

REPUBLIC OF KENYA



**AAG**



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY	
DATE: 13 APR 2023 THURSDAY	
ISSUED BY:	THE LEADER OF THE MAJORITY PARTY (Hon. Idiaman, (Chung'uwa))
CLERK AT THE TABLE:	Joyce Lemerelle

**THE AUDITOR-GENERAL**

**ON**

**KENYA INFORMAL SETTLEMENT  
IMPROVEMENT PROJECT  
NO. P113542 CREDIT NO.4873KE**

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

**STATE DEPARTMENT FOR HOUSING  
AND URBAN DEVELOPMENT**





OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

22 NOV 2022

**RECEIVED**

**PROJECT NAME: KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR HOUSING AND URBAN  
DEVELOPMENT**

**PROJECT ID: P113542  
CREDIT NUMBER: 4873**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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

*Kenya Informal Settlement Improvement Project  
Reports and Financial Statements  
For the financial year ended June 30, 2022*

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**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Name:** The project's official name is Kenya Informal Settlement Improvement Project.

**Objective:** The key objective of the project is to improve living conditions of informal settlements in selected Counties in Kenya.

**Address:** The project headquarters office is located in Nairobi County, Kenya.

The address of its registered office is:

Ardhi House,  
1st Ngong Avenue,  
Nairobi

**Contacts:**

The following are the project contacts:

P. O. Box 30119, 00100  
Nairobi

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.2 Project Information**

<b>Project Start Date:</b>	The project start date is 01.07.2011
<b>Project End Date:</b>	The project end date is 30 12 2020
<b>Project Manager:</b>	The project manager is Mrs Peris Mang'ira.
<b>Project Sponsor:</b>	The project sponsor is IDA, AFD, SIDA and GoK.

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the State Department for Housing and Urban Development.
Project number	P113542, TF:18327
Strategic goals of the project	The strategic goals of the project are as follows: (i) Strengthening institutions and programme management (ii) Enhancing tenure security (iii) Investing in infrastructure and service delivery (iv) Planning for urban growth
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening institutions and programme management; (ii) Enhanced land tenure; (iii) Building of roads, floodlights, water and sewerage, and waste management; (iv) Extensive studies and planning on preventing informal settlements in future
Other important background information of the project	The project completed its eighth year of implementation.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) lack of security of tenure (ii) lack of physical infrastructure e.g. roads, foot paths, lighting, water, sewer and waste disposal
Project duration	The project started on 1st July 2011 and is expected to run until 30 June 2016. The time was extended to December 2020

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**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.4 Bankers**

The following are the bankers for the current year:

Designated account: Equity Bank Limited  
Head Office, Equity Centre Branch  
Account No. 0810295112857

Central Bank of Kenya  
Account No. 1000339888

Project Account: Cooperative Bank of Kenya  
Upper Hill Branch  
Account No. 01141161460400

**1.5 Auditors**

The project is audited by the Auditor General

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

**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Peris Mang'ira	Project Coordinator SDS Physical Planning	M.A.Planning, Registered Planner; Member AAK , KIP	Overall programme coordination.
Stella Gitimu	Head of Component 1 DD Slum Upgrading	MBA, BA Land Economics ISK	Manage component 1 activities
George Arwa	Head of Component 2 DD Survey	MA Environmental Management Bsc Land Survey BA Urban Planning ISK, AAK	Manage component 2 activities
Julius Mugwika	Head of Component 3 SPSE (S)	Msc Civil Engineering MIEK	Manage component 3 activities
Wagura Theuri	Project Accountant PHO	MA, BA (Econ), CPA(K) Member ICPAK	Financial Management

**1.7 Funding summary**

The Project duration was five years (from 2011 to 2017) with a further extension to December 2020. The financing budget of US\$ 157.3 Million equivalent to KES 15 Billion as highlighted in the table below:

Below is the funding summary:

**A. Source of Funds**

(i) Grant						
SIDA	\$8,300,000	847,179,454	8,300,000	847,179,454	-	-
(ii) Loan						
IDA	\$100,000,000	9,246,591,028	95,892,675	9,246,591,028	-	-
AFD	€35,000,000/ \$38,987,556	3,977,196,321	38,987,556	3,977,196,321	0	0
(iii) Counterpart funds						
Government of Kenya	\$10,000,000	1,010,000,000	14,554,079	1,059,058,301	0	0
NHP (Kazi Mtaani)				15,666,000,000	0	0
<b>Total</b>	<b>158,300,000</b>	<b>15,080,966,803</b>	<b>157,734,310</b>	<b>30,796,025,103</b>	<b>0</b>	<b>0</b>



**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

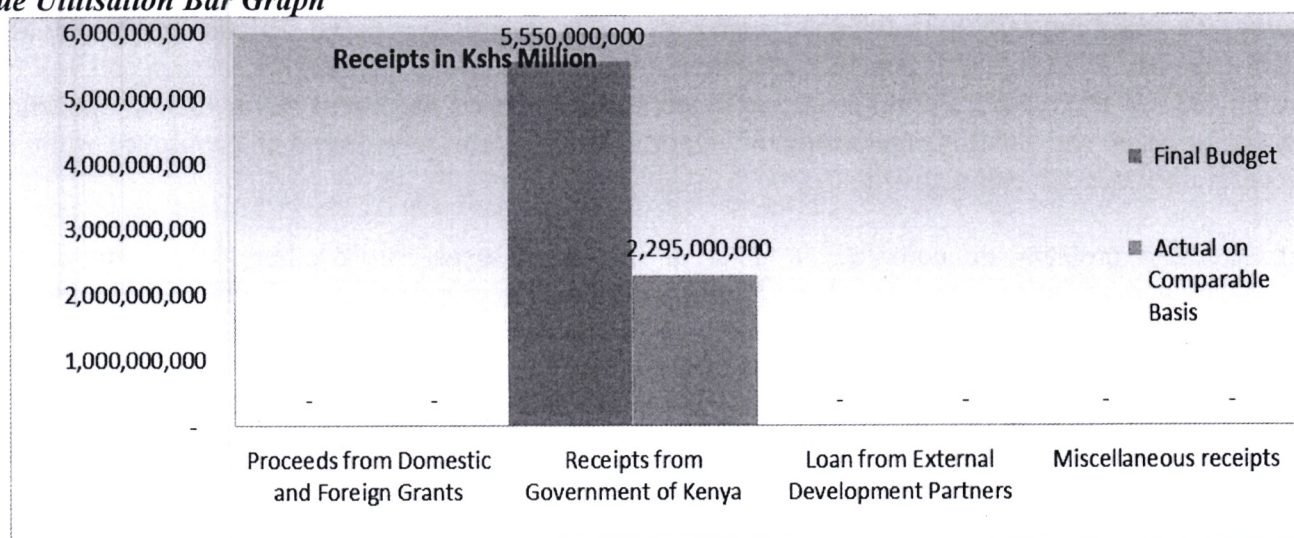
**1.8 Summary of Overall Project Performance:**

