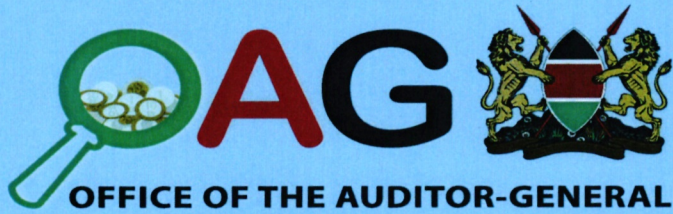


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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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THE AUDITOR-GENERAL

ON

FINANCIAL SECTOR SUPPORT PROJECT (IDA CREDIT NO. 5627-KE)

FOR THE YEAR ENDED 30 JUNE, 2020

THE NATIONAL TREASURY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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NATIONAL TREASURY AND PLANNING

FINANCIAL SECTOR SUPPORT PROJECT

IDA CREDIT NUMBER 56270- KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020.

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

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ABBREVIATIONS AND ACRONYMS

ACH	Automated Clearing House
AFI	Alliance for Financial Inclusion
AML/CTF	Anti-Money Laundering and Countering Financing of Terrorism
APA	Assistant Project Accountant
CBK	Central Bank of Kenya
CDSC	Central Depository and Settlement Corporation
CIS	Credit Information sharing
CMA	Capital Markets Authority
CPAK	Certified Public Accountants of Kenya
CSD	Central Securities Depository
DFID	UK Department for International Development
FLSTAP	Financial and Legal Sector Technical Assistance Project
FSA	Financial Services Authority
FSSP	Financial Sector Support Project
GoK	Government of Kenya
ICT	Information and Communications Technologies
ICPAK	Institute of Certified Public Accountants of Kenya
IDA	International Development Association
IOSCO	International Organization of Securities Commissions
IRA	Insurance Regulatory Authority
IT	Information Technology
KDIC	Kenya Deposit Insurance Corporation
KSH	Kenya Shillings
LSK	Law Society of Kenya
MDA	Ministries, Departments, and Agencies
MTEF	Medium Term Expenditure Framework
MTP2	Medium Term Plan II
NT	National Treasury
NT-BFEA	National Treasury Budgets, Fiscal & Economics Affairs
OAJ &DoJ	Office of the Attorney General and Department of Justice
OSH	Occupation, Health & Safety
PDMO	Public Debt Management Office
PDO	Project Development Objective
PIU	Project Implementing Unit
PPP	Public Private Partnerships
RBA	Retirement Benefits Authority
SACCO	Savings and Credit Cooperative
SASRA	SACCO Societies Regulatory Authority
TORs	Terms of Reference
TMD	Treasury Mobile Direct
WB	World Bank

PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

The official name of the project is **Financial Sector Support (FSSP) Project**. The project is located at:

Anniversary Towers, North Tower
7th Floor,
University Way/Monrovia Street
NAIROBI

Objective

The main objective of the project is to strengthen the legal, regulatory and institutional environment for improved financial stability, access to, and provision of, affordable and long term financing.

Address:

The National Treasury
Anniversary Towers, North Tower
7th Floor,
University Way/Monrovia Street
Nairobi
KENYA.

The address of its registered office is:

P.O.BOX 30007-00100

NAIROBI

Tel: +254-020 -2122271/4

Email: info@piu.go.ke

Contacts:

Telephone: (+254) 020-2210271/4

E-mail: info@piu.go.ke

Website: www.pppu.go.ke

1.2 Project Information

Project Start Date:	30 th April 2015
Project End Date:	30 th April, 2021
Project Manager:	Mr. Ray Charles Musau
Project Sponsor:	International Development Association (IDA)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury and Planning.
Project number	56270 –KE
Strategic goals of the project	Overall Objective- to strengthen the legal, regulatory and institutional environment for improved financial stability, access to, and provision of, affordable and long term financing.
Achievement of overall objective	<p>The project is in YR 5 and the following performance status is in comparison to the Year Four targets as documented in the Project Appraisal Document.</p> <p>(i) Indicator 1- Implement Kenya Deposit Insurance Corporation (KDIC) bank resolution/crisis management operational framework <i>YR 5 Target-</i> Yes (target set for this reporting period) <i>Performance-</i> The Operational Framework was developed. It includes the Bank Resolution Policy & Procedures Guidelines and the Risk Management Policy and Guidelines. The documents have been considered by the Technical Sub-Committee of the KDIC Board.</p> <p>(ii) Indicator 2- Reduced Net Interest Margin <i>YR 5 Target-</i> Yes (target set for this reporting period) <i>Performance-</i> 5.56% (Annualised)</p> <p>(iii) Indicator 3- % of Long-term assets held by pension funds <i>YR 5 Target-</i> 52.00 % <i>Performance-</i> 51.00 %</p>

<p>Intermediate Results Indicators</p>	<p>Indicator 1- Crisis simulation training and practice sessions undertaken regularly to activate KDIC operational framework for crisis management. <i>YR 5 Target-</i> 3 <i>Performance-</i> One (1No.) training was held in December 2015 where 30 officers drawn from the Financial Sector Regulators were trained. Toronto Centre is being hired to facilitate more trainings. Contract signing with the firm is underway.</p> <p>Indicator 2- Number of MDA services using electronic payment instruments <i>YR 5 Target-</i> 1000 MDAs <i>Performance-</i> 292 MDAs</p> <p>Indicator 3- % Increase in Pension Coverage <i>YR 5 Target-</i> 20% <i>Performance-</i> 22% (Target met)</p> <p>Indicator 4- Draft framework for sub-national entities on debt management <i>YR 5 Target-</i> Yes (target set for this reporting period) <i>Performance-</i> Assessment of financing gaps for Counties was concluded. As a result of the recommendations of the study that was carried out on financing for counties through capital markets, Kisumu, Machakos and Bungoma become the first counties to complete a Public Credit Rating (March 2020) by GCR. Proposal on Integrated Interagency Intervention (PII) to facilitate Subnational Financing for the Cities of Kenya developed and currently under discussion (Joint team from the OP, CRA, TNT&P, State Departments for Urban Development& Devolution, AGs Office and the Five Cities of Kenya-Feb 2019).</p> <p>Indicator 5- Increase in banked retail investor accounts accessing TMD <i>YR 5 Target-</i> 150,000 <i>Performance-</i> As at the end June 2020, the total number of retail accounts stood at 580,020 (M-Akiba accounts only).</p> <p>Indicator 6- Draft legal framework for a secured transaction regime <i>YR 5 Target-</i> Yes (target set for this reporting period) <i>Performance-</i> The Secured Transaction Regime Act was assented into law on 16th May 2017 (Target met)</p> <p>Indicator 7- Depth of credit information index (0 to 8) <i>YR 5 Target-</i> 3 <i>Performance-</i> 8 (Target Exceeded)</p> <p>Indicator 8 - Draft framework /regulation for new long term products</p>
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	<p><i>YR 5 Target- 2</i></p> <p><i>Performance-</i> The Capital Markets (Commodities Markets) Regulations 2020 and the Capital Markets (Coffee Exchange) Regulations 2020 were gazetted by the Cabinet Secretary for the National Treasury and Planning on 3rd April 2020. The Business Laws (Amendment) Bill, 2019 was also enacted into Law in March 2020 (The bill highlights the rights of offerer to buy out minority shareholders).</p> <p>During this quater, there were 3 draft frameworks under stakeholder engagement i.e. Guidelines on Share buybacks for Listed Companies, Draft Income Tax (REITs) Rules, 2020 and Guidance on CIS on Investment Performance Measurement and Reporting.</p> <p>Indicator 9- Increase in volume of secondary market transactions of government debt</p> <p><i>YR 5 Target-</i> Yes (target set for this reporting period)</p> <p><i>Performance-</i> The Secondary Market Government Bond Turnover stood at Kshs. 136.63 Billion as at Q2 2020.</p> <p>A comparison with Q1 2020 indicates a 13.12% decrease from the Kshs. 157.26 Billion turnover recorded during that quarter.</p> <p>In Q2 2020, a total of Kshs. 136.62 Billion worth of bonds has been traded at the Exchange.</p> <p>This is a 32.23% decrease from Q2 2019 whereby Kshs. 201.58 Billion worth of bonds had been traded.</p> <p>The year to date bond market turnover stands at KShs 294.64 Billion.</p> <p>Indicator 10- Increase in insurance coverage</p> <p><i>YR 5 Target-</i> 3.57 %</p> <p><i>Performance-</i> 2.43 %</p> <p>N/B</p> <p>Attached to this report for reference is an annexure on the description of the Project Development Objective and Intermediate Results Indicators extracted from the Project Appraisal Document</p>
<p>Other important background information of the project</p>	<p>The GoK’s Vision 2030 explicitly puts financial services at the center of higher economic growth in Kenya. The economic pillar of this strategy aspires to achieve high economic growth based on high national savings rates, which highlights the central role to be played by the financial sector. The financial sector is explicitly identified as one of the seven fast-track sectors in Vision 2030. Among its main objectives for financial sector development the strategy identifies: (i) improving stability; (ii) enhancing efficiency in the delivery of credit and other financial services, and; (iii) improving access to financial services products for a much large number of Kenyans. The current Financial Services Medium term Plan II (MTP2) 2013-17 concretizes these goals by listing specific projects/programs that feature on the GoK’s priority list.</p>

