


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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**THWAKE MULTI-PURPOSE DEVELOPMENT
PROGRAM PHASE 1
(AfDB LOAN NO. 210015002993, 2000200003351
AND NO. 5050200000501 AND AfDB GRANT
NO. 2100155025973)**

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

**MINISTRY OF WATER, SANITATION
AND IRRIGATION**



PROJECT NAME: THWAKE MULTI - PURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

**IMPLEMENTING ENTITY: MINISTRY OF WATER, SANITATION AND IRRIGATION
P.O BOX 49720 – 00100
NAIROBI.**

**ADB PROJECT NO: AfDB LOAN 2100150029993, 2000200003351
AfDB GRANT 2100155025973, AGTF 5050200000501**

REPORT AND FINANCIAL STATEMENTS

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

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

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

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THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

I. PROGRAM INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The Program's official name is Thwake Multipurpose Water Development Program, Phase 1. It has a Program Implementation Team (PIT) under the direction of the Program Coordinator.

Objective: The key objective of the Program is the construction of the Thwake Dam and its associated works at the confluence of the Athi River and the Thwake River, for the supply of water to the Konza City, hydropower generation, and for irrigation of parts of Kitui and Makueni Counties.

Address: The Program implementation operational office is in Engineers Camp - Thwake. The Ministry has also provided an office in Maji House for coordination purposes.

The address of its office is:

Ministry of Water, Sanitation & Irrigation

Maji House, Room 209.

P.O Box 49720 – 00100,

Nairobi.

Contacts: The following are the Program contacts:

Telephone: (254) 723 686401

E-mail: midrocke@yahoo.com

Website: www.water.go.ke

1.2 Program Information

Program Start Date:	The program start date is 01/09/2014
Program End Date:	The program end date is 30/06/2023
Program Coordinator:	Eng. David Onyango
Program Sponsor:	In the Original Financing Agreement, the program sponsors are the Government of Kenya (GOK) @65% and the African Development Bank (AfDB) @35%. However, the Additional Financing Agreement has changed the ratio to 10.6% and 89.4%, respectively.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

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1.3 Program Overview

Line Ministry/State Department of the project	The Program has been under the supervision of the Ministry of Water, Sanitation and Irrigation since July 01 2018. Previously, it was under the Ministry of Agriculture, Livestock, Fisheries and Irrigation – State Department of Irrigation.
Project Number	Grant No. 2100155025973, Loan No. 2100150029993, Loan No.2000200003351, and AGTF Loan No. 5050200000501
Strategic goals of the project	The strategic goals of the Program are as follows: (i) Regulate the flow of Athi and Thwake rivers downstream for flood mitigation. (ii) Improvement in the productivity and livelihoods of the targeted people.
Achievement of strategic goals	The Program management aims to achieve the goals through the following means: (i) Construction of the 80.5m high dam with 688million cubic meters water storage capacity. (ii) Provision of water for about 1.3 million rural and urban people in the water basin. (iii) Generation of hydropower (20MW) to support Kenya’s Least Cost Rural Electrification Programme. (iv) Irrigation of 100,000 acres of land in parts of Makueni and Kitui South.
Other important background information of the Program.	The Program shall achieve these goals in 4 phases namely: i. Phase I – Thwake Dam Construction, appraised to cost UA 179,290,000 (Equiv. KES 22.87billion). An Additional Financing Agreement of EURO 235,762,579 places the total cost to approximately KES 42.365 billion. ii. Phase II – Water Supply, Sanitation & Waste Water Infrastructure, appraised to cost UA 83,330,000 (Equiv. KES 10.63billion); iii. Phase III – Hydropower Generation, appraised to cost UA 34,060,000 (Equiv. KES 4.35billion); and iv. Phase IV – Irrigation Development, appraised to cost UA 190,320,000 (Equiv. KES 24.3billion). The Program management is currently involved in the implementation of Phase I. Designs for Phases 2 and 3 are also being prepared to be ready by

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

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	October 2021.
Current situation that the project was formed to intervene	The Program was formed to intervene in the following areas: (i) Flood/ drought mitigation. (ii) Poverty eradication.
Project duration	The Program started on 1st September 2014 and is expected to run until 30 th June 2023.

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya, Nairobi.
- (ii) Standard Chartered Bank, London.
- (iii) Equity Bank Ltd, Kitui.

1.5 Auditors

The independent auditor of the Program is:

The Auditor General

Kenya National Audit Office (KENAO)

Anniversary Towers

P.O Box 30084 – 00100

Nairobi.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

1.6 Roles and Responsibilities

The people who were actively involved in the management of the Program, besides the Principal Secretary – Ministry of Water, Sanitation and Irrigation and the Water Secretary, are as provided below:

Names	Title	Qualifications	Responsibilities
Eng. David Onyango	Program Coordinator	B.Sc – Civil Engineering, M.Sc –Construction Mgt, MBA.	Overall coordination of the Program activities to ensure deliverables are met on set time within the available resources.
Peter Mbevo Musuva	Senior Monitoring & Evaluation Specialist	B.A (Hons), M.Sc. – Integrated Watershed Mgt.	Monitoring of the physical progress and advising when the actual progress deviates from the planned.
CPA Tom Bodo Okello	Finance Management Expert	B.Com, MBA, CPA (K), ACCA.	Management of the finance functions of the Program.
Justus Jumbe Omina	Senior Procurement Expert	BSC Purchasing & Supplies, CIPS. MSC (Procurement & Logistics).	Procurement of goods, works and services, and management of the assets.
Rodah Kambua Mwendandu	Gender & Social Development Expert	B.A Gender & Dev., Diploma in International Relations.	Ensuring implementation of RAP and the socio – economic aspects of the Program.
Augustine Kithinzi Makau	Environmental, Health & Safety Specialist	B.Sc (Environment) Diploma – Environmental Mgt.	Ensuring rules and regulations on environmental and safety matters are implemented and operational.
Eng. Shadrack Yego	Program Engineer	B.Sc (Civil Engineering), PE – EBK, MIEK.	In charge of the technical quality of the civil works activities.
Godfrey Olali	Communication Specialist	B.A – Communication and Political Science. M.A (Arts) – Communication.	In charge of communication and public relations for the Program.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

1.7 Funding Summary

The Program is for duration of eight years from 2014 to 2023. The Original Financing Agreement currently in operation has an approved budget of (Unit of Account) UA 179,290,000 equivalent to about Ksh 22.87 billion. The Additional Financing Agreement approved a budget of EURO 235,762,579 equivalent to about Ksh 27.6 billion. The fundings are as highlighted in the table below:

Table 1: Summary of Funding by Financiers

A. Sources of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 th June, 2021)		Undrawn balance to date (30 th June, 2021)	
	Donor currency UA	Kshs	Donor currency (UA)	Kshs	Donor currency (UA)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
A/ INITIAL FINANCING ARRANGEMENT						
i. Grant						
African Development Bank	1,210,000	154,370,000	1,124,905	159,682,276	85,095	-5,312,276
ii. Loan						
African Development Bank	61,680,000	7,869,200,000	54,245,056	7,677,680,983	7,434,944	191,519,017
Total	62,890,000	8,023,570,000	55,369,961	7,837,363,259	7,520,039	186,206,741
B/ ADDITIONAL FINANCING ARRANGEMENT						
	Donor currency EURO	Kshs	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
iii. AfDB Loan	192,569,766	22,511,000,000	69,439,325	8,117,101,257	123,130,441	14,393,898,743
iv. AGTF Loan	43,192,813	5,049,000,000	17,303,813	1,885,914,192	25,889,000	3,163,085,808
Total	235,762,579	27,560,000,000	86,743,138	10,003,015,449	149,019,441	17,556,984,551
v. GOK Counterpart	37,432,981	6,782,000,000		5,013,115,469		1,768,884,531
Total (Initial + Additional + GOK)		42,365,000,000		22,853,494,177		19,512,075,823
C/ SUMMARY OF RECEIPT OF FUNDS (IN KES)						
		AfDB	Grant	GOK		Total
AfDB Initial Financing		7,677,680,983	159,682,276	3,975,551,225		11,812,914,484
AfDB Additional Financing		10,003,015,449	-	1,037,564,244		11,040,579,693
Total		17,680,696,432	159,682,276	5,013,115,469		22,853,494,177

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

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The balance on the Grant funding reflects an overdrawn balance of Ksh 5,312,276 due to fluctuations of the Kenyan currency against the UA currency. Whereas the Budget was set in 2014 at the rate of UA 1 = Ksh 127.5807, the actual disbursement is paid based on the exchange rate ruling in the market at the time of disbursement with the value of the Kenyan currency weakening against the UA over the period.

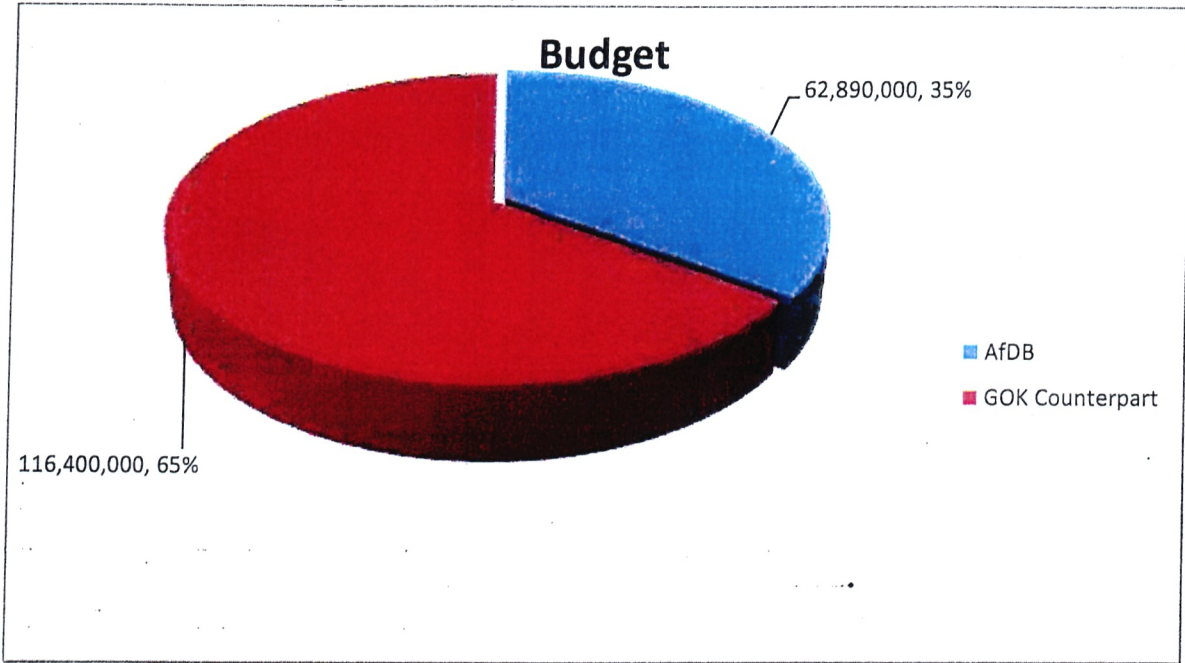
B. Application of Funds

Application of Funds	Amount received to date – (30 th June, 2021)		Cumulative amount paid to date – (30 th June, 2021)		Unutilised balance to date (30 th June, 2021)	
	Donor currency UA	Kshs	Donor currency (UA)	Kshs	Donor currency (UA)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
A/ ORIGINAL FINANCING ARRANGEMENT						
i. Grant						
African Development Bank	1,124,905	159,682,276	1,124,905	159,682,276	-	-
ii. Loan						
African Development Bank	54,245,056	7,677,680,983	54,239,006	7,677,028,347	6,050	652,636
Total from African Development Bank	55,369,961	7,837,363,259	55,363,911	7,836,710,623	6,050	652,636
B/ ADDITIONAL FINANCING ARRANGEMENT						
	Donor currency EURO	Kshs	Donor currency (EURO)	Kshs	Donor currency (EURO)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
iii. AfDB Loan	69,439,325	8,117,101,257	69,439,325	8,117,101,257	-	-
iv. AGTF Loan	17,303,813	1,885,914,192	17,303,813	1,885,914,192	-	-
Total	86,743,138	10,003,015,449	86,743,138	10,003,015,449	-	-
v. GOK Counterspart		5,013,115,469		5,013,115,469	-	-
Total (Initial + Additional + GOK)		22,853,494,177		22,852,841,541		652,636
C/ SUMMARY OF APPLICATION OF FUNDS (IN KES)						
	AfDB	Grant	GOK			Total
AfDB Original Financing	7,677,028,347	159,682,276	3,975,551,225	-	-	11,812,261,848
AfDB Additional Financing	10,003,015,449	-	1,037,564,244	-	-	11,040,579,693
Total	17,680,043,796	159,682,276	5,013,115,469	-	-	22,852,841,541

