

**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: 23 FEB 2021	
<b>REPORT</b>	
DAY:	TUESDAY
TABLED BY:	LDM
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PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KENYA ELECTRICITY MODERNIZATION  
PROJECT (IDA CR. NO. 5587 KE)**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

**MINISTRY OF ENERGY**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
**REGISTRY**  
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**KENYA ELECTRICITY MODERNISATION PROJECT**


**MINISTRY OF ENERGY**

**PROJECT CREDIT NUMBER: 5587KE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2020**

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

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>		
<b>DATE: 23 FEB 2021</b> <table border="1" style="display: inline-table;"><tr><td style="text-align: center;"><b>DAY.</b></td></tr></table>		<b>DAY.</b>
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**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

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**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**1.1 Name and registered office**

**Location:** The project's official Residence is the Ministry of Energy, Nyayo House, Nairobi.

**Objective:** The key objective of the project is to increase access to electricity, improve reliability of electricity services and to strengthen KPLC's financial situation.

**Registered Address:**

Ministry of Energy  
 Nyayo House  
 P. O. Box 30582-0100  
 NAIROBI

**Contacts:** The following are the project contacts:

Telephone: (254) 33101112

E-mail: ps@energy.go.ke

Website: www.energy.go.ke

**1.2 Project Information**

Project Start Date:	The project start date is: 17 September 2015
Project End Date:	The project end date is: 31 <sup>st</sup> December 2021
Project Manager:	The project manager is Rodney Sultani
Project Sponsor:	The project sponsor is International Development Association, Which will contribute 100% of project costs.

**1.3 Project Overview**

Line Ministry	The project is under the supervision of the Ministry of Energy
Project Number	IDA CR. 5587KE
Strategic goals of the project	The Strategic Goals of the Project are as follows: (i) To increase access to electricity. (ii) To improve reliability of electricity service (iii) To strengthen KPLC's financial situation.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: The implementing agencies (IAs) are the Ministry of Energy (MoE), KPLC, and REA.
Other important background information of the project	The project is being implemented in conjunction with other Energy Sector Agencies and Parastatals.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Access to Electricity. (ii) Reliability of Electricity Service (iii) KPLC financial situation.
Project duration	The project started on 17 <sup>th</sup> September 2015 and is expected to run until 30 <sup>th</sup> June 2020. This has been extended to 31 <sup>st</sup> December 2021

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**1.4 Bankers**

**(i) Special Account**

Central Bank of Kenya Ltd

Account No. 1000250698

**(ii) Project Account**

Central Bank of Kenya

Account No. 1000309875

**1.5 Auditors**

The project is audited by the Office of the Auditor General (OAG), P.O. Box 30084-00100, Nairobi, Kenya

**1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title Designation</b>	<b>Key Qualifications</b>	<b>Responsibilities</b>
Dr Eng. Joseph Njoroge, CBS	Principal Secretary	MBA, BSc, C, Eng, MIEE R Connsul' Eng FIEX	Accounting Officer
Rodney Sultani	Project Coordinator	MSc. Project Management, BSc Civil Engineering.	Manager
CPA Moses Gitari	Assistant Accountant General	MBA, (Strategic Management)	Accounting & ERD
Mr. William O. Mbaka	Senior Deputy Director Budget	MBA(Finance)	Finance
Lawrence Nduva	Monitoring and Evaluation Specialist	MA Project Management	Monitoring and Evaluation
CPA Geoffrey Tsalwa Imbayi	Financial Management Specialist	MSc. Finance, B. COM. Finance CPA (K)	Financial Management
Simeon Korir	Procurement Specialist	MBA Strategy	Procurement
Felista Njoki Ng'ang'a	Head of Procurement	MBA , Strategic Management	Procurement
Nancy Wachira	Assistant Director/HRM&D	MED , BED, Education, Higher Dip HRM	Training

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**1.7 Funding summary**

The Project is for duration of 5 years from 2015 to 2021 with an approved budget of US\$ 4,520,000 equivalents to Kshs. 456,000,000 as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to		Undrawn balance to	
	date - (30.06.2019)		date (30.06.2019)		date (30.06.2019)	
	<i>Donor</i>	<i>KShs</i>	<i>Donor</i>	<i>KShs</i>	<i>Donor</i>	<i>KShs</i>
	<i>currency</i>		<i>currency</i>		<i>currency</i>	
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Loan</b>						
International Development Association (IDA)	4,520,000	456,000,000	2,976,244	297,541,557	1,543,756	158,458,443
<b>Total</b>	<b>4,520,000</b>	<b>456,000,000</b>	<b>2,976,244</b>	<b>297,541,557</b>	<b>1,543,756</b>	<b>158,458,443</b>