<p>Current situation that the project was formed to intervene</p>	<p>COMPONENT ONE–STRENGTHENING INSTITUTIONS</p> <p>This component focuses on the overarching reform, modernization, and capacity support to the financial sector institutional framework.</p> <p>This component delivers technical assistance to the various beneficiaries, mostly in the form of consultancies which will include amongst others; To design roadmaps and action plans and implementation support to realize the planned reforms. It will also support the upgrade of IT equipment and systems and deliver capacity support to ensure a more effective functioning of the financial architecture.</p> <p>a. Reforming Financial Architecture: The GoK has plans to streamline and make more efficient the overall financial architecture. This includes effecting:(i) a consolidation of all the non-banking regulators into a single Financial Services Authority (FSA); (ii) reforms necessary to create a more investor friendly environment in anticipation of the vast investment needs of the incipient natural resource economy; (iii) An improved interface for the public to access a range of public services through the digitization of the payments for these services and (iv) strengthening market conduct supervision.</p> <p>Progress National Treasury (NT-BFEA) <i>- Purchase office equipment for NT-FSA - Contract signed on 28th February 2019. Delivery, installation and commissioning concluded.</i> <i>-Consultancy to Develop Roadmap for the Consolidation of Clearing, Settlement Depository System in Kenya- Assignment was concluded.</i> <i>-Recruitment of the 5 specialists to support the Government Digital Payments Taskforce to Scale-Up implementation of the Digitization Agenda in MDAs-EOI advertised on 30th May 2019 and closed on 13th June 2019 for two (2) senior systems/security administrators and two (2) system administrator specialists. Shortlist report was forwarded for approval. Progress is pending further guidance from National Treasury</i> <i>- Purchase scanners for GDP - Contract signed on 28th February 2019. (Production document Scanners and production book Scanners). Delivery, installation and commissioning concluded.</i> <i>- Consultancy to assist in developing the National Insurance policy framework. Contract signed with Russell Leith from Malawi from 1st May 2019. Assignment on-going.</i></p> <p>b. Modernizing Supervision: This sub-component supports: (i) Improving supervision: Banking, Non-Banking and Pensions (ii) Upgrading IT systems.</p> <p>Progress National Treasury (NT-BFEA)</p>
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-*Consultancy on AML/CFT*-First phase of the assignment was Concluded on 14th August 2017. Procurement underway of consultant for second phase of the assignment. **Pending TOR approval.**

Capital Markets Authority (CMA)

- *Improve Information Management System including Technical financial analysis tools, E-Learning, and Communications Infrastructure.* The consultancy contract was signed with International Securities Consultancy (ISC) Ltd on 28th August 2017. The second NCE was approved till June 2020. **Assignment on-going.** Contract for downstream support signed and execution on-going.

- *Procure (i) hardware, (ii) software and (iii) network related equipment to support information repository, business intelligence, E-Learning, Communication infrastructure.*

Lot 1 - Install Data Repository & Business Intelligence System. The contract was signed on 30th September 2019 with Attain Enterprise Solutions Limited JV with ScienceSoft OY. **Implementation on-going.**

Lot 2 - Hardware (1) Infrastructure Delivery and Setup. The contract was signed on 30th September 2019 with Computech Ltd. Awaiting delivery. (2) Lot 2 - Video conferencing. The contract was signed on 30th August 2019 with Specicom Technologies. **Delivery and installation concluded.**

Lot 3 - Microsoft Software Upgrades. The contract was signed on 30th September 2019 with Attain Enterprise Solutions Limited. **Implementation on-going.**

-*Implementation of a trade reporting system for bond market-* The consultancy contract was signed with FDHL Salonica Consortium on 5th March 2018. **Assignment concluded.**

- *Integration of CAPIZAR system to the upgraded NSE and CDSC systems.* This was a direct procurement of CAPIZAR license. Contract signed on 28th March 2019 with Infotech Middle East FZ-LLC. **Assignment concluded.**

- *Consultancy for the acquisition of a multi-asset surveillance system.* Contract signed with Financial Services Volunteer Corps (FSVC) New York on 29th April 2019. **Assignment on-going.**

- *Establishment an oversight framework for derivatives market.* The consultancy contract with Mr. David White on 27th April 2017. 3rd NCE till 31st December 2019. **Assignment concluded.**

- *Resident Advisor to support CMA to establish areas for self-regulation; scope; potential SRO candidates; regulatory Framework for SROs.* EOI advertised on 30th May 2019. EOI closed on 13th June 2019. Contract signed with International Securities Consultancy (ISC) Hong Kong on 15th may 2020. **Implementation on-going.**

-Consultancy to assess the funding gap Funding gap report for the National and County government level. **Assignment concluded.**

Insurance Regulatory Authority (IRA)

-Upgrading of IT Systems (Electronic Regulatory System) The consultancy contract was signed with Vizor Ltd on 24th April 2018. **Assignment concluded.**

- Upgrading of IRA Data Center Infrastructure and Network. Contract signed on 28th February 2019 by Jo World Ltd. **Delivery, installation and commissioning concluded.**

- Consultancy to review of the motor third party Liability market in Kenya. Contract signed with Actuarial Services (East Africa) Ltd. Assignment commenced on 29th April 2019. **Assignment on-going.**

- Consultancy to develop a comprehensive legal and regulatory framework for regulation, supervision and development of Health Insurance in Kenya. EOI advertised on 30th May 2019. EOI closed on 13th June 2019. **Contract signing on-going.**

Retirement Benefit Authority (RBA)

-Enhancement of ERP and RBS systems; and to implement a Document Management System, and Stakeholder Interaction / Relationship Management system (SIRM). Contract signed with Attain Enterprise Solutions Limited on 6th May 2019. **Assignment on-going and pending finalization.**

-Acquire a Business Continuity/ Disaster recovery solution. Contract signed on 28th February 2019 by BlueSky Limited. **Delivery, installation and training concluded.**

- Consultancy to improve the Risk-Based Supervision Framework. The consultancy contract was signed with Adriunus Vugs on 14th August 2017 and extended to 31st August 2018. **Assignment concluded.**

-Consultancy to undertake peer review of the effectiveness and quality of RBAs pension and education campaign. The contract was signed on 27th June 2018. Assignment on-going. **Assignment concluded.**

-Consultancy to review the Retirement Benefit Act & Regulations. EOI advertised on 30th May 2019 and closed on 13th June 2019. **Pending approval to award**

