



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**RURAL ELECTRIFICATION IN FIVE REGIONS
PROJECT**

(CR.NO.11/597KE, 1407PKE)

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

**RURAL ELECTRIFICATION AND RENEWABLE
ENERGY CORPORATION**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2021	DAY: THURSDAY
TABLED BY:	LON
CLERK-AT-THE-TABLE:	Anne Musandu



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 FEB 2021	DAY: Thursday
TABLED BY:	LOM
CLERK-AT THE TABLE:	Anne Mubandu

RURAL ELECTRIFICATION IN FIVE REGIONS PROJECT

RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

PROJECT CREDIT NUMBER 11/597KE, 1407PKE

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)

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Rural Electrification in Five Regions Project

Objective: The key objectives of the project are:

- The provision of power supply to houses, schools health and government centres and commercial, industrial and agricultural activities which will help on boosting the economic and social development.
- The project will improve small industries working in the field of agriculture industries specially tea and coffee.

The project headquarters offices are in Nairobi, Kenya

The address of its registered office is:

Kawi House, Red Cross Road,
P.O Box 34585 – 000100,
Telephone: (254) 2341400, 2710955,
E-mail: info@rea.co.ke,
Website: www.rea.co.ke

1.2 Project Information

Project Start Date:	The project start date is 23 th September 2013
Project End Date:	The project end date is 31 st December 2020 though we are requesting extension due to Covid-19 Pandemic challenges.
Project Coordinator:	The project coordinator is Mr. Edward Gakunju
Project Sponsor:	The project sponsor is BADEA, OFID, Abu Dhabi, Saudi and GOK, through the National Treasury

1.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry Of Energy.
Project number	The project number is CREDIT NUMBER 11/597KE/1407PKE
Strategic goals of the project	The strategic goals of the project are as follows: (i) To connect public facilities in selected areas (ii) To connect household in the selected areas
Achievement of strategic goals	The project management aims to achieve the goals through the extension of electricity supply

Other important background information of the project	The overall project has components: a) Construction of distribution networks b) Consultancy service for preparation of design and tender documents.
Current situation that the project was formed to intervene	To supplement the Government efforts of connection of all public facilities and households in the rural areas by the year 2020, though we are requesting extension due to Covid-19 Pandemic challenges.
Project duration	The project started on 23rd September 2013 and is expected to run until 31 st December 2020, though we are requesting extension due to Covid-19 Pandemic challenges.

1.4 Bankers

The project does not operate bank accounts.

1.5 Auditors

Auditor-General,
Office of the Auditor-General,
Anniversary Towers, University Way,
P. O. Box 30084-00100,
Nairobi

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names and contact details	Title designation	Key Qualifications	Responsibilities
Edward Gakunju 0722244879 egakunju@rea.co.ke	Project Coordinator	Master's Degree in Economic Policy Management	<p>Overall coordination of Project activities</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Coordinate Project implementation activities as per the work plan • Prepare project implementation reports • Attend project coordination meetings
Lucy Kinyanjui 0722842402 lkinyanjui@rea.co.ke	Project Accountant	Bsc Admin(Accounting), C.P.A (K)	<ul style="list-style-type: none"> • Preparation of Financial Reports for the project • Process of project related payments
Festus Kasonzo 0722138880 fkasomzo@rea.co.ke	Procurement Specialist	Master's Degree in Procurement and Supplies	<ul style="list-style-type: none"> • Preparation of projects procurement plans • Preparation of bid documents • Coordinate tendering evaluation and award notifications • Coordination of procurement activities of the project
Nicholas Muigai 0722269540 nmuigai@rea.co.ke	Project Engineer	Bsc in Electrical Engineering	<ul style="list-style-type: none"> • Review of project designs • Analyse all the Technical aspects of the project

<p>BADEA,OFID, ABUDHABI, SAUDI and Government of Kenya</p>			<ul style="list-style-type: none"> • Project sponsors. • Review and approving the projects withdrawal applications, expenditure justifications, no objection requests, annual work plan and budget, expenditure category reallocation request. • Participating in implementation support missions.
<p>The Parent Ministry</p>			<ul style="list-style-type: none"> • Ensures Project's budget is captured in its development Projects • Disburse the government counterpart funding. • Review and track the Project's annual work plan and budget against the set targets and makes the approvals. • Oversee the execution of the project coordinating team.

*Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

The Auditor			<ul style="list-style-type: none"> • Mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. • Facilitate submission of the audited report to the project's sponsors by 31 December each year.
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1.7 Funding summary

The implementation of the Project commenced in July 2016 and was set to be completed by 30th December 2020. Due to the delay experienced this year as a result of COVID-19 pandemic, the Corporation is seeking for an extension of the closing date to December 2021. The total project Cost is US \$ 57M (BADEA- US\$ 10M; OFID US\$15M; SAUDI- US\$12 M ABU DHABI –US\$10M and Kenya Government US\$10M)

Below is the funding summary:

Source of funds	Donor Commitment		Amount received to date (30.06.2020)		Undrawn balance to date (30.06.2020)	
	USD	Kshs	USD	Kshs	USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant	-	-	-	-	-	-
(ii) Loan						
BADEA, OFID, SAUDI, ABUDHABI	47,000,000	4,828,780,000	9,232,236	948,519,952	37,767,764	3,880,260,048
(iii) Counterpart funds						
Government of Kenya	10,000,000	1,027,400,000	1,393,238	143,141,297	8,606,761	884,258,703
Total	57,000,000	5,856,180,000	10,625,474	1,091,661,248	46,374,525	4,764,518,751

1.8 Summary of Overall Project Performance:

- After the advance payments were made, REREC (formerly REA) initiated the process of opening the LCs. However, due to the conditions set out in the disbursement procedures by the financier, there was a serious challenge in the opening the Letters of Credit to facilitate supply of materials by the contractors which lasted for nine months from May 2017.
- Upon consultations with the financier, the process of the opening the LCs was agreed upon and BADEA on the 1st week of January 2018 issued the procedure to be used.

1.9 Summary of Project Compliance:

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

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of the *project's 2018-2022* plan are to:

To provide off-grid electrification solutions in areas whose connection to the national grid is not viable in the short and medium term.

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:

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Project	Objective	Outcome	Indicator	Performance
Rural Electrification in Five Regions	The provision of power supply to houses, schools health and government centres and commercial, industrial and agricultural activities which will help on boosting the economic and social development. The project will improve small industries working in the field of agriculture industries specially tea and coffee.	Public facilities and households connected	No of public facilities and households connected	In FY 19/20 we signed contract for construction and installation of minigrids and handed over the sites. Work will commence in the following financial year.

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

Rural Electrification in Five Regions Project *exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar*

1. Sustainability strategy and profile -

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA.

4. Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

b) Responsible Supply chain and supplier relations- explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices

d) Product stewardship- outline efforts to safeguard consumer rights and interests

5. Community Engagements-

Give evidence of community engagement including charitable giving (cash & material), Community Social Investment and any other forms of community

(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

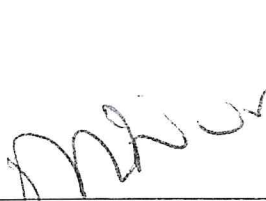
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Executive Officer, Rural Electrification and Renewable Energy Corporation and the Project Manager, are responsible for preparing the project's financial statements, which give a true and fair view of the state of affairs of the project as at the end of the accounting period. This responsibility includes: maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements, whether due to fraud or error; safeguarding the assets of the Project; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer and the Project Manager for Rural Electrification In Five Regions 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 the International Public Sector Accounting Standards (IPSAS).

The Chief Executive Officer and the Project Manager for Rural Electrification In Five Regions project are of the opinion that the financial statements give a true and fair view of the state of the project financial position as at June 30, 2020. The Chief Executive Officer and the Project Manager Rural Electrification In Five Regions project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon on the preparation of the Financial Statements as well as on the adequacy of the internal control systems.

The Chief Executive Officer and the Project Manager for Rural Electrification In Five Regions project confirm that the Project has complied fully applicable Government Regulations the terms of the Financing Covenants and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.



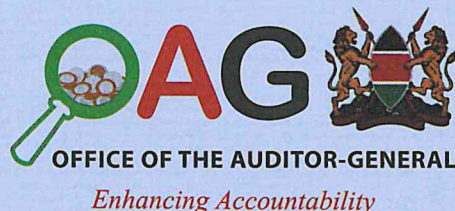
Chief Executive Officer
CPA Peter Mbugua

Project Manager
Edward Gakunju

Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON RURAL ELECTRIFICATION IN FIVE REGIONS PROJECT (CR.NO.11/597KE, 1407PKE) FOR THE YEAR ENDED 30 JUNE, 2020 - RURAL ELECTRIFICATION AND RENEWABLE ENERGY CORPORATION

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Rural Electrification in Five Regions Project (CR.NO.11/597KE,1407PKE) set out on pages 1 to 27, which comprise the statement of financial assets 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 Rural Electrification in Five Regions 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 Public Finance Management Act, 2012 and the Financing Agreement with Arab Bank for Economic Development in Africa (BADEA) dated 23 September, 2011, the Abu Dhabi Fund for Development dated 22 September, 2013, No.11/597KE dated 6 September, 2013, with the Saudi Fund for Development, and 1407PKE dated 25 September, 2011, the OPEC Fund for International Development, and the Republic of Kenya.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Rural Electrification in Five Regions 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.

Emphasis of Matter

Low Absorption of Project Funds

Note 1.7 on funding summary indicates that the Donor had made commitments amounting to Kshs.5,856,180,000 (USD 57,000,000). The actual amount received during the Project's period totalled to Kshs.1,091,661,248 (USD 10,625,474) leaving a balance of Kshs.4,764,518,751 (USD 46,374,525) undrawn. However, with the Project closing date of 31 December, 2020, the credit may lapse without being fully utilized and the Project's planned deliverables earmarked for completion using the funding may not be realized.