**1.8 Summary of Overall Project Performance:**

**1.8.1 Budget performance against actual amounts for current year and cumulative to date.**

During the year under review, the project received Kshs. 29,807,657 against a final budget of Kshs. 121,000,000 and incurred a total expenditure of Kshs. 25,001,314 against a budget of Kshs 121,000,000 resulting to underutilization of Kshs 95,998,686 or 80%. The projects' cumulative receipts and payments are Kshs 297,807,657 and Kshs 264,502,576 respectively.

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

Activities planned for the reporting period	Activity Implementation Status	Narration
<b>National Electrification Strategy</b>		
Develop and launch the National Electrification Strategy	National Electrification Strategy developed and launched.	Completed.
<b>Regulations for enforcing quality of electricity</b>		
Develop regulation for enforcing quality electricity	Standards developed for enforcing quality electricity	Completed
<b>Cost of Service</b>		
<ul style="list-style-type: none"> <li>▪ Submission of final report</li> <li>▪ Submission of draft tariff stabilization fund report</li> </ul>	<ul style="list-style-type: none"> <li>▪ Draft final report on tariff stabilization fund report submitted and stakeholder's workshop held on 28th Feb.2018.</li> <li>▪ Final report submitted on 13th March 2018</li> </ul>	Completed

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<b>Management and supervision Consultant- Electrification works.</b>			
Project management to continue	Supervision and	Supervision works ongoing	On going
Training		To date 163 participants drawn from (MoE, KPLC, KEGEN, KETRACO, REA, GDC, ERC, KNEB and NT have been trained in various courses supported by the World Bank through the project	This activity is ongoing and more staffs are expected to benefit from the trainings in FY 2019/2020
Power Market design study		RFPs were issued to the shortlisted firms. Bid opening is set for July 6, 2020	This activity is still ongoing
Systems Operation and Dispatch guidelines		RFPs were issue to shortlisted firms. Bid opening is set for July 2, 2020.	This activity is still ongoing
SCADA /EMS Link between KPLC and ERC		Contract implementation on going.	This activity is still ongoing
Development of Technical specifications and standardization guidelines.		REOI published, closed on May 28 <sup>th</sup> Shortlisting on-going and RFP ready for issuance once shortlist is complete and approved.	This activity is still ongoing
Procurement Of Consultancy Services for Customer satisfaction survey		TOR cleared by Bank, EPRA to publish REOI	This activity is still ongoing

### 1.8.3 Achievements

The project was extended and the new closure date is 31<sup>st</sup> December 2021. The consultancies under this component is overseeing activities of the Implementing Agencies to ensure implementation of the planned activities is achieved. The following are the achievements: -

- a) Developed and launched the National electricity strategy;
- b) Developed Standards for enforcing quality electricity;
- c) To date 163 participants drawn from (MoE, KPLC, KEGEN, KETRACO, REA, GDC, ERC, KNEB and NT have been trained in various courses supported by the World Bank through the project;
- d) RFPs for power market study were issued to the shortlisted firms. Bid opening is set for July 6, 2020.
- e) RFPs for Systems Operation and Dispatch guidelines were issue to shortlisted firms. Bid opening is set for July 2, 2020.
- f) Bids for the Development of Technical specifications and standardization were opened on May 28, 2020 and are being evaluated.
- g) Implementation of SCADA/EMS link between KPLC and ERC is in progress.
- h) World Bank cleared the ToR for procurement of consultancy services for customer satisfaction survey and EPRA is supposed to publish the REOI.

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**1.8.4 Absorption**

The absorption rate is 66% compared to the disbursement plan in the Project Appraisal Document (PAD) this was due to low budget allocation granted by the National Treasury. As at to date the Bank has disbursed USD 2,976,244 against a commitment of USD 4,520,000.

**1.8.5 Implementation challenges and recommended way forward**

- a) The world is experiencing a pandemic called COVID-19. An effort to contain the spread is social distancing which has drastically affected the progress in floor finishing (terrazzo) and painting works for the lab under the lifeline testing equipment because the contractor is unable to compile to KPLC requirements and have had to limit the number of working hours per laborer.
- b) Training: Equipment and system training already late due to lockdown in China and travel restriction. Need to move training from the contractor's premises to Kenya

**1.8.6 Recommendations for Programme Improvement**

Re-alignment of activities to ensure the time lost due to challenges mentioned above can be recovered.

