

REPUBLIC OF KENYA

PARLIAMENT
OF KENYA
LIBRARY



OAG



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 12 APR 2023

DAY
Wed

OF

TABLED
BY:

Deputy LDM
Hon. Owen Baya

CLERK-AT
THE-TABLE:

Mado

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2022**

**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, 2022

**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 2022.	1
7.	STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022.....	2
8.	STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022	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.naibimetro.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

Nairobi Metropolitan Services Improvement Project

Reports and Financial Statements

For the financial year ended June 30, 2022

	The project extension date was 16th May 2017 The project extension date revised to 30th September 2020 The Project Component costs is USD330 million as follows: <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	The project was formed to intervene in the following areas: (i) Rapid Urbanisation. (ii) Lack of infrastructure										
Project duration	The project became effective on 17th Dec,2012 with an end date of 30th September 2020										

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, 2022

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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

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, 2022		Undrawn balance to date	
					30 th June, 2022	
	Donor currency USD	Kshs.	Donor currency (USD)	Kshs.	Donor currency (USD)	Kshs.
	(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		-
Total Loans	300,000,000	24,860,909,091	273,749,008	27,077,877,923		-
(ii) Counter Part funds						
Government of Kenya	30,000,000	2,486,090,909	24,404,349	2,635,815,479		364,185,022
Total	330,000,000	27,347,000,000	298,153,357	29,713,692,901		364,185,022

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.

N O	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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

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	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	86% 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 fire fighting equipment 7 No 5,000lts	EUR 1,918,747.98	Delivered and handed over
5	Purchase of fire fighting equipment 7 No -10,000lts	EUR 2,581,182.45	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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

6. Markets

No	Project	Contract Sum (Ksh)	Status
1	Construction of Market in Mwariri	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
8	Construction of Kenya-ini Market Sheds	31,977,837.50	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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (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, 2022, 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 _____ 2022 and signed by them.



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Benjamin Njenga

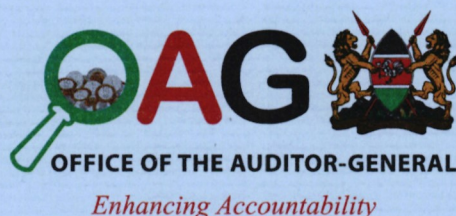


Project Accountant:
Name: Christopher Kingi
ICPAK Member No: 9467

5. REPORT OF THE INDEPENDENT AUDITOR ON THE NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT (NAMSIP)

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI METROPOLITAN SERVICES IMPROVEMENT PROJECT (IDA CREDIT NO.5102-KE) FOR THE YEAR ENDED 30 JUNE, 2022 - 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, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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

Qualified Opinion

I have audited the accompanying financial statements of Nairobi Metropolitan Services Improvement Project set out on pages 1 to 26, which comprise of the statement of

financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of matters discussed in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nairobi Metropolitan Services Improvement Project as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the 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 Qualified Opinion

1. Purchase of Goods and Services - Unsupported Expenditure

The statement of receipts and payments reflects purchase of goods and services expenditure of Kshs.7,372,103 as disclosed at Note 11.4 to the financial statements. The expenditure constitutes of other operating costs, printing advertising, supplies and services and training payments amounting to Kshs.1,876,535, Kshs.1,485,969 and Kshs.4,009,600 respectively. However, a detailed and approved work plan was not provided in support of the expenditure. Further, review of the training expenditure of Kshs.4,009,600 revealed that the expenditure was in respect of per diems and tuition fees paid to eight (8) officers on 29 June, 2022 for attending a security training. Management did not demonstrate how the security training related to the Project. In addition, Management did not provide details on when the respective trainings were undertaken.

In the circumstances, the accuracy and validity of purchase of goods and services expenditure of Kshs.7,372,103 could not be ascertained.

2. Unsupported Deposits and Retentions

Note 11.8 to the financial statements reflects accounts payables - deposits and retentions balance of Kshs.92,319,184 as at 30 June, 2022. However, Management did not maintain a specific deposits and retentions bank account for this money. Further, the amount has not been reported in the statement of financial assets and therefore it is not clear how the settlement will be funded when due.