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

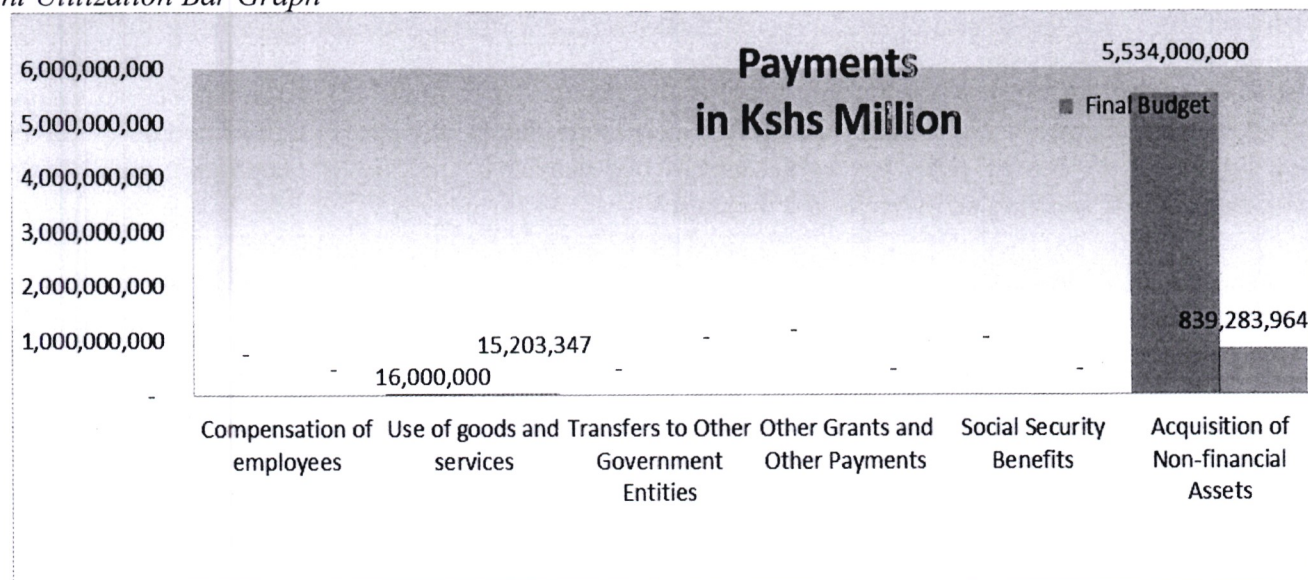
During the year under review, the Project received KShs 2,290,000,000 and incurred expenditure of KShs 854,487,311. The cumulative receipts and expenditures are Kshs. 30,796,025,103 and Kshs. 29,316,453,535 respectively.

**Receipts & Payments Utilization**

**Revenue Utilisation Bar Graph**



**Payment Utilization Bar Graph**



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

The period 2020-2021 was a year of enhanced actualization of various infrastructure investment menu and tenure regularization interventions targeted under KISIP. Eleven (11) urban areas – Mombasa, Nairobi, Machakos, Nakuru/Naivasha, Eldoret Phase I and II, Kitui, Embu, Malindi (Kilifi), Kisumu, Kericho benefitting from infrastructure and the remaining four (4), Garissa, Nyeri, Kiambu and Kakamega benefitting from planning and survey. Socio-economic surveys for Kakamega and Kisumu phase II were completed and prioritized for infrastructure under KISIP Phase II.

Contracts for civil works and consultancies for tenure regularization which commenced in 2014 continued to realize the fruits in 2020-2021 financial year with 5,400 titles prepared and delivered to Nyeri, Mombasa, Kilifi, Nakuru, Kisumu and Uasin Gishu Counties, 7,600 leases were prepared for Garrisa and will be issued during the FY 2021-2022. 80 informal settlements were planned and surveyed in this component. 25,440 beneficiaries are expected; 80 socioeconomic reports, 80 LPDPs were prepared and approved while 78 RIMs successfully amended cumulatively.

Infrastructure projects are complete in most of the urban areas, while others like Kisumu, Naivasha, Machakos and Kericho are under Defects Liability Period. The scope consists of settlement access roads and footpaths; drainage canals, water and sanitation projects; and high mast floodlighting projects.

Completed infrastructure projects include: 98.289km of roads constructed to bitumen standards; 63.048km of sewer pipeline and 4,788 sewer connections done; 21 number ablution blocks; 9,312 number piped water connections; 112.494 km of water pipeline constructed; 109.812 km of drainage canals constructed 134 number 30-meter-high mast constructed; 120.078m of footpaths have been constructed.

Direct and indirect beneficiaries continue to be determined as projects get completed and reported on accordingly.

People benefiting from improved tenure security (number); Under KISIP 80 settlements are at various stages of tenure regularization under Lots 1, 2, 3 & 4 contracts which will have 127,200 people as direct project beneficiaries from tenure. This has been realized because 25,440 titles have been earmarked for issuance, with each title benefitting an average of 5 persons.