**1.9 Summary of Project Compliance:**

There were no significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

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

### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives. This component will finance consultancy services, feasibility studies for new investments, training actions and other activities to support, among others:

The key development objectives of the project's 2018-2021 plan are to:

- (i) Preparation of the National Electrification Strategy (NES).** The objective of the NES is to achieve universal access to electricity services meeting applicable standards on quality in a sustainable manner in the shortest possible time. The strategy should also optimize allocation of resources from a country perspective. MoEP will implement this activity.
- (ii) Detailed national technical specifications and.** This assistance will support the technical and economic optimization of the design and construction of electricity networks needed to supply new users located in areas that are currently not electrified, meeting applicable standards on service quality. This will result in the addition of new standardized construction units to those currently applied by KPLC and REA. MoEP will implement this activity.
- (iii) Regulations for enforcing quality on electricity service.** Assistance to ERC to implement a regime on service quality, based on systematic monitoring of key parameters through direct access of the records of the information systems used by KPLC. This will also be combined with assessment of KPLC's customers' complaints and commercial systems. MoEP through ERC will implement this activity.
- (iv) Training and capacity building.** This will finance training and capacity building and communications for the sector entities, including MoEP, KPLC, REA, KETRACO, KenGen and ERC.

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**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:

<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Preparation of the National Electrification Strategy (NES)	Increased efficient	Report	This has been achieved
Detailed national technical specifications and standardization	Support the technical and economic optimization of the design and construction of electricity networks needed to supply new users located in areas that are currently not electrified, meeting applicable standards on service quality	1 Report	Procurement in progress
Regulations for enforcing quality on electricity service delivery	Service quality, based on systematic monitoring of key parameters through direct access of the records of the information systems used by KPLC	1 report	Procurement in progress
Training and capacity building	Improve on service delivery in the Energy Sector	No staff trained	163 personnel were trained

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

**1. Sustainability strategy and profile**

The Ministry is committed to promoting sustainable environmental management and utilization of natural resources to generate socio- economic benefits. Measures were put in place in 2019/20 to ensure sustainable energy resource management. Among them include: Implementation of the Energy Act 2019 through development and review of various regulations (in draft form) that guides on sustainable utilization of the energy resources; Formulation of the Kenya Energy Efficiency and Conservation Strategy and Bio-energy strategy (which aims at promote the development and utilization of bio-energy resources in Kenya in a sustainable manner) both of which are at draft stage; among others. Other strategies put in place included protection of riparian land and reforestation of hydro dam catchment areas through direct involvement and also supply of seedlings to the communities living in project areas.

**2. Environmental performance**

- a. The proposed project was screened by World Bank and assigned an Environmental Category B Partial Assessment, on the assumption that no major civil works will be funded and no major physical or economic displacement will take place. Four safeguard policies have been triggered for the project. They include (a) OP/BP 4.01 (Environmental Assessment); (b) OP/BP 4.04 (Natural Habitats); (c) OP/BP 4.10, (Indigenous Peoples); and (d) OP/BP 4.12 (Involuntary Resettlement).
- b. The World Bank operational policy on Environmental Assessment (OP/BP 4.01) has been triggered, due to the implementation of the activities outlined under Components 1–3. The main potential environmental impacts anticipated for the project are (a) civil works that would be limited to construction of the mini-grids in remote areas (Component 1), installation of stand-alone systems for households (Component 2 ), installation of solar PV for water pumping (Component 3), and construction of distribution lines to connect new customers and (b) environmental, health, and safety concerns are likely to be associated with recycling and disposal of spent batteries at the end of their useful lives, which is usually 3–5 years after deployment. Rechargeable batteries for storing solar energy may run on nickel-cadmium (Ni-Cad), nickel metal hydride (NiMH), lithium-ion (Li-ion), lead-acid (Pb-A), or lead-gel (Pb-gel). These batteries should not be disposed in standard landfills because they can create long-lasting environmental and human health impacts (for example, headaches, abdominal discomfort, seizures and comas, cancers, irritation of skin and respiratory system, burns and damage to skin and eyes, and corrosion) due largely to the heavy metals such as mercury, lead, cadmium, and nickel and acids. The entire management processes including de-manufacturing, collection, storage, recycling, transport, and disposal may present a challenge to this project and, given the scope of this World Bank operation, could result in environmental and social risks and impacts, although these impacts are reversible and localized and can be easily and cost-effectively mitigated.
- c. The operational policy on Natural Habitats (OP/BP 4.04) has been triggered, on the assumptions that the project activities under Components 1 and 3 are likely to affect the natural habitats through erection of poles, construction of the mini-grids, and the installation of the solar water pumping equipment.

