA Accounting,CPAK	Projects record keeping and reporting.
China Exim Bank and Government			1)Project sponsors. 2)Review and approving the projects withdrawal applications, expenditure justifications, no objection requests, annual work plan and budget, expenditure category reallocation request. 3)Participating in implementation support missions.

*50MW Solar Power Plant In Garissa Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

The Parent Ministry			<p>1)Ensures Project's budget is captured in its development Projects</p> <p>2)Disburse the government counterpart funding.</p> <p>3)Review and track the Project's annual work plan and budget against the set targets and makes the approvals.</p> <p>4)Oversee the execution of the project coordinating team.</p>
The Auditor			<p>1)Mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament.</p> <p>2)Facilitate submission of the audited report to the project's sponsors by 31 December each year.</p>
Project Coordinating Team (PCT)			Project management and Coordination functions.

**50MW Solar Power Plant In Garissa Project
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For the financial year ended June 30, 2020**

1.7 Funding summary

The Project is for duration of Seven (7) years from 2015 to 2022 with an approved budget of US\$ 135,784,014 equivalent to Kshs 13,578,410,400 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment		Amount received to date (30.06.2020)		Undrawn balance to date (30.06.2020)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
China Exim Bank	135,784,014	13,578,401,400	126,922,733	12,692,273,348	8,861,281	886,128,052
(iii) Counterpart funds						
Government of Kenya						
Total	135,784,014	13,578,401,400	127,478,034	12,692,273,348	8,861,281	886,128,052

1.8 Summary of Overall Project Performance:

The project had expected to receive Kshs.722, 000,000 from the China Exim Bank during the year under review. This amount was enough to accommodate the three invoices submitted by the contractor. At the end of the financial year there was a pending bill of Kshs 693,352,591. The budget was not absorbed since the financier did not pay the contractor for the works done.

The project was completed and commissioned in the month of November 2018.

1.9 Summary of Project Compliance:

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

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of the *project's 2018-2022* plan are to:

To provide off-grid electrification solutions in areas whose connection to the national grid is not viable in the short and medium term.

Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Solar Power Plant In Garrisa Project	1.To promote development and use of renewable energy technology 2.To replace the costly power from the Garissa Diesel Power Station being managed by Kenya Electricity Generating Company Limited 3.To offer voltage and grid support to the areas in the North Eastern parts of the country	Connection to national grid	Power generated using renewable energy	90,694.56 Power generated in the 2019/2020FY

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Solar Power Plant In Garrisa 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, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

In implementing its projects, the Corporation is cognisant of the social and environmental impact of its projects on the host communities. The Corporation has put in place a Corporate Social Responsibility framework that is in line with the Corporation's Mission which is "To provide sustainable energy solutions for all through rural electrification and renewable energy for social economic transformation".

It is the intention of the Corporation that its projects bring about sustainable and social transformation for the beneficiary communities. In its new Corporate Social Responsibility policy that is awaiting Board approval, the Corporation intends to scrutinise the social and environmental impact of all its planned projects and to work in collaboration with the host communities to implement social and environmental social responsibility projects aimed at mitigating the impact for purposes of ensuring sustainable development.

2. Environmental performance

The Corporation's major projects are all subjected to Environmental Impact Assessment as required by law as anchored in the Constitution of Kenya, 2010, The Environmental Management and Coordination Act 1999, The Environmental (Impact Assessment and Audit) Regulations, 2003, Legal Notice No. 101 and The Environmental (Impact Assessment and Audit) Regulations, 2003, Legal Notice No. 101.

The Corporation's Corporate Social Responsibility programme on environmental conservation is currently operating under the Presidential directive made on 11 May 2018, where all Parastatals were directed to set aside 10% of their Corporate Social Responsibility budget to plant trees for the attainment of 10% forest cover by the year 2022.