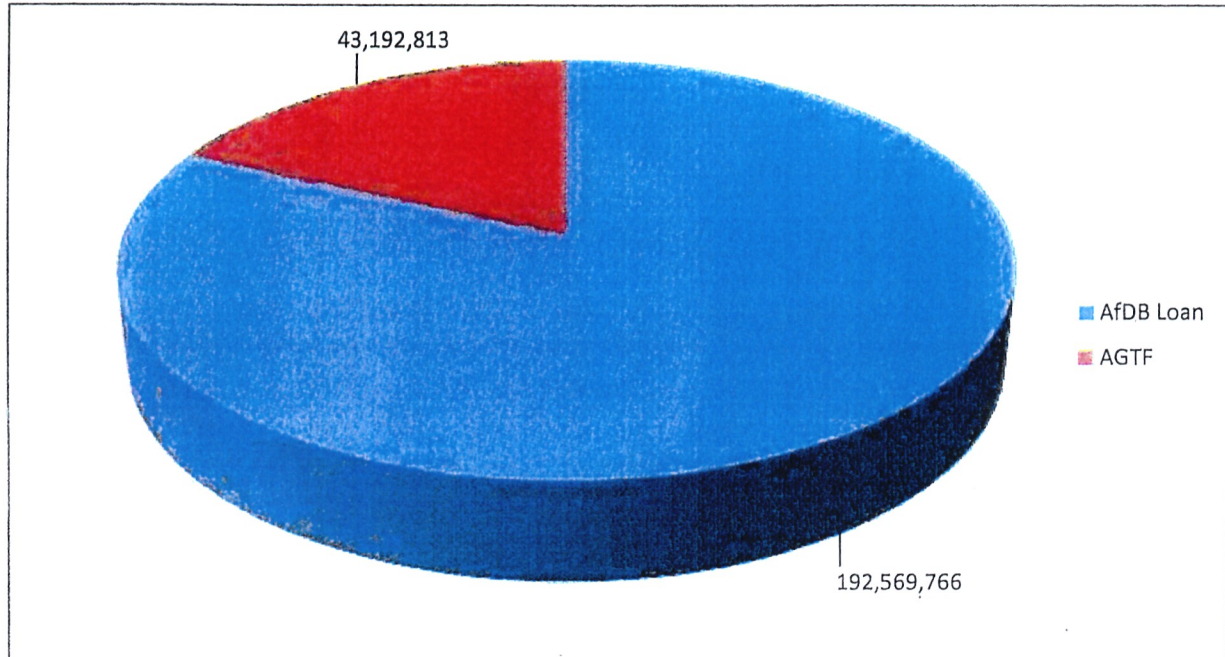
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

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Figure 1: Program Appraisal Budget by Financiers
A/ Original Financing Arrangement (in UA)



B/Additional Financing Arrangement from AfDB (in Euro)



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

1.8 Summary of Overall Project Performance:

The Program incurred an expenditure of Ksh 6,795,390,680 against a budget of Ksh 7,744,000,000. The actual expenditure is 88% of the total budget. The cumulative expenditure to date is Ksh 22,852,841,541. The actual expenditure incurred in the period under review for civil works on the dam construction is 96% of the total expenditure.

Physical Progress

The Program involves dam construction which commenced in March 2018 after acquisition of land. The compensation of the Program Affected Persons (PAPs) for the acquisition of 9,158 acres of land is complete except for 9 PAPs who have intra family disagreements. The dam construction as at June 2021 was at 53% for with time duration of 40 months. The total construction timeframe is 56 months.

Yearly Expenditure Absorption Rate

The absorption rate based on comparison of expenditure against yearly budgets is as provided below:

Year	Budget Kshs	Disbursement Kshs	Expenditure Kshs	% Absorption Expd vs Budget
2014/15	200,000,000	43,495,716	15,909,268	08
2015/16	1,470,900,000	899,803,580	904,484,238	61
2016/17	1,014,859,900	781,785,608	791,490,788	78
2017/18	5,061,137,200	4,926,717,779	4,939,830,867	98
2018/19	5,635,709,000	4,860,431,398	4,853,262,369	86
2019/20	5,103,000,000	4,550,837,635	4,552,473,330	89
2020/21	7,744,000,000	6,790,422,461	6,795,390,680	88
Total to date		22,853,494,177	22,852,841,541	

Challenges Encountered

The table below summarises the challenges encountered and recommended way forward:

	Challenges	Recommendation/ Way Forward
1	Delayed finalisation of the land compensation to the Program Affected Persons (PAPs).	The exercise was started in 2014 and was concluded in March 2019 when the final tranche of the compensation price was received from the Exchequer and wired to NLC. Only few cases involving succession matters have not been settled with their amounts being held in a Bank Deposit Account by the NLC. A further 59 acres is required and the acquisition process has been initiated with the NLC.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

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2.	Lack of a commercial bank account under the Program, for the efficient management of the counterpart funds.	The commercial bank account held in Equity Bank Kitui is strictly for the Bank loan proceeds, as it does not allow commingling of funds. The Ministry has put adequate control measures to ensure only payments approved by the top level management are charged on this account.
3.	Effect of COVID 19 pandemic.	The contractor had to scale down operations by reducing the number of labourers and time at the site. A work schedule was discussed and agreed with the employer to ensure there is a 24 hour work shift.
4.	Delayed remittance of AGTF payments to the contractor.	AfDB could not remit the payments in time due to the requirement that the contractor opens a Euro denominated bank account. The matter was resolved by the Ministry through an addendum to the contract thereby allowing the contractor to open a Euro account for ease of remittance.
5.	Delayed receipt of exchequer and IFMIS challenges.	Affected mostly the remittance for AfDB revenue due to error committed during the preparation of the printed estimates budget. The error was corrected during the Supplementary Estimates. Delays were experienced in receipt of GOK funding to meet the payment of taxes. The matter was resolved by receipt of funds towards the end of the financial year and approval of the contractor's masterlist exempting the contractor from payment of VAT. Delays in opening the e – procurement module affected the requisitioning of goods and services. The matter is yet to be resolved.

1.9 Summary of Project Compliance

The Program has ensured that all 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 report of the Environmental and Social Impact Assessment (ESIA) submitted to National Environmental Management Authority (NEMA), and the involvement of the National Construction Authority (NCA).

In cases of inconsistency between the GOK Regulations and those of the AfDB, the latter have been applied.

It is therefore not expected that the Program will suffer any adverse consequences as a result of non-application of any laws or regulations.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

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2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

The Program's Phase 1 aims at construction of Thwake dam at the confluence of Athi and Thwake rivers. This will be a multipurpose dam to regulate the flow of the rivers downstream for flood mitigation, and improvement of the productivity and livelihoods of the people.

The key development objectives of the entire Program's plan are:

- a) Construction of 80.5m high dam with 688million cubic meters water storage capacity;
- b) Provision of water for 1.3 million rural and urban people in the water basin and Konza Techno city;
- c) Irrigation of 40,000 hectares of land; and
- d) Generation of hydropower of 20MW to support Kenya's Least Cost Rural Electrification Program.

Progress on attainment of Strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Program	Objective	Outcome	Indicator	Performance
Thwake Multipurpose Water Development Program, Phase 1	Construction of 80.5m high dam with 688million cubic meters water storage capacity	Increased work in progress for the dam construction	% dam construction done	In the year 2020/21 the dam construction reached 53% work in progress.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

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3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Thwake Multipurpose Water Development Program – Phase 1 exists to transform livelihoods of the rural people in the counties of Makueni and Kitui. This is its main purpose, and the driving force behind every activity carried out. It's what guides the delivery of its strategy, which is founded on the Program's pillars, namely the delivery of quality and durable dam. Below is a brief highlight of the achievements in each pillar:

1. Sustainability strategy and profile

This is one of the flagship projects of the Vision 2030 being implemented under the Ministry of Water, Sanitation and Irrigation.

There is goodwill from the local community and the political leadership both at the national and county level for the implementation of the project, as the community stands to gain from the provision of water for domestic use and irrigation purposes. The water to be used in the Konza Techno city is expected to be derived from the dam once the construction is complete. Both the GOK and AfDB, who are the financiers of the Program, have made a commitment through additional funds to finance the dam construction and associated activities to completion.

As the dam shall tap the water flows from the two rivers Athi and Thwake which are the main sources of water in the region, the project will have adequate water and therefore the project is sustainable. The dam type proposed for construction is expected to last more than 50 years before major maintenance work can be undertaken.

The quality and durability of the dam under construction is of utmost importance to the implementing agency. To mitigate against any risk of breakage, the Program in the evaluation process identified a construction firm with wide experience in dam construction. It has also engaged a team of eminent dam safety panel of experts of international repute composed of a civil engineer, geologist and a hydrologist. This team periodically visit the site and makes recommendations/ approvals on all major activities before implementation.

2. Environmental performance

The project has carried out an Environmental and Social Impact Assessment (ESIA) and has received approval of the regulating bodies like NEMA. Regular environmental audits are carried out to ensure the construction meets the safety standards.

3. Employment Creation

The Program's day to day activities are handled by the Program Implementation Team (PIT) composed of experts from various professional disciplines relevant to the achievement of the set objectives. Currently, the team is composed of seven males and one female.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

These individuals were recruited from the job market as consultants following the GOK and AfDB Procurement Regulations.

At the dam construction level, the contractor has created jobs for the local community for both genders, and supported manufacturing through creation of local sourcing of materials.

4. Market place practices

a) Responsible Competition Practice

The procurement of goods and services are subjected to the procurement rules and regulations as established by the GOK. AfDB's "No Objection" is always requested for before the procurement process can proceed. Value for money was achieved in the acquisition of land from the local community through negotiated price and there are no court cases inhibiting the construction of the dam. Proper procedures were followed including valuation by an independent valuer and involving the National Land Commission (NLC) as the Government agency to procure the land on behalf of the implementing agency. The PAPs were involved in the determination of the value for land compensation. The welfare of the land owners was adequately taken into account.

The procurement of the contractor was done using the procurement procedure of both the Government and the AfDB. An evaluation criterion was set and the contractor that met all the requirements and submitted the lowest bid was selected. All the relevant stakeholders were consulted before the award of the contract. A legal opinion was also received from the Attorney General.

b) Responsible Supply Chain and Supplier Relations

The Program ensures that advertisements are carried out in at least two daily newspapers with wide circulation in the country. Notifications are normally sent to both the successful and the unsuccessful firms. The quotations/ tenders are normally opened on time and bidders invited to witness. Payment process is initiated immediately the invoices are received and goods/ services accepted by the Inspection and Acceptance Committee appointed by the implementing agency.

c) Responsible Marketing

There is a consultant engaged for the supervision of works to ensure the construction is to the required standards and quality. The consultant is assisted by a team of Dam Safety Panel of Experts to ensure it meets international standards. Monthly progress meetings involving the implementing agency, contractor and supervision consultant are held to review work done.

All procurements during the year have been subjected to set regulations and internal controls before making payments.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

5. Community Engagements

- a) There is a 30% local content in subcontracting some activities of the dam construction with preference to women, youth and the vulnerable. In addition to this is the employment opportunity that shall benefit the locals.
- b) The contract involves the construction of two primary schools (one each for Makueni and Kitui counties), a medical facility that upon dam construction completion shall be handed over to the local community. The contract with the contractor includes a sum of Ksh 80 million for the two schools and hospital. Furthermore, there have been engagements to dig some boreholes to provide water for domestic use to the local community in the short term.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

4. STATEMENT OF PROGRAM MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Water, Sanitation and Irrigation, and the *Program Coordinator* for Thwake Multipurpose Water Development Program are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial year ended on June 30, 2021.

