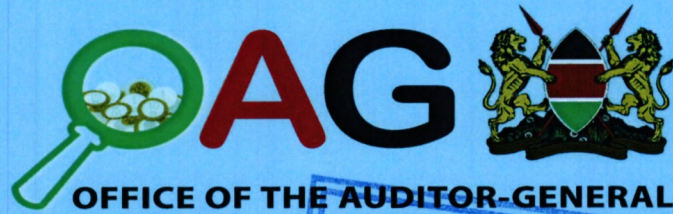


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY PAPERS I A/D	
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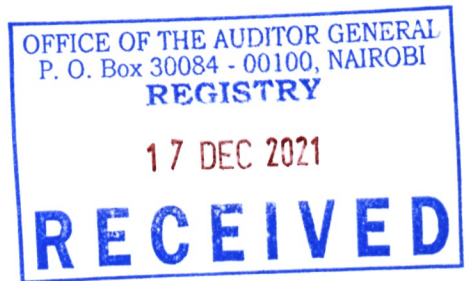
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ON

**NAIROBI METROPOLITAN SERVICES
IMPROVEMENT PROJECT
(IDA CREDIT NO.5102-KE)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

**STATE DEPARTMENT FOR HOUSING
AND URBAN DEVELOPMENT**



NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT (NaMSIP)

**IMPLIMENTING ENTITY –MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING
AND URBAN DEVELOPMENT**

IDA CREDIT NUMBER 5102-KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

TABLE CONTENTS

1.	PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2.	STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES	xi
3.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING	xii
4.	STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xiv
5.	REPORT OF THE INDENDENT AUDITOR ON THE NaMSIP PROJECT	xv
6.	STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.	1
7.	STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021.....	2
8.	STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021	3
9.	STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	4
10.	SIGNIFICANT ACCOUNTING POLICIES	5
11.	NOTES TO THE FINANCIAL STATEMENTS	13
12.	OTHER IMPORTANT DISCLOSURES	21
13.	PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	25
14.	ANNEXES.....	27

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name

The project's official name is Nairobi Metropolitan Services Improvement Project (NaMSIP)

Objective

The key objective of the project is to establish and strengthen urban institutions to deliver improved infrastructure and services in participating counties in Kenya.

Address

The project headquarters is located in Nairobi County, Kenya.

The address of its registered office is:

Project Coordinator
Nairobi Metropolitan Services Improvement Project
AmBank
P O Box 30130 0100
Nairobi -Kenya

Contacts: The following are the project contacts

Project Co-ordinator
Telephone: (254-20)317224/35
E-mail Benjamin **Njenga** <faimacon@yahoo.com>
Website: www.nairobimetro.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 17 th Dec 2012
Project End Date:	The project end date is 30 th September 2020
Project Manager:	The Programme Coordinator is Eng. Benjamin K. Njenga
Project Sponsor:	The project sponsor is World Bank and the Government of Kenya

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Housing and Urban Development in the Ministry of Transport, Infrastructure, and Housing and Urban Development.
Project number	P107314
Strategic goals of the project	The strategic goals of the project are as follows: i. Strengthen Urban Services ii. Infrastructure development
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provision of transport (NMT, Roads and traffic Management) (ii) Storm water drainage (iii) Sewerage (Waste water collection and disposal). (iv) Facilities (Fire Fighting Equipment, Construction of Fire Stations) (v) Provision of Infrastructure (Street/Security Lighting, Public Markets and Public Parks.
Other important background information of the project	The NaMSIP project started through Project Preparation Advance (PPA) Financing Agreement NoQ759 which was signed between the Government of Kenya (GOK) and the International Development Association (IDA- "World Bank") on 21 st June, 2012. The advance was to the tune of USD2,700,000.00 The Refinancing date was set for 30 th June 2012 The project effective date is 17 th December 2012

	<p>The project extension date was 16th May 2017</p> <p>The project extension date revised to 30th September 2020</p> <p>The Project Component costs is USD330 million as follows:</p> <table> <tr> <td>1. Institutional Reforms and Planning</td> <td>USD 15 million</td> </tr> <tr> <td>2. Critical local government infrastructure and services.</td> <td>USD 60 million</td> </tr> <tr> <td>3. Critical Metropolitan Infrastructure Services.</td> <td>USD250 million</td> </tr> <tr> <td>4. Project Management, Monitoring and Evaluation</td> <td><u>USD 5 million</u></td> </tr> <tr> <td></td> <td><u>USD 330million</u></td> </tr> </table>	1. Institutional Reforms and Planning	USD 15 million	2. Critical local government infrastructure and services.	USD 60 million	3. Critical Metropolitan Infrastructure Services.	USD250 million	4. Project Management, Monitoring and Evaluation	<u>USD 5 million</u>		<u>USD 330million</u>
1. Institutional Reforms and Planning	USD 15 million										
2. Critical local government infrastructure and services.	USD 60 million										
3. Critical Metropolitan Infrastructure Services.	USD250 million										
4. Project Management, Monitoring and Evaluation	<u>USD 5 million</u>										
	<u>USD 330million</u>										
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Rapid Urbanisation. (ii) Lack of infrastructure 										
Project duration	<p>The project became effective on 17th Dec,2012 with an end date of 30th September 2020</p>										

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the bankers for the current year:

(i) Special Account –B

Account No.0810299949176

Depository Bank: Equity Bank of Kenya

P. O. Box. H/Q, Equity Centre, Hospital Road

A/c No 1000317876

(ii) Project Account (IDA)

Account No.10003966954

Depository Bank: Central Bank of Kenya

P. O. Box. 60000 Nairobi, Kenya

(iii) Project Counterpart Fund Account (GOK)