- Consultancy to develop curriculum and manual for trustee development and capacity building of resource persons. EOI advertised on 30th May 2019 and closed on 13th June 2019. **Pending approval to award.**

Kenya Deposit Insurance Corporation (KDIC)

- Supply and Installation of a distant IT Disaster Recovery (DR) Site for KDIC in Kisumu. The contract was signed on 27th December 2017 with three firms

namely; Technology Associates, Next Technologies and Intermass Technologies. **Assignment concluded.**

- *Consultant Develop specifications for a data warehouse, Financial Analysis tools and Information Technology Infrastructure for the KDIC.* EOI advertised on 30th May 2019 and closed on 13th June 2019. Contract was signed with BPO LLP London UK on 16th December 2019. **Assignment on-going.**

- *Resident Advisor to establish KDIC as a Special Supervisor of the Banking Sector.* The consultancy contract was signed on 17th March 2017 with Javier Bolzico. **Assignment concluded.**

- *Hire PR agency to prepare and conduct publicity events for the KDIC.* Contract signed on 24th June 2019 with Brand Strategy Design (BSD) Limited. **Assignment on-going.**

- *Consultancy to facilitate & conduct three (3) Crisis preparedness and resolution simulation-workshops with stakeholders & Safety Net Players in the financial sector.* EOI advertised on 30th May 2019 and closed on 13th June 2019. **Contract signing on-going.**

Sacco's Societies Regulatory Authority (SASRA)

- *Furnish SASRA new offices.* The supply contract was signed on 18th December 2017 with Viable décor furniture. The furniture and equipment were delivered. **Assignment concluded.**

- *Purchase of equipment for SASRA new offices.* Contract signed on 28th February 2019 with Specicom Technologies Ltd. **Delivery, installation and commissioning concluded.**

- *Purchase Disaster recovery and Business Continuity Hardware specification.* Contract signed on 28th February 2019 with Eurocom Systems Ltd to supply 2 servers and other office equipment to SASRA. **Delivery, Installation and Commissioning concluded.**

- *Consultancy to hire to review IT system; make recommendations for RBS system; upgrade of ERP.* Contract signed with Market Edge Limited Assignment on-going. **Downstream procurement concluded and implementation on-going.**

- *Consultancy to develop and Implement Risk-Based supervision policy framework.* The consultancy contract was signed with Dave Grace & Associates on 21st June 2017. **Assignment was concluded.**

- *Consultancy to conduct study on shared services.* Contract signed with David Cracknell, Microsave Consulting Ltd, Kenya commencing 15th April 2019. **Assignment concluded.**

- *Consultancy to support SASRA with the production of reliable supply-side statistics.* The consultancy contract was signed with World Council of Credit Union on 31st July 2017. **Assignment concluded.**

- *Consultancy to review the legal and financial framework to facilitate establishment of a DGF for DT SACCOs.* The contract was signed with Mr. Madibo Camara of A2F Consulting LLC on 4th December 2017. **Assignment concluded.**

- *Consultant to review the existing policy, legal, regulatory and institutional framework on market conduct regulations of SACCO Societies.* Contract signed on 18th March 2019 by Prof. Gianfranco Antonio Vento, Net Present Value Limited, Malta, UK. **Assignment concluded.**

- *Consultant to conduct regulatory Impact Assessment on the DT-SACCO Legal, Regulatory and Operational environment-* Contract. Contract signed with M/S Dalberg Advisors on 25th June 2019. **Assignment on-going.**

- *Hire a PR Firm to Develop and implement Public awareness and education programme.* EOI advertised on 30th May 2019 and closed on 13th June 2019. **Pending approval to award.**

- *Consultancy to enhance effectiveness and efficiency of SASRA's Human Resource function.* EOI advertised on 30th May 2019 and closed on 13th June 2019. Negotiation concluded. **Procurement non-responsive to terminate procurement.**

Central Bank of Kenya (CBK)

- *Consultancy to enhance CBK's end to end onsite surveillance process to ensure its' efficiency and effectiveness.* The consultancy contract was signed with a joint venture between KPMG and Azmasoft Consulting Ltd & Grande Afrique on 24th February 2017. **Assignment was concluded.**

- *Consultancy to review the human resource component of the Central Bank of Kenya.* The consultancy contract was signed with KPMG Advisory Services on 4th September 2017. **Assignment was concluded.**

- *Project Manager for CSD -* Tender advertised on 3rd May 2019 and closed on 17th May 2019. Evaluation concluded. **Procurement Non-responsive and procurement terminated.**

- *Supply, installation and commissioning of a CSD –* Awaiting approval of standard bidding document. Contract signed with Montran Corporation on 22nd may 2020. **Implementation on-going.**

Building Capacity: The Project delivers capacity support to the following project beneficiaries; National Treasury, Central Bank of Kenya, Insurance Regulatory Authority, Retirement Benefit Authority, Kenya Deposit Insurance Corporation, Sacco's Societies Regulatory Authority, Capital Markets

Authority, Public Debt Management Office, Office of the Attorney General & Department of Justice and Project Implementation Unit.

Progress

The table below shows the individual and group trainings that were supported during the period under review.

PBA	No of officers trained Jan-March 2020	No of trainings held Jan-March 2020	No of trainings (July 2015-March 2020)	Total number of individual officers trained (July 2015-March 2020)			No of Group trainings
				Total	Male	Female	
NT	NIL	NIL	65	55	31	24	1 (675 pple)
PDMO	NIL	NIL	16	14	8	6	1 grp (30 pple)
CMA	NIL	NIL	46	49	35	14	4(149 pple)
IRA	NIL	NIL	10	16	12	4	1 (14 pple)
RBA	NIL	NIL	38	40	28	12	N/A
KDIC	NIL	NIL	37	51	28	23	1(38 pple)
SASRA	NIL	NIL	45	43	27	16	3(41 pple)
OAG	NIL	NIL	38	28	11	17	9 (505)
CBK	NIL	NIL	6	9	4	5	N/A
PIU	1	1	74	29	9	20	N/A
TOTAL	1	1	375	334	193	141	20 Groups (1452 pple)

COMPONENT TWO- ENABLING EFFICIENT FINANCIAL INTERMEDIATION

This component moves toward the financial inclusion agenda in Kenya with focus on strengthening the credit infrastructure and making more transparent the pricing of financial intermediation (savings and lending) so that more businesses and individuals have access to affordable financial products. The component supports activities related to:

- a) **Improving credit information data sharing:** One of the main issues with the pricing of credit in Kenya is the need to enhance transparency in the process. Credit providers are usually constrained for data, and the Project supports the expansion of the credit reporting system so that all credit providers can participate in full-file credit information sharing.

Progress

National Treasury-BFEA

- Consultant to review and identify gaps within the existing framework for credit information sharing; to propose areas across the financial sector in which the framework can be harmonized. Contract signed on 29th January 2019 with Rashid Ahmed. **Assignment on-going.**

- Consultancy PR Firm to Develop and implement Public awareness and education programme. Contract signed on 31st December 2018 with Apex Porter Novelli (APN). **Assignment on-going.**

(b) **Strengthening the regime for moveable collateral:** Support is provided to strengthen moveable collateral mechanisms to facilitate increased lending to SMEs at affordable rates by supporting the necessary legal and regulatory reforms for secured transactions, followed by the creation of an electronic moveable assets registry.

Progress

- Office of the Attorney General & Department of Justice-Business Registration Services

- Consultancy (Project Manager) to review the Review and support of the collateral registry system-BRS. EOIs advertised on 18th September 2018. EOI closed on 2nd October 2018. Contract signed with Norway Registers Development (NRD) on 4th may 2020. **Implementation on-going.**

- Consultancy to conduct training & Capacity build stakeholders on ST regime and public awareness. Contract signed by Wanyaga & Njaramba Advocates Sub-Consulting KIM and BSD Group from 17th June 2019. **Assignment on-going**

(c) **Supporting implementation of the new insolvency regime:** As the new Insolvency Bill is expected for debate in Parliament, the Project provides support for the implementation of the bill and building the capacity of key stakeholders to ensure robust regime is in place.