In the circumstances, the existence and valuation of the accounts payable - deposits and retentions balance of Kshs.92,319,184 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the 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 qualified opinion.

Key Audit Matters

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

Other Matter

Pending Accounts Payable

Note 12.1 to the financial statements on pending accounts payable reflects a balance carried forward of Kshs.59,882,484 as at 30 June, 2022. The pending bills balance comprises of Kshs.2,799,224, Kshs.21,927,777 and Kshs.35,155,483 under construction of buildings, construction of civil works and supply of services respectively, which remained unpaid during the year. The Project risks incurring unquantified avoidable costs of interest and penalties due to delay in settling invoiced bills.

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

Basis for Conclusion

1. Supply of Fire Fighting Vehicles

An International firm was contracted by Management vide contract No. ICB:MoNMED/NaMSIP/VEH-16/2012-2013, to supply, deliver and commission seven (7) diesel propelled 6x4, 10,000 litres capacity, fire fighting vehicles under Lot 1 at a contract value of Euros.2,581,182 (equivalent to Kshs.327,904,078). The contract was signed on 27 June, 2013 and the vehicles were to be delivered to the benefitting local authorities (City Council of Nairobi, Ruiru Municipal Council, Kikuyu Town Council, Thika

Municipal Council, Limuru Municipal Council and Kiambu Municipal Council), on 27 March, 2014 which was nine (9) months after the signing of the contract.

Review of the records provided revealed the following anomalies;

1.1 Delay in Delivery of the Vehicles

The seven (7) fire fighting vehicles were delivered in the financial year 2021/2022 and were distributed to the Nairobi Metropolitan Counties on 3 December, 2021 whereby Nairobi City County received one (1) vehicle, Kiambu County received three (3) vehicles, Murang'a County received one (1) vehicle, Machakos County received one (1) vehicle and Kajiado County received one (1) vehicle.

However, from the foregoing the fire fighting vehicles were delivered seven (7) years and nine (9) months after the original expected delivery date. Although Clause 27.1 on liquidated damages provides that the purchaser may without prejudice to all its other remedies under the contract, deduct from the contract price as liquidated damages a sum equivalent to the percentage specified in the Special Conditions of Contract (SCC) of the delivered price of the delayed goods for each week or part thereof of delay until actual delivery or performance. Management did not lodge any claim as liquidated damages arising from delay in delivery of the vehicles.

1.2 Inspection of the Fire Fighting Vehicles

An audit inspection exercise carried out in the month of September, 2022 on two (2) fire fighting vehicles based in Nairobi City County and in Thika, Kiambu County including verification of information provided by the maintenance Officers-In-Charge revealed some technical challenges: -

- (i) The vehicles' brake pads were worn out, an indication that they may have been of low quality.
- (ii) The vehicles' body works were disjoining, an indication that they were not well done.
- (iii) The vehicles had pump leakage on the discharge points that may be an indication of poor-quality finishes.
- (iv) The vehicles' manual hose reels were placed too high which poses a challenge to the fire fighters.
- (v) The vehicles' pump bay cabin attachment had started loosening, an additional indication of poor-quality finishes on the vehicles.
- (vi) There were compartment partitioning loosening on the fire fighting vehicles.

In the circumstances, it is not clear whether the public obtained value for money from this contract.

2. Delay in Completion of Mitubiri Sanitary Landfill Site Project

The contract for the construction works of Mitubiri sanitary landfill project was awarded to a contractor at a contract sum of Kshs.1,056,478,730. The contract agreement was signed on 30 May, 2017. Notice to take full possession of the site and commencement was given to the contractor on 24 November, 2017. The original contract period was to be three hundred and fifty (350) days or 12 months, and the project was expected to be completed in November, 2018 but the completion date was later revised to 6 April, 2020. However, available records revealed that the project commenced on 23 April, 2020. In addition, during the 2020/2021 financial year, the contractor was issued with a further extension of time up to March, 2021. During the year under review, the contractor was paid Kshs.14,420,024 for interim payment certificate (IPC) No.13 vide payment voucher Number 36.