Every year the Corporation carries out tree planting initiatives across the country. Recent projects that have been carried out in collaboration with the Kenya Forest Research Institute have involved setting up of tree nurseries in the counties of Nyeri, Kilifi, Kisumu and Turkana. Recent tree planting activities in collaboration with the communities have been carried out in Kajiado, Nyeri and Kisumu counties.

3. Employee welfare

The Corporation has put in place a Human Resource and Procedures Manual with the following policy statements:

- The Corporation is an equal opportunity employer and shall not in its recruitment and

selection process, discriminate on the basis of gender, race, disability, religion, ethnicity or any other form of discrimination. The constitutional requirement on mainstreaming of gender and persons with disabilities as stipulated in Article 232 of the Constitution will be observed alongside any policies issued by the National Cohesion, Act 2012 (revised) and Integration Commission.

- On training, National cohesion values (Regional, Ethnic, Gender, Disability balance) shall be considered during the selection of trainees.
- The policy also provides flexi hours for staff. An expectant Employee is entitled to time off from work with full pay in order to attend antenatal clinic and any hospital appointments relating to her pregnancy. All time off must be agreed on with the supervisor beforehand. Breastfeeding mothers will be entitled to two (2) hours per day for three (3) months upon reporting from maternity leave for the purpose of nursing her child. On resumption of regular duties after maternity leave the employee will be exempted from night duty until the newborn is two years old.

4. Market place practices-

- In carrying out its activities, the Corporation is guided by its Customer Service charter that outlines the services provided and expected timelines of the service to be provided.
- The Corporation is currently implementing the Access to Government Procurement Opportunities (AGPO) programme whose objective is to facilitate the youth, women and persons with disability-owned enterprises to be able to participate in government procurement. The Corporation has set aside 30% of its procurement spent for purposes of empowering youth, women and persons with disability-owned enterprises.
- The Corporation embarked on the automation of its procurement system in February 2017 in response to the Presidential Directive that all State Corporations adopt E-Procurement in a bid to enhance efficiency and transparency in planning, budgeting and procurement of goods and services in the Public Service. SRM has enabled the Corporation to organize its interactions with its critical suppliers in a more efficient and effective and transparent manner and thereby reduce the time taken to procure project materials

5. Community Engagements-

In the past one year, the Corporation has implemented the following Corporate Social Responsibility activities:

Education:

- The Corporation has constructed several classrooms in its project areas. Recent projects include Katulu primary school in Machakos County and Classrooms in the vicinity of the 50MW Garissa solar plant in Garissa county
- The Corporation has been working in collaboration with the Kenya Prisons to provide desks to various needy schools across the country. The partnership has supported the Kenya Prisons by providing an income generating activity and also supported the education efforts in the various schools in our project areas. Recent beneficiaries include Kiambu, Marsabit and Samburu counties.

- The Corporation has donated textbooks sourced from the Kenya Literature Bureau to various needy schools across the country in project areas in rural Kenya. Recent beneficiaries have been Kisumu, Kericho, Machakos, Makueni and Bungoma counties.

Sports:

The Corporation has been supporting various community sports activities aimed at discovering local talent and raising funds for community projects in education and other community development projects. Recent sports initiatives where REREC has participated include the Mwea Community Marathon in Kirinyaga County and Chemususu Marathon in Baringo County.

Health

Every year, the Corporation runs a health camp in collaboration with a selected county government for purposes of providing free health services and education to local communities. Recently the Corporation has held health camps in Migori and Kwale Counties

Water & Sanitation

The Corporation is in the process of implementing the Sarmach water project at supporting the local community living within the vicinity of the Turkwell-Lokichar Line that was implemented by the Corporation.

The Corporation has also implemented a water project to serve the Raya community living in the vicinity of the Garissa 50MW solar project.

Overall, the CSR projects have been undertaken in areas where the Corporation has implemented its projects. This has enabled good relations with the communities in the project areas enabling support and use and security of REREC projects. The CSR projects have also enabled sustainable development as the Corporation has ensured that education, health, sports and other social conditions are enhanced in our areas of operation.