**3. Employee welfare**

The policies that guides the Ministry on recruitment includes: PSC Recruitment and Selection Policy; Delegation of PSC HRM Functions to the Cabinet Secretary ,July,2018; Framework for Short Term Employment in the Public Service,May,2019; and Human Resources Policies and Procedure Manual for the Public Service,May,2016. This enabled the Ministry to promote common cadre under the delegated powers as guided by the policy taking into consideration gender and regional balance.

For skill improvements and career progression the Ministry is guided by Human Resource Development Policy for the Public Service, June, 2015 and Guidelines on Managing Training in the Public Service. This enabled the Ministry to conducts individual trainings programmes required for career progression/promotion and those required in the Schemes of Service for various cadres and also group trainings for various cadres.

The Ministry ensured that all staffs were put on Performance Appraisal System (PAS) as guided by guidelines for Implementation of Performance Rewards and Sanctions in the Public Service and also Performance Rewards and Sanctions framework.

The Ministry has developed its own Occupational Safety and Health Policy with reference to made Occupational Safety and Health, ACT of 2007. A Ministerial Committee on Occupational Safety and Health is in place which ensures adherence to OSHA and safety and security of the staff and Ministry properties.

**4. Market place practices**

- a) **Responsible competition practice.** (Strict adherence to Annex IV of World Bank Regulations on Banks Anti-corruption guidelines)
- b) **Responsible Supply chain and supplier relations-** Procurement undertaken in compliance with WB Procurement Regulations as per Section 3.7 of the regulations are as follows;
  - a. Provide timely and sufficient information to Bidders/Proposers/Consultants, including through the Notification of Intention to Award and debriefing, so that Bidders/Proposers/Consultants can both understand the basis for the Borrower's decision and make an informed decision on whether to lodge a Complaint challenging that decision.
  - b. Promptly acknowledge Complaints received;
  - c. Resolve Complaints promptly and fairly; d. Preserve the confidentiality and proprietary information of other Applicants/ Bidders/Proposers/Consultants, including commercial and financial information and trade secrets as requested by the Bidders/Proposers/Consultants in their Bids/Proposals;
  - d. Maintain complete records of all debriefings and Complaints and their resolution;
  - e. For contracts subject to prior review, inform the Bank promptly of any Complaint submitted and provide the Bank a copy of all relevant documents and information; and
  - f. For contracts subject to prior review, The Client consult with the Bank promptly and forthrightly throughout the Complaint review and resolution process.
- c) **Responsible marketing and advertisement:-** Ensuring suppliers are give sufficient time to respond. Provide extensions in even of clarifications lead to substantial changes to bidding documents

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- d) **Product stewardship-**; we have to ensure adherence to NEMA in project implementation is undertaken and well as pursuing “green procurement “to ensure that suppliers who value the environment are encouraged.

**5. Community Engagements**

The Ministry has been carried out the following measures to enhance acceptance of the projects by the communities around the project area; The Ministry and its Agencies put in place mechanism for engagement of the people during project implementation. Among them includes operationalization of Stakeholders Coordination Committees and rolling out of community engagement strategy and policy.

In addition the Ministry continued to ensure that local communities were considered for jobs during the implementation of the energy projects. Local communities were also involved during land acquisition.

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**4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Electricity Modernization Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting year; (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.

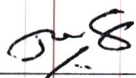
The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Electricity Modernization Project accept responsibility for the Project's financial Statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Electricity Modernization Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2020, and of the Project's financial position as at that date. The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Electricity Modernisation 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.

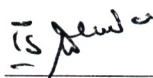
The Principal Secretary for the Ministry of Energy and the Project Coordinator for Kenya Electricity Modernization Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial 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 Ministry of Energy and the Project Coordinator for Kenya Electricity Modernization Project on 21 - 09 - 2020 and signed by them.