Further review of records revealed that the contract period had been extended from the original 12 months to 29 months with the new expected date of completion being 30 September, 2022. According to the project status as at August, 2022, 99.5% of the project time had lapsed with 86% of work done. Further, physical verification of the project in September, 2022, indicated that works on the project had almost stalled and the project had already entered into the Defect Liability Period (DLP) which was to lapse on 30 September, 2023.

In the circumstances, the public may not obtain value for money from this contract.

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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 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 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

08 December, 2022

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022.

	Note	2021/2022		2020/2021		Cumulative to-date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
RECEIPTS						
Transfer from Government entities	11.1	100,000,000	-	560,000,000	-	2,636,331,119
Loan from external development partners	11.2	-	-	154,516,426	764,999,817	27,077,877,922
Miscellaneous Receipts	11.3	-	-	-	-	21,216,930
Other Receipts	11.3A	-	-	-	-	45,240,000
TOTAL RECEIPTS		100,000,000	-	714,516,426	764,999,817	29,780,665,971
PAYMENTS						
Purchase of goods and services	11.4	7,372,103		53,427,934	15,561,000	1,217,621,565
Acquisition of non-financial assets	11.5	90,728,530		700,976,740	749,438,817	28,559,355,623
Transfer unspent balances	11.6A	1,885		-	-	1,885
TOTAL PAYMENTS		98,102,518	-	754,404,673	764,999,817	29,776,979,074
SURPLUS/DEFICIT		(1,897,482)	-	(39,888,248)	-	3,686,897

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, 2022

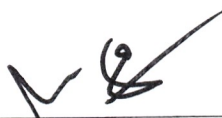
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021/2022	2020/21
		Kshs.	Kshs.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.6A	3,686,898	1,789,415
Total Cash and Cash Equivalents	11.6A	3,686,898	1,789,415
Accounts receivables – Imprest and Advances	11.7		
TOTAL FINANCIAL ASSETS		3,686,898	1,789,415
REPRESENTED BY			
Fund balance b/fwd	11.9	1,789,415	42,170,589
Surplus/Deficit for the year		1,897,482	(39,888,248)
Outstanding imprests surrendered	11.7		(492,926)
NET FINANCIAL POSITION	11.9	3,686,898	1,789,415

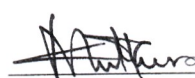
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2022 and signed by:



Principal Secretary
Name: Charles M. Hinga, CBS



Project Coordinator
Name: Benjamin Njenga



Project Accountant
Name: Christopher Kingi
ICPAK Member No: 9467

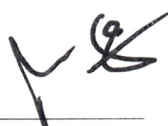
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2022

		2021/22	2020/21
	Note	Kshs.	Kshs.
Receipts for operating activities			
Transfer from Government entities	11.1	100,000,000	560,000,000
Miscellaneous Receipts	11.3	-	-
Other receipts	11.3A	-	-
		100,000,000	560,000,000
Payments for operating activities			
Purchase of goods and services	11.4	(7,372,103)	(68,988,934)
Transfer unspent balances	11.6A	(1,885)	
Adjustments during the year(Change in receivables)	11.7		
Net cash flow from operating activities		92,626,012	491,011,066
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial Assets	11.5	90,728,530	1,450,415,556
Net cash flows from Investing Activities		(90,728,530)	(1,450,415,556)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	11.2	-	919,516,242
Net cash flow from financing activities		-	919,516,242
NET INCREASE IN CASH AND CASH EQUIVALENT		1,897,482	(39,888,248)
Cash and cash equivalent at BEGINNING of the year	11.6A	1,789,415	41,677,663
Cash and cash equivalent at END of the year	11.6A	3,686,898	1,789,415

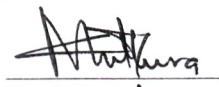
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2022 and signed by:



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, 2022

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	100,000,000		100,000,000	100,000,000	-	100%
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings		-	-	-	-	-
Miscellaneous receipts				-		
Other receipts	-	-	-	-	-	-
Total Receipts	100,000,000	-	100,000,000	1,00,000,000	-	100%
Payments						
Compensation of Land	-	-	-	-	-	-
Purchase of goods and services	8,998,115	-	8,998,115	7,372,103	1,626,012	82%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	91,000,000	-	91,000,000	90,728,530	271,470	100%
Transfers unspent balance	1,885	-	1,885	1,885	-	100%
Other grants and transfers	-	-	-	-	-	-
Total Payments	100,000,000	-	1,00,000,000	98,102,518	1,897,482	98%

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i)Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **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 there was no loan disbursements since the project closed 30th September 2020

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

q) Errors

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

11. NOTES TO THE FINANCIAL STATEMENTS

11.1 RECEIPTS FROM GOVERNMENT OF KENYA

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

	2021/2022	2020/2021	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	100,000,000	560,000,000	2,635,815,479
TOTAL	100,000,000	560,000,000	2,635,815,479

11.2 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2022 we did not received funding from development partners in form of loans negotiated by the National Treasury since the project closed on 30th September 2020

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs.	
	Kshs.	Kshs.	Kshs.	Kshs.	FY2021/2022	FY2020/2021
Loans Received from Multilateral Donors (International Organizations)						
Loan received from IDA		-	-	-	-	919,516,242
Total		-	-	-	-	919,516,242

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.3 MISCELLANEOUS RECEIPTS (See Annex 2)

	2021-2022			2020-2021	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		-	-	-	21,216,930
TOTAL		-	=	-	21,216,930

11.3A OTHER RECEIPTS

	2021-2022			2020-2021	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
TOTAL	-	-	-	-	<u>45,240,000</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.4. PURCHASE OF GOODS AND SERVICES

	FY 2021/2022			FY 2020/2021	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	1,876,535	-	1,876,535	6,186,056	106,842,761
Printing, advertising supplies & services	1,485,969	-	1,485,969	8,800,334	112,781,093
Training payments	4,009,600	-	4,009,600	7,067,740	152,755,866
Consultancy Services -Technical	-	-	-	46,934,804	845,241,845
		-			
Total	7,372,103		7,372,103	68,988,934	1,217,621,565

11.5 ACQUISITION OF NON-FINANCIAL ASSETS

	FY 2021/2022			FY 2020/2021	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	-	-	-	103,231,672	8,518,468,651
Construction of civil works	21,149,996	-	21,149,996	648,066,958	13,165,932,184
Purchase of vehicles & other transport equipment	-	-	-		59,508,000
Purchase of office furniture & general equipment	-		-	3,609,145	21,226,139
Purchase of specialised plant, equipment and machinery	17,693,371		17,693,371	269,964,071	925,893,574
Research, studies, project preparation, design & supervision	29,766,453		29,766,453	218,980,997	3,590,254,326
Acquisition of land	-		-		919,610,160
Construction of Buildings	22,118,710		22,118,710	206,562,713	1,358,462,589
Total	90,728,530		90,728,530	1,450,415,556	28,559,355,623

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.6 CASH AND CASH EQUIVALENTS

	2021/2022	2019/2021
	Kshs.	Kshs.
Bank accounts (Note 11.6A)	3,686,897.55	1,789,415.35
Total	3,686,897.55	1,789,415.35

11.6A Bank Accounts

Project Bank Accounts

	2021/2022	2020/2021
	Kshs.	Kshs.
Local Currency Accounts		
Central Bank of Kenya [A/c No1000396954]	0	1,884.95
Central Bank of Kenya [A/c No1000396938]	3,686,897.55	1,787,530.40
Total local currency balances	3,686,897.55	<u>1,789,415.35</u>
Total bank account balances	<u>3,686,897.55</u>	<u>1,789,415.35</u>

The Project has two bank accounts in Central bank of Kenya and one foreign currency designated accounts managed by the National Treasury.