Account No.1000396938

Depository Bank: Central Bank of Kenya

P.O. Box. 60000 Nairobi, Kenya

1.5 Auditors

The project is audited by Auditor General, Office of Auditor General, and 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	Title designation	Key qualification	Responsibilities
Charles M Hinga, CBS	Principal Secretary	Principal Secretary	Accounting officer
Eng Benjamin K Njenga	Program Coordinator	Civil Engineer	Program Co-ordination
Joyce Mutugi	Head of Accounting Unit	CPAK B.Com	Financial Supervision

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

Names	Title designation	Key qualification	Responsibilities
		MBA	Accounting and Reporting
Anthony Moire	Assistant Project Coordinator	PHD	Implementation and Coordination
Eng Silas W Gitau	Senior Principal Superintendent Engineer (Transport)	Civil Engineer	Supervisory
Ann Mugo	Director P& E	Planner	Supervisory
Elizaban Kibe	Social Infrastructure (DDSI)	Planner	Supervisory
Eng. James Mbaabu	Principal Superintendent Engineer (Mechanical Services)	Mechanical Engineer	Supervisory
Peter Bundi	Director Environment	Environmentalist	Supervisory
Arch Lawrence Muchama	Social Infrastructure & Architectural Services SAD	Architecture	Supervisory
Peter Gota	Senior Ass Director P & E	Planner	Supervisory
Peter Muriithi	Ag Ass. Director GIS	Catographer	Supervisory
Eng. Stephen N Muigai	Electrical Engineer	Electrical Engineer	Supervisory
Ephantus H Wamugunda	Chief Economist	Economist	M& E
Everline Nyanwara	CFO	Economist	Financial & Budgetary Control
Christopher Kingi	Deputy Head Of Accounting Unit	CPA(K) BBA MBA	Financial Supervisor
Lawrence K Nyaga	Accountant I	Accountant	Project Accountant
David Kinyae	Supply Chain Management	Procurement Management	Procurement

1.7 Funding summary

The Project is for duration of 8years from 2012 to 2020 with an approved budget of **US\$ 330M** equivalent to **Kshs. 27.347B** as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date 30 th June, 2021		Undrawn balance to date	
	Donor currency USD	Kshs.	Donor currency (USD)	Kshs.	30 th June, 2021	
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
LOAN SUMMARY						
(i) Loan						
IDA	300,000,000	24,860,909,091	273,749,008	27,077,877,923	26,250,992	-
Total Loans	300,000,000	24,860,909,091	273,749,008	27,077,877,923	26,250,992	-
(ii) Counter Part funds						
Government of Kenya	30,000,000	2,486,090,909	24,404,349	2,535,814,979		464,185,022
Total	330,000,000	27,347,000,000	298,153,357	29,613,692,901	26,250,992	464,185,022

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

1. LIST OF PROJECTS FUNDED USING EXTERNAL LOAN (IDA)

1. Transport - Roads.

NO	PROJECT	CONTRACT SUM (KSHS)	STATUS
1	Rehabilitation and Improvement of Ruiru Hospital Road	233,930,773.60	Complete
2	Construction of the Access Roads to Kikuyu Railway Station	270,500,722.77	Complete
3	Construction of Ngong Bus Terminus, Kajiado County	86,941,825	Complete
4	Construction of Access Road to Limuru Railway Station.	132,327,490.70	Complete
5	Construction of Access Road to Imara Daima Railway Station	406,065,371.22	Complete
6	Rehabilitation of Kenol Hospital Road	163,192,195.32	Complete
7	Juja Circuit Road and Access to Juja Railway Station	395,507,034.69	Complete
8	Rehabilitation of outfall drain and drainage infrastructure in Manyani Estate Roads	217,879,807.20	Complete
9	Rehabilitation and Construction of access Road to Thika Railway Station	168,655,619	Complete
10	Rehabilitation and Construction of access Road to Embakasi Railway Station	261,197,065.27	Complete
11	Construction of Kangundo Road – Kenol, Kenol – Koma & Katumani – Mombasa Road and Rehabilitation of Kenol – Machakos Town – Katumani Link Road.	4,392,444,988.44	Complete
12	Rehabilitation and improvement of Quarry Road - Mlolongo	116,628,285.00	Complete
13	Construction of selected Roads in Kangundo Township	200,512,072.60	Complete
14	Rehabilitation and Construction of Old Nakuru Road	121,516,874.16	Complete
15	Construction of Kitengela Bus Terminus Kajiado County	94,319,204	Complete
16	Construction of Githurai Railway Station Access Roads in Kiambu County.	376,402,351	Complete
17	Rehabilitation and construction of Access Road to Mitubiri Landfill site, Muranga county	814,300,193.19	Complete
18	Construction of Parking Bays in Ngong Township	86,310,719.88	Complete
19	Construction of Parking Bays in Ongata Rongai Township	49,477,300	Complete
20	Construction of Parking Bays in Kitengela Township	60,530,602.06	Complete
21	Kikuyu Tunnel	90,508,105.13	Complete
22	Tala Township Roads	98,300,791.05	Complete
23	Construction of Kitengela Railway Access Road in Kajiado County	196,260,112.14	Complete

2. Transport - Commuter Rail Stations.

NO	Project	Contract Sum (Kshs)	Status
1	Improvement of Commuter Rail Stations - Kikuyu and Kahawa Stations	573,510,206.10	Complete
2	Improvement of Commuter Rail Stations - Ruiru Station	298,833,979.92	Complete
3	Improvement of Commuter Rail Stations - Mwiki Stations	273,625,287.53	Complete
4	Improvement of Commuter Rail Stations - Pipeline and Embakasi Village Stations	536,629,457.88	Complete
5	Improvement of Commuter Rail Stations - Athi River Station	434,389,565.20	Complete