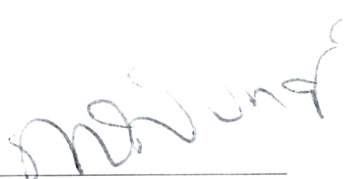
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer, Rural Electrification and Renewable Energy Corporation and the Project Manager, are responsible for preparing the project's financial statements, which give a true and fair view of the state of affairs of the project as at the end of the accounting period. This responsibility includes: maintaining adequate financial management arrangements 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 statements and ensuring that they are free from material misstatements, whether due to fraud or error; safeguarding the assets of the Project; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

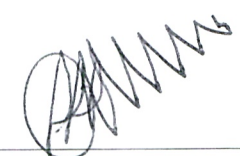
The Chief Executive Officer and the Project Manager for Solar Power Plant In Garrisa Project accept responsibility for the project's financial statements, which have been prepared on the Cash Basis method of Financial Reporting, using appropriate accounting policies in accordance with the International Public Sector Accounting Standards (IPSAS).

The Chief Executive Officer and the Project Manager for Solar Power Plant In Garrisa Project are of the opinion that the financial statements give a true and fair view of the state of the project financial position as at June 30, 2020. The Chief Executive Officer and the Project Manager KEMP project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon on the preparation of the Financial Statements as well as on the adequacy of the internal control systems.

The Chief Executive Officer and the Project Manager for Solar Power Plant In Garrisa Project confirm that the Project has complied fully applicable Government Regulations the terms of the 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.



Chief Executive Officer
CPA Peter Mbugua



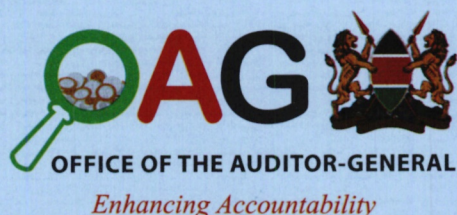
Project Manager
Eng. Jonathan Mbutu



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA DEVELOPMENT OF SOLAR POWER PLANT IN GARISSA PROJECT (GCL NO.2015(10)) FOR THE YEAR ENDED 30 JUNE, 2020 – RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Development of Solar Power Plant in Garissa Project set out on pages 1 to 27, which comprise of the statement of financial assets and liabilities as at 30 June, 2020 statement of receipts and payments, statement of changes in equity, 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 the Kenya Development of Solar Power Plant in Garissa as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. 2015(10) dated 31 August, 2015, between the Export- Import Bank of China and the Government of 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 Kenya Development of Solar Power Plant in Garissa 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.

Emphasis of Matter

Long Outstanding Retention Fee

Note 10.1 in the financial statements reflects an amount of Kshs.697,577,979 relating to a contractor's pending bill which mainly constitutes retention fees. The amounts have been outstanding for a long period of time. A supplementary agreement between the contractor and REREC states that, five percent of the contract price except technical services should be released within thirty days after presentation of retention money guarantee valid up to the date of issue of the last defects liability certificate plus sixty days thereafter. A retention money guarantee was duly executed by the contractor on 9 January, 2019 and was expiring in November, 2020.

However, at the time of audit the retention money remained unpaid to the contractor. This may result to a legal suit against the Corporation for breach of the contractual terms. The Management has not explained how it intends to pay the contractor.

My opinion is however not modified in respect of the effects on the above matter.

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 in the year under review.

Other Matter

Budget Control and Performance

According to the statements of comparative budget and actual amounts, the Project's final budget for the year, was Kshs.722,000,000. However, no amount was disbursed to the Project resulting to no activities on the project during the year. Management has attributed the underfunding to failure to make payments for invoices that had been processed but had not been honoured.

Under the circumstances the closure of the project which is already commissioned may take longer beyond the project completion date which is almost due in August 2022.