This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Program; (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 Program; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Water, Sanitation and Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program accept responsibility for the Program'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 Ministry of Water, Sanitation and Irrigation, and the *Program Coordinator* for Thwake Multipurpose Water Development Program are of the opinion that the Program's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2021, and of its financial position as at that date. The *Principal Secretary* for the Ministry of Water, Sanitation and Irrigation and the *Program Manager* for Thwake Multipurpose Water Development Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program's financial statements as well as the adequacy of the systems of internal financial control.

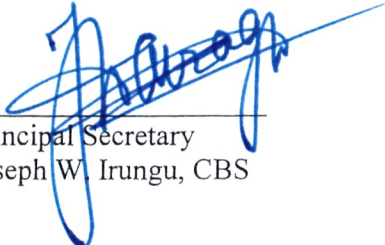
The *Principal Secretary* for the Ministry of Water, Sanitation and Irrigation, and the *Program Coordinator* for Thwake Multipurpose Water Development Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

Approval of the Program Financial Statements

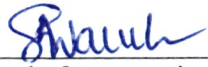
The Program financial statements were approved by the *Principal Secretary* for the Ministry of Water, Sanitation and Irrigation and the *Program Coordinator* for Thwake Multipurpose Water Development Program on 27/09/2021 and signed by them.



Principal Secretary
Joseph W. Irungu, CBS



Program Coordinator
Eng. David Onyango



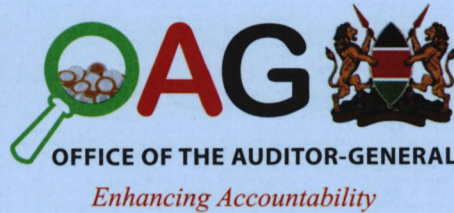
Head of Accounting Unit
CPA Agnes Waweru
ICPAK No: 5514



Finance Mgt. Expert
CPA Tom B. Okello
ICPAK No: 4534

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON THWAKE MULTI-PURPOSE DEVELOPMENT PROGRAM PHASE 1 (AfDB LOAN NO. 210015002993, 2000200003351 AND NO. 5050200000501 AND AfDB GRANT NO. 2100155025973) FOR THE YEAR ENDED 30 JUNE, 2021 – MINISTRY OF WATER, SANITATION AND IRRIGATION

PREAMBLE

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

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

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

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

Report of the Auditor-General on Thwake Multi-Purpose Water Development Program Phase 1 (AfDB Loan No. 210015002993, 2000200003351 and No. 5050200000501 and AfDB Grant No. 2100155025973) for the year ended 30 June, 2021 - Ministry of Water, Sanitation and Irrigation

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Thwake Multi-Purpose Development Program Phase 1 set out on pages 1 to 23, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Thwake Multi-Purpose Development Program Phase 1 as at 30 June, 2021 and 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 Loan Agreement No. 210015002993, No. 2000200003352 and No. 5050200000501 and Grant No. 2100155025973 dated 27 January, 2014 and 19 June, 2019 respectively between the Republic of Kenya and the African Development Bank and the Public Finance Management Act, 2012.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Thwake Multi-Purpose Development Program Phase 1 Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Key Audit Matters

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

Other Matter

1. Unresolved Prior Year Audit Matters

The following prior year audit issues remained unresolved as at 30 June, 2021:

1.1 Funding and Continuity of the Program

As reported in the previous year, Phase I of the Program, which entails construction of a Dam and associated structures, is currently under implementation. As at 30 June, 2021, approximately 67% of the work had been completed and the programme of work indicated that the Dam will be completed by September, 2022.

The Program is divided into four phases with an estimated cost of Kshs.81.63 billion. Although the African Development Bank (AfDB) and the Government of Kenya (GOK) funding for the first phase of Kshs.42.365 billion has been approved, funding amounting to Kshs.39.845 billion in respect to the remaining three phases is yet to be secured, planned or sought from financiers.

Consequently, it is not clear how the three phases will be financed in the ensuing period towards the Program completion.

1.2 Water Pollution in Athi River

The Thwake Multi-Purpose Dam is expected to draw water from Athi River whose main tributary is Nairobi River. Studies carried out by various agencies indicate that the Nairobi River is heavily polluted with heavy metal and the water is unfit for human consumption. There was no evidence of efforts by the implementing agency to mitigate against the risk and ensure that the river will be free from pollutants and fit for human consumption before the expected completion of the Program in November, 2022.

Consequently, in the absence of any mitigation efforts to avert the pollution, the water and the food crops to be grown under irrigation in the proposed Dam may not be fit for human consumption and the Program's objective may not be achieved.

1.3 Contract Variation on Motor Vehicles

It was observed that Item No.1A.36 and 1A.37 b of the Bill of Quantities for the construction contract for Thwake Multi-Purpose Dam required the contractor to supply ten (10) Toyota Land Cruisers and fifteen (15) Toyota Hilux for the employer and engineer, at a cost of Kshs.135,817,768. However, review of the interim payment certificate no. 1 revealed that changes in specifications of the vehicles by the employer resulted to an upward cost variation by Kshs.37,604,672, representing a variation of 28% against the allowable threshold of 25%. There was no evidence that the changes in specifications were duly approved and no explanation on why the specifications were not included in the tender documents at the bidding stage. The variation was contrary to Section 139(1)(a) of the Public Procurement and Assets Disposal Act, 2015 which provides that an amendment or a variation to a contract resulting from a procurement proceeding is effective only if the variation or amendment has been approved in writing, by the respective tender awarding authority, within a procuring entity.

Consequently, the Management is in breach of Law.

1.4 Non-Construction of Temporary Site Offices

Item No. 1.A/1.30 of the Bill of Quantities for construction contract for the Dam required the contractor to design, construct and furnish temporary site offices for the Employer and Engineer, including air conditioning, office equipment, computers, printers, copiers, computer network, software, among others, all at a cost of Kshs.22,164,684. Review of Program documents revealed that the contractor provided furniture and other equipment at a cost of Kshs.19,994,419. However, there was no evidence that site offices were constructed as stipulated in the contract.

Field verification revealed that the contractor had opted for a lease of building for the Employer and Engineer. There was no evidence that the change was duly approved. In addition, it was not clear whether the balance of Kshs.2,170,265 on the item would cover the lease charges on the property for the construction period.

Consequently, the Program may incur cost overruns, arising from the changes thereby leading to wastage of public resources over the project period.

1.5 Delayed Development of Physical Hydraulic Model

Item No.1C.3 of the Dam construction contract provided for developing and running a physical hydraulic model as per the specifications at a cost of Kshs.30,000,000. Further, Section S1.38.3(3) of the contract specifications states that the contractor shall be prepared to finance the cost of the hydraulic model immediately upon signing of the contract and issuance of instruction to commence the work by the Engineer. This cost was to be reimbursed to the contractor through the interim payment certificates in accordance with the contract. A review of the Program documents revealed that the contractor was yet to procure the physical hydraulic model test which may cause possible delays in the concrete works for the main spillway. Further, field inspection at the Program's site revealed that the contractor had carried out substantial excavation works on the main spillway yet the design was yet to be tested.

Consequently, delays in development of the hydraulic model may result in delayed Program implementation.

2. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects that the Program received an amount of Kshs.6,790,422,462 against the approved budget of Kshs.7,744,000,000 resulting to a shortfall of Kshs.953,577,539 or 12% of the budgeted receipts. Similarly, the Project had budgeted to spend Kshs.7,744,000,000 but utilized an amount of Kshs.6,795,390,680 resulting into under expenditure of Kshs.948,609,320 or 12% of the budget. Management has attributed the under absorption to underfunding and IFMIS challenges that delayed the processing of payments.

The under collection of revenue and under expenditure is an indication that some programmes and activities that had been planned for were not implemented.

Other Information

The Program Management is responsible for the other information, which comprises Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability Reporting and Statement of Project Management Responsibilities.

The other information does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Costly Price Adjustments

Contract for the construction of Thwake Multi-Purpose Water Development Program was awarded to an international construction company at a contract sum of Kshs.36,971,346,445. Review of records revealed that payments totalling Kshs.21,968,674,282, have since been made to the contractor for certified works as at 30 June, 2021. However, included in these payments are claims totalling Kshs.1,181,442,511 on price/cost adjustment contained in Section 13.8 of the contract specifications which provides that the amounts payable to the contractor shall be adjusted for rises or falls in the cost of labour, goods and other inputs to the works, by addition or deduction of the amounts determined by the formulae prescribed in the contract and schedule of adjustment data for the expenditure items.

However, the amount paid so far on certified works of Kshs.1,181,442,511 exceeds a provision of 2% price adjustment allowed in contract agreement of Kshs.569,140,366 by Kshs.612,302,145. Management has not given measures being taken to forestall further cost adjustments over the remaining contract period.

As a result of the price adjustments, the project may incur cost overruns leading to wastage of public resources over the project period.

2. Avoidable Interest on Delayed/Late Payments

The statement of receipts and payments reflects acquisition of non-financial assets of Kshs.6,564,071,254 which includes an amount of Kshs.100,903,372 in respect of interest

charged on delayed payments to contractor on certified works. Review of the contractor interim payment certificates Nos.4,5,6 and 7 revealed interest claim on the project as a result of delayed/late payments totalling Kshs.294,237,085, out which an amount of Kshs.100,903,372 in respect of interim certificate number 4 had been paid during the year under review.

According to the available records, the interim certificates had been issued but the Program Management did not settle the claims on the due date, and interest was charged as stipulated in the contract agreement as tabulated below:

Interim Payment Certificate (IPC) No.	Interest Amount (Kshs.)
4	100,903,392
5	39,879,914
6	58,700,168
7	94,753,611
Total	294,237,085

Management attributed the delays to amendments to the public debt borrowing threshold from Kshs.6.3 trillion to current Kshs.9 trillion that affected the release of funds by the donor. The interest charged could have been avoided and is a wastage of public funds. Further, the unpaid interest in respect to interim certificates 5, 6 and 7 amounting to Kshs.193,333,693.25 was not disclosed and included in the list of pending bills for the Program as at 30 June, 2021.

Consequently, no value was obtained out of the public funds totalling Kshs.100,903,372 in respect of interest charges paid to the contractor during the year under review.

3. Failure to Revise Contract Sum Due to VAT Exemption on The Program

Contract for the construction of the Thwake Multi-Purpose Water Development Program was awarded in 2015 to an international construction company at a contract sum of Kshs.36,971,346,445 inclusive of 16% totalling Kshs.5,915,415,431. However, the parent Ministry of Water, Sanitation and Irrigation vide letter referenced TMWDP/FIN/GEN/150 dated 20 May, 2021 requested The National Treasury to exempt the Program from VAT which was subsequently granted by the Cabinet Secretary. However, it was noted that there was no addendum revising downward the original contract price by the VAT exempted to Kshs.31,055,931,014.

As a result, there is a risk of overpayment and possibility of future dispute about the amount payable to the contractor.

4. Failure to Adhere to Approved Annual Work Plan

During the year under review, the Project Management failed to adhere to the planned activities for the project as summarized in the table below:

Planned Activities	Planned Expected Outcome	Comments as at June, 2021	Comments as at November, 2021
(i) Continue with Civil works on Dam Axis, Approach channel, Discharge channel, 2 tunnels, Power house and Spillway	Civil works on Dam Axis, Approach channel, Discharge channel, 2 diversion tunnels, Powerhouse and Spillway done to 70%	Civil works at 58%.	Slow progress
(ii) Start construction of saddle and coffer dams	complete construction of saddle and coffer dams	Did not start. The major reasons being land acquisition and review of designs.	Has not started and one of the major reasons being land acquisition has not been resolved. This may lead to further delayed completion.

Management has not provided satisfactory explanation for the failure to implement the activities in the annual work plan.

As a result, the Project may not be completed within the contract period and may lead to cost escalation.