6	Improvement of Commuter Rail Stations - Githurai and Dandora Stations	920,318,320.48	Complete
7	Improvement of Commuter Rail Stations - Donholm Stations	279,817,500	Complete
8	Lot 1: Supply, Installation, Testing and Commissioning of ICT, Turnstiles, Barriers and Ticketing/Fare Collection System for Kenya Railways Corporation	405,295,265.84	95% Complete
9	Lot 2: Supply, Installation, Testing and Commissioning of Structured Cabling, Public Address, CCTV and Access Control Systems for Commuter Railway Stations	164,246,880.60	Complete

3. Sewerage and Storm Water Projects

No	Project	Contractor	Contract Sum (Kshs)	Status
1	Ruiru Sewerage works	Sinohydro Corporation	2,042,497,777	Complete
2	Construction of Sewerage System for Juja Urban Areas and Thika South	Nanchang Foreign Engineering Company	2,936,598,559	Complete
3	Construction of storm water Drainage in Nairobi City (Dagoretti, Langata, CBD and Embakasi), Thika (CBD and west of CBD), Mavoko and Ongata Rongai township)	Jiangxi Water and Hydropower Construction Kenya Ltd	512,469,561.63	Complete

4. Solid Waste Management.

No	Project	Contractor	Contract Sum (Kshs)	Status
1	Construction of Mitubiri Sanitary Landfill Site, Muranga County	Concordia Building & Civil Engineering Co. Ltd	1,056,478,730	70% for physical works.

5. Disaster & Emergency Preparedness

No	Project	Contract Sum (Kshs)	Status
1	Fire stations – Construction of Waithaka Fire Station	132,596,607.80	Complete
2	Fire stations – Construction of Kangundo Road Fire Station	166,447,872.12	Complete
3	Rehabilitation of 2 No fire station along Tom Mboya and Enterprise Road	32,549,900	Complete
4	Purchase of firefighting equipment 7 No 5,000lts	EUR 1,918,747.98	Delivered and handed over
5	Purchase of firefighting equipment 7 No -10,000lts	EUR 2,581,182.50	Delivered not handed over
6	Purchase of 3 No Water Bowsers for Nairobi County	19,608,200	Delivered and handed over
7	Purchase of Exhauster Trucks for Kikuyu and Kiamba	14,400,000	Delivered and handed over
8	Supply and deliver of flush water supply unit and 2 No Backhoe for Nairobi City County	58,568,700	Delivered and handed over
9	Drilling and Equipping of Three (3) number Boreholes and Construction of Three (3) number Elevated Steel Water Tanks in Nairobi City County	33,341,357	Complete

6. Markets

No	Project	Contract Sum (Ksh)	Status
1	Construction of Market in Mwariro	389,592,337.20	Complete
2	Rehabilitation of Market in Karandini	294,314,487.76	Complete
3	Construction for Kikuyu market in Kiambu County	326,500,373.00	Complete
4	Construction for Kihara market in Kiambu County	179,763,274.80	Complete
5	Construction of Ruiru Market in Kiambu County	276,963,268.23	Complete
6	Construction of Juja Market in Kiambu County	200,980,681.00	Complete
7	Construction of Ngong Market in Kajiado County	699,135,541.00	Complete

7 Integrated Urban Water Management (IUWM)

NO	Project	Contract Sum (Kshs)	Status
1	IUWM Projects Lot 1: Rehabilitation of Nairobi City Park & Lenana School Urban Agriculture Pilot Project	127,893,828.00	Complete
2	IUWM Projects Lot 2: Roof Catchment for Kiambu District Hospital and Muranga: Level 5 Hospital, Kiambu & Madaraka Parks Urban Parks	158,053,201.6	Complete
3	IUWM Projects Lot 3: Roof Catchment and Water Pan Kitengela and Machakos	41,946,584.14	Complete

Competitive bidding has been employed when selecting of various suppliers to ensure that there is value for money.

There was also compliance with laid down rules and regulation that bind both the bank and the government.

1.9 Summary of Project Compliance:

There were no cases of non-compliance noted for the period under review

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

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 agreement/* plan are to:

- a) Institutional Reform and Planning
- b) Local Government Infrastructure and services
- c) Metropolitan Infrastructure and services
- d) Project Management, Monitoring and Evaluation

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:

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile

NaMSIP is being implemented in the Nairobi Metropolitan Region whose core is Kenya's national capital city and the seat of National Government which has witnessed fastest growth among all other regions and urban areas in the country. The region has also which has witnessed increased number of people living and working within municipalities, towns and urban areas within the region. Nairobi City is leading among five major urban areas per population and contribution to the GDP. Others are: Mombasa, Kisumu, Eldoret and Nakuru. Nairobi Metropolitan Region comprises of five Counties – Nairobi City, Kiambu, Machakos, Kajiado and Muranga. Kiambu is the fastest growing County and houses the fastest growing municipality in Kenya, ie Ruiru. Ruiru sewerage works were completed and handed over on 5th January 2017. Other Works in the other Counties have also been completed. As a result of NaMSIP, 1,389,980 people are currently benefitting from NaMSIP interventions, of which 694,990 are females. The urban transition is well under way in Kenya and urbanization is projected to continue to grow at a rapid pace. Devolution will further speed up the rate of urbanization for the country. Due to the growth and entrenchment of devolution, Nakuru has assumed city status, which has increased Kenyan cities from three to four: Nairobi, Mombasa, Kisumu and Nakuru. NaMSIP has intervened in all the five Counties and hence supporting efforts aimed at sustainable urbanization within the metropolitan region. The urban transition in Kenya will play an important role in determining the country's growth prospects and social stability. NaMSIP was formulated to strengthen urban services and infrastructure, formulated to bridge and contribute to improved livelihoods of people living within the metropolitan region and make the urban areas more liveable.