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 the financing agreement for Kenya Development of Solar Power Plant in Garissa between the International Development Association (IDA) and the Republic of Kenya, except for the matters under other matter I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards Cash Basis and for maintaining effective internal control as Management determines is necessary to enable

the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the ability of Kenya Development of Solar Power Plant in Garissa Project to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless Management is aware of the intention to terminate the Project, or to cease operations.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

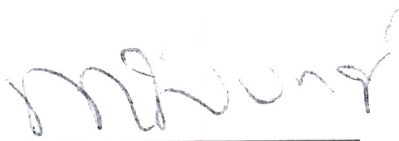
31 December, 2020

50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020

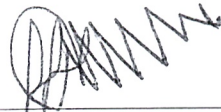
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020		2018-2019		Cumulative to date Kshs
		Receipts and payments controlled by the entity		Receipts and payments controlled by the entity		
		Kshs	Payments made by third parties	Kshs	Payments made by third parties	
RECEIPTS						
Transfer from Government entities	9.3	-		27,630,606	-	55,530,065
Proceeds from domestic and foreign grants	9.4					
Loan from external development partners	9.5	-	-	-	30,074,883	12,692,273,348
Miscellaneous receipts	9.6					-
Total receipts		-	-	27,630,606	30,074,883	12,747,803,413
PAYMENTS						
Compensation of employees	9.7					
Purchase of goods and services	9.8					
Social security benefits	9.9					
Acquisition of non-financial assets	9.1	-	-	27,630,606.00	30,074,883	12,727,798,413
Transfer to other Government Entities	9.11					
Other grants and transfers and payments	9.12	4,800	-	4,700		20,907
TOTAL PAYMENTS		4,800	-	27,635,306	30,074,883	12,727,819,320
SURPLUS/DEFICIT FOR THE YEAR		(4,800.00)	-	(4,700.00)	-	19,984,093

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



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Eng. Jonathan Mbutu



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020

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

	Note	2019-2020 Kshs	2018-2019 Kshs
Cash and Cash Equivalents			
Bank Balances	8.12A	19,984,093	19,988,893
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents		19,984,093	19,988,893
Accounts receivables – Imprest and Advances	9.14	-	-
TOTAL FINANCIAL ASSETS		19,984,093	19,988,893

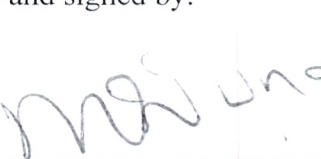
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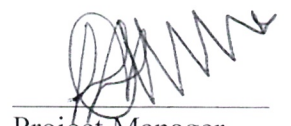
Cash and cash equivalents b/fwd	9.15	19,988,893	19,993,593
Prior year adjustments	9.16	-	-
Surplus/Deficit for the year		(4,800.00)	(4,700.00)

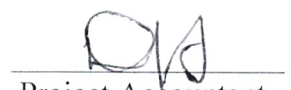
NET FINANCIAL POSITION

19,984,093 19,988,893

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22/12/2020 and signed by:


 Chief Executive Officer
 CPA Peter Mbugua


 Project Manager
 Eng. Jonathan Mbutu


 Project Accountant
 CPA Lucy Kinyanjui
 ICPAK 4862

**50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020**

8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020 Kshs	2018-2019 Kshs
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Payments form GOK funds	9.3	-	27,630,606
Loan from external development partners	9.4	-	30,074,883
Miscellaneous receipts	9.6		
Payments from operating expenses			
Compensation of employees	9.7		
Purchase of goods and services	9.8		
Social security benefits	8.9		
Transfers to other government entities	9.11		
	9.12		
Other grants and transfers and payments	8.4	(4,800)	(4,700)
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18		
Prior Year Adjustments	9.16		
Net cash flow from operating activities		<u>(4,800)</u>	<u>57,700,789</u>
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial assets	9.10	-	(57,705,489)
Net cash flows from Investing Activities		<u>-</u>	<u>(57,705,489)</u>
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	-
Net cash flow from financing activities		<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENT		<u>(4,800.0)</u>	<u>(4,700)</u>
Cash and cash equivalent at BEGINNING of the year	8.5	19,988,893	19,993,593
Cash and cash equivalent at END of the year		<u>19,984,093</u>	<u>19,988,893</u>