5. Failure to Drill Community Boreholes

The Thwake Multi-Purpose Water Development Program included drilling and equipping of six (6) community boreholes at a cost of Kshs.4,500,000 each under Corporate Social Responsibilities (CSR) projects in Kitui Rural, Makueni and Mbooni Constituencies. However, an inspection carried out in October, 2021 revealed that the boreholes are yet to be drilled.

Further, construction of eight (8) health centers and renovation of forty-one (41) classrooms in various schools was complete but were not labelled or branded to distinguish from projects implemented by other government agencies.

It is not clear whether the community projects will be completed before the expiry of the contract period.

6. Lump Sum Amount in Bill of Quantities for Access Roads

Review of interim certificates of payments showed that the Program Management made payments amounting to Kshs.361,136,677 for access roads construction. The amount comprised of Kshs.281,959,583 for the construction of the access roads within the project and an amount of Kshs.79,177,094 for the construction of the access bridge for the project. However, the bill of quantities and payments were lump sum without detailed and specific certified works and could not be verified.

As a result, it has not been possible to confirm that the public got value for money on the expenditure of Kshs.361,136,677 on the access roads and bridge.

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 complying, 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 else 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 loan agreements signed between the Government of Republic of Kenya and African Development Bank Loan No. 210015002993 No. 2000200003351 and No. 5050200000501 and AfDB Grant No. 2100155025973, 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 Program, so far as appears from the examination of those records; and,
- iii. The Program's financial statements agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

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

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

Project 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, Program Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Program 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 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 Program's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Program 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 Program to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

08 December, 2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I


Reports and Financial Statements for the Financial Year ended June 30, 2021


6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED JUNE 30, 2021


	Notes	FY 2020/21			FY 2019/20			Cumulative to Date
		Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Total Kshs	Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Total Kshs	
RECEIPTS:								
Transfer from Government entities	12.1	769,977,357	-	769,977,357	439,865,740	-	439,865,740	5,013,115,469
Proceeds from Domestic and Foreign Grants	12.2	-	34,399,880	34,399,880	-	-	-	159,682,276
Loan from External Development Partners	12.3	23,596,715	5,962,448,509	5,986,045,224	38,668,399	4,072,303,496	4,110,971,893	17,680,696,432
Total Receipts		793,574,072	5,996,848,389	6,790,422,461	478,534,139	4,072,303,496	4,550,837,635	22,853,494,177
PAYMENTS:								
Compensation of Employees	12.4	27,773,058	-	27,773,058	37,600,000	-	37,600,000	179,573,058
Purchase of Goods & Services	12.5	108,279,846	95,320,143	203,599,989	37,713,314	9,329,626	47,042,940	704,647,622
Acquisition of Non-Financial Assets	12.6	662,542,808	5,901,528,246	6,564,071,054	404,856,520	4,062,973,870	4,467,830,390	21,968,674,282
Total Payments		798,542,291	5,996,848,389	6,795,390,680	480,169,834	4,072,303,496	4,552,473,330	22,852,841,541
SURPLUS/ DEFICIT FOR THE PERIOD		(4,968,219)	-	(4,968,219)	(1,635,695)	-	(1,635,695)	652,636


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

The financial statements were approved on 27/9/21 and signed by:


Principal Secretary
Joseph W. Irungu, CBS
Date: 29/9/2021


Program Coordinator
Eng. David Onyango
Date: 24/09/2021


Head of Accounting Unit
CPA. Agnes Waweru
ICPAK No: 5514
Date: 27/9/21


Finance Mgt. Expert
CPA Tom B. Okello
ICPAK No: 4534
Date: 24/09/2021


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

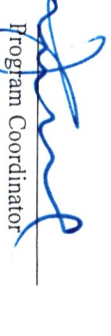
Reports and Financial Statements for the Financial Year ended June 30, 2021


7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED JUNE 30, 2021 - BY CATEGORIES


	Notes	FY 2020/21			FY 2019/20			Cumulative to Date
		Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Total Kshs	Receipts and payments controlled by the entity Kshs	Receipts and payments made by third parties Kshs	Total Kshs	
RECEIPTS:								
Transfer from Government entities	12.1	769,977,357	-	769,977,357	439,865,740	-	439,865,740	5,013,115,469
Proceeds from Domestic and Foreign Grants	12.2	-	34,399,880	34,399,880	-	-	-	159,682,276
Loan from External Development Partners	12.3	23,596,715	5,962,448,509	5,986,045,224	38,668,399	4,072,303,496	4,110,971,893	17,680,696,432
Total Receipts		793,574,072	5,996,848,389	6,790,422,461	478,534,139	4,072,303,496	4,550,837,635	22,853,494,177
PAYMENTS:								
Goods		-	2,523,223	2,523,223	1,528,309	-	1,528,309	16,352,785
Works		-	5,899,005,023	5,899,005,023	-	4,062,973,870	4,062,973,870	17,356,248,182
Consulting Services		27,773,058	95,320,143	123,093,201	37,600,000	9,329,626	46,929,626	452,005,498
Operational Costs		791,876	-	791,876	1,175,785	-	1,175,785	15,119,606
GOK Counterpart Payments		769,977,357	-	769,977,357	439,865,740	-	439,865,740	5,013,115,469
Total Payments		798,542,291	5,996,848,389	6,795,390,680	480,169,834	4,072,303,496	4,552,473,330	22,852,841,541
SURPLUS/ DEFICIT FOR THE PERIOD			(4,968,219)	-	(1,635,695)	-	(1,635,695)	652,636

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.
The financial statements were approved on 23/9/21 and signed by:


Principal Secretary
Joseph W. Irungu CBS
Date: 23/9/2021


Program Coordinator
David Onyango
Date: 24/9/2021


Head of Accounting Unit
CPA Agnes Waweru
ICPAK No: 5514
Date: 23/09/21


Finance Mgt. Expert
CPA Tom B. Okello
ICPAK No: 4534
Date: 24/09/2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I


Reports and Financial Statements for the Financial Year ended June 30, 2021

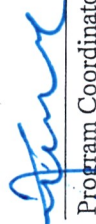
8. STATEMENT OF FINANCIAL ASSETS AS AT JUNE 30, 2021

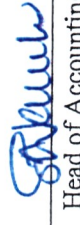
	Notes	FY 2020/21 Kshs	FY 2019/20 Kshs
FINANCIAL ASSETS:			
Cash & Cash Equivalents:			
Bank Balances	12.7A	652,636	5,620,856
Total Financial Assets		652,636	5,620,856
REPRESENTED BY:			
Fund Balance b/fwd	12.7B	5,620,856	7,256,551
Surplus/ (Deficit) for the year		(4,968,219)	(1,635,695)
Net Financial Position		652,636	5,620,856

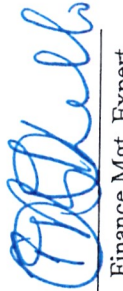
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

The financial statements were approved on 27/9/21 and signed by:


Principal Secretary
Joseph W. Irungu, CBS
Date: 29/9/2021


Program Coordinator
Eng. David Onyango
Date: 24/09/2021


Head of Accounting Unit
CPA Agnes Waweru
ICPAK No: 5514
Date: 27/9/21


Finance Mgt. Expert
CPA Tom B. Okello
ICPAK No: 4534
Date: 24/09/2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1


Reports and Financial Statements for the Financial Year ended June 30, 2021

9. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED JUNE 30, 2021


	Notes	2020/21	2019/20
		Kshs	Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for Operating activities:			
Transfers from Government entities	12.1	769,977,357	439,865,740
Proceeds from Domestic and Foreign Grants	12.2	34,399,880	
		804,377,237	439,865,740
Payments for Operating Expenses:			
Compensation of Employees	12.4	(27,773,058)	(37,600,000)
Purchase of Goods and Services	12.5	(203,599,989)	(37,713,314)
		(231,373,047)	(75,313,314)
Adjusted for:			
Net cash flows from operating activities		573,004,190	364,552,426
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Non-Financial Assets	12.6	(6,564,017,633)	(404,856,520)
		(6,564,017,633)	(404,856,520)
Net cash flow from Investing Activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Loan from external development partners	12.3	5,986,045,224	38,668,399
Net cash flow from financing activities		5,986,045,224	38,668,399
NET INCREASE IN CASH & CASH EQUIVALENTS			
Cash and cash equivalent at BEGINNING of the period		(4,968,219)	(1,635,695)
Cash and cash equivalent at END of the period		652,636	5,620,856

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


The financial statements were approved on 29/09/2021 and signed by:


Principal Secretary
Joseph W. Irungu, CBS


Date: 29/9/2021


Program Coordinator
Eng. David Onyango

Date: 24/09/2021


Head of Accounting Unit
CPA Agnes Waweru

Date: 27/9/21


Finance Mgt. Expert
CPA Tom B. Okello

Date: 24/09/2021

ICPAK No: 4534

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

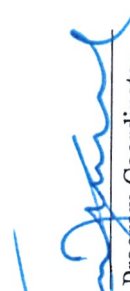
10. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/ Payment Item	Original Budget	Adjustments	Final Budget	Actual Comparable Basis	Budget Utilisation Difference	% of Utilisation
	a Kshs	b Kshs	c=a + b Kshs	d Kshs	e= c - d Kshs	f = d/c%
RECEIPTS:						
Transfer from Government Entities	500,000,000	300,000,000	800,000,000	769,977,357	30,022,643	96
Proceeds from domestic and foreign grants	42,000,000	(6,000,000)	36,000,000	34,399,880	1,600,120	100
Proceeds from external borrowing	5,052,000,000	1,856,000,000	6,908,000,000	5,986,045,224	921,954,776	87
Total Receipts	5,594,000,000	2,150,000,000	7,744,000,000	6,790,422,461	953,577,539	88
PAYMENTS:						
Compensation of Employees	42,000,000	(3,000,000)	39,000,000	27,773,058	11,226,942	71
Purchase of goods & services	152,000,000	93,000,000	245,000,000	203,599,989	41,400,011	83
Acquisition of Non-Financial Assets	5,400,000,000	2,060,000,000	7,460,000,000	6,564,071,054	895,928,946	88
Total Payments	5,594,000,000	2,150,000,000	7,744,000,000	6,795,390,680	948,609,320	88

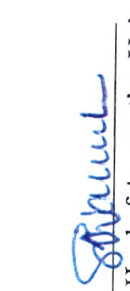
The significant budget utilisation/ performance differences in the last column are explained in Annex 1 to these financial statements.


Principal Secretary
Joseph W. Irungu, CBS

Date: 29/9/2021


Program Coordinator
Eng. David Onyango

Date: 24/09/2021


Head of Accounting Unit
CPA Agnes Waweru

Date: 27/9/21


Finance Mgt. Expert
CPA Tom B. Okello

Date: 24/09/2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

11. SIGNIFICANT ACCOUNTING POLICIES

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

11.1 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 Program however did not have any imprests, salary advances or deposits and retentions at the end of the period under review.

The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board (PSASB) of Kenya.

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

11.2 Reporting Entity

The financial statements are for the Thwake Multipurpose Water Development Program Phase 1 under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

11.3 Reporting currency

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Program and all values are rounded to the nearest one shilling.

11.4 Significant Accounting Policies

a) Recognition of Receipts

The Program recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government. Direct payments are analysed in the financial statements as Receipts and Payments made by third parties, in the case of the Program such receipts and payments are made by the African Development Bank which is the multilateral financier.

• Transfers from the Exchequer

Transfer from Exchequer has been recognized in the books of accounts when cash was received by the Program. Cash is considered as received when payment is actually credited to the Program Bank Account.

The Program received an Exchequer of Ksh 23,596,715 from the Loan Revenue.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

- **External Assistance**

External assistance is received through grants and loans from the AfDB.

Loan was received as both Revenue and Appropriations in Aid (AIA) in the year under review, being Ksh 23,596,715 as revenue and Ksh 5,962,448,509 as AIA.

Grant was received as AIA and the amount was Ksh 34,399,880.

b) Recognition of Payments

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

- **Compensation of employees**

Salaries for the Program employees are recognized in the period when the compensation is actually paid. There were outstanding payments as at end of the financial period being dues for the period April – June 2021.