2. The Environmental performance

The project developed and implements Strategic, Environmental and Social Assessments (SESAs) as well as Environmental Impact Assessments (EIAs) for specific projects, in compliance with the environmental policies and concerns to ensure sustainability of the NaMSIP projects.

3. Employee welfare

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

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

The State Department conducts training projections at the beginning of every financial year to guide the Human resource department in nominating and selecting officers for training. Additionally, due to the dynamic nature of the economy the department undertook steps to proactively engage staff in training to ensure their skills conforms to the current needs. Staff performance appraisal is done annually to

- ensure that productivity meets the required standards upon which employee with exemplary performance are given priority for promotions.

Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The State Department for Housing and Urban Development ensured fair competition among the bidders while issuing the tenders. The bidders are evaluated on set guidelines and given equal opportunity.

The State Department has a Corruption Prevention Committee in place whose functions amongst others include:

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

b) Responsible Supply chain and supplier relations-

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

c) Responsible marketing and advertisement-

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

d) Product stewardship-

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

4. Community Engagements

The communities were greatly involved throughout the year through existing structures such as market committees, resident's associations, community groups such as women groups and youth groups and faith based organisations, by being engaged to participate in planning and infrastructure development.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2021. 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 (vi) making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by The Principal Secretary for the State Department of Housing & Urban Development and the Project Coordinator for Nairobi Metropolitan Services Improvement project on 30/9/ 2021 and signed by them.



Principal Secretary
Name: Charles M. Hinga, CBS



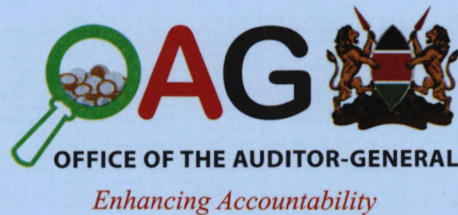
Project Coordinator
Name: Benjamin Njenga



Project Accountant:
Name: Christopher Kingi
ICPAK Member No: 9467

REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT (IDA CREDIT NO.5102-KE) FOR THE YEAR ENDED 30 JUNE, 2021 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Metropolitan Services Improvement Project set out on pages 1 to 26, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution 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 Nairobi Metropolitan Services Improvement Project as at 30 June, 2021, 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.5102-KE between the International Development Association (IDA) and the Republic of Kenya dated 21 June, 2012 and the Public Finance Management Act, 2012.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nairobi Metropolitan Services Improvement Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

Pending Bills

Note 12.1 to the financial statements on pending accounts payable reflects pending bills balance of Kshs.20,300,335 as at 30 June, 2021. The balance comprises of

Kshs.769,723 under construction of civil works and Kshs.19,530,612 under supply services which remained unpaid as at 30 June, 2021.

Failure to settle bills during the year in which they relate adversely affects the provisions of the subsequent year to which they have to be the first charge.

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 International Development Agency (IDA) and the Republic of Kenya, I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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


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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project'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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 December, 2021

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

	Note	2020/21		2019/20		Cumulative to-date
		Receipts and payments controlled by the entity Kshs.	Payments made by third parties Kshs.	Receipts and payment controlled by the entity Kshs.	Payments made by third parties Kshs.	
RECEIPTS						
Transfer from Government entities	11.1	560,000,000	-	739,956,000	-	2,535,815,479
Loan from external development partners	11.2	154,516,426	764,999,817	336,600,198	3,420,884,703	27,077,877,924
Miscellaneous Receipts	11.3			14,785,397	-	21,216,930
Other Receipts	11.3A			45,240,000	-	45,240,000
TOTAL RECEIPTS		714,516,426	764,999,817	1,136,581,594	3,420,884,703	29,680,150,333
PAYMENTS						
Purchase of goods and services	11.4	53,427,934	15,561,000	81,892,431	22,724,014	1,214,239,218
Acquisition of non-financial assets	11.5	700,976,740	749,438,817	1,275,981,231	3,398,160,689	28,468,627,094
TOTAL PAYMENTS		754,404,673	764,999,817	1,357,873,662	3,420,884,703	29,682,866,312
SURPLUS/DEFICIT		(39,888,248)		(221,292,067)	-	(2,715,979)

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



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Benjamin Njenga



Project Accountant
Name: Christopher Kingi
ICPAK Member No: 9467

- Nairobi Metropolitan Services Improvement Project
- Reports and Financial Statements
- For the financial year ended June 30, 2021

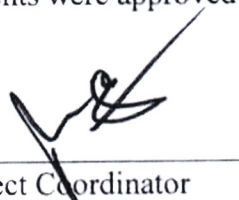
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

	Note	2020/21	2019/20
		Kshs.	Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.6A	1,789,415	41,677,663
Total Cash and Cash Equivalents	11.6A	1,789,415	41,677,663
Accounts receivables – Imprest and Advances	11.7		492,926
TOTAL FINANCIAL ASSETS		1,789,415	42,170,589
REPRESENTED BY			
Fund balance b/fwd	11.9	42,170,589	263,462,656
Surplus/Deficit for the year		(39,888,248)	(221,292,067)
Outstanding imprests surrendered	11.7	(492,926)	
NET FINANCIAL POSITION	11.9	1,789,415	42,170,589

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/9/2021 2021 and signed by:



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Benjamin Njenga



Project Accountant
Name: Christopher Kingi
ICPAK Member No: 9467

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

		2020/21	2019/20
	Note	Kshs.	Kshs.
Receipts for operating activities			
Transfer from Government entities	11.1	560,000,000	739,956,000
Miscellaneous Receipts	11.3	-	14,785,397
Other receipts	11.3A	-	45,240,000
		560,000,000	799,981,397
Payments for operating activities			
Purchase of goods and services	11.4	(68,988,934)	(81,892,431)
Adjustments during the year(Change in receivables)	11.7		(492,926)
Net cash flow from operating activities		491,011,066	81,892,431
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial Assets	11.5	1,450,415,556	(1,275,981,231)
Net cash flows from Investing Activities		(1,450,415,556)	(1,275,981,231)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	11.2	919,516,242	336,600,198
Net cash flow from financing activities		919,516,242	336,600,198
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(39,888,248)	(221,784,993)
Cash and cash equivalent at BEGINNING of the year	11.6A	41,677,663	263,462,656
Cash and cash equivalent at END of the year	11.6A	1,789,415	41,677,663

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/21 2021 and signed by:



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Benjamin Njenga



Project Accountant
Name: Christopher Kingi
ICPAK Member No: 9467

Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	560,000,000		560,000,000	560,000,000	-	100%
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings		925,000,000	925,000,000	919,516,242	5,483,758	99%
Miscellaneous receipts						
Other receipts						
Total Receipts	560,000,000	925,000,000	1,485,000,000	1,479,516,242	5,483,758	100%
Payments						
Compensation of Land						
Purchase of goods and services	29,490,000	39,498,934	68,988,934	68,988,934	-	100%
Social security benefits						
Acquisition of non-financial assets	530,510,000	885,501,066	1,416,011,066	1,450,415,556	(34,404,490)	102%
Transfers to other government entities						
Other grants and transfers						
Total Payments	560,000,000	925,000,000	1,485,000,000	1,519,404,490	34,404,490	102%

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



Principal Secretary
 Name: Charles M. Hinga, CBS



Project Coordinator
 Name: Benjamin Njenga



Project Accountant
 Name: Christopher Kingi
 CPAK Member No: 9467

10. 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 Nairobi Metropolitan Services Improvement Project (NaMSIP) 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 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.

h) 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.

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

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

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 Ksh764,999,817 million being loan disbursements 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 recognised 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 June 30, 2021.

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.

11. NOTES TO THE FINANCIAL STATEMENTS

11.1 RECEIPTS FROM GOVERNMENT OF KENYA

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

	2020/2021	2019/2020	Cumulative
	Kshs.	Kshs.	to-date
<i>Counterpart funding through State Department for Housing and Urban Development</i>			
Counterpart funds Quarter 1	-	-	
Counterpart funds Quarter 2	-	-	
Counterpart funds Quarter 3	-	-	
Counterpart funds Quarter 4	560,000,000	739,956,000	2,535,815,479
TOTAL	560,000,000	739,956,000	2,535,815,479

11.2 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated 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.	
					FY2020/2021	FY202019/20
	Kshs.	Kshs.	Kshs.	Kshs.		
Loans Received from Multilateral Donors (International Organizations)						
Loan received from IDA		1,426,218	154,516,426	764,999,817	919,516,242	3,757,484,900
Total		1,426,218	154,516,426	764,999,817	919,516,242	3,757,484,900

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.3 MISCELLANEOUS RECEIPTS (See Annex 2)

	2020-2021			2019-2020	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	Kshs	Kshs	Kshs	Kshs	Kshs
Miscellaneous receipts		-	-	14,785,397	21,216,93
TOTAL		-		14,785,397	21,216,93

11.3A OTHER RECEIPTS

	2020-2021			2019-2020	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	Kshs	Kshs	Kshs	Kshs	Kshs
Other receipts (From Kiambu County for Construction of Kikuyu Market)	-	-	-	45,240,000	45,240,000
TOTAL	-	-	-	45,240,000	<u>45,240,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.4. PURCHASE OF GOODS AND SERVICES

	FY 2020/2021			FY 2019/2020	Cumulative to date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Other operating costs	6,186,056		6,186,056	4,930,817.30	105,942,44
Printing, advertising supplies & services	8,800,334		8,800,334	7,195,370.00	114,308,65
Training payments	7,067,740		7,067,740	16,339,516.00	148,746,26
Consultancy Services -Technical	31,373,804	15,561,000	46,934,804	76,150,741.15	845,241,84
Total	53,427,934	15,561,000	68,988,934	104,616,444.45	1,214,239,218

11.5 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2020/21			FY 2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Construction of roads	37,468,594	65,763,077	103,231,672	446,418,776.10	8,518,468,65
Construction of civil works	373,726,218	274,340,740	648,066,958	1,479,831,484.80	13,144,782,18
Purchase of vehicles & other transport equipment	-	-	-	-	59,508,00
Purchase of office furniture & general equipment	3,609,145	-	3,609,145	9,249,919.90	21,226,13
Purchase of specialised plant, equipment and machinery	-	269,964,071	269,964,071	-	908,200,20
Research, studies, project preparation, design & supervision	164,855,717	54,125,281	218,980,997	868,904,572.30	3,560,487,87
Acquisition of land	-	-	-	739,956,000	919,610,16
Construction of Buildings	121,317,065	85,245,648	206,562,713	1,129,781,166.70	1,336,343,87
Total	700,976,740	749,438,817	1,450,415,556	4,674,141,919.80	28,468,627,09

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.6 CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	Kshs.	Kshs.
Bank accounts (Note 8.8A)	1,789,415.35	41,677,662.85
Total	1,789,415.35	41,677,662.85