The project donor account at Central Bank of Kenya has been closed and funds transferred to State Department Development Account at Central Bank of Kenya.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 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

	2021/2022	2020/2021
	USD	USD.
(i) A/C Nairobi Metropolitan Services Improvement Project [A/c NO: 0810299949176]		
Opening balance(USD)	5.00	-
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
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	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)

	2021/2022	2020/2021
	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	2021 - 2022	2020 - 2021
	KShs	KShs
Outstanding Imprest as at 1 st July 2021 (A)	Nil	492,925.80
Imprest issued during the year (B)	997,500	6,514,424.35
Imprest surrendered during the Year (C)	997,500	7,007,350.15
Outstanding Imprest as at 30th June 2022 (A)D= A+B-C	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.7A BREAKDOWN OF IMPRESTS AND ADVANCES

Name of Officer or Institution	Balance 2021	Due Date of Surrender	Amount Surrendered	Balance 2021	Balance 2022	Comment
	-			-	-	
	-			-	-	
	-			-	-	
TOTAL				-	-	

11.8 ACCOUNTS PAYABLES

Description of the error	2021 - 2022 KShs	2020 - 2021 KShs
Deposit and Retentions as at 1 st July 2021 (A)	94,188,208.60	227,064,618.25
Deposit and Retentions held during the year (B)	1,682,840.80	250,590,840.60
Deposit and Retentions paid during the Year (C)	3,551,865.40	383,467,250.35
Deposit and Retentions as at 30th June 2022 D= A+B-C	92,319,184.00	94,188,208.60

NB: The World Bank (International Development Association) requires that the retention funds should be paid out from the project accounts only when retention amount is due to the vendors in line with disbursement guideline. The donor's disbursement guideline does not treat transfer of funds to a holding deposit account as disbursement, hence ineligible expenditure

11.9 FUND BALANCE BROUGHT FORWARD

	2021/2022 Kshs.	2020/2021 Kshs.
Bank accounts	<u>3,686,897.55</u>	1,789,415.35
Total	<u>3,686,897.55</u>	<u>1,789,415.35</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.10. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2021/2022 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	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	2021-2022	2020-2021
	KShs	KShs
Opening Receivables as at 1 st July 2021	xxx	xxx
Closing account receivables as at 30 th June 2022	xxx	xxx
Change in Receivables	xxx	xxx

11.12. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	xxx	xxx
Closing accounts payables as at 30 th June 2022	xxx	xxx
Change in payables	xxx	xxx

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

	Balance c/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	2,799,223.90		2,799,223.90
Construction of civil works	769,722.85	21,927,776.95	769,722.85	21,927,776.95
Supply of goods	-			-
Supply of services	19,530,611.70	17,087,677.70	1,462,806.40	35,155,483.00
Total	20,300,334.55	41,814,678.55	2,232,529.25	59,882,483.85

2. PENDING STAFF PAYABLES (See Annex 3B)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	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)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	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, 2022

4. EXTERNAL ASSISTANCE

	FY 2021/2022	FY 2021
Description	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

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	xxx	xxx
External assistance received as grants	xxx	xxx
Total	xxx	xxx

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2020/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		xxx	xxx
Undrawn external assistance - grants		xxx	xxx
Total		xxx	xxx

c) Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

OTHER IMPORTANT DISCLOSURES (Continued)

d. non-monetary external assistance

	FY 2021/2022	FY 2020/2021
Description	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 2021/2022	FY 2020/2021
	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, 2022

OTHER IMPORTANT DISCLOSURES (Continued)

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

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

	FY 2021/2022	FY 2020/2021
Description	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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

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, 2022

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)
		As at 30th June 2019. 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. To date these amounts have been paid, attached is the list of the paid taxes.			