- **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 are disclosed as pending bills.

- **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. The Program did not acquire any asset in a non-exchange transaction, in the year under review.

The fixed assets acquired in the year include the dam construction that is on-going and remittance to National Land Commission for purchase of additional land.

A fixed asset register is maintained by the Program and a summary is available for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

c) 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 Program bank account in a commercial bank 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.

There were no imprests held at hand at the close of the financial year.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

d) Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are 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.

The Program did not have any Accounts Receivable during the year under review.

e) 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 are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Program 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.

The pending bills as analysed in Annex 2 relate to payments to be made from the GOK Counterpart funds.

f) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis and for the same period as the financial statements. The Program'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 MDAs but receive budgeted funds and account for them separately. These transfers are recognized as inter – entity transfers and are eliminated upon consolidation.

The Program receives only the donor component of funding through the Ministry, as the counterpart funds is paid directly to payees through the Ministry Development Bank account.

A high level assessment of the Program's actual performance against the comparable budget for the financial year under review has been included in Annex 1 to the financial statements.

g) Third party payments

Included in the receipts and payments, are payments made on the Program's behalf by AfDB 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 5,996,848,389 being loan disbursements to consultants and contractor respectively, were received in form of direct payments from AfDB.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

h) Comparative Figures

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

There were no changes in the financial statement presentation to necessitate any amendments.

i) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021. The Program is therefore expected to continue with its set operational activities.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

12: NOTES TO THE FINANCIAL STATEMENTS

12.1: Receipts from the Government of Kenya

During the year under review, a total of Ksh 769,977,357 (Seven hundred sixty nine million nine hundred seventy seven thousand three hundred fifty seven only) was paid by the Ministry on behalf of the Program. Major expenditure relates to taxes paid to Kenya Revenue Authority (KRA) in respect of the dam construction.

It is noted that the Program does not receive the GOK Counterpart funds into its Bank accounts as the AfDB does not allow for the commingling of its funds with any funds from other sources.

Therefore the amount of GOK funds used specifically for the Program activities is treated as the receipts from the Government of Kenya.

	2020/21	2019/20	Previous Years	Cumulative to date
	Kshs	Kshs	Kshs	Kshs
Counterpart funding through Ministry of Water, Sanitation and Irrigation				
Quarter 1	3,363,501	-	1,940,000,000	1,943,363,501
Quarter 2	-	427,547,085	589,135,781	589,135,781
Quarter 3	-	-	1,578,419,951	1,578,419,951
Quarter 4	766,613,856	12,318,655	135,582,380	902,196,236
Total	769,977,357	439,865,740	4,243,138,112	5,013,115,469

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

12.2 Proceeds from Domestic and Foreign Grants

Grants amounting to Ksh 34,399,880 were paid for by AfDB in the period under review as detailed below:

Name of Financier/ Recipient	Date Received	Amounts received in donor currency	Grants received in cash	Grants received as payment	Total amounts	
					FY 2020/21	FY 2019/20
Grants received from multilateral donors		UA	Kshs	Kshs	Kshs	Kshs
AfDB	Various	223,438	-	34,399,880	34,399,880	-
Total		223,438	-	34,399,880	34,399,880	-

Schedule of payments made from AfDB Grant A1A

Payee	Ref.	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
		Kshs	Kshs	Kshs	Kshs	Kshs
SMEC International PTY Ltd	WA 10	11,592,821	-	-	-	11,592,821
SMEC International PTY Ltd	WA 11	9,407,000	-	-	-	9,407,000
SMEC International PTY Ltd	WA 12	-	-	-	3,000,277	3,000,277
SMEC International PTY Ltd	WA 13	-	-	-	10,399,782	10,399,782
Total		20,999,821	-	-	13,400,059	34,399,880

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

12.3 Loan from External Development Partners

During the year under review, the Program received reimbursements from the Special Account of Ksh 23,596,715 (equiv. UA 140,851) as an exchequer from the Initial Financing Agreement. Other transactions were also made in form of direct payments from the Initial Financing Agreement amounting to Kshs 22,406,929 (Equiv. UA 145,269). Direct payments charged on the Additional Financing Agreement were Ksh 5,940,041,580 (Equiv. Euro 49,879,923). The total amounts paid as Loan was therefore Ksh 5,986,045,224 as detailed below:

Name of Financier	Date Received	Amount in donor currency		Loans received in cash	Loans received as payments	Total Amount	
		UA	EURO			FY 2020/21	FY 2019/20
AfDB – Loan Revenue	03/05/2021	140,851	-	23,596,715	-	23,596,715	38,668,399
AfDB – Loan AIA	Various	145,269	49,879,923	-	5,962,448,509	5,962,448,509	4,072,303,496
Total		286,120	49,879,923	23,596,715	5,962,448,509	5,986,045,224	4,110,971,895

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

Schedule of Payees made on Loans from External Development Partners:

Name of Payee	Date Received	Ref. No	Initial Agreement		Financing		Additional Financing Agreement		Total Amount
			UA	Kshs	Kshs	EURO	Kshs		
i. Loan Revenue									
Replenishment	03/05/2021	WA 0044	140,851	23,596,715	-	-	-	-	23,596,715
Total – Loan Revenue			140,851	23,596,715	-	-	-	-	23,596,715
ii. Loan AIA									
a/ Initial Financing Agreement:									
Poshtech Systems Ltd	11/05/2021	WA 0038	14,086.17	2,149,123	-	-	-	-	2,149,123
Tertiary Consulting Engineers	04/06/2021	WA 0036	22,504.77	3,492,760	-	-	-	-	3,492,760
Tertiary Consulting Engineers	04/06/2021	WA 0043	44,233.51	6,865,080	-	-	-	-	6,865,080
High Definition Holdings	24/06/2021	WA 0042	2,405.44	374,100	-	-	-	-	374,100
Tertiary Consulting Engineers	24/06/2021	WA 0045	44,305.80	6,804,860	-	-	-	-	6,804,860
Ljiljana Spasic Gril	30/06/2021	WA 0039	9,187.88	1,409,792	-	-	-	-	1,409,792
Ioannis Karavokyris	30/06/2021	WA 0040	4,505.93	691,392	-	-	-	-	691,392
Robin Peterson	30/06/2021	WA 0041	4,039.50	619,822	-	-	-	-	619,822
Sub Total			145,269.00	22,406,929	-	-	-	-	22,406,929
b/ Additional Financing Agreement:									
CGGC Ltd	05/08/2020	WA 0010	-	-	7,963,099.27	943,661,230	-	-	943,661,230
CGGC Ltd	05/08/2020	WA 0011	-	-	1,073,686.56	132,910,032	-	-	132,910,032
CGGC Ltd	23/03/2021	WA 0009	-	-	2,331,324.43	252,529,062	-	-	252,529,062
CGGC Ltd	27/10/2020	WA 0012	-	-	8,968,514.55	1,074,863,623	-	-	1,074,863,623
CGGC Ltd	27/10/2020	WA 0013	-	-	1,191,986.93	151,389,243	-	-	151,389,243
CGGC Ltd	23/03/2021	WA 0009	-	-	2,655,461.24	287,639,561	-	-	287,639,561
CGGC Ltd	03/02/2021	WA 0014	-	-	10,569,806.27	1,306,287,664	-	-	1,306,287,664
CGGC Ltd	03/02/2021	WA 0006	-	-	1,378,521.58	183,984,178	-	-	183,984,178

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

CGGC Ltd	23/03/2021	WA 010	-	-	3,227,196.62	349,569,938	349,569,938
CGGC Ltd	14/06/2021	WA 011	-	-	2,133,238.49	231,072,394	231,072,394
CGGC Ltd	14/06/2021	WA 0008	-	-	7,133,229.38	863,481,049	863,481,049
CGGC Ltd	14/06/2021	WA 007	-	-	939,149.27	121,617,049	121,617,049
SMEC Intl Ltd	30/06/2021	WA 18	-	-	231,182.24	30,107,653	30,107,653
SMEC Intl Ltd	30/06/2021	WA 19	-	-	83,526.25	10,928,904	10,928,904
Sub Total			-	-	49,879,923	5,940,041,580	5,940,041,580
					49,879,923	5,940,041,580	5,962,448,509
					22,406,929	5,940,041,580	5,940,041,580
					145,269.00	5,940,041,580	5,940,041,580
					286,120.00	5,940,041,580	5,986,045,224
					46,003,644	5,940,041,580	5,986,045,224
					286,120.00	5,940,041,580	5,986,045,224

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

12.4 Compensation of Employees

	2020/21			2019/20	Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Payments made by the entity in cash	
	Kshs	Kshs	Kshs	Kshs	Kshs
Other personnel payments	27,773,058	-	27,773,058	37,600,000	179,573,058
Total	27,773,058	-	27,773,058	37,600,000	179,573,058

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

	FY 2020/21				FY 2019/20			Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Payments made by the entity in cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
Utilities, Supplies & Services	2,774,576	-	2,774,576	1,855,963	-	1,855,963	115,348,302	
Domestic Travels & Subsistence	1,881,820	-	1,881,820	3,154,400	-	3,154,400	21,403,570	
Foreign Travels & Subsistence	-	-	-	-	-	-	3,171,370	
Printing, Advert & Information Supplies	-	-	-	-	-	-	3,751,686	
Other Operating Expenses	17,380	-	17,380	101,370	-	101,370	4,662,008	
Routine Maintenance – Motor Vehicle	706,659	-	706,659	7,659,212	-	7,659,212	10,255,416	
Consultancy services – Technical and Professional services	102,899,411	95,320,143	198,219,554	24,942,369	9,329,626	34,271,995	546,055,270	
Total	108,279,846	95,320,143	203,599,989	37,713,314	9,329,626	47,042,940	704,647,622	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

	FY 2020/21				FY 2019/20			Cumulative to Date
	Payments made by the entity in cash	Payments made by third parties	Total Payments	Payments made by the entity in cash	Payments made by third parties	Total Payments		
Purchase of Vehicles and other transport equipment	Kshs -	Kshs -	Kshs -	Kshs -	Kshs -	Kshs -	Kshs 12,136,200	
Purchase of Office Furniture and General Equipment	300,877	2,523,223	2,824,100	1,221,276	-	1,221,276	8,351,528	
Purchase of land	28,259,510	-	28,259,510	-	-	-	3,554,320,707	
Construction of Civil Works - Dam	633,929,000	5,899,005,023	6,532,934,023	403,635,244	4,062,973,870	4,466,609,114	18,393,812,426	
Total	662,489,387	5,901,528,246	6,564,017,633	404,856,520	4,062,973,870	4,467,830,390	21,968,620,861	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

12.7 Cash and Cash Equivalents

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Bank Accounts (Note 12.7A and 12.7B)	652,636	5,620,856
Total	652,636	5,620,856

12.7A Bank Accounts

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Local Currency Bank Account:		
Equity Bank Ltd (A/c 0720262733899)	652,636	5,620,856
Total Bank Account Balances	652,636	5,620,856

12.7B Fund Balance B/Fwd

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Bank Accounts	5,620,856	7,256,551
Total	5,620,856	7,256,551

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

12.7C Special Deposit Accounts

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

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

Special Deposit Accounts Movement Schedule

	FY 2020/21	FY 2019/20
	USD	USD
i) A/c Name: Thwake Multipurpose Water Development Program Loan Account (Ac No: 01268945650)		
Opening Balance	20,493.31	8.43
Total amount deposited in the account	198,283.10	390,396.58
Total amount withdrawn (as per Statement of Receipt and Payments)	218,751.41	369,861.70
Bank charges by CBK	25.00	50.00
Closing balance (as per SDA bank account reconciliation attached)	-	20,493.31

The SDA reconciliation statement has been attached as Appendix 5 to support the closing balances.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

13 OTHER IMPORTANT DISCLOSURES

13.1: Pending Accounts Payable (See Annex 2A)

	Balance b/f FY 2019/20	Additions in the year	Paid in the year	Balance c/f FY 2020/21
	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	691,251,491	-	691,251,491
Supply of Goods	-	53,421	-	53,421
Supply of Services	62,774,426	7,522,283	50,777,745	19,518,964
Total	62,774,426	698,827,195	50,777,745	710,823,876