Direct project beneficiaries (number); A total of 1,389,980 people are benefitting from tenure and infrastructure components of KISIP. This is because some infrastructure services target similar audiences – water connections, sewer connections, high mast lighting and roads.

Female beneficiaries (percentage, core supplement); The project has endeavoured in its infrastructure and tenure options to ensure gender parity in projects. Currently, 694,990 number of females, translating to 50% of females are benefitting from KISIP projects; this has been validated by socioeconomic surveys by various components.

People in informal settlements provided with access to improved drainage infrastructure under KISIP (Number). Access to drainage facilities were prioritised by communities in all Counties owing to constant flooding and need for storm water management; storm water drainage canals were constructed in Mombasa,

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Embu, Kericho, Kitui, Kisumu, Eldoret, Nakuru, Machakos, Naivasha and Nairobi. This has benefitted approximately 1,000,000 people in these urban areas.

Number of People in urban areas provided with access to all-season roads within a 500-meter range under KISIP (number). Investments in access road network consist of settlement main access roads connecting the settlements and trunk roads, settlement roads providing access within the settlements, walkways and footpaths. A total of 98.289 km of settlement access roads and 120.078 km of footpaths have been constructed through KISIP benefitting 1,000,000 people.

Number of people in urban areas provided with access to improved water sources under KISIP (number). Construction of 112.494 km of water pipeline has been completed with 9,312 water connections done to date; 11 Water Kiosks have been constructed in providing additional access to water. This has enabled 262,780 people to have access to water sources which are safe and clean. 21 ablution blocks have been completed under the project.

**Kazi Mtaani (figures cumulative)**

Item	Total
Bush cleared (sqm)	55,493,455
Drainage unclogged (Km)	177,632
Garbage collection and disposal (Tons)	142,362
Access path/street cleaned (Km)	143,634
Public offices uplifted/upgraded (No.)	842.00
Trees planted (No.)	4,334,114.00
Trees in nurseries (No.)	18,996,518.00
Potting for seedlings	-
Roads repaired (Km)	4,822.05
Cobblestone roads constructed (Km)	2.90
Drainage works undertaken (Km)	9,124,884.38
Low-cost buildings constructed (No.)	42.00
Non-motorized transport (NMT) constructed (Km)	10.00
Street furniture constructed (No.)	86.00
Desilting of dams (Tons)	-

**iii) Value-for-money achievements**

NHP Phase II, so far, has delivered over KES 12.7 Bn in wages to participating workers and supported economic activity within the over 1,000 informal settlements. This represents an injection of KES 12.7 Bn in local economies that have experienced disruption due to the economic slowdown. The provision of a daily wage has supported households and allowed them to meet their basic needs. In addition, the youth workers continue to receive training that will be useful after the program ends. Many have formed groups that will access funds from the Youth Fund and other government programs. Many have received training from collaborators on financial planning and prudence with their earnings. Testimonials from participants indicate that they have saved money, set up businesses by co-investing in their groups, as well as other made other important strides financially. Lastly, the youth have participated in making their communities and environs better. This connection with their communities is bound to increase their sense of civic duty and make them better citizens overall.

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

The project has had a normally distributed absorption rate over the implementation period.

**v) Implementation challenges and recommended way forward**

<b>Issue/challenge</b>	<b>Lesson</b>	<b>Recommendation</b>
1. Complex tenure security arrangements and operational delays occasioned by changes in land surveying information	Interpretation of legislation on roles and responsibilities of key actors in land management continue to negatively affect delivery of results.	KISIP national team is taking a more active role in supervision  Involvement of the relevant county officials in identification and verification of list of beneficiaries.
2. lack of timely funding for kazi mtaani; The unavailability of budget affected our cash flow management therefore limiting the ability to make timely payment to the workers.	There is need to anticipate and plan for unforeseen program extensions	The projected budget and implementation period need to be known and precise

**1.9 Summary of Project Compliance:**

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

## 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

### Introduction

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

The key development objectives of the project are to:

- a) To complete tenure regularization for settlements under the project;
- b) To benefit persons living in selected settlements through both infrastructure and tenure options under KISIP
- c) To benefit females and males under the KISIP interventions;
- d) To provide people with access to improved drainage infrastructure under the project;
- e) To provide people living in urban informal settlements with access to all season roads within a 500-meter radius under KISIP;
- f) To provide people in urban areas with access to improved water sources under KISIP;

### Progress on attainment of Strategic development objectives

Project	Objective	Outcome	Indicator	Performance
Tenure security enhancement	To enhance tenure regularization under the project	Enhanced ownership of land to pave way for infrastructure and housing development	Enhanced security of tenure	Tenure security improved in 80 informal settlements
Project beneficiaries by gender	To benefit females and males under the KISIP interventions	Females and males benefitted from KISIP interventions alike	Gender parity in project beneficiaries	50% of males and females benefitted from the project
People with access to improved drainage infrastructure	To provide people with access to improved drainage infrastructure under the project	Improved access to drainage infrastructure within settlements	Number of people with improved drainage infrastructure under the project	1,000,000 people with improved drainage infrastructure resulting from drainage canals constructed under the project
People with access to all	To provide people living in urban	Improved access to all season roads	Number of people with improved	1,000,000 people with access to improved all

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season road within a 500 meter radius	informal settlements with access to all season roads within a 500-meter radius under KISIP	within 500-meter radius	access to all season roads within 500-meter radius	season road within a 500-meter radius
People within urban areas with access to improved water sources	To provide people in urban areas with access to improved water sources under KISIP	Improved access within urban areas to improved water sources	Number of people with access to improved water sources within urban areas	262,780 persons benefitted with improved water sources within urban areas under the project
Total project beneficiaries – tenure and infrastructure	To benefit persons living in selected settlements through both infrastructure and tenure options under KISIP	Improved living conditions of people living in slums and informal settlements through tenure security and installation of infrastructure and service delivery	Number of people benefiting from the project – tenure and infrastructure	1,389,980 persons have benefitted from both tenure and infrastructure installation from the project.