Principal Secretary

Date


Project Coordinator

Date

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

14. ANNEXES

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					-
Transfer from Government entities	100,000,000	100,000,000	-	100%	-
Proceeds from borrowings			-		-
Miscellaneous receipts	-			-	-
Other receipts	-			-	-
Total Receipts	100,000,000	100,000,000	-	100%	-
Payments					-
Purchase of goods and services	8,998,115	7,372,103	1,626,012	82%	-
Transfer unspent IDA balance	1,885	1,885	-	100%	-
Acquisition of non-financial assets	91,000,000	90,728,530	271,470	100%	-
Total payments	100,000,000	98,102,518	1,897,482	98%	-

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

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

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 3A - ANALYSIS OF PENDING BILLS

	PENDING BILL FY 2021-2022	CIVIL WORKS	BUILDING	GOODS AND SERVICES	TOTAL
NO	Payee	Amount (Ksh)	Amount (Ksh)	Amount (Ksh)	Amount (Ksh)
1	VISIONRI CONSULTING ENGINEERS			12,573,827.00	12,573,827.00
2	PROJECT PLANING AND MANAGEMENT)			334,140.55	334,140.55
3	DOHWA Engineering ConsultantCONSULTANTS			3,066,898.70	3,066,898.70
4	Urban Regional Enviromental Planners			718,024.50	718,024.50
5	DASANI Enginnering Consultant			794,020.00	794,020.00
6	CHIRCHI GITHINJI AND PARTNERS)			580,894.55	580,894.55
7	CONCORDIA	21,927,776.95			21,927,776.95
8	GIBB			4,332,144.80	4,332,144.80
9	SGS KENYA			539,258.30	539,258.30
10	IDCG CONSULTANT			6,237,266.05	6,237,266.05
11	KRA IDCG CONSULTANT			1,185,403.55	1,185,403.55
12	SAMIMA (JUJA MARKET)		2,799,223.90		2,799,223.90
13	ANTEA GROUP			3,659,819.00	3,659,819.00
14	NATION MEDIA GROUP			1,133,786.00	1,133,786.00
	TOTAL	21,927,776.95	2,799,223.90	35,155,483.00	59,882,483.85

Nairobi Metropolitan Services Improvement Project
Reports and Financial Statements
For the financial year ended June 30, 2022

ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	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, 2022

ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Description	Original Amount	Date Contracted	Payable Amount	Outstanding Balance 20xx	Outstanding Balance 20xx	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, 2022

ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER

Asset Class	Opening Cost (Kshs.) 01-07-2021	*Purchases/Add itions in the Year (Kshs.) 2021/22	Total balance for the Year (Kshs.) 2021/2022	Closing Cost (Kshs.) 2022
	(a)	(b)	(c)	(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 Bowsers (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	503,771,307.70	32,654,191.40	536,425,498.10	536,425,498.10
Geo-information Equipment	173,547,130.30		173,547,130.30	173,547,130.30
Total	1,889,715,129	32,654,191.40	1,922,369,321.20	1,922,369,321.20

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, 2022

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					

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2022
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance**



REPUBLIC OF KENYA

FO 30

MINISTRY OF LAND, HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT

JUNE 2022

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

	-	-
	-	-
	-	-
	-	-
	-	-

Prepared by Lawrence Kithinji

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

JUNE 2022

Designation



REPUBLIC OF KENYA

FO 30

MINISTRY OF LAND, HOUSING & URBAN DEVELOPMENT
BANK RECONCILIATION STATEMENT
JUNE 2022
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

	3,686,897.55
-	-
-	-
-	-
	3,686,897.55

Prepared by Lawrence Kithinji

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

Signature

Designation

30TH JUNE 2022

REPUBLIC OF KENYA

Date 14/07/2022

NAMSIP IDA Bank Account

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

A/C 1000396954

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

EZEKIEL CHEGE ASSISTANT DIRECTOR HOUSINGPHOEBE GATWIRI ACCOUNTANT IIELIZABETH BOSIBORI S.C.M.Oassembled at the office of NAMSIP (time) on the 14/07/2022 10:30 am, 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. N/A cts. Nil 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 30/06/2022

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

The Bank Certificate of Balance showed a sum of Sh. Nil 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.