The project has two 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:

11.6A Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	Kshs.	Kshs.
Local Currency Accounts		
Central Bank of Kenya [A/c No1000396954]	1,884.95	31,053,425.45
Central Bank of Kenya [A/c No1000396938]	1,787,530.40	10,624,237.40
Total local currency balances	1,789,415.35	<u>41,677,662.85</u>
Total bank account balances	<u>1,789,415.35</u>	<u>41,677,662.85</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2020/21	2019/20
	USD	USD.
(i) A/C Nairobi Metropolitan Services Improvement Project [A/c NO: 0810299949176]		
Opening balance(USD)	-	3,289,100.77
Total amount deposited in the account(USD) (1,426,222.70*108.34)	1,426,222.70	-
Total amount withdrawn (as per Statement of Receipts & Payments) (USD 1,426,217.70*108.34)=USD154,516,425.60	1,426,217.70	3,289,100.77
Bank Charges/Exchange gains or losses	-	
Closing balance (as per SDA bank account reconciliation attached USD (1,426,222.70-1,426,217.70)=USD 5.00	5.00	-

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix 1* support these closing balances.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.6 B Cash equivalents (short-term deposits)

	2020/21	2019/20
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	xxx	xxx
Co-Operative Bank of Kenya [A/C No.....]	xxx	xxx
Others (<i>Specify</i>)	xxx	xxx
Total	<u>xxx</u>	<u>xxx</u>

[Provide short appropriate explanations as necessary]

11.7 ACCOUNTS RECEIVABLES

Description of the error	2020 - 2021	2019 - 2020
	KShs	KShs
Outstanding Imprest as at 1 st July 2020 (A)	492,925.80	Nil
Imprest issued during the yea (B)	6,514,424.35	6,280,439.55
Imprest surrendered during the Year (C) (492,925.80+6,514,424.35)=Ksh7,007,350.15	7,007,350.15	5,787,513.75
Net changes in account receivables D= A+B-C	Nil	492,925.80



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.7A BREAKDOWN OF IMPRESTS AND ADVANCES

Name of Officer or Institution	Balance 2020	Due Date of Surrender	Amount Surrendered	Balance 2021	Balance 2021	Comment
Merab Okwaro	164,308.60	24-11-2020	164,308.60	-	-	Lifting of travel restriction enabled the officers attend training in Mombasa October 2020
Caroline Cherotich	164,308.60	24-11-2020	164,308.60	-	-	Lifting of travel restriction enabled the officers attend training in Mombasa October 2020
Beth Mburu	164,308.60	24-11-2020	164,308.60	-	-	Lifting of travel restriction enabled the officers attend training in Mombasa October 2020
TOTAL	492,925.80		492,925.80	-	-	

11.8 ACCOUNTS PAYABLES

Description of the error	2020 - 2021 KShs	2019 - 2020 KShs
Deposit and Retentions as at 1 st July 2020 (A)	227,064,618.25	703,296,705.60
Deposit and Retentions held during the year (B)	250,590,840.60	277,003,130.80
Deposit and Retentions paid during the Year (C)	383,467,250.35	753,235,218.15
Net changes in account receivables D= A+B-C	94,188,208.60	227,064,618.25

NB: The retention money has no dedicated bank account for which these funds can be found. This is because the donor's disbursement guideline restricts payment of retention through donor exchequer or direct payment. The donor's disbursement guideline does not treat transfer of funds to a holding deposit account disbursement, but as a third party account payment hence ineligible.

11.9 FUND BALANCE BROUGHT FORWARD

	2020/21 Kshs.	2019/20 Kshs.
Bank accounts	<u>1,789,415.35</u>	41,677,662.85
Total	<u>1,789,415.35</u>	<u>41,677,662.85</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.10. PRIOR YEAR ADJUSTMENT

Description of the error	Balance b/f FY 2020/2021 as per Financial statements Kshs	Adjustments Kshs	Adjusted Balance b/f FY 2019/2020 Kshs
Bank account Balances	xxx	xxx	xxx
Cash in hand	xxx	xxx	xxx
Accounts Payables	xxx	xxx	xxx
Receivables	xxx	xxx	xxx
Others (<i>specify</i>)	xxx	xxx	xxx
Total	xxx	xxx	xxx

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

11.11. CHANGES IN RECEIVABLE

Description of the error	2020-2021 KShs	2019-2020 KShs
Opening Receivables as at 1 st July 2020	xxx	xxx
Closing account receivables as at 30 th June 2021	xxx	xxx
Change in Receivables	xxx	xxx

11.12. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2020-2021 Kshs	2019-2020 Kshs
Deposit and Retentions as at 1 st July 2020	xxx	xxx
Closing accounts payables as at 30 th June 2021	xxx	xxx
Change in payables	xxx	xxx



12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

Description	Balance c/f FY 2019/2020 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2020/2021 Kshs
Construction of buildings	2,588,901.80		2,588,901.80	-
Construction of civil works	4,206,999.25		3,437,276.40	769,722.85
Supply of goods	2,001,692.10		2,001,692.10	-
Supply of services	4,684,713.00	18,067,805.30	3,221,906.60	19,530,611.70
Total	13,482,306.15	18,067,805.30	11,249,776.90	20,300,334.55

2. PENDING STAFF PAYABLES (See Annex 3B)

Description	Balance b/f FY 2019/2020 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2020/2021 Kshs
Senior management	xxx	xxx	(xxx)	xxx
Middle management	xxx	xxx	(xxx)	xxx
Unionisable employees	xxx	xxx	(xxx)	xxx
Others	xxx	xxx	(xxx)	xxx
Total	xxx	xxx	(xxx)	xxx