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

KISIP 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**

KISIP is being implemented in the fastest growing urban areas in Kenya which have witnessed increased number of people living and working in informal settlements. The five major urban areas per population and contribution to the GDP are: Nairobi, Mombasa, Kisumu, Eldoret and Nakuru. Mombasa works were completed and handed over by H.E President on 5th January 2017. Works in the Counties of Nairobi, Nakuru, Kericho, Kisumu, Machakos, Embu, Kitui have been completed. As a result of KISIP, 1,389,980 people are currently benefitting from KISIP 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, the urban areas of Nakuru and Eldoret are currently being prepared to assume city status, which will increase Kenyan cities from three to five: Nairobi, Mombasa, Kisumu, Nakuru and Eldoret. KISIP has intervened in all the major five urban areas and hence supporting efforts aimed at sustainable urbanization. The urban transition in Kenya will play an important role in determining the country 's growth prospects and social stability. KISIP was formulated to bridge and contribute to improving the living conditions of people living in informal settlements in Kenya and make urban areas more liveable.

#### **2. Environmental performance**

The project developed and implements an effective Environmental and Social Management Framework. This has facilitated resettlement of project affected persons including resettlement of structures and businesses. Compliance with the environmental policies and concerns are addressed through environmental impact assessments (EIAs), which further have the provisions for an effective Environmental Management Plans (EMP) to ensure sustainability of the KISIP projects. Additionally, under the National Hygiene Programme (1A), further safeguard protocols were developed for the implementation of the Kazi Mtaani programme. These have continued to be used even under the GoK financing of the second phase of the programme.

#### **3. Employee welfare**

Projects implemented adhered to the provisions of the Occupational Safety and Health Act of 2007, (OSHA) and have 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 (PSC) 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 conducted 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 ensured fair competition among the bidders while issuing the tenders. The bidders are evaluated on set guidelines and given equal opportunity

The State Department for Housing and Urban Development 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 the Settlement Executive Committees (SECs) in resolving various issues pertaining to operationalization of bio digesters in Nairobi and Naivasha; participation in planning and survey activities of RAP implementation and infrastructure development.

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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement 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 (v) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement 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 for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement 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 for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement 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 for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement Improvement 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.

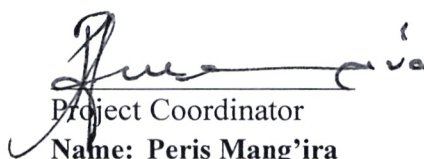
**Approval of the Project financial statements**

The Project financial statements were approved by the Principal Secretary for the State Department for Housing and Urban Development and the Project Coordinator for Kenya Informal Settlement Improvement Project on 21<sup>st</sup> November 2022 and signed by them.



Principal Secretary

Name: Charles M. Hinga, CBS



Project Coordinator

Name: Peris Mang'ira



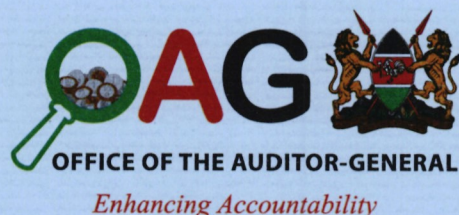
Project Accountant:

Name: Wagura Theuri

ICPAK Member No: 13047

# REPUBLIC OF KENYA

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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 KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT NO. P113542 CREDIT NO.4873KE FOR THE YEAR ENDED 30 JUNE, 2022 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

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### **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 Kenya Informal Settlement Improvement Project No. P113542 set out on pages 1 to 32, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Informal Settlement 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 Financing Agreements between the Republic of Kenya and International Development Association (IDA) - No.4873-KE and Agency Francaise De developpement (AFD)-CKE 1055 01 J and Grant Agreement with Swedish International Agency (SIDA)-TF:018327 dated 23 May, 2011, 17 December, 2015 and 7 July, 2015 respectively.

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

### Basis for Qualified Opinion

#### Unsupported Expenditure on Purchase of Goods and Services

The statement of receipts and payments reflects an amount of Kshs.15,203,347 in respect of purchase of goods and services, as disclosed in Note 6 to the financial statements, which includes domestic travel and subsistence expenditure amounting to Kshs.12,505,486.

The domestic travel and subsistence costs further include expenditure for imprest paid to staff on 28 and 30 June, 2022 amounting to Kshs.478,850 which was not supported with the dates when the events took place and the respective surrenders evidencing attendance.

In addition, the domestic travel expenses also include payments amounting to Kshs.1,519,600 paid on 24 December, 2021 as subsistence allowance for unidentified officers for attending infrastructure inspection meetings. No work plan was provided to demonstrate that the inspection meetings were part of the project activities.

In the circumstances, the accuracy and validity of the purchase of goods and services amount of Kshs.15,203,347 could not be confirmed.

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

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

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

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

#### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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


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

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

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

**30 November, 2022**

*Kenya Informal Settlement Improvement Project  
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**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022**

	Note	2021/2022			2020/2021			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KShs	KShs	KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>								
Transfer from Government entities	1	2,295,000,000	-	2,295,000,000	13,000,000,000	-	13,000,000,000	16,725,058,301
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	847,179,454
Loan from external development partners	3	-	-	-	-	-	-	13,223,787,349
Miscellaneous receipts	4	-	-	-	-	-	-	205,852,804
<b>TOTAL RECEIPTS</b>		<b>2,295,000,000</b>	<b>-</b>	<b>2,295,000,000</b>	<b>13,000,000,000</b>	<b>-</b>	<b>13,000,000,000</b>	<b>31,001,877,907</b>
<b>PAYMENTS</b>								
Compensation of employees	5	-	-	-	-	-	-	-
Purchase of goods and services	6	15,203,347	-	15,203,347	50,712,803	-	57,742,134	781,286,586
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	839,283,964	-	839,283,964	13,601,762,567	-	13,594,733,236	28,365,197,751
Transfers to other government entities	9	-	-	-	-	-	-	373,272,002
Other grants and transfers and payments	10	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS</b>		<b>854,487,311</b>	<b>-</b>	<b>854,487,311</b>	<b>13,652,475,370</b>	<b>-</b>	<b>13,652,475,370</b>	<b>29,519,756,339</b>
<b>SURPLUS/ (DEFICIT)</b>		<b>1,440,512,689</b>	<b>-</b>	<b>1,440,512,689</b>	<b>(652,475,370)</b>	<b>-</b>	<b>(652,475,370)</b>	<b>1,482,121,569</b>