13.2: Pending Staff Payables (See Annex 2B)

	Balance b/f FY 2019/20	Additions in the year	Paid in the year	Balance c/f FY 2020/21
	Kshs	Kshs	Kshs	Kshs
Program Implementation Team	-	10,275,000	40,800	10,234,200
Total	-	10,275,000	40,800	10,234,200

13.3 External Assistance

	FY 2020/21	FY 2019/20
Description	Kshs	Kshs
External Assistance Received as Loan - Revenue	23,596,715	38,668,399
External Assistance Received as Grant and Loan – AIA (Paid by third parties)	5,996,848,389	4,072,303,496
Total	6,020,445,104	4,110,971,895

13.3A External Assistance relating to Loans and Grants

	FY 2020/21	FY 2019/20
Description	Kshs	Kshs
External Assistance Received as Grant AIA	34,399,880	-
External Assistance Received as Loan - Revenue	23,596,715	38,668,399
External Assistance Received as Loan - AIA	5,962,448,509	4,072,303,496
Total	6,020,445,104	4,110,971,895

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

13.3B Undrawn External Assistance

	Purpose for which the undrawn assistance may be used	FY 2020/21	FY 2019/20
Description		Kshs	Kshs
External Assistance Loan - Revenue	Balance in the Program bank account at end of the financial year for use in financing operational program activities.	652,636	5,620,856
Total		652,636	5,620,856

13.3C Classes of providers of External Assistance

	FY 2020/21	FY 2019/20
Description	Kshs	Kshs
Multilateral donors – African Development Bank	6,020,445,104	4,110,971,895
Total	6,020,445,104	4,110,971,895

13.3D Purpose and use of External Assistance

	FY 2020/21	FY 2019/20
Payments made by Third Parties	Kshs	Kshs
Use of goods and services	95,320,143	9,329,626
Acquisition of Assets	5,901,528,246	4,063,980,249
Total	5,996,848,389	4,072,303,496

13.4E External Assistance paid by third parties on behalf of entity by Source

	FY 2020/21	FY 2019/20
Description	Kshs	Kshs
Multilateral donors – African Development Bank	5,996,848,389	4,072,303,496
Total	5,996,848,389	4,072,303,496

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

14 PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

Reference No. on the External Audit Report	Issue/ Observations from the Auditor	Management Comments	Focal Point person to resolve the issue	Status: (Resolved/ Not Resolved)	Timeframe
Audit Report for year ended June 30, 2020 - Other Matter	Funding and continuity of the Program. Issue: Lack of funding for the remaining phases.	The GOK shall source for funds at the time the other phases are ready for implementation to avoid commitment charges on idle funds. Designs for Phases 2 and 3 are being undertaken and provisional budget has been done to guide in identification of funding sources.	Program Coordinator	Not resolved	30/06/2022
	Water pollution of Athi River. Issue: Non mitigation of the risk	A multi sectorial team under Ministry of Environment is involved in the control and pollution of Athi River.	Program Coordinator	Not resolved	30/06/2022
	Contract variation of motor vehicles. Issue: High cost on some vehicles	The implementing agency is in the process of formalizing on the contract variation	Program Coordinator	Not resolved	30/09/2021
	Non construction of temporary site offices: Issue: Option to lease rather than build.	The contractor has since put up permanent buildings for use by the Program staff and the supervising consultant, thus there is no need to put up temporary site offices.	Program Coordinator	Resolved.	30/06/2021


THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1


Reports and Financial Statements for the Financial Year ended June 30, 2021

	Delayed development of physical hydraulic model	Approval for the activity has been sought and implementation shall be carried out.	Program Coordinator	Not Resolved	31/12/2021
	Proper management of Project vehicles	Branding of the vehicles has been done.	Program Coordinator	Resolved	30/06/2021


 Principal Secretary
 Joseph W. Irungu, CBS


 Program Coordinator
 Eng. David Onyango


 Head of Accounting Unit
 CPA Agnes Waweru
 ICPAK No: 5514


 Finance Mgt. Expert
 CPA Tom B. Okello
 ICPAK No: 4534

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

15. ANNEXES

ANNEX 1 – VARIANCE EXPLANATIONS OF COMPARATIVE BUDGET & ACTUAL AMOUNTS

	Final Budget a	Actual on Comparable Basis b	Budget Utilisation Variance C = a - b	% of Utilisation D = b/a%	Comments on Variance
RECEIPTS DURING THE PERIOD:					
Government of Kenya	800,000,000	769,977,357	30,022,643	96	Some payment requests were not processed due to IFMIS systemic challenges experienced at the end of the financial year.
Proceeds from domestic & foreign grants	36,000,000	34,399,880	1,600,120	100	
Proceeds from external borrowing	6,908,000,000	5,986,045,224	921,954,776	87	The contractor submitted an Interim Payment Certificate (IPC) with a value lower than was expected and provided for in the budget. The funds requested for was therefore of a lower amount.
Total Receipts	7,744,000,000	6,790,422,461	953,577,539	88	
PAYMENTS DURING THE PERIOD:					
Compensation of Employees	39,000,000	27,773,058	11,226,942	71	Miscoding of the budget, that was resolved in April 2021 during in the Supplementary Budget, affected the cash flows leading to delayed replenishment of the Special Account after the end of the financial year.
Purchase of Goods & Services	245,000,000	203,599,989	41,400,011	83	Some payment requests were not processed due to IFMIS systemic challenges experienced at the end of the financial year.
Acquisition of non – financial assets	7,460,000,000	6,564,071,054	895,928,946	88	Equipment for WRA was not procured. Reason as stated under Proceeds from external borrowing.
Total Payments	7,744,000,000	6,795,390,680	948,609,320	88	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

ANNEX 2: ANALYSIS OF PENDING BILLS

2A: ANALYSIS OF PENDING ACCOUNTS PAYABLE BILLS AS AT 30TH JUNE, 2021

Supplier of Goods or Services	Original Amount	Date Contracted	Amount paid to date	Outstanding Balance 30/06/2021	Outstanding Balance 30/06/2020	Comments
	Ksh		Ksh	Ksh	Ksh	
China Gezhouba Group Co Ltd	226,071,415	03/11/2020	-	226,071,415	-	VAT on IPC 4
	261,200,770	08/02/2021	-	261,200,770	-	VAT on IPC 5
	203,979,306	15/06/2021	-	203,979,306	-	VAT on IPC 6
Sub Total	691,251,491		-	691,251,491	-	
Supply of Goods						
High Definition Holdings	53,421	11/11/2020	-	53,421	-	Payment processing was unsuccessful due to systemic challenges experienced in IFMIS.
Sub Total	53,421		-	53,421	-	
Supply of Services						
SMEC Intnl Ltd	12,407,277	02/06/2020	12,407,277	-	12,407,277	
SMEC Intnl Ltd	24,238,762	02/06/2020	24,238,762	-	24,238,762	
SMEC Intnl Ltd	11,996,681	02/06/2020	-	11,996,681	11,996,681	
SMEC Intnl Ltd	990,737	02/06/2020	990,737	-	990,737	
SMEC Intnl Ltd	11,592,821	02/06/2020	11,592,821	-	11,592,821	
SMEC Intnl Ltd	3,325,108	23/04/2021	-	3,325,108	-	
SMEC Intnl Ltd	89,895	19/11/2020	-	89,895	-	
SMEC Intnl Ltd	11,789	19/11/2020	-	11,789	-	
SMEC Intnl Ltd	44,842	15/06/2021	-	44,842	-	
Tertiary Consultg. Eng.	1,098,413	19/05/2021	-	1,098,413	-	
Nation Media Group	50,720	19/05/2021	-	50,720	-	
The Standard Group	50,400	19/05/2021	-	50,400	-	
Market Edge Ltd	2,830,400	28/06/2021	-	2,830,400	-	
Multiline Motors	6,024	22/04/2021	-	6,024	-	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

Multiline Motors	4,939		-	4,939	-
Multiline Motors	3,625		-	3,625	-
Multiline Motors	6,128		-	6,128	-
National Land Commission	1,500,000	14/06/2020	1,500,000	-	1,500,000
Multiline Motors	48,148	02/06/2020	48,148	-	48,148
Sub Total	70,296,709		50,777,745	19,518,964	62,774,426
Total	761,601,621		50,777,745	710,823,876	62,774,426

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

2B: ANALYSIS OF PENDING STAFF BILLS AS AT JUNE 30, 2021

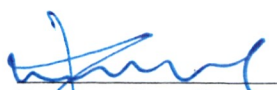
Name of Staff	Job Group	Original Amount	Date Contracted	Amount paid to date	Outstanding Balance 30/06/2021	Outstanding Balance 30/06/2020	Comments
	Ksh	Ksh		Ksh	Ksh	Ksh	
Supply of Services							
Program Implementation Team	N/A	10,275,000	01/04/2021	40,800	10,234,200	-	Payment for April - June 2021 unpaid due to insufficient balances.
Sub Total		10,275,000		40,800	10,234,200	-	

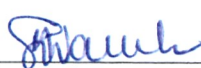
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

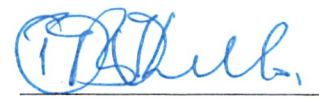
Reports and Financial Statements for the Financial Year ended June 30, 2021

ANNEX 3: RECONCILIATION OF INTER ENTITY TRANSFERS AS AT 30TH JUNE, 2021

Direct Payments				
	Payee	Transaction Date	Kshs	FY
1	Poshtech Systems Ltd	01/09/2021	2,149,123	2020/21
2	Tertiary Consulting Engineers	01/09/2021	3,492,760	2020/21
3	Tertiary Consulting Engineers	01/09/2021	6,865,080	2020/21
4	High Defination Holdings	28/04/2021	381,579	2020/21
5	Tertiary Consulting Engineers	28/04/2021	6,865,080	2020/21
6	Ljiljana Spasic Gril	30/06/2021	1,409,792	2020/21
7	Ioannis Karavokyris	30/06/2021	691,392	2020/21
8	Robin Peterson	30/06/2021	619,822	2020/21
9	CGGC Ltd	01/09/2020	943,661,230	2020/21
10	CGGC Ltd	01/09/2020	132,910,032	2020/21
11	CGGC Ltd	01/09/2020	252,529,062	2020/21
12	CGGC Ltd	29/10/2020	1,074,863,623	2020/21
13	CGGC Ltd	29/10/2020	151,389,243	2020/21
14	CGGC Ltd	29/10/2020	287,639,561	2020/21
15	CGGC Ltd	09/02/2021	1,306,287,664	2020/21
16	CGGC Ltd	09/02/2021	183,984,178	2020/21
17	CGGC Ltd	09/02/2021	349,569,938	2020/21
18	CGGC Ltd	10/02/2021	231,072,394	2020/21
19	CGGC Ltd	15/06/2021	863,481,049	2020/21
20	CGGC Ltd	15/06/2021	121,617,049	2020/21
21	SMEC Intl Ltd	15/06/2021	30,107,653	2020/21
22	SMEC Intl Ltd	15/06/2021	10,928,904	2020/21
23	SMEC Intl Ltd	01/09/2021	11,592,821	2020/21
24	SMEC Intl Ltd	01/09/2021	9,407,000	2020/21
25	SMEC Intl Ltd	28/04/2021	3,000,277	2020/21
26	SMEC Intl Ltd	28/04/2021	10,399,782	2020/21
	Total		5,996,916,088	
Loan Revenue				
1	Program Bank Account	01/05/2021	23,596,715	2020/21


 Program Coordinator
 Eng. David Onyango


 Head of Accounting Unit
 CPA Agnes Waweru
 ICPAK No. 5514


 Finance Mgt. Expert
 CPA Tom B. Okello
 ICPAK No. 4534

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

ANNEX 4: SCHEDULE OF THE FIXED ASSETS AS AT JUNE 30, 2021

	Opening Cost	Purchases/ Additions in the Year	Disposals in the Year	Transfers In/(Out)	Closing Cost
	2020/21	2020/21	2020/21	2020/21	2020/21
	a	b	c	d	e = a + b + d - c
	Kshs	Kshs	Kshs	Kshs	Kshs
Land	3,526,061,197	28,259,510	-	-	3,554,320,707
Civil Works - Dam	11,860,878,403	6,532,934,023	-	-	18,393,812,426
Transport Equipment	12,136,200	-	-	-	12,136,200
Office Equipment, furniture & Fittings	5,527,428	2,824,100	-	-	8,351,528
Total	15,404,603,228	6,564,017,633	-	-	21,968,620,861

Land constitutes the payments already made through the National Land Commission (NLC) to the Program Affected Persons (PAPs) for the acquisition of land for the Thwake dam site.