OTHER IMPORTANT DISCLOSURES (Continued)

3. OTHER PENDING PAYABLES (See Annex 3C)

Description	Balance b/f FY 2019/2020 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2020/2021 Kshs
Amounts due to National Government entities	xxx	xxx	(xxx)	xxx
Amounts due to County Government entities	xxx	xxx	(xxx)	xxx
Amounts due to third parties	xxx	xxx	(xxx)	xxx
Total	xxx	xxx	(xxx)	xxx



Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

4. EXTERNAL ASSISTANCE

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as grants	xxx	xxx
External assistance received as loans	xxx	xxx
External assistance received in kind- as payment by third parties	xxx	xxx
Total	xxx	xxx

OTHER IMPORTANT DISCLOSURES (Continued)

a). External assistance relating loans and grants

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans	xxx	xxx
External assistance received as grants	xxx	xxx
Total	xxx	xxx

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2020/2021	FY 2019/2020
		Kshs	Kshs
Undrawn external assistance - loans		xxx	xxx
Undrawn external assistance - grants		xxx	xxx
Total		xxx	xxx

c) Classes of providers of external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	xxx	xxx
Bilateral donors	xxx	xxx
International assistance organization	xxx	xxx
NGOs	xxx	xxx
National Assistance Organization	xxx	xxx
Total	xxx	xxx



OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Goods	xxx	xxx
Services	xxx	xxx
Total	xxx	xxx

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Compensation of Employees	Xxx	Xxx
Use of goods and services	Xxx	Xxx
Subsidies	Xxx	Xxx
Transfers to Other Government Units	Xxx	Xxx
Other grants and transfers	Xxx	Xxx
Social Security Benefits	Xxx	Xxx
Acquisition of Assets	Xxx	Xxx
Finance Costs, including Loan Interest	Xxx	Xxx
Repayment of principal on Domestic and Foreign borrowing	Xxx	Xxx
Other Payments	Xxx	Xxx
TOTAL	Xxx	Xxx

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

· **Nairobi Metropolitan Services Improvement Project**
Reports and Financial Statements
For the financial year ended June 30, 2021

:

OTHER IMPORTANT DISCLOSURES (Continued)

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

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
National government	xxx	xxx
Multilateral donors	xxx	xxx
Bilateral donors	xxx	xxx
International assistance organization	xxx	xxx
NGOs	xxx	xxx
National Assistance Organization	xxx	xxx
Total	xxx	xxx

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Retention Monies	It is the policy of the World Bank to release fund for payment to contractors upon the Certificate of substantial completion or upon successful defect liability period or both. Therefore, the contractor's retention money is held by the World Bank while the project teams maintain each contractor withheld retention money.	Management	Resolved	
	Unremitted taxes	It is true the Project Financial Statement discloses pending Bills amounting to Kshs. 61,146,088.90	Management	Resolved	

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>As at 30th June 2019.</p> <p>This balance includes withheld but unremitted taxes amounting to Kshs. 53,699,245.95 being Kshs. 33,359,529.35 Vat and Kshs. 20,339,716.60 Withholding.</p> <p>To date these amounts have been paid, attached is the list of the paid taxes.</p>			



Principal Secretary



Project Coordinator

Date

Date



Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

14. ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget a	Actual on Comparable Basis b	Budget Utilization Difference c=a-b	% of Utilization d=b/a %	Comments on Variance
Receipts					
Transfer from Government entities	560,000,000	560,000,000	-	100%	
Proceeds from borrowings	925,000,000	919,516,242	5,483,758	99%	
Miscellaneous receipts	-	-	-	-	
Other receipts	-	-	-	-	
Total Receipts	1,485,000,000	1,479,516,242	5,483,758	100%	
Payments					
Purchase of goods and services	68,988,934	68,988,934	-	100%	
Acquisition of non-financial assets	1,416,011,066	1,450,415,556	34,404,490	102%	Reduced budget.
Total payments	1,485,000,000	1,519,404,490	34,404,490	102%	Reduced budget.

Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME:		Break down of Transfers from the State Department of XX	
a. Government Counterpart Funding	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
		-	
	Total		
b. Direct Payments	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		XX	
		XX	
	Total	XXX	
c. Others	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		XX	
		XX	
	TOTAL(a+b+c)	XXX	

Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20/06/21	Outstanding Balance 20/09/20	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

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

Nairobi Metropolitan Services Improvement Project
 Reports and Financial Statements
 For the financial year ended June 30, 2021

ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset Class	Opening Cost (Kshs.) 01-07-2020 (a)	*Purchases/Additions in the Year (Kshs.) 2020/21 (b)	Total balance for the Year (Kshs.) 2020/21 (c)	Closing Cost (Kshs.) 2021 (d)= (a)+ (b)-(c)
Land	919,610,160.00		919,610,160.00	919,610,160.00
Truck mounted storm water flushing bouncers	58,568,690.80		58,568,690.80	58,568,690.80
Motor Vehicles	75,068,000		75,068,000	75,068,000
Water Bowers (Multiline motors),	19,020,000		19,020,000	19,020,000
Office equipment, furniture and fittings	12,489,000.00		12,489,000.00	12,489,000.00
ICT Equipment, Software and Other ICT Assets	127,640,841		127,640,841	127,640,841
Other Machinery and Equipment (Firefighting Equipment ,excavators	233,807,237	269,964,070.70	503,771,307.70	503,771,307.70
Geo-information Equipment	169,936,835.30	3,610,295.00	173,547,130.30	173,547,130.30
Total	1,616,140,764	273,574,366	1,889,715,129	1,889,715,129