*Kenya Informal Settlement Improvement Project  
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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, CA(SA)



Project Coordinator  
Name: Peris Mang'ira




Project Accountant  
Name: Wagura Theuri  
ICPAK Member No: 13047

*Kenya Informal Settlement Improvement Project  
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For the financial year ended June 30, 2022*

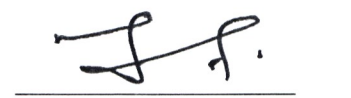
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.A	1,482,121,569	41,608,880
Cash Balances	11. B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>1,482,121,569</b>	<b>41,608,880</b>
Accounts Receivables	12	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>1,482,121,569</b>	<b>41,608,880</b>
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions	13	-	-
<b>NET ASSETS</b>		<b>-</b>	<b>-</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	14	41,608,880	694,084,250
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		1,440,512,689	(652,475,370)
<b>NET FINANCIAL POSITION</b>		<b>1,482,121,569</b>	<b>41,608,880</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21<sup>st</sup> Nov. 2022 and signed by:

  
Principal Secretary  
Date

  
Project Coordinator  
Date

  
Project Accountant  
Date  
ICPAK Member No.13047

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

		2021/2022	2020/2021
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	2,295,000,000	13,000,000,000
Proceeds from domestic and foreign grants	2	-	-
Miscellaneous receipts	4	-	-
<b>Payments from operating activities</b>			
Compensation of employees	5	-	-
Purchase of goods and services	6	(15,203,347)	(50,712,803)
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
<b>Adjustments during the year</b>			
Prior Year Adjustments	15	-	-
Decrease/(Increase) in Accounts Receivable	16	-	-
Increase/(Decrease) in Accounts Payable:	17	-	-
<b>Net cash flow from operating activities</b>		<b>2,279,796,653</b>	<b>12,949,287,197</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	(839,283,964)	(13,601,762,567)
<b>Net cash flows from Investing Activities</b>		<b>(839,283,964)</b>	<b>(13,601,762,567)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	-	-
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,440,512,689</b>	<b>(652,475,370)</b>
Cash and cash equivalent at BEGINNING of the year	11	41,608,880	694,084,250
Cash and cash equivalent at END of the year	11	1,482,121,569	41,608,880

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 21<sup>st</sup> Nov. 2022 and signed by:



Principal Secretary  
Date



Project Coordinator  
Date



Project Accountant  
Date


ICPAK Member No: 13047

*Kenya Informal Settlement Improvement Project  
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**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022**

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 %
<b>Receipts</b>						
Transfer from Government entities	3,050,000,000	2,500,000,000	5,550,000,000	2,295,000,000	3,255,000,000	41%
Proceeds from domestic and foreign grants	-	-	-	-	-	
Proceeds from borrowings	-	-	-	-	-	0%
Miscellaneous receipts	-	-	-	-	-	0%
<b>Total Receipts</b>	<b>3,050,000,000</b>	<b>2,500,000,000</b>	<b>5,550,000,000</b>	<b>2,295,000,000</b>	<b>3,255,000,000</b>	<b>41%</b>
<b>Payments</b>						
Compensation of employees	-	-	-	-	-	0%
Purchase of goods and services	16,000,000	-	16,000,000	15,203,347	796,653	95%
Social security benefits	-	-	-	-	-	0%
Acquisition of non-financial assets	3,034,000,000	2,500,000,000	5,534,000,000	839,283,964	4,694,716,036	15%
Transfers to other government entities	-	-	-	-	-	0%
Other grants and transfers	-	-	-	-	-	0%
<b>Total Payments</b>	<b>3,050,000,000</b>	<b>2,500,000,000</b>	<b>5,550,000,000</b>	<b>854,487,311</b>	<b>4,695,512,689</b>	<b>15%</b>

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

  
Principal Secretary  
Date

  
Project Coordinator  
Date

  
Project Accountant  
Date

ICPAK Member No:13049

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Statement of compliance and basis of preparation**

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

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

### **10.2 Reporting entity**

The financial statements are for the Kenya Informal Settlement Improvement Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

### **10.3 Reporting currency**

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

### **10.4 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

**Significant Accounting Policies (Continued)**

**iv) Donations and grants**

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

**v) Proceeds from borrowing**

Borrowing includes 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.

**vi) Undrawn external assistance**

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

**10.5 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.

### **10.6 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.

### **10.7 Cash and cash equivalents**

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

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

## **Significant Accounting Policies (Continued)**

### **10.8 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 party deposits.

### **10.9 Imprests and Advances**

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

### **10.10 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

### **10.11 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)**

### **10.12 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.

### **10.13 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.

### **10.14 Third party payments**

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

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

### **10.15 Exchange rate differences**

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

### **10.16 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.

**10.17 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.

**10.18 Prior period adjustments**

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

## 11. NOTES TO THE FINANCIAL STATEMENTS

### 1. Transfers from Government entities

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

	2021/22	2020/21	
	KShs	KShs	Cumulative to-date (from inception)
<i>Counterpart funding through State Department for Housing and Urban Development</i>			
Counterpart funds Quarter 1	-	-	145,000,000
Counterpart funds Quarter 2	45,000,000	-	280,000,000
Counterpart funds Quarter 3	-	-	191,569,780
Counterpart funds Quarter 4	-	-	442,488,521
Counterpart funds NHP	2,250,000,000	13,000,000,000	15,666,000,000
<b>Total (See Annex 2)</b>	<b><u>2,295,000,000</u></b>	<b><u>13,000,000,000</u></b>	<b><u>16,725,058,301</u></b>
<i>Other transfers from government entities</i>			
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b><u>2,295,000,000</u></b>	<b><u>13,000,000,000</u></b>	<b><u>16,725,058,301</u></b>