Progress

- Office of the Attorney General & Department of Justice-Business Registration Services

- Consultant to develop Insolvency Regulations. The contract with Prof. Peter Walton was signed on 8th September 2017 and extended to 10th June 2019. **Assignment concluded.**

(d) **Expanding the availability of alternative Savings Instruments:** The focus here is on facilitating additional savings mobilization by developing alternatives to bank deposits such as purchases of government bonds by retail investors using the mobile platform.

COMPONENT THREE—MOBILIZING LONG-TERM FINANCE

This component focuses on strengthening the demand for and supply of long-term funds so that Kenya's growing development finance needs for long-term projects in infrastructure, housing, etc. can be met. The component supports.

- a) **New Term Products:** The priority is to develop and support the uptake of instruments that can channel financing to infrastructure given Kenya's infrastructure investment gap. Such instruments include infrastructure project bonds and funds, *sharia* compliant instruments, housing finance products. Other instruments that could be improved to support infrastructure, as well as other long-term financing needs (e.g. housing and SME financing), include securitization and equity markets.

Progress

Public Debt Management Office

- *Procurement of office furniture.* The supply contract was signed with Viable Décor on 18th December 2017. The furniture was delivered. **Assignment completed**

- *Procurement of office equipment.* Contract signed on 28th February 2019 with E-time Solutions, Specicom Technologies and MFI Documents Ltd. **Delivery, installation and commissioning concluded.**

- *Debt Specialist to provide strategic and tactical oversight of the Directorate of Public Debt Management Office (PDMO) (2nd procurement).* Contract awarded Louis Jose Phillipe Maurel on 26th November 2019. **Assignment on-going.**

- *Procure mechanism for electronic issuance, trading, surveillance and reporting on government debt performance.* Tender advertised on 25th March 2019 and closed on 24th April 2019. **Contract signing on-going.**

- *Consultancy PR Firm to undertake a financial literacy and public awareness campaign for M-Akiba.* EOI advertised on 30th May 2019 and closed on 13th June 2019. Procurement terminated by the PDMO at negotiation phase. **Procurement terminated.**

Capital Markets Authority

- *Undertake a study on identification and analysis of the funding gap at the National and county level to inform product and service development.* The consultancy contract was signed with Mr. Adrianus Vugz on 15th April 2017. **Assignment concluded.**

National Treasury-BFEA

- *Support initial operationalization of the Kenya Mortgage Refinance*

*Company (KMRC). Contract signed on 13th December 2018 by NIC Capital Limited sub-consulting Mboya Wangong'u & Waiyaki Advocates. **Assignment concluded.***

- *Consultancy to undertake a public awareness campaign for KMRC. EOI advertised on 30th May 2019 and closed on 13th June 2019. Contract signed with Media Edge Technologies on 23rd March 2020. **Assignment on-going.***
- *Consultancy to support development of a strategic plan for KMRC. EOI advertised on 30th May 2019 and closed on 13th June 2019. Contract was signed with Genesis Analytics on 16th March 2020. **Assignment on-going.***

b) **Strengthening Institutional Investors:** The priority is to mobilize long term savings by bringing in new savers into the market and developing the local capacity among institutional investors, mainly pension funds and insurance companies, to invest in long term projects through capital markets instruments.

Progress

Retirement Benefits Authority

*-Review the existing pensions' legal and regulatory framework to incorporate informal sectors: Revise existing MBOA pension scheme. The consultancy contract was signed with Pinbox in May 2017. **Assignment completed.***

*-Review the existing pension's legal and regulatory framework with a view to broadening the pension fund investment scope to include long-term investments. The consultancy contract was signed with Andrew Slater in June 2017. **Assignment Completed.***

*-Review the Pension System in Kenya and recommendations on expansion of coverage. Negotiations failed. Negotiations failed with 1st, 2nd and 3rd shortlisted consultants. **Fresh procurement process to be initiated.***

*-Consultancy to conduct a behavioral study of the youth on savings retirement in light of the high labor mobility. EOI advertised on 30th May 2019. EOI closed on 13th June 2019. Contract signed with IPSOS Kenya on 16th January 2020. **Assignment on-going.***

COMPONENT FOUR–SUPPORTING PROJECT MANAGEMENT

The Project Implementation Unit is responsible for project operations with oversight from National treasury and World Bank.

Progress

-Five additional PIU staff members were recruited since March 2017 and they include; Assistant Project Manager, Procurement Specialist, Project Officer, Assistant Project Accountant and an Office Assistant.

Project duration	The project commenced on April, 2015 and is expected to run until April 30, 2021
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1.4 Bankers

The following are the bankers for the current year:

a) Special Deposit Account

Central Bank of Kenya
Haile Selassie Avenue
P.O.BOX 60000-00200
Nairobi, Kenya

FSSP Account No. 1000237937

b) Local Project Account

Central Bank of Kenya
Haile Selassie Avenue
P.O.BOX 60000-00200
Nairobi, Kenya

FSSP Account No.1000237872

1.5 Auditors

Auditor General
The Office of the Auditor General
Anniversary Towers
University Way/ Monrovia Street
P.O.BOX 30084
Nairobi, Kenya.

1.6 Project Governance

The Project's governance framework requires the stakeholders to uphold the highest professional, ethical, moral and legal standards. This is achieved through effective segregation of duties with clear checks and balances as articulated in the Project Loan/Credit Agreement, the PFM Act, 2012, the Project Design Report, the Implementation Manual and the Finance and Procurement Manuals.

1. The Project Steering Committee (PSC)

This Committee is responsible for overseeing the implementation of the Project, approving the annual work plan and budget, and ensuring that the activities are in compliance with the donor and government policies.

2. International Development Association(IDA)

IDA under the World Bank is the project sponsor. They are responsible for reviewing and approving the project's withdrawal applications, expenditure justifications, no objection requests, reviewing and approving the annual work plan and budget, expenditure category reallocation request, and participating in implementation support missions.

3. The National Treasury and Planning

The National Treasury and Planning is the parent ministry ensures that the Project's budget is captured in its development projects and disbursement of exchequer transfers. The ministry reviews and tracks the Project's annual work plan and budget against the set targets and makes the approvals. The parent ministry also oversees the execution of the project coordinating team.

4. The Auditor

The Supreme Audit Institution in Kenya, that is, the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12, Part 6, Article 229 which establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. This facilitates the submission of the audited report to the project's sponsors by 31 December each year.

5. Project Coordinating Team (PCT)

This team is based in Nairobi and is responsible for the project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers. The PCT is also supported by other administrative staff.

The key staff, who form the project coordinating team that is involved in the day to day management of the project and its implementation are:

NO	Names	Title designation	Responsibilities
1	Mr. Albert K. Mwenda, HSC	Ag. Director General –BFEA	Project Coordination at the National Treasury
2	Mr. Ray Charles Musau	Project Manager & Financial Sector Specialist	Project Management and Financial Sector Advisory
3	CPA David Sandagi	Assistant Project Manager	Support in Project Management and Financial Sector Advisory
4	Mr. Paul Mwangi	Procurement Specialist	Procurement Management
5	Ms. Sheila Chanyisa	Project Officer-Financial Sector	Support in Project Management,
6	CPA Lydia Wanjiku	Assistant Project Accountant	Project Accounting

1.7 Funding summary

The Project is for duration of 5(five) years from 30th April 2015 to 30thApril, 2021. The approved budget of **US\$ 37.00 Million** equivalent to **KSh. 3.70 Billion** on 100% IDA (World Bank) funding.

1.8 Summary of Overall Project Performance

During the year under review, the project received an amount of KSh. 711,258,428 and incurred a cumulative expenditure of KSh.656, 699,629.

1.9 Receipts Utilization

The project received KSh. 711,258,428 during the year under review against a budget of KSh.973, 523,746. This represented utilization of 73%.