Civil Works – Dam is the construction of the Thwake dam that is on-going.

The details of the various fixed assets procured by the Program since its inception are provided in the table below.

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

Table 2: Details of Fixed Assets as at June 30, 2021

	Serial No.	Land	Civil Works – Dam Construction	Motor Vehicles	Office Equipment, Furniture and Fittings
01	Thwake Dam site	3,554,320,707	-	-	-
02	Executive Desks	-	-	-	62,517.00
03	Executive Desks	-	-	-	62,517.00
04	Executive Desks	-	-	-	62,517.00
05	Executive Desks	-	-	-	62,517.00
06	Executive Desks	-	-	-	62,517.00
07	Filling Cabinet	-	-	-	259,376.00
08	Executive Visitor's Chair	-	-	-	19,332.00
09	Executive Visitor's Chair	-	-	-	19,332.00
10	Executive Visitor's Chair	-	-	-	19,332.00
11	Executive Visitor's Chair	-	-	-	19,332.00
12	Executive Visitor's Chair	-	-	-	19,332.00
13	Executive Visitor's Chair	-	-	-	19,332.00
14	Executive Visitor's Chair	-	-	-	19,332.00
15	Executive Visitor's Chair	-	-	-	19,332.00
16	Executive Visitor's Chair	-	-	-	19,332.00
17	Executive Visitor's Chair	-	-	-	19,332.00
18	Executive High Back Chair	-	-	-	50,555.00
19	Executive High Back Chair	-	-	-	50,555.00
20	Executive High Back Chair	-	-	-	50,555.00
21	Executive High Back Chair	-	-	-	50,555.00
22	Executive High Back Chair	-	-	-	50,555.00
23	Filling Cabinet	-	-	-	44,210.00
24	Filling Cabinet	-	-	-	44,210.00
25	Filling Cabinet	-	-	-	44,210.00
26	Filling Cabinet	-	-	-	44,210.00

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

27	Filling Cabinet	MOWI/TMWDP/F026	-	-	-	-	44,210.00
28	Pajero Station Wagon	GK B933J	-	-	-	6,068,100.00	-
29	Pajero Station Wagon	GK B934J	-	-	-	6,068,100.00	-
30	Fridge	MOWI/TMWDP/E001	-	-	-	-	115,280.00
31	Multipurpose Copier	MOWI/TMWDP/E002	-	-	-	-	358,500.00
32	Laptop Computer	MOWI/TMWDP/E003	-	-	-	-	118,060.50
33	Laptop Computer	MOWI/TMWDP/E004	-	-	-	-	118,060.50
34	Laptop Computer	MOWI/TMWDP/E005	-	-	-	-	118,060.50
35	Laptop Computer	MOWI/TMWDP/E006	-	-	-	-	118,060.50
36	Dam Construction	MWI/TMWDP -- 1/WOO1/2017 - 2018	-	-	-	18,393,812,426	-
37	Compact Fire Proof Cabinet	MOWI/TMWDP/F026-1	-	-	-	-	139,850.00
38	Compact Fire Proof Cabinet	MOWI/TMWDP/F027	-	-	-	-	139,850.00
39	Compact Fire Proof Cabinet	MOWI/TMWDP/F028	-	-	-	-	139,850.00
40	Compact Fire Proof Cabinet	MOWI/TMWDP/F029	-	-	-	-	139,850.00
41	4 Drawer Steel Filling Cabinet	MOWI/TMWDP/F030	-	-	-	-	29,450.00
42	4 Drawer Steel Filling Cabinet	MOWI/TMWDP/F031	-	-	-	-	29,450.00
43	Executive Desk	MOWI/TMWDP/F032	-	-	-	-	85,500.00
44	Executive Desk	MOWI/TMWDP/F033	-	-	-	-	85,500.00
45	Executive Desk	MOWI/TMWDP/F034	-	-	-	-	85,500.00
46	Executive Desk	MOWI/TMWDP/F035	-	-	-	-	85,500.00
47	High Back Orthopaedic Chair	MOWI/TMWDP/F036	-	-	-	-	60,500.00
48	High Back Orthopaedic Chair	MOWI/TMWDP/F037	-	-	-	-	60,500.00
49	High Back Orthopaedic Chair	MOWI/TMWDP/F038	-	-	-	-	60,500.00
50	High Back Orthopaedic Chair	MOWI/TMWDP/F039	-	-	-	-	60,500.00
51	High Back Orthopaedic Chair	MOWI/TMWDP/F040	-	-	-	-	60,500.00
52	High Back Orthopaedic Chair	MOWI/TMWDP/F041	-	-	-	-	60,500.00
53	Medium Back Agronomic Chair	MOWI/TMWDP/F042	-	-	-	-	45,000.00
54	Medium Back Agronomic Chair	MOWI/TMWDP/F043	-	-	-	-	45,000.00
55	Medium Back Agronomic Chair	MOWI/TMWDP/F044	-	-	-	-	45,000.00
56	Medium Back Agronomic Chair	MOWI/TMWDP/F045	-	-	-	-	45,000.00

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

57	2 Way Secretarial Work Station	MOWI/TMWDP/F046	-	-	-	140,500.00
58	2 Way Secretarial Work Station	MOWI/TMWDP/F047	-	-	-	140,500.00
59	Projector Epson EB 541	MOWI/TMWDP/E007	-	-	-	84,600.00
60	Atlas Paper Shredder	MOWI/TMWDP/E008	-	-	-	61,200.00
61	Atlas Paper Shredder	MOWI/TMWDP/E009	-	-	-	61,200.00
62	Atlas Paper Shredder	MOWI/TMWDP/E010	-	-	-	61,200.00
63	Atlas Paper Shredder	MOWI/TMWDP/E011	-	-	-	61,200.00
64	Atlas Paper Shredder	MOWI/TMWDP/E012	-	-	-	61,200.00
65	Multi Sectorial Copier	MOWI/TMWDP/E013	-	-	-	495,000.00
66	Colour Printer HP MFP 477FDW	MOWI/TMWDP/E014	-	-	-	148,250.00
67	Colour Printer HP MFP 477FDW	MOWI/TMWDP/E015	-	-	-	148,250.00
68	Kyocera Printer Task Alfa 2040DN	MOWI/TMWDP/E016	-	-	-	125,300.00
69	Kyocera Printer Task Alfa 2040DN	MOWI/TMWDP/E017	-	-	-	125,300.00
70	Kyocera Printer Task Alfa 2040DN	MOWI/TMWDP/E018	-	-	-	125,300.00
71	HP Laptop Computer – Core i7	MOWI/TMWDP/E019	-	-	-	175,000.00
72	HP Laptop Computer – Core i7	MOWI/TMWDP/E020	-	-	-	175,000.00
73	HP Laptop Computer – Core i7	MOWI/TMWDP/E021	-	-	-	175,000.00
74	HP Laptop Computer – Core i7	MOWI/TMWDP/E022	-	-	-	175,000.00
75	HP Laptop Computer – Core i7	MOWI/TMWDP/E033	-	-	-	175,000.00
76	HP Laptop Computer – Core i7	MOWI/TMWDP/E034	-	-	-	175,000.00
77	HP Laptop Computer – Core i7	MOWI/TMWDP/E035	-	-	-	175,000.00
78	HP Laptop Computer – Core i7	MOWI/TMWDP/E036	-	-	-	175,000.00
79	HP Laptop Computer – Core i7	MOWI/TMWDP/E037	-	-	-	175,000.00
80	HP Laptop Computer – Core i7	MOWI/TMWDP/E038	-	-	-	175,000.00
81	Desktop Computer – HP Core i5	MOWI/TMWDP/E023/24	-	-	-	140,000.00
82	Desktop Computer – HP Core i5	MOWI/TMWDP/E025/26	-	-	-	140,000.00
83	Desktop Computer – HP Core i5	MOWI/TMWDP/E027/28	-	-	-	140,000.00
84	Desktop Computer – HP Core i5	MOWI/TMWDP/E029/30	-	-	-	140,000.00

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

85	Desktop Computer – HP Core i5	MOWI/TMWDP/E031/32	-	-	-	-	140,000.00
86	Camera	MOWI/TMWDP/E039	-	-	-	-	374,100.00
	Total		3,554,320,707	18,393,812,426	12,136,200.00	8,351,528.00	

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2021

16. APPENDICES

I. TRANSFER TO/ FROM CONFIRMATION TEMPLATE


TRANSFERS TO AND FROM CONFIRMATION TEMPLATE

**THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM
MINISTRY OF WATER, SANITATION AND IRRIGATION
P.O BOX 49720 – 00100, NAIROBI**

- .. The Thwake Multipurpose Water Development Program wishes to confirm the amounts received from you as at 30th June 2021 as indicated in the table below. Please compare the amounts received from you with the amounts you disbursed. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts disbursed by Ministry of Water, Sanitation and Irrigation as at June 30, 2021						
		Amounts released to Thwake Multipurpose Water Development Program as at June 30, 2021			Amounts received by the Program as at June 30, 2021 (D)	Difference E = (C – D)
Reference No.	Date Received	Development (A)	Inter – Project (B)	Total (C)		
		Kshs	Kshs	Kshs	Kshs	Kshs
EA/FA/78/7/028/D	03/05/2021	23,596,715	-	23,596,715	23,596,715	-
Total		23,596,715	-	23,596,715	23,596,715	-

I confirm that the amounts shown above are correct as of the date indicated.

Name Agnes Waweru Signature 

Date 23/9/2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2021

II: BANK RECONCILIATION STATEMENT AS AT JUNE 30, 2021

F.O 30				
MINISTRY OF WATER, SANITATION AND IRRIGATION				
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN				
BANK RECONCILIATION STATEMENT AS AT 30/06/2021				
EQUITY BANK A/C '0720262733899			KITUI BRANCH	
		Kshs.	Kshs.	Kshs.
Balance as per Bank Statements				665,456.00
Less:				
1. Payments in cashbook not yet recorded in bank statement (Unpresented Cheques)		13,600.00		
			13,600.00	
2. Receipts in bank statement not yet recorded in cashbook		-		
Add:				
3. Payments in bank statement not yet recorded in cashbook		780.00		
4. Receipts in cashbook not yet recorded in bank statement.		-	780.00	
Balance as per the Cashbook.....				652,636.00

I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct.

Prepared By:

Finance Mgt. Expert



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1

Reports and Financial Statements for the Financial Year ended June 30, 2021

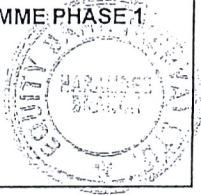
MINISTRY OF WATER, SANITATION & IRRIGATION			
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN			
BANK RECONCILIATION STATEMENT AS AT 30/06/2021			
SCHEDULE OF UNPRESENTED CHEQUES AS AT 30/06/2021			
Date	Cheque No.	Payee	Amount
			Ksh
30/06/2021	'000915	NHIF	13,600.00
		Total	13,600.00
SCHEDULE OF PAYMENTS IN BANK NOT IN CASHBOOK (BANK CHARGES)			
Date		Bank Charge	Ksh
08/06/2021		Inward Clearing Charge	60.00
23/06/2021		Interim Statement Printing Charge	720.00
		Total Bank Charges	780.00
SCHEDULE OF RECEIPTS IN BANK NOT IN CASHBOOK			
			-



HEAD OFFICE: P.O.Box : 75104 - 00200 Nairobi, Tel: 020-2262000 Fax: 2737276, Mobile: 0711 026000,0732 112000, Email: info@equitybank.co.ke, Website: www.equitybank.co.ke

To,

THWAKE MULTI-PURPOSE WATER
DEVELOPMENT PROGRAMME PHASE 1
P.O.BOX 49720
NAIROBI
KE
00100



Branch ID : 072
Customer Name : THWAKE MULTI-PURPOSE WATER
DEVELOPMENT PROGRAMME PHASE 1
Product Name : CAA
Currency : KES

Account Statement 0720262733899

Statement Period (From 01-06-2021 To 30-06-2021)

Tran Date	Value Date	Tran Particulars	Debit	Credit	Balance
08-06-2021	08-06-2021	ChequeNo.000914 Presented	13,600.00		666,235.80
08-06-2021	08-06-2021	Inward Clearing Charge	60.00		666,175.80
23-06-2021	23-06-2021	Interim statement printing charges	720.00		665,455.80
Grand Total			14,380.00	0.00	665,455.80

EQUITY BANK (KENYA) LTD.
HARAMBEE BRANCH
CERTIFIED TRUE COPY
OF THE ORIGINAL.