*Kenya Informal Settlement Improvement Project  
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Notes to the Financial Statements (Continued)

2. Proceeds from Domestic And Foreign Grants

During the 12 months to 30<sup>th</sup> June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						2021/22 KShs	2020/21 KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Grants Received from Multilateral Donors (International Organizations)							
SIDA		-	-	-	-	-	-
Grants Received from Local Individuals and organizations							
<b>Total</b>		-	-	-	-	-	-

**Notes to the Financial Statements (Continued)**

**3. Loan from External Development Partners**

During the 12 months to 30<sup>th</sup> June 2022 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2021/22	2020/21
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
International Development Association (IDA)						-
French Development Agency (AFD)		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

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Notes to the Financial Statements (Continued)

4. Miscellaneous Receipts

	2021/2022		2020/2021		Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	205,852,804
<b>Total</b>	-	-	-	-	<b>205,852,804</b>

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Notes to the Financial Statements (continued)

5. Compensation of Employees

	2021/2022			2020/2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

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**Notes to the Financial Statements (continued)**

**6. Purchase of Goods and Services**

	2021/2022			2020/2021	
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to- date
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	1,135,477	-	1,135,477	9,946,050	104,848,598
Communication, supplies and services	-	-	-	2,980,000	44,193,464
Domestic travel and subsistence	12,505,486	-	12,505,486	29,663,460	364,123,207
Foreign travel and subsistence	-	-	-	-	5,976,662
Printing, advertising and information supplies	11,436	-	11,436	651,844	41,397,991
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	44,313	142,360,178
Hospitality supplies and services	-	-	-	-	4,443,430
Insurance costs	158,249	-	158,249	881,909	2,691,956
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	1,392,699	-	1,392,699	6,545,227	71,251,100
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
<b>Total</b>	<b><u>15,203,347</u></b>	<b>=</b>	<b><u>15,203,347</u></b>	<b><u>50,712,803</u></b>	<b><u>781,286,586</u></b>

**Notes to the Financial Statements (Continued)**

**7. Social Security Benefits**

	2021/2022			2020/2021	Cumulative to- date KShs
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

*There were no payments for social security benefits*

**Kenya Informal Settlement Improvement Project**  
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**Notes to the Financial Statements (Continued)**

**8. Acquisition of Non-Financial Assets**

	2021/2022			2020/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	23,161,117	-	23,161,117	443,165,630	9,954,862,352
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	82,478,360
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	247,517,757
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	1,416,087	-	1,416,087	161,409,330	3,552,444,914
Rehabilitation of civil works	814,706,760	-	814,706,760	12,997,187,607	14,527,894,367
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	<b><u>839,283,964</u></b>	<b>=</b>	<b><u>839,283,964</u></b>	<b><u>13,601,762,567</u></b>	<b><u>28,365,197,751</u></b>

**Notes to the Financial Statements (continued)**

**9. Transfers to other Government Entities**

During the 12 months to 30 June 2022, we transferred funds to reporting government entities as shown below:

	2021/2022			2020/2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
Athi Water Services Board	-	-	-	-	203,237,099
Coast Water Services Board	-	-	-	-	71,200,000
Lake Victoria North Water Services Board	-	-	-	-	98,834,903
	-	-	-	-	<b>373,272,002</b>
<b>Transfers to County Governments</b>					
<b>TOTAL</b>	-	-	-	-	<b>373,272,002</b>

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

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**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> 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
	KShs	KShs
<b>(i) Equity Bank Limited [A/c NO:0810295112857]</b>		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	=	=
<b>(ii) KISIP-CKE 1055 01 J [A/c No 1000339888]</b>		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	=	=

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

**Notes to the Financial Statements (Continued)**

**11 B Cash in Hand**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations ( <i>specify</i> )	-	-
<b>Total cash balances</b>	<b>=</b>	<b>=</b>

**11 C Cash equivalents (short-term deposits)**

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

**12. Imprests and Advances**

<i>Description</i>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Salary advances	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

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Notes to the Financial Statements (Continued)

12B: Breakdown of Imprests And Advances

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2022</i>	<i>Balance 2021</i>
<b>Total</b>	=	=	=	=	=

13. Deposits and Retention Monies

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Retention	-	-
Deposits	-	-
<b>Total</b>	=	=

14. Fund Balance Brought Forward

	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	1,482,121,569	41,608,880
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	<b>1,482,121,569</b>	<b>41,608,880</b>

**Notes to the Financial Statements (Continued)**

**15. Prior Year Adjustment**

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

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

**16. Changes in Receivable**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>KShs</b>	<b>KShs</b>
Opening Receivables as at 1 <sup>st</sup> July 2021	-	-
Closing account receivables as at 30 <sup>th</sup> June 2022	-	-
Change in Receivables	=	=

**17. Changes in Accounts Payable**

<b>Description</b>	<b>2021/2022</b>	<b>2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2021	-	-
Closing accounts payables as at 30 <sup>th</sup> June 2022	-	-
Change in payables	=	=

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**12. OTHER IMPORTANT DISCLOSURES**

**1. Pending Accounts Payable (See Annex 3a)**

	<b>Balance b/f FY 2020/2021</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

**2. Pending Staff Payables (See Annex 3b)**

	<b>Balance b/f FY 2020/2021</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

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**Other Important Disclosures (Continued)**

**3. Other Pending Payables (See Annex 3c)**

	<b>Balance b/f FY 2020/2021</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2021/2022</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>