1.10 Payment Utilisation

The project paid KSh. 656,699,629 during the year against a budget of KSh. 973,523,745. This represented utilization of 67%.

1.11 Challenges Encountered

The project encountered delays in procurement and completion of implementation of goods and IT related equipment during the year under review.

1.12 Summary of Project Compliance

There are no indications of non-compliance of the FSS Project on the overall project performance.

STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the National Treasury and the *Project Manager* for Financial Sector Support Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

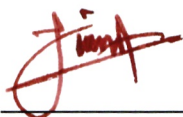
The *Principal Secretary* for the National Treasury and the *Project Manager* for Financial Sector Support Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the National Treasury and the *Project Manager* for Financial Sector Support Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the period ended June 30, 2020, and of the Project's financial position as at that date. The *Principal Secretary* for the National Treasury and Planning and *Project Manager* for Financial Sector Support Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

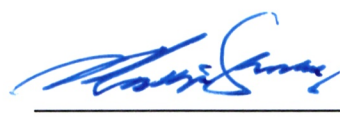
The *Principal Secretary* for the National Treasury and the *Project Manager* for Financial Sector Support Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the National Treasury and the *Project Manager* for Financial Sector Support Project on 25th SEPTEMBER 2020 and signed by them.



Principal Secretary/NT
Julius Muia, PhD, CBS



Project Manager
Ray Charles Musau

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON FINANCIAL SECTOR SUPPORT PROJECT (IDA CREDIT NO. 5627-KE) FOR THE YEAR ENDED 30 JUNE, 2020– THE NATIONAL TREASURY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Financial Sector Support Project IDA Credit No. 5627-KE set out on pages 23 to 36, which comprise the statement of financial assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Financial Sector Support Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. 5627-KE between the International Development Association and the Republic of Kenya dated 4 June, 2015 and the Public Finance Management Act, 2012.

Further, the special account statement presents fairly, transactions for the period, and the closing balance has been reconciled with the books of account.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Pending Bills

Note 9 to the financial statements reflects pending bills amounting to Kshs.3,689,780 as at 30 June, 2020. Management has explained that the bills represented invoices locked out of the procurement system before being paid. Although Management has committed to adhere to the Public Procurement and Asset Disposal Act, 2015, the Project is at risk of incurring additional costs in case of legal disputes due to non-payment for services rendered.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association (IDA), I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

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

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

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

28 December, 2020

STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Notes	2019/2020		2018/2019	
		Receipts and payments controlled by the entity KSh.	Payments made by third parties KSh.	Receipts and payments controlled by the entity KSh.	Payments made by third parties KSh.
RECEIPTS					
Loan from external development partners	8.3	558,175,000	153,083,428	349,628,500	21,413,864
Miscellaneous receipts	8.4	551,195	-	307,135	-
TOTAL RECEIPTS		558,726,195	153,083,428	349,935,635	21,413,864
PAYMENTS					
Compensation of employees	8.5	17,746,801	-	15,100,320	-
Purchase of goods and Services	8.6	271,005,453	-	324,103,800	21,413,864
Acquisition of non-financial assets	8.7	214,840,647	153,083,428	64,858,922	-
TOTAL PAYMENTS		503,592,902	153,083,428	404,063,042	21,413,864
SURPLUS/(DEFICIT) FOR THE YEAR		55,133,294	-	(54,127,407)	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25th SEPT 2020 and signed by:

Principal Secretary/NT
Julius Muia, PhD, CBS

Project Manager
Ray Charles Musau

STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT JUNE 30, 2020

	Notes	2019/20 KSh.	2018/19 KSh.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8.8	122,537,138	67,403,845
Total cash and Cash Equivalents		122,537,138	67,403,845
REPRESENTED BY:			
Fund balance b/fwd	8.10	67,403,845	121,323,117
Prior Year Adjustment	8.11	-	208,135
Surplus/Deficit for the year		55,133,294	(54,127,407)
NET FINANCIAL POSITION		122,537,138	67,403,845

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project's financial statements were approved on 25th SEPT 2020 and signed by:


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Project Manager
Ray Charles Musau

STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2020

	Note	2019/20 KSh.	2018/19 KSh.
Receipts for operating activities			
Miscellaneous receipts	8.4	551,195	307,135
	
		551,195	307,135
Payments for operating activities			
Compensation of employees	8.5	(17,746,801)	(15,100,320)
Purchase of goods and services	8.6	(271,005,453)	(345,517,664)
		(288,752,254)	(360,617,984)
Adjusted for :			
Adjustments during year	8.11	-	208,135
Net cash flow from operating activities		(288,201,059)	(360,102,714)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8.70	(367,924,075)	(64,858,922)
Net cash flows from Investing Activities		(367,924,075)	(64,858,922)
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Foreign Borrowings	8.3	711,258,428	371,042,364
Net cashflow from financing activities		711,258,428	371,042,364
NET INCREASE IN CASH AND CASH EQUIVALENT		423,057,369	53,919,272
Cash and Cash Equivalent at the BEGINNING of the year		67,403,845	121,323,117
Cash and Cash Equivalent at the END of the year		122,537,138	67,403,845

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The project's financial statements were approved on 25th SEPT 2020 and signed by:


Principal Secretary/NT
Julius Muia, PhD, CBS


Project Manager
Ray Charles Musau

STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

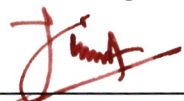
	Original Budget a	2019/20	Final Budget c=a+b	Actual d	2019/20	f=d/c% %
		Adjustment b			Variance e=c-d	
		KSh.			KSh.	
RECEIPTS						
IDA Loan	866,411,161	107,112,585	973,523,746	711,258,428	262,265,318	73%
Miscellaneous receipts	-	-	-	551,195	(551,195)	-
TOTAL RECEIPTS	866,411,161	107,112,585	973,523,746	711,809,623	261,714,123	73%
PAYMENTS						
Compensation of employees	17,746,800		17,746,800	17,746,801	-	100%
Purchase of goods & services	260,183,216	107,112,584	367,295,800	271,005,453	96,290,347	74%
Acquisition of non-financial assets	588,481,146	-	588,481,146	367,924,075	220,557,071	63%
TOTAL PAYMENTS	866,411,162	107,112,584	973,523,745	656,676,330	316,847,416	67%

**SURPLUS/(DEFICIT)
FOR THE YEAR**

- 55,133,294 (55,133,294)

1. The deficit of actual expenditure over the budget is **Kshs. 316,824,116 (33% under Budget)**. The lower than projected expenditure is largely attributable to:
 - i. Suspension in March 2020 of the project training plan whose activities were valued at **USD 1.4Million**;
 - ii. Delay in commencement of the contract for supply, installation, commissioning and support of the Central Securities Depository System for the Central Bank of Kenya with a total cost of **USD 830,000**; contract No. FSSP/PIU/CBK/LIB/10/2018-19;
 - iii. Delay in completion of the Contract for Supply, Installation and Commissioning of an Upgrade of the Risk Based Supervisory System and Enterprise Resource Planning System at the Retirement Benefits Authority with a contract sum of **Kshs. 131,247,258.53** that was achieved at **50%**, Contract No. FSSP/PIU/RBA/NCB/08/2018-19;
 - iv. General delays in completion of consultancy assignments following restrictions on travel and gatherings as a consequence of the Covid-19 pandemic.
2. No other significant budget utilization/performance differences have been realized by the Project to be disclosed in these financial statements.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The project's financial statements were approved on 25th SEPT 2020 and signed by:


Principal Secretary/NT
Julius Muia, PhD, CBS


Project Manager
Ray Charles Musau

NOTES TO THE FINANCIAL STATEMENTS

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

Basis of Preparation

Statement of compliance and basis of preparation

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

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

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

Reporting entity

The financial statements are for the Financial Sector Support (FSSP) Project under The National Treasury and Planning. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