Notes

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

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2021

ANNEX 5 – CONTINGENT LIABILITIES REGISTER

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



REPUBLIC OF KENYA

FO 30

MINISTRY OF LAND, HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT
JUNE 2021
NaMSIP

BALANCE AS PER THE BANK STATEMENT

LESS: PAYMENT IN CASH BOOK NOT IN BANK STATEMENT
RECEIPT IN BANK STATEMENT NOT IN CASH BOOK

ADD: PAYMENT IN BANK STATEMENT NOT IN CASH BOOK
RECEIPT IN CASH BOOK NOT IN BANK STATEMENT

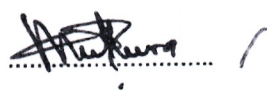
BALANCE AS PER THE CASH BOOK

	1,884.95
	-
	-
	1,884.95

0.95
28/6/21

Prepared by Lawrence Kithinji 

I Certify that I have verified the Bank balance in the cash Book with the bank Statement and that the



AAG
Designation

JUNE 2021



REPUBLIC OF KENYA

F O 30

MINISTRY OF LAND, HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT
JUNE 2021
NaMSIP COUNTERPART FUND

BALANCE AS PER THE BANK STATEMENT

LESS: PAYMENT IN CASH BOOK NOT IN BANK STATEMENT
RECEIPT IN BANK STATEMENT NOT IN CASH BOOK

ADD: PAYMENT IN BANK STATEMENT NOT IN CASH BOOK
RECEIPT IN CASH BOOK NOT IN BANK STATEMENT

BALANCE AS PER THE CASH BOOK

	45,738.00 ✓
14,147.60	
-	14,147.60
-	
1,755,940.00	1,755,940.00
	1,787,530.40 ✓

Prepared by Lawrence Kithinji

[Handwritten Signature]
7/7/2021

OAG
28/11/21

I Certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.

[Handwritten Signature]
Signature

[Handwritten Designation]
Designation

30 TH JUNE 2021

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ISA

Appendix 26

3F.O. 51

REPUBLIC OF KENYA

Date 12/7/2021

Report of the Board of Survey on the Cash and Bank Balances as at the close of business

The Board, consisting of - (Names and official titles)

- ① DUNCAN MUMBERA - DEPUTY DIRECTOR - CSHS
- ② Karen Njoriki Accountant II
- ③ Ruth Wakesah, Assistant Director, Housing

assembled at the office of Namsu Project Accountant (time) on the Crande the Koraga Street, and the following cash was produced :-

Notes	Sh.	<u>Nil</u>
Silver	Sh.	<u>Nil</u>
Copper	Sh.	<u>Nil</u>
Cheques (as per details on reverse)	Sh.	<u>Nil</u>

It was observed that cheques amounting to Sh. cts. had been on hand for more than 14 days prior to the date of the survey.

The Cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 1884.95

Cash on hand	Sh.	<u>.....</u>
Bank Balance	Sh.	<u>1884.95</u>
			<u>1884.95</u>

The Bank Certificate of Balance showed a sum of Sh. 1,884.95 Cts (Sh., Cts.)

standing to the credit of the account on.

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O.30) attached.

[Signature]
Chairman.

DATE 12/7/2021 SECRETARY [Signature]

MEMBER [Signature]

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**NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2021**

Credit No.: IDA LOAN No. CREDIT NO.51020-KE (DA-B)

Bank Account No.: 0810299949176 Held with EQUITY BANK NAIROBI

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		58,174,008.47
	Less:		
2	Total amount documented		58,174,008.47
3	Outstanding amount to be documented		-
	Represented by:		
4	Ending Special account Balance as at 30 June 2021		.5.00
5	Amounts claimed but not credited as at 30 June 2021		-
6	Amounts withdrawn and not claimed		(5.00)
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2021		-

Discrepancy between total appearing on line 3 and 9

-

Notes:

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

The Project Closed on 30.09.2020

[Signature]

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

DATE: 30 07 2021

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2021
Account No.	810299949176
Depository Bank	EQUITY BANK
Address	
Related Loan	QTY-NBI MET SERVICE IMPR-5102KE NOS
Credit Agreement	IDA- 5102 KE
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2020
as per C.B.K. Ledger Account

Add:

Total Amount deposited by World Bank	1,426,222.70
--------------------------------------	--------------

Total Interest earnings if deposited in account

Total amount refunded to cover ineligible
expenditure

Deduct:

Total amount withdrawn	1426217.70
------------------------	------------

Total service charges if not included above in
amount withdrawn

Ending balance on 30th June, 2021	5.00
-----------------------------------	------

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: 

DATE: 26.07.2021

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: 

DATE: 30.07.2021

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2021 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Appendix 3C

CENTRAL BANK OF KENYA - RECONCILIATION

STATEMENT AS AT : 30.06.2021 ✓
G.L.A/C NO : 1000173505

OFF-SHORE A/C NO: 810299949176
DETAILS

CURRENCY
USD

QTY-NBI MET SERVICE IMPR-5102KE NOS
AMOUNTS REMARKS ACTION TAKEN

1. BALANCE AS PER OFFSHORE STATEMENT:

2. ADD DEBITS NOT IN NRB
17.06.2021 ✓

5.00 Ac closure ✓ Corr. Accounts

3. LESS CREDITS NOT IN NRB

4. ADD DEBITS NOT IN OFFSHORE

5. LESS CREDITS NOT IN OFFSHORE

6. BALANCE AS PER CBK LEDGER

(5.00)

5.00

Prepared By: Muthuri K.E

Checked by: [Signature]

Approved By: [Signature]

Date: 09.07.2021 ✓

Date: 14/07/2021

Date: 14.07.2021



APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 20xx
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. **GOK IFMIS comparison Trial Balance**

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