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 22/12/2020 and signed by:



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Eng. Jonathan Mbutu



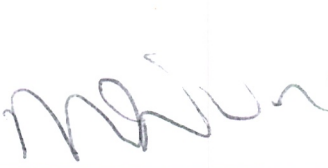
Project Accountant
CPA Lucy Kinyanjui
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50MW Solar Power Plant In Garissa Project
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For the financial year ended June 30, 2020


9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	a	b	c=a+b	d	e=d-c	f=e/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Payments from Government entities-REA	-	-	-	-	-	- 100.00
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	722,000,000		722,000,000	0	722,000,000	- 100.00
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	722,000,000	-	722,000,000	-	722,000,000	
Payments						
Compensation of employees	-	-	-	-	-	-
Purchase of goods and services	-	-	-	-	-	-
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	722,000,000	-	722,000,000	-	722,000,000	- 100
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Other payments	-			4,800	4,800.00	- 100.00
Total Payments	722,000,000	-	722,000,000	4,800	721,995,200	

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


 Chief Executive Officer
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 ICPAK 4862

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

9.1.2. Reporting entity

The financial statements are for the Solar Power Plant In Garrisa Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of employees**

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

- **Use of goods and services**

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

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Repayment of borrowing (principal amount)**

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

- **Acquisition of fixed assets**

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

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

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

For the purposes of these financial statements, imprests and advances to 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.

f) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 4** of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) 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.

h) 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.

i) 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.

j) Third party payments

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

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

k) 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)

l) 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.

m) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.

n) Errors

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative
	KShs	KShs	to-date (from inception)
<i>Counterpart funding through Ministry Of Energy</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
	-	-	-
<i>Other transfers from government entities</i>	-	-	-
Acquisition of non financial assets	-	-	55,530,065
	-	-	-
Total	-	-	55,530,065

*50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)			-	-	-	-	-
Insert name of foreign Government			-	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)			-	-	-	-	-
Insert name of international organization			-	-	-	-	-
Grants Received from Local Individuals and organisations			-	-	-	-	-
Insert name of individual or local organization			-	-	-	-	-
Total			-	-	-	-	-

*50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					FY 2019/20	FY 2018/19
			Kshs	Kshs	Kshs	Kshs
Loans Received from Bilateral Donors (Foreign Governments)						
Loans Received from Multilateral Donors (International Organisations)						
China Exim Bank						30,074,883
Total		-	-	-	-	30,074,883

9.6. MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to- date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	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	-	-	-	-	-
	-	-	-	-	-

50MW Solar Power Plant In Garissa Project
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	-	-	-	-	-

*50MW Solar Power Plant In Garissa Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
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 payments	-	-	-	-	-
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)

9.9. SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20	2018/19	Cumulative to date
	Kshs	Kshs	Kshs
Works	-	30,074,883	12,692,273,348
Consultancy /Training	-	27,630,606	35,525,065
Total	-	57,705,489	12,727,798,413

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	<u>KShs</u>	<u>KShs</u>
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Government					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
TOTAL	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20	2018/19	Cumulative to date
	Kshs	Kshs	Kshs
Bank Charges	4,800	4,400	20,907
Total	4,800	4,400	20,907

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019-2020 Kshs	2018-2019 Kshs
Bank accounts (Note 9.12A)	19,984,093	19,988,893
Cash in hand (Note 9.12B)	-	-
Cash equivalents (short-term deposits) (Note 9.12C)	-	-
Outstanding imprests and advances (Note 9.12D)	-	-
	<u>19,984,093</u>	<u>19,988,893</u>

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

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Foreign Currency Accounts</u>	-	-
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No01136125016303]	19,984,093	19,988,893
Total local currency balances	<u>19,984,093</u>	<u>19,988,893</u>
Total bank account balances	<u>19,984,093</u>	<u>19,988,893</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