Principal Secretary  
**Dr. Eng. Joseph Njoroge, CBS**



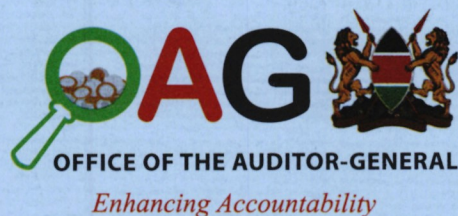
Project Coordinator  
**Rodney Sultani**



Head of Accounting Unit  
**Moses Gitari**

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KENYA ELECTRICITY MODERNIZATION PROJECT (IDA CR. NO. 5587 KE) FOR THE YEAR ENDED 30 JUNE, 2020 - MINISTRY OF ENERGY

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### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Electricity Modernization Project (IDA Cr. No. 5587 KE) set out on pages 1 to 13, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the 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 Kenya Electricity Modernization 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.5587KE dated 29 June, 2015, between the International Development Association (IDA) and the Republic of Kenya and the Public Finance Management Act, 2012.

In addition, the special accounts statement presents fairly the special accounts transactions 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 Kenya Electricity Modernization Project (IDA Cr. No. 5587 KE) 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 judgement 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**

### **Budgetary Performance and Control**

The statement of comparative budget and actual amounts reflects budgeted receipts of Kshs.121,000,000 and actual receipts of Kshs.29,807,657 resulting to under receipt of Kshs.91,192,343 or 75%. Similarly, the Project budgeted Kshs.90,000,000 under purchase of goods and services but incurred Kshs.24,854,314 or utilization of only 28%. Management has attributed the underutilization to the deferment of trainings due to Covid-19 pandemic.

Consequently, the under absorption of the budget may have resulted in non-implementation of the Project's planned activities, thus slowing down achievement of the intended goals and objectives.

## **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.

## **Responsibilities of Management and those charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 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 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 policies and procedures may deteriorate.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**22 December, 2020**

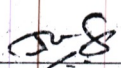
**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

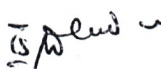
**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020**

		Kshs	Kshs	Kshs
<b>RECEIPTS</b>				
Transfer from Government entities		-	*-	-
Loan from external development partners	<b>10.3</b>	29,807,657	81,524,003	297,541,557
<b>TOTAL RECEIPTS</b>		<b>29,807,657</b>	<b>81,524,003</b>	<b>297,541,557</b>
<b>PAYMENTS</b>				
Purchase of goods and services	<b>10.4</b>	24,854,314	75,797,573	253,912,471
Acquisition of non-financial assets	<b>10.5</b>	147,000	-	10,590,105
<b>TOTAL PAYMENTS</b>		<b>25,001,314</b>	<b>75,797,573</b>	<b>264,502,576</b>
<b>SURPLUS</b>		<b>4,806,343</b>	<b>5,726,430</b>	<b>33,038,981</b>

\*Refer to note 10.8 being re-stated balances transferred to prior year adjustment.

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

  
Principal Secretary  
**Dr. Eng. Joseph Njoroge, CBS**

  
Project Coordinator  
**Rodney Sultani**

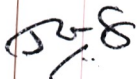
  
Head of Accounting Unit  
**Moses Gitari**

**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

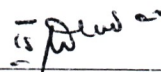
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020**

FINANCIAL ASSETS				
<b>Cash and Cash Equivalents</b>				
Bank Balances	<b>10.6</b>	33,627,958	171,377,346	171,377,346
<b>Total Cash and Cash Equivalents</b>		<b>33,627,958</b>	<b>171,377,346</b>	<b>171,377,346</b>
Accounts receivables – Imprest and Advances		-	1,097,572	1,097,572
<b>TOTAL FINANCIAL ASSETS</b>		<b>33,627,958</b>	<b>172,474,918</b>	<b>172,474,918</b>
REPRESENTED BY				
Accounts Payable-Deposits		-	144,242,280	-
Fund balance b/fwd	<b>10.7</b>	172,474,918	22,506,208	22,506,208
Prior year adjustment	<b>10.8</b>	-143,653,303		-
Surplus for the year		4,806,343	5,726,430	149,968,710
<b>NET FINANCIAL POSITION</b>		<b>33,627,958</b>	<b>172,474,918</b>	<b>172,474,918</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21-09-2020 and signed by:



Principal Secretary  
**Dr. Eng. Joseph Njoroge, CBS**



Project Coordinator  
**Rodney Sultani**



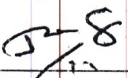
Head of Accounting Unit  
**Moses Gitari**

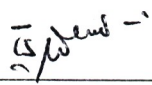
**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020**

<b>Receipts for operating activities</b>			
Transfer from Government entities		-	144,242,280
<b>Payments for operating activities</b>			
Purchase of goods and services	10.4	-24,854,314	-75,797,573
Acquisition on non-financial assets	10.5	-147,000	-
Decrease/(Increase) in Accounts receivable		1,097,572	-540,514
Prior year Adjustments	10.9	-143,653,303	-
<b>Net cash flow (used in) /from operating activities</b>		<b>-167,557,045</b>	<b>67,904,193</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	10.3	29,807,657	81,524,003
<b>Net cash flow from financing activities</b>		<b>29,807,657</b>	<b>81,524,003</b>
<b>Net Increase in Cash and Cash Equivalent</b>		<b>-137,749,388</b>	<b>149,428,196</b>
<b>Cash and Cash Equivalent at Beginning of the Year</b>		<b>171,377,346</b>	<b>21,949,150</b>
<b>Cash and Cash Equivalent at End of the Year</b>	10.6	<b>33,627,958</b>	<b>171,377,346</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 21-09-2020 and signed by:

  
Principal Secretary  
**Dr. Eng. Joseph Njoroge, CBS**

  
Project Coordinator  
**Rodney Sultani**


  
Head of Accounting Unit  
**Moses Gitari**


**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
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**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

[REDACTED]							
<b>Receipts</b>							
Proceeds from borrowings	121,000,000	-	121,000,000	29,807,657	91,192,343	24.60%	
<b>Total Receipts</b>	<b>121,000,000</b>	<b>-</b>	<b>121,000,000</b>	<b>29,807,657</b>	<b>91,192,343</b>	<b>24.60%</b>	
<b>Payments</b>							
Purchase of goods and services	90,000,000	-	90,000,000	24,854,314	65,145,686	27.60%	
Acquisition of non-financial assets	31,000,000	-	31,000,000	147,000	30,853,000	0.47%	
<b>Total Payments</b>	<b>121,000,000</b>	<b>-</b>	<b>121,000,000</b>	<b>25,001,314</b>	<b>95,998,686</b>	<b>21%</b>	

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

  
 Principal Secretary  
**Dr. Eng. Joseph Njoroge, CBS**

  
 Project Coordinator  
**Rodney Sultani**

  
 Head of Accounting Unit  
**Moses Gitari**

## **10. NOTES TO THE FINANCIAL STATEMENTS**

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

### **10.1 BASIS OF PREPARATION**

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

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

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

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

#### **10.1.2 Reporting entity**

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

#### **10.1.3 Reporting currency**

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

## **10.2 SIGNIFICANT ACCOUNTING POLICIES**

### **a) Recognition of receipts**

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

- **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.

**Significant Accounting Policies (Continued)**

**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 and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

**b) Recognition of payments**

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

• **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.

• **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.

**Significant Accounting Policies (Continued)**

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. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

***Restriction on cash***

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

**e) Accounts receivable**

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

**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 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

**Significant Accounting Policies (Continued)**

partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

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

**h) Third party payments**

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

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

**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 years 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 year end with a significant impact on the financial statements for the year 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

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**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

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the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER: 5587KE**  
**Reports and Financial Statements**  
**For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.3 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

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

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Total amount in KShs	
		USD	KShs	FY19/20	FY18/19
<b>Loans Received from Multilateral Donors</b>					
International Development Association	28/01/2020	295,798	29,807,657	29,807,657	81,524,003
<b>Total</b>		<b>295,798</b>	<b>29,807,657</b>	<b>29,807,657</b>	<b>81,524,003</b>

**10.4 PURCHASE OF GOODS AND SERVICES**

	2019-2020			2018-2019	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Training payments	7,339,893	-	7,339,893	17,004,054	95,254,600
Other operating payments	17,514,421	-	17,514,421	58,793,519	158,657,871
<b>Total</b>	<b>24,854,314</b>	<b>-</b>	<b>24,854,314</b>	<b>75,979,573</b>	<b>253,912,471</b>