**4. External Assistance**

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

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**Other Important Disclosures (Continued)**

*a). External assistance relating loans and grants*

Description	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

*b) Undrawn external assistance*

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

*c) classes of providers of external assistance*

Description	FY 2021/2022	FY 2020/2021
	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

*Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc*

**Other Important Disclosures (Continued)**

*d. Non-monetary external assistance*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*e Purpose and use of external assistance*

<b>Payments Made by Third Parties</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	-	-

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

*Kenya Informal Settlement Improvement Project  
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**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*

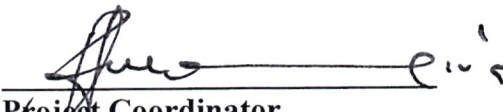
	<b>FY 2021/20212</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

**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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
<b>Emphasis of Matter</b>	<p><b>Special Account Reconciliation</b> The statement of receipts and payments reflects nil proceeds from domestic and foreign However, this excludes amounts withdrawn but yet claimed of USD12,609,173 equivalent to Kshs.1,295,554,554 as at 30 June, 2021 reflected in the Project special account statement. The amount represents cumulative funds transfers to the Project bank account, but whose expenditure returns had not been submitted to the National Treasury by the close of the financial year.</p>	The returns have been submitted to the National Treasury and all expenditure documented.	<b>Resolved</b>	

  
Principal Secretary  
21/11/2022  
Date

  
Project Coordinator  
21/11/2022  
Date

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**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 (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	5,550,000,000	2,295,000,000	3,255,000,000	41%	(i)
Proceeds from domestic and foreign grants	-	-	-	0%	
Proceeds from borrowings	-	-	-	0%	
Miscellaneous receipts	-	-	-	0%	
<b>Total Receipts</b>	<b>5,550,000,000</b>	<b>2,295,000,000</b>	<b>3,255,000,000</b>		
<b>Payments</b>					
Compensation of employees	-	-	-	0%	
Purchase of goods and services	16,000,000	15,203,347	796,653	95%	
Social security benefits	-	-	-	0%	
Acquisition of non-financial assets	5,534,000,000	839,283,964	4,694,716,036	15%	(ii)
Transfers to other government entities	-	-	-	0%	
Other grants and transfers	-	-	-	0%	
<b>Total payments</b>	<b>5,550,000,000</b>	<b>854,487,311</b>	<b>4,695,512,689</b>		

(i) *The low receipts was due to unavailability of funds from the exchequer*

(ii) *There was a delay in approval of supplementary budget; for this reason,*

*there was a delay in recruiting workers to implement the 3<sup>rd</sup> phase of kazi mtaani*

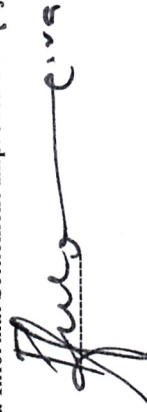
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**Annex 2: Reconciliation of Inter-Entity Transfers**

<b>PROJECT NAME:</b>		<b>Kenya Informal Settlement Improvement Project</b>		
<b>Break down of Transfers from the State Department of Housing and Urban Development</b>				
	<b>Government Counterpart Funding</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>Financial Year</b>
a.		09/08/2021	1,500,000,000	2021/2022
		19/11/2021	45,000,000	2021/2022
		05/07/2022	750,000,000	2021/2022
		<b>Total</b>	<b>2,295,000,000</b>	
b.	<b>Direct Payments</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>For 2021/2022</b>
			-	
		<b>Total</b>	-	
c.	<b>Others</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>For 2021/2022</b>
			-	
		<b>Total</b>	-	
		<b>TOTAL(a+b+c)</b>	<b>2,295,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry/ state department

Project Coordinator  
Kenya Informal Settlement Improvement Project



Sign

Head of Accounting Unit  
State Department of Housing and Urban Development



Sign

*Kenya Informal Settlement Improvement Project  
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**Annex 3a - Analysis of Pending Bills**

<b>Supplier of Goods or Services</b>	<b>Original Amount</b>	<b>Date Contracted</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2020/21</b>	<b>Outstanding Balance 2019/20</b>	<b>Comments</b>
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
3.						
4.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
<b>Sub-Total</b>						
<b>Grand Total</b>						



Results 1 - 1 of 1

Run Date: Run Time:  
**CENTRAL BANK OF KENYA**  
**BANKI KUU YA KENYA**  
**P.O.BOX 60000-0200**  
**NAIROBI**  
 STATEMENT PERIOD: From 01/07/2021 To

STATEMENT OF ACCOUNT PAGE NO : 1  
 ACCOUNT NUMBER :  
 ACCOUNT TITLE : KISIP - CKE 1055 01 J  
 30/06/2022

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE	
OPENING BAL :			0,00			
NO.	Value Date	Reference.No	Details	Debit	Credit	Balance
1				0.00	0.00	0
CLOSING BALANCE :				0		

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCT.EPRM

[More Options](#)

[Clear Selection](#)

Find

Account equals 1000339888  
 Statement From equals 20210701  
 Statement To equals 20220630

TAM.E.STMT.OF.ACCT.EPRM



**SPECIAL ACCOUNT STATEMENT**

For period ending	<b>30th JUNE, 2022</b>
Account No.	<b>1000339888</b>
Depository Bank	<b>CENTRAL BANK OF KENYA.</b>
Address	<b>CENTRAL BANK OF KENYA.</b>
Related Loan	<b>KISIP - CKE 1055 01 J</b>
Credit Agreement	
Currency	<b>USD</b>

**Part A - Account Activity**

Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account	0.00
<b>Add:</b>	
Total Amount deposited by AFD	0.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
<b>Deduct:</b>	
Total amount withdrawn	0.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2022	0.00