Reporting currency

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

Significant Accounting Policies

a) Recognition of receipts

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

Transfers from the Exchequer

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

External Assistance

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

a) Recognition of receipts

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

Other receipts

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

b) Recognition of payments

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

Compensation of employees

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

Use of goods and services

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

Interest on borrowing

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

Repayment of borrowing (principal amount)

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

Acquisition of fixed assets

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

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

c) In-kind donations

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

d) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

Restriction on cash

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

e) Accounts receivable

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

f) 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 Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

g) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

i) Exchange rate differences

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

j) Comparative figures

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

k) Subsequent events

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

l) Errors

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

8.3 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to June 30, 2020 the project received funding from development partners in form of loans negotiated by the National Treasury and Planning from the donors as below:

8.3 Loan from external development partners

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KSh.	
					2019/20	2018/19
		USD	KSh.		KSh.	
Loans Received from Multilateral Donors (International Organizations)						
International Development Association (IDA)	19/09/2019	2,500,000	258,350,000			
	1/11/2019	700,000	72,555,000			
	3/1/2020	1,200,000	120,960,000	153,083,428	711,258,428	371,042,364
	15/5/2020	1,000,000	106,310,000			
		5,400,000	558,175,000	153,083,428	711,258,428	371,042,364

8.4. Miscellaneous Receipts

Name	2019/20		2018/19	
	Receipts controlled by the project in cash KSh.	Receipts controlled by third parties KSh.	Total Receipts KSh.	KSh.
Sale of goods and services	0	-	-	-
Other receipts not classified elsewhere	551,195	-	551,195	307,135
	551,195	-	551,195	307,135

8.5 Compensation of Employees

	2019/20		2018/19	
	Payments made by the project in cash KShs.	Payments made by third parties KShs.	Total Payments KShs.	KShs.
Basic Salary for Contracted Staff	17,746,801	-	17,746,801	15,100,320
	17,746,801	-	17,746,801	15,100,320

8.6 Purchase of Good and Services

	2019/20		2018/19	
	Payments made by the project in cash KShs.	Payments made by third parties KShs.	Total Payments KShs.	KShs.
Utilities, supplies and services	-	-	-	-
Training and workshop expenses	80,118,194	-	80,118,194	150,438,662
Other operating expenses	1,805,655	-	1,805,655	5,835,425
Consulting services	189,104,905	-	189,104,905	189,243,578
	271,028,753	-	271,028,753	345,517,664

8.7 ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19
	Payments made by the project in cash KSh.	Payments made by third parties KSh.	Total Payments KSh.	KSh.
Purchase of office furniture & general equipment	214,840,647	153,083,428	367,924,075	64,858,922
Total	214,840,647	153,083,428	367,924,075	64,858,922

8.8 Cash and cash equivalent carried forward

	2019/20 KSh.	2018/19 KSh.
Bank accounts(Note 8.13A)	122,537,138	67,403,845
Total	122,537,138	67,403,845

8.9 Bank Accounts

Project Bank Accounts

	2019/20 USD.	2018/19 USD.
Foreign Currency Accounts		
Central Bank of Kenya(Account No.1000237937)	2,163,207	2,976,191
	2,163,207	2,976,191

Local currency Account

	2019/20 KSH.	2018/19 KSH.
Total Local currency balances		
Central Bank of Kenya(Account No.100237872)	122,537,138	67,403,845
Total Foreign Currency balances	122,537,138	67,403,845
Total Bank account balances	122,537,138	67,403,845

Special Deposits Accounts Movement Schedule

	2019/20	2018/19
	USD.	USD.
A/C Name (Ac No.1000237937)		
Opening Balance	2,976,191	1,856,725
Total Amount deposited in the account	4,587,016	4,564,466
Total Amount withdrawn (as per Statement of Receipts & Payments)	5,400,000	3,445,000
Closing balance as per SDA bank account reconciliation attached	2,163,207	2,976,191

8.10. Fund balance brought forward

	2019/20	2018/19
	KSh.	KSh.
Bank Accounts	122,537,138	67,403,845
Cash in hand	-	-
Total	<u>122,537,138</u>	<u>67,403,845</u>

**8.11. CUMULATIVE EXPENDITURE FOR
PROJECT LIFE TO DATE**

	Prior year Cumulative		Current Year		Total Cumulative
	Receipts and payments controlled by the project	Receipts and Payments made by third parties	Receipts and payments controlled by the project	Receipts and Payments made by third parties	
	KSh.		KSh.		KSh.
RECEIPTS					
Loan from external development partners(IDA)	1,096,928,364	-	558,175,000	153,083,428	1,808,186,792
Miscellaneous Receipts	307,135	-	551,195		881,630
Total Receipts	1,097,235,499	-	558,726,195	153,083,428	1,809,045,122
PAYMENTS					
Compensation of employees	33,377,263	-	17,746,801	-	51,124,064
Purchase of goods & services	870,419,528	-	271,005,453	-	1,141,424,981
Acquisition of non- financial assets	126,242,997	-	214,840,647	153,083,428	494,167,072
Prior year adjustments	(208,135)	-	-	-	(208,135)
Total Payments	1,029,831,653	-	503,592,902	153,083,428	1,686,507,983
Surplus/(Deficit) for the year	67,403,845	-	55,133,294	-	122,537,139

9. Pending Bills

Pending bills during the financial year to June, 2020 amounted to Ksh. 3,689,780 that represented invoices locked out of the procurement system before being paid. The list of Pending bills in annex 2 forms an integral part of the financial statements.

10.0 Progress on follow up of Auditor Recommendation

There were no items for follow up on Auditor's recommendations during the year ended June 30, 2020.

11.0 Summary of Fixed Asset Register

The summary of fixed assets in annex 1 forms an integral part of the financial statements.

ANNEX 1 ASSETS REGISTER

THE NATIONAL TREASURY AND PLANNING
FINANCIAL SECTOR SUPPORT PROJECT
ASSETS REGISTER AS OF 30TH JUNE ,2020

No.	Item Description	Make	Model No.	Serial no.	Qty	@ Cost (Ksh.)	Total Cost	Source of Funds	Year of Purchase	Station
Equipment(ICT Equipment)										
	Supply installation of ICT at PIU,PDMO, FSA									
	Desktop Computers				14	98,000	1,372,000.00		2019	
	UPS(1500 VA Smart)				14	53,000	742,000.00		2019	
	HP Laptop 440 G5				4	105,000	420,000.00		2019	
	Surface Pro Tablets				13	155,000	2,015,000.00		2019	
	Server HP Proliant				1	1,250,000	1,250,000.00		2019	
	Smart digital display screen				3	2,200,000	6,600,000.00		2019	
	Television				1	245,000	245,000.00		2019	
	Hard Drives				5	7,000	35,000.00		2019	
	Tableau desktop software				3	20,000	60,000.00		2019	
	Statistical Package for Social Sciences software				3	190,000	570,000.00		2019	
	Upgrade of ERP& RBSS System						21,418,191.75		2019	RBA
	Data Repository and Business Intelligence System						23,518,287.00		2019	CMA
	Data Repository and Business Intelligence System						4,590,030.30		2019	CMA
	Upgrade of ERP& RBSS System						22,326,390.00		2019	RBA
	Upgrade of ERP& RBSS System						22,718,081.00		2019	RBA
	Data Repository and Business Intelligence System						14,390,287.35		2019	CMA
	Data Repository and Business Intelligence System						3,008,336.05		2019	CMA