**10.5 ACQUISITION OF ASSETS**

	2019/20	2018/19	Cumulative to-date
	KShs	KShs	KShs
Purchase of office furniture & general equipment	147,000	-	147,000
Research, studies, project preparation, design & supervision	-	-	10,443,105
<b>Total</b>	<b>147,000</b>	<b>-</b>	<b>10,590,105</b>

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**For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.6 BANK BALANCES**

**10.6.1 Project Bank Account**

	2019/20	2018/19
	KShs	KShs
Central Bank of Kenya [A/c No..1000390875]	33,627,958	171,377,346
<b>Total</b>	<b>33,627,958</b>	<b>171,377,346</b>

**10.6.2 Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision. Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Special Deposit Accounts Movement Schedule**

	2019/20	2018/19
	KShs	KShs
<b>Central Bank of Kenya [A/c NO. 1000250698]</b>		
Opening balance	5,159,613	2,119,653
Total amount deposited in the account	42,300,565	84,563,963
Total amount withdrawn (as per Statement of Receipts & Payments)	(29,807,657)	(81,524,003)
<b>Closing balance</b>	<b>17,652,521</b>	<b>5,159,613</b>

**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER:  
5587KE**

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For the financial year ended June 30, 2020**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10.7 FUND BALANCE BROUGHT FORWARD**

	2019/20	2018/19
	KShs	KShs
Bank accounts	171,377,346	21,949,150
Outstanding imprests and advances	1,097,572	557,058
<b>Total</b>	<b>172,474,918</b>	<b>22,506,208</b>

**10.8 PRIOR YEAR ADJUSTMENT**

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
*Bank Balances	-	(588,977)	(588,977)
**KEMP-KPLC Funds	-	144,242,280	144,242,280
<b>Total</b>	-	<b>143,653,303</b>	<b>143,653,303</b>

*\*This relates to stale cheque paid for the 2018/2019 expenditure now reversed.*

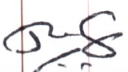
*\*\*This relates to funds received in the 2018/2019 erroneously meant for KEMP-KPLC now refunded during the year.*

**KENYA ELECTRICITY MODERNISATION PROJECT, CREDIT NUMBER:  
5587KE**

**Reports and Financial Statements  
For the financial year ended June 30, 2020**

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

Reference No. on the external audit Report	Issue from Auditor	Management comments	Focal Point person to resolve the issue	Status:	Timeframe:
Budget Performance and Control.	<p>The statement of comparison between the budget and actual amounts indicates that the Project expected to receive Kshs.62,885,000 but actual receipts amounted to Kshs.223,766,283 or over 255% of the expected receipts. Similarly, the budgeted payments amounted to Kshs.62,885,000 but an amount of Kshs.75,797,754 was utilized resulting to an over-expenditure of Kshs.12,912,754 or budget utilization of 121%. Further, the Project is reflected to have received Kshs.144,242,280 from the National Treasury which had not been budgeted for. Management has indicated that the amount was erroneously wired to their account and constitutes Other Pending Payables to be refunded to the Ministry.</p>	<p>The management resolved to strictly continue monitoring the budget to ensure fully implementation.</p> <p>The refund to the Ministry of Energy funds of Kshs 144,242,280 has since been effected.</p>	<p>CPA Geoffrey Tsalwa Imbayi</p> <p>Financial Managem ent Specialist</p>	Partly Resolved	30/12/20

  
Principal Secretary

21-09-20  
Date:

  
Project Coordinator

21-09-20  
Date;

**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Proceeds from borrowings	121,000,000	29,807,657	91,192,343	25%	Activities were impacted due to Covid – 19 hence requisition of funds could not be facilitated
<b>Total Receipts</b>	<b>121,000,000</b>	<b>29,807,657</b>	<b>91,192,343</b>	<b>25%</b>	
<b>Payments</b>					
Purchase of goods and services	90,000,000	24,852,964	65,145,686	27.6%	Training did not take place due too and long process in procurement
Acquisition of non-financial assets	31,000,000	147,000	30,853,000	0.47%	The procuring of consultancy did not commence due to low funds received.
<b>Total payments</b>	<b>121,000,000</b>	<b>25,001,314</b>	<b>95,998,686</b>	<b>21%</b>	

**ANNEX 2 – ANALYSIS OF PENDING BILLS**

Details	Outstanding Balance 2020 Kshs	Comments
Kenya Revenue Authority	588,977	The relates to outstanding payment to KRA for taxes on consultancy services
<b>Total</b>	<b>588,977</b>	