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

9.13B Cash In Hand

	2019/20	2018/19
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

	2019/20	2018/19
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

9.14. OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
<i>Officer 1</i>	-	-	-	-	-
<i>Xx institution</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	-	-	-	-	-

9.15. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	19,984,093	19,988,893
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	19,984,093	19,988,893

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2019/2020 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

9.17. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	979,682,170	13,670,421	-	693,352,591
Construction of civil works				
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	979,682,170	13,670,421	-	693,352,591

10.2 PENDING STAFF PAYABLES (See Annex 2B)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

10.3 OTHER PENDING PAYABLES (See Annex 2C)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c. Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

Description	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020 Kshs	FY 2018/2019 Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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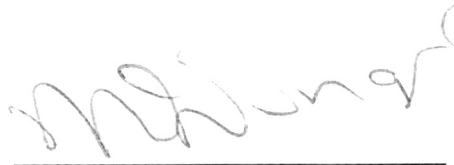
OTHER IMPORTANT DISCLOSURES (Continued)

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

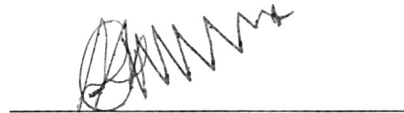
There were no issues/observations in final report of the Auditor-General for the financial year ended 30th June, 2019.



Chief Executive Officer

22.12.2020

Date



Project Manager

22.12.2020

Date



ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	a	b	c=a-b	d=c/a %	
	Kshs	Kshs	Kshs	Kshs	
RECEIPTS DURING THE YEAR/PERIOD					
Government of Kenya	-	-	-	0	
External financing	722,000,000	-	722,000,000	100	Invoices processed but actual payment not made.
In-kind donations					
Miscellaneous receipts					
Total receipts	722,000,000	-	722,000,000		
PAYMENTS DURING THE YEAR/PERIOD					
Compensation of employees					
Pension and other social security contributions					
Purchase of goods and services					
Social security benefits					
Acquisition of non-financial assets	722,000,000	-	722,000,000	-100	Invoices processed but actual payment not made.
Other Payments-Bank Charges		- 4,800	4,800	0	
Advances to government employees					
Total payments	722,000,000	- 4,800	722,004,800		

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ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Contract Balance 2020	Pending invoices as at 30.06.2020	Outstanding Bills		Comments
						2020	2019	
	a	b	c	d=a-c	e			
	Kshs	Kshs	Kshs	Kshs	Kshs			
Consultancy Services	39,472,294	21.03.2018	39,472,294	-	-	-	-	
Maknes Consulting Engineers Ltd								
Sub-total	39,472,294		39,472,294					
Supply of Goods								
Sub-total	-		-					
Works/Construction								
	13,500,000,000	01.07.2016	12,692,273,348	807,726,652	693,352,591	693,352,591	679,682,170	Awaiting payment from the financier
China Jiangxi Coop (CJIC)								
Sub-total	13,500,000,000		12,692,273,348	807,726,652	693,352,591	693,352,591	679,682,170	
Grand-Total	13,539,472,294.00		12,731,745,642.00	807,726,652.00	693,352,591.00	693,352,591.00	679,682,170.00	

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
1.							
2.							
3.							
Sub-Total							
Permanent Employees – Others							
4.							
5.							
6.							
Sub-Total							
Temporary employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
Sub-Total							
Amounts due to County Govt Entities							
	1.						
	2.						
	3.						
Sub-Total							
Amounts due to Third Parties							
	4.						
	5.						
	6.						
Sub-Total							
Others (specify)							
	7.						
	8.						
	9.						
Sub-Total					-		
Grand Total					-		

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/20	*Purchases/Additions in the Year (KShs) 2019/20	**Disposals in the Year (KShs) 2019/20	Transfers in/(out) Kshs 2019/20	Closing Cost (KShs) 2020
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c)+(-)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					
Total					

ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

APPENDICES

- i. Bank Reconciliations
- ii. Bank balance Certificate