FINANCIAL SECTOR SUPPORT PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Data Repository and Business Intelligence System					3,965,848.00		2019	CMA
	Supply Installation and Commissioning of ICT hardware & Software:							2019	
	Blade Chassis			3	13,539,625	13,539,625			RBA
	Blade (Compute nodes)			15	35,344,381	35,344,381			
	System Storage			2	29,061,259	29,061,259			
	IBM Spectrum Protect suite			1	3,253,330	3,253,330			
	Server cabinet			1	617,486	617,486			
	SAN switches			4	1,648,004	1,648,004			
	Configuration and installation				1,092,271	1,092,271			
	Security Firewall			2	2,370,170	2,370,170			
	UPS			2	3,177,036	3,177,036			
	Desktop Computers			30	109,800	3,294,000.00		2019	SASRA
	HP Elite book 850 G5			40	177,000	7,080,000.00		2019	SASRA
	Lenovo Think System SR			2	1,543,000	3,086,000.00		2019	SASRA
	Ipad Pro 10.5			10	117,800	1,178,000.00		2019	SASRA
	EB 2250U Projector & Screen			3	273,000	819,000.00		2019	SASRA
	Wireless Router-Cisco			2	147,000	294,000.00		2019	SASRA
	Lenovo Think System SR 550 NAS			1	818,000	818,000.00		2019	SASRA
	APC SMT 750I UPS			30	29,898	896,940.00		2019	SASRA
	APC SMT 3000RM 12U			2	163,800	327,600.00		2019	SASRA
	Disaster recovery equipment:							2019	
	Rack Mount Server			1		3,260,488.74		2019	
	Storage works server			1		6,352,886.73		2019	
	22 U Rack			1		318,542.80		2019	
	San Switch			2		6,632,787.86		2019	
	Virtualization Software:							2019	
	VS6 ENT OENT UGC			16		3,680,643.84		2019	
	VS6 OENT 3P SSS C			16		5,875,229.92		2019	
	VS6 OENT C			16		9,420,116.64		2019	IRA

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

	VS6 OENT 3P SSS C			16		5,875,229.98		2019	
	VC SRM6 25S C			1		723,222.83		2019	
	VC SRM6 25S 3P SSS C			1		477,309.84		2019	
	VCS6 STD C			1		888,805.05		2019	
	VCS6 STD 3P SSS C			1		458,736.04		2019	
	ICT Hardware and Software for SASRA:							2019	
	DR G1100(8074B003AE)			3		1,448,275.86		2019	
	BOOK 2 Net flash x scanner			2		17,224,137.93		2019	SASRA

	Image Runner Advance 525i MFP(2649C004AA)			10		2,525,862.07		2019	
	Image Runner Advance c5550i MFP (0603C005AA)			1		593,103.45		2019	
	Image Runner Advance c5540i MFP (0604C005AA)+vat			3		5,634,620.69		2019	
	Supply Installation of computer hardware at CMA:-Data Recipitory and Business intelligence:							2019	
	42U Rack, PDU and Kvm			1				2019	
	Blade server chassis with redundant power supply and fans			2				2019	
	Blade servers			4				2019	
	Storage			2				2019	
	VM ware Vsphere standard edition			8				2019	
	VEEM Availability suit			16				2019	
	San Switches			2				2019	
	Lan Switches			2				2019	
	Power Supply (UPS)			1				2019	
	Computer Implementation Services for one time			1		40,471,513.80		2019	
	Cisco Video Conferencing Unit + VAT			1		2,838,241.38		2019	CMA

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

	ISR 1100 G.FAST GE Router w/802.11ac and LTE Adv				5		719,827.59		2019	
	Cisco Business Edition 6000M (M5) Appliances				1		662,931.03		2019	
	Supply commissioning of IT Equipment at PIU,FSA, PDMO								2019	
	Kyocera TK 5240Y				2	3,996	7,991.66		2019	
	Kyocera TK 5240M				2	3,996	7,991.66		2019	
	Kyocera TK 5240C				2	3,996	7,991.66		2019	
	Kobra Shredder 310 TS -CC4 E/S (240V)				3	122,387	367,160.01		2019	
	Short throw Projector				3	168,158	504,473.25		2019	
	Kodak Scanner				2	190,241	380,482.76		2019	
	Kyocera TK 8725M				2	34,707	69,413.34		2019	
	Kyocera TK 8725C				2	34,707	69,413.34		2019	
	Printer Kyocera Taskalfa 6052i				2	1,069,057	2,138,113.34		2019	
	Printer Kyocera Taskalfa 6052i				1	1,626,647	1,626,646.66		2019	
	Kyocera TK 8725K				2	19,637	39,273.34		2019	
	Kyocera TK 8725Y				2	34,707	69,413.34		2019	
	Kyocera TK 8515K				4	11,645	46,580.00		2019	
	Kyocera TK 8515Y				4	23,290	93,160.00		2019	
	Kyocera TK 8515M				4	23,290	93,160.00		2019	
	Kyocera TK 8515C				4	23,290	93,160.00		2019	
	Kyoera Ecosys					44,525	44,525.00		2019	
	Kyocera TK 5240K				2	3,235	6,469.44		2019	
	VAT on Supply commissioning of IT Equipment at PIU,FSA, PDMO						906,467.00		2019	
	Video Conferencing System						8,128,119.00		2019	CMA
	Sub total						367,924,076			
	GRAND TOTAL						367,924,076			

Note

The above fixed assets were procured by the project for the beneficiary agencies, who maintain them.

ANNEX 2 LIST OF PENDING BILLS

NO	PAYEE	DESCRIPTION	AMOUNT (KSH.)
1	Boma Inn	Conference Facility -Sasra Sensitization Workshop	160,000.00
2	Voyager Beach Resort	Conference Facility -Sasra Sensitization Workshop	204,000.00
3	ATS Travel	Airfare for Thomas and Kalai-IRA officers	333,280.00
4	Sarova White Sands Beach Resort and SPA	Conference Facility-CIS training	1,676,000.00
5	Sarova White Sands Beach Resort and SPA	Conference Facility- SASRA Annual Round Table	1,287,500.00
6	Soset shiners Ltd.	Office Cleaning Services	29,000.00
TOTAL			3,689,780.00

APPENDICES BANK RECONCILIATIONS AND CERTIFICATES

Station: FSSP Anniversary Towers

AS AT 30.06.2020
CENTRAL BANK OF KENYA ACCOUNT NO. 1000237872

Balance as per Bank Statement		Ksh
Less-		168,366,732.05
1 Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques)		
2 Receipts in Bank Statement not yet recorded in Cash Book		45,829,593.70
3 Payments in Bank Statement not yet recorded in Cash Book		
Bank Charges		
4 Receipts in Cash Book not yet recorded in Bank Statement		
Bank Balance as per Cash Book		122,537,138.35

CHEQUE		PAYEE	CHEQUE	AMOUNT	PAYEE	AMOUNT
No.	Date		No.	Shs.		Shs.
1		Withholding VAT on Somet Shimmers Services Ltd.		396.55		
2		Bank charges P.A 124845		450.00		
3		Withholding tax on Clement Debearl Silomba		4,310.35		
4		Withholding VAT Alba Hotels LTD.		5,086.20		
5		Somet Shimmers Services Ltd		22,603.45		
6		Withholding VAT on Windsor Golf Hotel and Country Club		69,907.25		
7		Withholding VAT on Dalberg advisors		143,175.65		
8		VAT on Computech Limited		354,349.00		
9		Withholding tax on Dalberg Advisors		415,209.40		
10		VAT on BDO LLP		726,022.00		
11		Withholding tax on BDO LLP		820,697.00		
12		International Securities Consultancy Limited		2,324,995.20		
13		Silverbird Travel Plus Limited		118,230.00		
14		Ngurumah Tours & Travel LTD.		167,800.00		
15		African Touch Safaris Limited		219,400.00		