**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE: \_\_\_\_\_

*[Signature]*

DATE \_\_\_\_\_

14.07.2022

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE: \_\_\_\_\_

*[Signature]*

DATE \_\_\_\_\_

01-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



**KENYA INFORMAL SETTLEMENT IMPROVEMENT PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2022**

Credit No.: CKE 1055 CO-FINANCING

Bank Account No.: 1000339888 Held with Central Bank of Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		38,987,555.98
	<b>Less:</b>		
2	Total amount documented		38,987,555.98
3	<b>Outstanding amount to be documented</b>		-
	<b>Represented by:</b>		
4	Ending Special account Balance as as 30 June 2022		-
5	Amounts claimed but not credited as at 30 June 2022		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	<b>Total advance to Special Account Year ended 30 June 2022</b>		-

Discrepancy between total appearing on line 3 and 9 \_\_\_\_\_ -

**Notes:**

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

**The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs**

*Xaritime*  
AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 01-08-2022

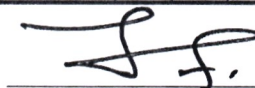
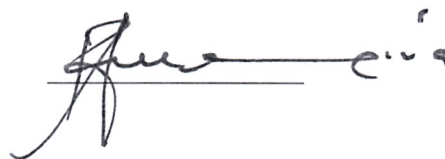
**Kenya Informal Settlement Improvement Project**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2022**

**Kenya Informal Settlement Improvement Project**  
**Itemized budget for the year ending 30th June 2022**

	Budget	Actual
USES OF GOODS AND SERVICES	Kshs.	KShs
Utilities, supplies and services	1,300,000	1,135,477
Communication, supplies and services	-	-
Domestic travel and subsistence	13,500,000	12,966,047
Foreign travel and subsistence		-
Printing, advertising and information supplies & services	20,000	11,436
Training expenses	-	-
Insurance costs	180,000	158,249
Routine maintenance – vehicles and other transport equipment	1,000,000	932,138
Consultancy services: – Technical and professional services		
<b>Sub Total</b>	<b>16,000,000</b>	<b><u>15,203,347</u></b>
		-
<b>ACQUISITION OF NON-FINANCIAL ASSETS</b>		
Construction of civil works	32,500,000	23,161,117
Research, studies, project preparation, design & supervision	1,500,000	1,416,087
Rehabilitation of civil works	3,000,000,000	814,706,760
<b>Sub Total</b>	<b>3,034,000,000</b>	<b><u>839,283,964</u></b>
<b>Total</b>	<b><u>3,050,000,000</u></b>	<b><u>854,487,311</u></b>

Prepared by Wagura Theuri  
**Financial Management, KISIP**

Approved by Peris Mang'ira  
**KISIP National Coordinator**

**Kenya Informal Settlement Improvement Project  
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For the financial year ended June 30, 2022**

**Kenya Informal Settlement Improvement Project  
Trial Balance  
As at June 30, 2022**

Particulars	KSHS	
	Dr	Cr
Proceeds from Domestic and Foreign Grants		-
Receipts from Government of Kenya		2,295,000,000
Loan from External Development Partners		-
Miscellaneous receipts		-
Utilities, supplies and services	1,135,477	
Communication, supplies and services	-	
Domestic travel and subsistence	12,966,047	
Foreign travel and subsistence	-	
Printing, advertising and information supplies & services	11,436	
Training expenses	-	
Hospitality supplies and services		
Insurance costs	158,249	
Routine maintenance – vehicles and other transport equipment	932,138	
Construction of civil works	23,161,117	
Purchase of office furniture & general equipment	-	
Research, studies, project preparation, design & supervision	1,416,087	
Rehabilitation of civil works	814,706,760	
change in cash balances	1,440,512,689	
	<b>2,295,000,000</b>	<b>2,295,000,000</b>

Prepared by



**Wagura Theuri**

*Kenya Informal Settlement Improvement Project  
Reports and Financial Statements  
For the financial year ended June 30, 2022*

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**Annex 8: Other Support Documents**

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

*Kenya Informal Settlement Improvement Project  
Reports and Financial Statements  
For the financial year ended June 30, 2022*

**Annex 7 Disaster Expenditure Reporting Template**

Date:		Entity		Year	Quarter	
Period to which this report refers (FY)						
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I Programme	Column II Sub-programme	Column III Disaster Type	Column IV Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Column V Expenditure item	Column VI Amount (Kshs.)	Column VII Comments

**Kenya Informal Settlement Improvement Project  
Reports and Financial Statements  
For the financial year ended June 30, 2022**

**Annex: 6 Reporting of Climate Relevant Expenditures**

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

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

*Kenya Informal Settlement Improvement Project  
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 For the financial year ended June 30, 2022*

**Annex 5 – Contingent Liabilities Register**

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

**Kenya Informal Settlement Improvement Project  
Reports and Financial Statements  
For the financial year ended June 30, 2022**

\* 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

**Kenya Informal Settlement Improvement Project**  
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**Annex 4 – Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 2020/21 (a)	Donations in form of assets (KShs) 2020/21 (b)	*Purchases/ Additions in the Year (KShs) 2020/21 (c)	**Disposals in the Year (KShs) 2021/22 (d)	Transfers in/(out) Kshs 2021/22 (d)	Closing Cost (KShs) 2020/21 (e)=(a)+(b)+c)-(d)+(-d)
Land	-	-	-	-	-	-
Buildings and structures	-	-	-	-	-	-
Transport equipment	82,478,360	-	-	-	-	82,478,360
Office equipment, furniture and fittings	247,517,757	-	-	-	-	247,517,757
ICT Equipment,	-	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-
<b>Total</b>	<b>329,996,117</b>	-	-	-	-	<b>329,996,117</b>

*Notes*

**Kenya Informal Settlement Improvement Project**  
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**For the financial year ended June 30, 2022**

**Annex 3c - Analysis of Other Pending Payables**

Name	Brief Description	Original Amount	Date Contracted	Payable Amount Paid To-Date	Outstanding Balance 2020/2021	Outstanding Balance 2019/2020	Comments
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**Kenya Informal Settlement 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
<b>Permanent Employees - Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							