Sign: Date: 07/07/21

Note: Any omission or errors in this statement should be promptly advised in writing to the Branch Manager within 30 days from the date of receipt otherwise the account will be presumed to be in order.

JK2265320210715095331

PAYMENTS

71

FO. 26 (Small)

To Whom Paid	Description of Payment	Allocation	Voucher No.	Cheque No.	Sh. cts.	Sh. cts.	Sh. cts.
PC-TMWD	MAY 2021 PAYROLL - NHIF		000018	070914			13600 -
PC-TMWD	JUNE 2021 PAYROLL - NHIF		000019	070915			13600 -
PC-TMWD	Bank Charges						17380 -
	BALANCE C/D				20106		652637 -
	ADJUSTMENT OF BALANCE B/D						697217 -
	BALANCE C/D						1 -
							697218 -
	ADJUSTMENT OF BALANCE B/D						1 -
	BALANCE C/D				20106		652636 -
							652637 -

FUND ACCOUNTABILITY STATEMENT FOR 2020/21.

Opening balance	5620856 -
Receipt vide Exchequer	23596715 -
Total Funds Available	29217571 -
Less Payments in the period	28564935 -
Closing balance	652636 -

BOARD OF SUPERVISORS

CHAIR PERSON	REGINA D. GUNAS		5/07/2021
MEMBER	XANNA M. ROY		5/07/2021
MEMBER	ROHIT K. ROY		5/07/2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2021

III: BOARD OF SURVEY REPORT

Date: 5/07/2021

Report of the Board of Survey on the Cash and Bank Balances of ...Thwake Multipurpose Water Development Program...as at close of business on30/06/2021.

The Board consisting of – (Names and Official Titles)

- 1. Regina Dennis – Chairperson
- 2. Nasma Cheboi – Member
- 3. Rolex Kirui – Member

Assembled in the office of ...Thwake Multipurpose Water Development Program.....at 11:00am (time) on the 5/07/2021 as the following cash was produced:

Notes	Sh ...NIL.....
Silver	Sh ...NIL.....
Copper	Sh ...NIL.....
Cheques as per details on reverse	Sh ...NIL.....
Total	Sh <u>-</u>

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

The cash consist of Kenyan currency and does not contain any demonetized coin or notes.

The cash book reflected the following balances as at the close of business on the 30/06/2020

Cash on Hand	Sh ...NIL.....
Bank Balance	Sh 652,636.00.....
Total	Sh 652,636.00_____

The Bank Certificate of Balance showed a sum of Sh 665,455.80...standing to the credit of the account on ...30/06/2021.

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

.....
[Signature]

Chairman

.....
[Signature]

.....
[Signature]

Date 5/07/2021

Members of the Board



EQUITY BANK (KENYA) LTD,
HARAMBEE BRANCH,
P.O.BOX 10786-00100.
NAIROBI.
15-07-2021.

THWAKE MULTIPURPOSE WATER
DEVELOPMENT PROGRAMME
PHASE 1
0720262733899.

Dear Sir/Madam,

RE: TMWDP/FIN/BANK/027

As requested by your office on letter dated 12th July 2021 to us on certificate of bank balance of the above mentioned account. We certify the following:

a) The client has accounts with us whose balances as at 30th June 2021 was as follows:

<u>Account Name</u>	<u>Account Number</u>	<u>Balance</u>
THWAKE MULTI-PURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1	0720262733899	665,455.80 CR.

Thank you for your continued support.

Kindly acknowledge receipt of this certificate by signing a copy of the letter attached.

Yours faithfully

EQUITY BANK LIMITED

CAROLINE NDUNGU

AUTHORIZED SIGNATORY



THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE 1
Reports and Financial Statements for the Financial Year ended June 30, 2021

IV. SPECIAL ACCOUNT STATEMENT AS AT JUNE 30, 2021

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAMME PHASE 1
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2021
 PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No. 2100150029993

Bank Account No.1000213507 Held with Central Bank of Kenya

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by ADB		2,042,221.43
	Less		
2	Total amount justified to ADB		2,021,729.81
3	Outstanding amount advanced to Designated Account		20,491.62
	Represented by:		
4	Ending Designated Account Balance at 30.06.2021		
5	Amount claimed but not credited at 30.06.2021		-
6	Amount withdrawn and not claimed as at 30.06.2021		20,491.62
7	Service charges (if not included in 5 & 6 above)		-
	Less		
8	Interest earning (if included in Designated Account)		-
9	Total advance to Designated Account year ended 30.06.2021		20,491.62

Discrepancy between total appearing on lines 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 ADB and provide reasons for not claiming the expenditures

The amount appearing on line 6 is due unrepresented SOEs as at 30.6.2021

Auditor
 AUTHORIZED REPRESENTATIVE

RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE: 30 07 2021

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2021
Account No.	1000213507
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	THWAKE M-P WATER- LN 2100150029993
Credit Agreement	
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2020 as per C.B.K. Ledger Account	20,493.31
Add:	
Total Amount deposited by ^{AFDB.} World Bank	198,258.10
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	218,751.41
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2021	0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

DATE

22.07.2021

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE

30.07.2021

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

Results 1 - 2 of 2

Run Date: 15/07/2021
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

Run Time: 14:43:29

STATEMENT OF ACCOUNT

PAGE NO : 1

ACCOUNT NUMBER : 1000213507

ACCOUNT TITLE : THWAKE M-P WATER- LN 2100150029993
 30/06/2021

STATEMENT PERIOD: From 01/07/2020 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
	OPENING BAL :		20,493.31		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	29/09/2020	FT202732J9ZF	THWAKE M-P FUND	0.00	198,258.10
2	09/04/2021	FT21099D3035	PA.125290	-218,751.41	0.00
				CLOSING BALANCE : 0	

END OF ACCOUNT STATEMENT

Favourites	TAM.E.STMT.OF.ACCT.EPRM	More Options Clear Selection	Find
Account	equals	1000213507	
Statement From	equals	20200701	
Statement To	equals	20210630	
TAM.E.STMT.OF.ACCT.EPRM			

THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM, PHASE I

Reports and Financial Statements for the Financial Year ended June 30, 2021

Reconciliation for Amount Withdrawn and not claimed as at June 30, 2021

		USD	USD
1	Amount as per Special Account Reconciliation		20,491.62
2	Amount Justified as per AfDB statement	2,021,729.81	
3	Corrected Justifications as per 0031JUS	2,010,898.74	
4	Over Justification as per AfDB statement (2 – 3)		10,831.07
5	Corrected Amount withdrawn and not yet justified (1 + 4)		31,322.69
	Accounted for as follows:		
6	Justification in Process – 0032JUS	25,071.92	
7	Balance held in Program Bank Account (Equiv Ksh 666,176)	6,175.73	
8	Bank Charges by CBK	75.00	
9	Total Amount Explained (6 + 7 + 8)		31,322.65
	Rounding off		0.04

Special Account Reconciliation Statement

Thwake Multipurpose Water Development Program Phase 1

Special Account Statement as at 30th March, 2021

Loan/ Grant No:

2100150029993

Currency of Special Account (SA)

USD

01	Advances disbursed to the Special Account		
	Initial Advance Request No 1	476,300.00	
	Replenishment 1 - Request No 0002	284,976.20	
	Replenishment 2 - Request No 0003	208,508.43	
	Replenishment 3 - Request No 0004	126,170.01	
	Replenishment 4 - Request No 0005	162,123.63	
	Replenishment 5 - Request No 0006	195,463.52	
	Replenishment 6 - Request No 0032	202,878.27	
	Replenishment 7 - Request No 0033	187,518.31	
	Replenishment 8 - Request No 0044	198,283.10	
02	Total Advances disbursed to the Special Account	2,042,221.47	2,042,221.47
03	SA closing balance as at '30/03/2021		-
04	Justification submitted with the attached application - Request No '0032JUS of 25/06/2021		25,071.92
05	Expenses previously justified to the Bank		
	Expenses justified to Bank under Req.Number '0001JUS	72,268.77	
	Expenses justified to Bank under Req.Number '0002JUS	41,218.70	
	Expenses justified to Bank under Req.Number '0003JUS	-	
	Expenses justified to Bank under Req.Number '0004JUS	66,986.44	
	Expenses justified to Bank under Req.Number '0005JUS	69,499.02	
	Expenses justified to Bank under Req.Number '0006JUS	35,003.26	
	Expenses justified to Bank under Req.Number '0007JUS	51,291.74	
	Expenses justified to Bank under Req.Number '0008JUS	19,102.76	
	Expenses justified to Bank under Req.Number '0009JUS	56,798.42	
	Expenses justified to Bank under Req.Number '0010JUS	65,845.77	
	Expenses justified to Bank under Req.Number '0011JUS	76,560.03	
	Expenses justified to Bank under Req.Number '0012JUS	74,419.73	
	Expenses justified to Bank under Req.Number '0013JUS	95,384.80	
	Expenses justified to Bank under Req.Number '0014JUS	56,534.30	
	Expenses justified to Bank under Req.Number '0015JUS	49,414.80	
	Expenses justified to Bank under Req.Number '0016JUS	53,594.14	
	Expenses justified to Bank under Req.Number '0017JUS	66,298.99	
	Expenses justified to Bank under Req.Number '0018JUS	108,061.67	
	Expenses justified to Bank under Req.Number '0019JUS	36,810.68	
	Expenses justified to Bank under Req.Number '0020JUS	107,407.98	
	Expenses justified to Bank under Req.Number '0021JUS	53,838.09	
	Expenses justified to Bank under Req.Number '0022JUS	48,327.78	
	Expenses justified to Bank under Req.Number '0023JUS	75,390.23	
	Expenses justified to Bank under Req.Number '0024JUS	61,719.80	

Expenses justified to Bank under Req.Number '0025JUS	121,721.93	
Expenses justified to Bank under Req.Number '0026JUS	87,343.66	
Expenses justified to Bank under Req.Number '0027JUS	88,899.36	
Expenses justified to Bank under Req.Number '0028JUS	31,299.18	
Expenses justified to Bank under Req.Number '0029JUS	30,289.36	
Expenses justified to Bank under Req.Number '0030JUS	17,175.72	
Expenses justified to Bank under Req.Number '0031JUS	192,391.63	
Total expenses Justified to the Bank	<u>2,010,898.74</u>	<u>2,010,898.74</u>

06 Total advance accounted for (3+4+5) 2,035,970.66

07 Discrepancy (2 - 6) to be explained 6,250.81

MINISTRY OF WATER , SANITATION AND IRRIGATION
THWAKE MULTIPURPOSE WATER DEVELOPMENT PROGRAM - LOAN

EXPLANATION OF DISCREPANCY IN THE SA RECONCILIATION

	USD
01 Amount of Discrepancy as per Special Account Reconciliation Statement	6,250.81
02 Less: Balance unspent supported by Commercial Bank Statement as at 08th June 2021 held in the Equity Bank Account (statement attached showing KES 666,176 exchange rate 1USD = KES 107.87)	6,175.73
03 Less: Central Bank of Kenya charges	75.00
04 Rounding off	0.08