FINANCIAL SECTOR SUPPORT PROJECT
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FOR THE YEAR ENDED JUNE 30, 2020

16	Cement Debeerl Inaa Simbha	245,689.65							
17	African Touch Safaris Limited	284,735.00							
18	The Alpha Hotels LTD	289,913.80							
19	Windsor Golf Hotel & Country Club	3,984,712.75							
20	Dalberg Global Development Advisors	7,745,802.45							
21	Withholding tax on NIC Capital Limited	32,500.00							
22	Withholding VAT ON Speccom Technologies	140,140.00							
23	Withholding VAT on Dalberg advisors	194,250.00							
24	Withholding tax on Dalberg Advisors	563,335.00							
25	Nic Capital Limited	1,852,300.00							
26	Speccom technologies Limited	7,987,979.00							
27	Dalberg Global Development Advisors	10,508,925.00							
28	Withholding VAT on Simba Corporation	3,255.15							
29	Withholding VAT on Global Voices Limited	5,862.05							
30	Atte Tours and Travel Limited	116,200.00							
31	Simba Corporation Ltd	165,544.85							
32	Global Voices Limited	394,137.95							
33	Withholding tax Media Edge	88,796.20							
34	Commissioner for VAT -ISC Ltd	385,167.00							
35	Commissioner for withholding tax -ISC Ltd	426,141.00							
36	Media Edge Interactive Limited	5,061,384.80							
	TOTAL	45,829,595.70							
As per Schedule Attached									

PREPARED BY:

M. M. M.

CERTIFIED BY:

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

09/07/2020	09/07/2020	FT20191M2BXC	Outward RTGS Payment MT 103	334,137.95	0.00	128,409,831.15
			0060003024			
			THE NATIONAL TREASURY:999999			
			Global Voices Limited			
			0060003024			
			INVPLU001174264			
62	10/07/2020	10/07/2020	TRFS Payments	385,167.00	0.00	128,024,664.15
			FT201923H020			
			0060003031			
			STD30062020149			
63	10/07/2020	10/07/2020	TRFS Payments	426,141.00	0.00	127,598,523.15
			FT20192WXXAMB			
			0060003032			
			STD30062020149			
64	10/07/2020	10/07/2020	Outward RTGS Payment MT 103	5,061,384.80	0.00	122,537,138.35
			FT201924VY40			
			0060003030			
			THE NATIONAL TREASURY:999999			
			MEDIA EDGE INTERACTIVE LIMITED			
			0060003030			

**FINANCIAL SECTOR SUPPORT PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

	1440					
Totals			81,327,328.30		0.00	
			Closing Balance		127,537,138.35	

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

2020		PAYMENTS				F.O. 26 (Small)					
cts.	Month Paid	Description of Payment	Allocation	Voucher No.	Cheque No.	Sh.	cts.	Sh.	cts.	Sh.	cts.
	01/20	Government Tours Travel Ltd								107	806200
	02/20	Manisa Touch Systems Ltd								219	400000
	02/20	Clement Akhena Incentive								24	5684265
	02/20	Manisa Touch Systems Limited								28	7135000
	02/20	Manisa Hotels Ltd								28	9913080
	02/20	Nindor Golf Hotel & Country Club								37	84712075
	02/20	Bulbong Global Development Advisors								77	45802045
	02/20	NCEA Investment Bank (NIC) v. Tax								32	900000
	02/20	Speccom Technologies Ltd								14	01400000
	02/20	Bulbong Advisors v. VAT								19	43000000
	02/20	Bulbong Advisors withholding tax								56	33950000
	02/20	NCEA bank (NIC capital) Ltd								18	530000000
	02/20	Speccom Technologies Ltd								7	987979000
	02/20	Bulbong Advisors Global Development								16	508935200
	02/20	Simba Corporation - TA Kacia Premier v. VAT								3	2550015
	02/20	Attic Tours and Travel Limited								11	62000000
	02/20	Simba Corporation (Kacia Premier								18	55740085
	02/20	Global Voices Limited								2	24137095
	02/20	Global voices Ltd v. VAT								5	620005
	02/20	withholding tax Kacia Kage								8	87900020
	02/20	Commissioner for VAT - ICE Ltd								3	8510000
	02/20	Commissioner for withholding tax ICE Ltd								4	06100000
	02/20	Kacia Kage Interactive Limited								5	061387000
										8	1322320030
	06/20	BAL CIF				200	000200			12	2537138005
						200	000000			20	3859460065

Prepared by *Wain*

CHAIRMAN — *DANA MARIANA* 13/7/2020
 MEMBER — *JESSICA SIMPDA* 13/7/2020
 MEMBER — *C. YVES MARIANA* 13/7/2020

FINANCIAL SECTOR SUPPORT PROJECT
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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FINANCIAL SECTOR SUPPORT PROJECT
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2020

Credit No.: IDA LOAN CREDIT NO.56270-KE (DA-A)
Bank Account No.: 1000237937 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT USD	AMOUNT USD
1	Amount advanced by IDA		18,059,247.35
	Less:		
2	Total amount documented		14,059,247.35
3	Outstanding amount to be documented		4,000,000.00
	Represented by:		
4	Ending Special account Balance as as 30 June 2020		2,163,207.35
	Amounts claimed but not credited as at 30 June 2020		
6	Amounts withdrawn and not claimed		1,836,792.65
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	Total advance to Special Account Year ended 30 June 2020		4,000,000.00

Discrepancy between total appearing on line 3 and 9

-

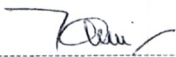
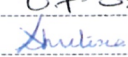
Notes:

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


AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY

DATE: 18 08 2020

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

SPECIAL ACCOUNT STATEMENT	
For period ending	30th JUNE, 2020
Account No.	1000237937
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	FINANCIAL SECT SUPPORT PRJ-5627 KE
Credit Agreement	
Currency	USD
Part A - Account Activity	
Beginning balance of 1st July, 2019 as per C.B.K. Ledger Account	2,976,191.14
Add:	
Total Amount deposited by World Bank	4,587,016.21
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	5,400,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2020	2,163,207.35
AUTHORISED REPRESENTATIVE CENTRAL BANK OF KENYA	SIGNATURE: 
	DATE: 07-08-2020
AUTHORISED REPRESENTATIVE EXTERNAL RESOURCES DEPARTMENT-TREASURY	SIGNATURE: 
	DATE: 18-08-2020

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2020 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

FINANCIAL SECTOR SUPPORT PROJECT
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

TAM.E.STMT.OF.ACCT.EPRM

Page 1 of 1

Results 1 - 15 of 15

Run Date: 06/07/2020 Run Time: 16:02:14
 CENTRAL BANK OF KENYA
 BANKI KUJU YA KENYA
 P.O.BOX 60000-0200
 NAIROBI

STATEMENT OF ACCOUNT
 ACCOUNT NUMBER : 1000237937

PAGE NO : 1

STATEMENT PERIOD: From 01/07/2019 To 30/06/2020
 ACCOUNT TITLE : FINANCIAL SECT SUPPORT PRJ-5627 KE

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :			2,976,191.14		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	23/08/2019	FT19235Y9W0Y	FUNDING	0.00	400,767.76
2	28/08/2019	FT19240J9BL6	PA122538	-2,500,000.00	0.00
3	09/10/2019	FT192825FQQB	FINANCIAL FUND	0.00	1,673,436.23
4	11/10/2019	FT192843NRQC	PA123128	-700,000.00	0.00
5	27/11/2019	FT19331YY1KL	FSSP FUNDING	0.00	636,043.45
6	09/12/2019	FT1934396C5W	FINANCIAL FUND	0.00	27,636.32
7	19/12/2019	FT19353RQK3HB	PA123374	-1,200,000.00	0.00
8	08/01/2020	FT20008S0PC4	FUNDING	0.00	461,634.06
9	14/02/2020	FT20045TSLMS	FUNDING	0.00	112,434.46
10	20/02/2020	FT2005145Z1M	FINANCIAL FUND	0.00	48,643.00
11	10/03/2020	FT200702LF37	FUNDING	0.00	490,311.24
12	25/03/2020	FT20085Q3LLX	PA124429	-1,000,000.00	0.00
13	14/04/2020	FT201053KRND	FUNDING	0.00	41,241.31
14	15/05/2020	FT20136M0VZF	FUNDING	0.00	372,298.73
15	17/06/2020	FT20169MX8YZ	FINANCIAL FUND	0.00	322,569.65
CLOSING BALANCE :					2163207.35

END OF ACCOUNT STATEMENT

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Statement To equals 20200630

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CENTRAL BANK OF KENYA
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