DATE 14/07/2022 SECRETARY [Signature]

[Signature]
Chairman
MEMBER [Signature]

LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND

<i>Cheque No.</i>	<i>Drawer</i>	<i>Date of Cheque</i>	<i>Date Received</i>	<i>Amount</i>
N/A				

REPUBLIC OF KENYA

Date 14/07/2022

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

NAMSIP Counters Bank A/c

NAMSIP

as at the
A/c 1000396938

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

EZEKIEL CHEGE ASSISTANT DIRECTOR HOUSING
PHOEBE GATWIRI ACCOUNTANT II
ELIZABETH BOSIBORI SCMO

assembled at the office of NAMSIP (time) on the 14/07/2022
10:30am 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. N/A 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 30/06/2022

Cash on hand	..	..	..	..	..	Sh.	<u>Nil</u>
Bank Balance	..	..	..	..	..	Sh.	<u>3,686,897.55</u>

The Bank Certificate of Balance showed a sum of Sh. 3,686,897.55

..... 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.

Chairman

DATE 14/07/2022 SECRETARY [Signature]MEMBER [Signature]

LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND

<i>Cheque No.</i>	<i>Drawer</i>	<i>Date of Cheque</i>	<i>Date Received</i>	<i>Amount</i>
N/A X				

VOTE D1094 STATE DEPARTMENT FOR HOUSING & URBAN DEVELOPMENT

Development Expenditure VOTE BOOK STATUS REPORT - FOR THE PERIOD FROM JUL-21 TO JUN-22

VOTE D1094 STATE DEPARTMENT FOR HOUSING & URBAN DEVELOPMENT												
Development Expenditure VOTE BOOK STATUS REPORT - FOR THE PERIOD FROM JUL-21 TO JUN-22												
Head	Sub Head	ITEM-SOURCE-PROGRAMME- GEOGRAPHICAL	TITLE AND DETAILS	Printed Estimate	Reallocation/ Transfer	Supplementary Estimates	Approved Estimates (Net)	Cumulative Expenditure	Outstanding Commitments	Total Payment Commitments	Balance	
1018			Nairobi Metropolitan Services Improvement Project (NAMSIP)	Kes	Kes	Kes	Kes	Kes	Kes	Kes	Kes	
	01		NAMSIP - Headquarters									
		3110504-00001001-0105029999-00000001	Other Infrastructure and Civil Works	100,000,000	0	0	100,000,000	98,100,632	0	98,100,632	1,899,368	
			GROSS EXPENDITURE	100,000,000	0	0	100,000,000	98,100,632	0	98,100,632	1,899,368	
			Net Expenditure Sub Head 101801.....	100,000,000	0	0	100,000,000	98,100,632	0	98,100,632	1,899,368	
			Net Expenditure Head 101800.....	100,000,000	0	0	100,000,000	98,100,632	0	98,100,632	1,899,368	
			Total Net Expenditure vote D1094	100,000,000	0	0	100,000,000	98,100,632	0	98,100,632	1,899,368	

Kenya
Post Office
Nairobi

P.O. Box 60340, Nairobi, Kenya
Telephone 254 20 271 111

July 20, 2022

CERTIFICATE OF BALANCES

Customer: 139523 STATE DEPT FOR HOUSING URBAN DEV

Balance

Date: 30-Jun-22

Account No	Account Name	Currency	Balance
1000395516	REC-STATE DEPT FOR HOUS URB DEV	KES	5,180,687.05
1000395581	DEV-STATE DEPT FOR HOUS URBAN DEV	KES	118,492,239.55
1000395672	DEP-STATE DEPT FOR HOUS URBAN DEV	KES	473,353,692.75
1000395737	CBK165-STATE DEPT FOR HOUS URBAN DEV	KES	0.00
1000396358	RENT FROM GOVT BLDG HOUSING AIA	KES	99,924,531.65
1000396938	NAIROBI METRO SERV IMPR PROJ CFUND	KES	3,686,897.55
1000396946	KENYA URBAN SUPPORT PR IDA A6340 0	KES	127,649,159.35
1000396954	NAIROBI METR SERV IMPR PROJ NAMSP	KES	0.00

Egc

Evelyn Moeg.(Mrs)
Authorised Signatory
Banking Services Division

Alasie

Joyce Nasieku
Authorised Signatory
Banking Services Division