My opinion in respect of this matter is not modified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements of the current year. I have determined that there are no key audit matters to report.

Other Matter

1. Budget Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.1,668,000,000 and Kshs.252,497,718 respectively resulting to an under-funding of Kshs.1,414,502,282 or 85% of the budget. The Project expenditure was limited to the amount realized. Although Management has attributed the low performance to technicalities in opening of letters of credit, the underfunding and the under expenditure affected the planned activities impacting negatively on service delivery to the public.

2. Pending Bills

Note 10.1 to the financial statements reflects pending bills totalling Kshs.5,733,369 as at 30 June, 2020. Although Management has attributed the failure to clear the bills to invoices submitted in the wrong currency, the Project is at risk of incurring significant interest costs and penalties with the continued delay in payment. Further, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the financing agreement for Rural Electrification in Five Regions Project between the Arab Bank for Economic Development in Africa (BADEA), Saudi Fund for Development, The Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development, and the Republic of Kenya, I report based on my audit, that:

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether

due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit

the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of noncompliance. 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 as a going concern or 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

31 December, 2020

Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020

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

	Note	2019-2020		2018-2019		Cumulative to date
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
						Kshs
RECEIPTS						
Transfer from Government entities	9.3	1,182,371		-		143,191,698
Proceeds from domestic and foreign grants	9.4	-		-		-
Loan from external development partners	9.5		251,315,347	-	27,044,114	948,519,952
Miscellaneous receipts	9.6	-		-		-
Total receipts		1,182,371	251,315,347	-	27,044,114	1,091,711,650
PAYMENTS						
Compensation of employees	9.7	-		-		-
Purchase of goods and services	9.8	-		-		-
Social security benefits	9.9	-		-		-
Acquisition of non-financial assets	9.10	1,182,371	251,315,347	-	27,044,114	1,091,711,650
Transfer to other Government Entities	9.11	-		-		-
Other grants and transfers and payments	9.12	-		-		-
TOTAL PAYMENTS		1,182,371	251,315,347	-	27,044,114	1,091,711,650
SURPLUS/DEFICIT FOR THE YEAR		-	-	-	-	-

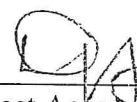
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

*Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

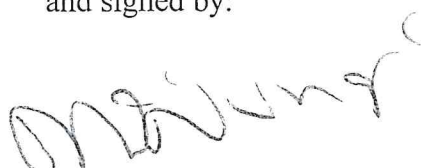
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	2019-2020 Kshs	2018-2019 Kshs
Cash and Cash Equivalents			
Bank Balances	9.13.A		
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents		-	-
Accounts receivables – Imprest and Advances	9.14	-	-
TOTAL FINANCIAL ASSETS		-	-

REPRESENTED BY:

Cash and cash equivalents b/fwd	9.15		
Prior year adjustments	9.16	-	-
Surplus/Deficit for the year		-	-
NET FINANCIAL POSITION		-	-

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



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju




Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

*Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2020

	Note	2019-2020 Kshs	2018-2019 Kshs
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from operating income			
Transfer from Government entities	9.3	1,182,371	-
Loan from external development partners	9.3	251,315,347	27,044,114
Miscellaneous receipts	9.6	-	-
Payments from operating expenses			
Compensation of employees	9.7	-	-
Purchase of goods and services	9.8	-	-
Social security benefits	8.9	-	-
Transfers to other government entities	9.11	-	-
Other grants and transfers and payments	9.12	-	-
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18	-	-
Prior Year Adjustments	9.16	-	-
Net cash flow from operating activities		252,497,718	27,044,114
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial assets	9.10	(252,497,718)	(27,044,114)
Net cash flows from Investing Activities		(252,497,718)	(27,044,114)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		-	-

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 _____ 2020 and signed by:


Chief Executive Officer
CPA Peter Mbugua


Project Manager
Edward Gakunju


Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

*Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

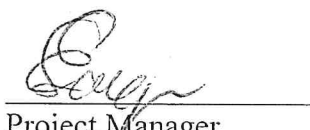
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Final Budget	Actual on Comparable Basis	Variance	% of Variance
	a	c=a+b	d	e=d-c	f=e/c %
Receipts	Kshs	Kshs	Kshs	Kshs	
Payments from Government entities	-	-	1,182,371	1,182,371.05	- 100
Proceeds from domestic and foreign grants	-	-	-	-	-
Proceeds from borrowings	1,668,000,000	1,668,000,000	251,315,347	- 1,416,684,653	- 85
Miscellaneous receipts	-	-	-	-	-
Total Receipts	1,668,000,000	1,668,000,000	252,497,718	- 1,415,502,282	
Payments					
Compensation of employees	-	-	-	-	-
Purchase of goods and services	-	-	-	-	-
Social security benefits	-	-	-	-	-
Acquisition of non-financial assets	1,668,000,000	1,668,000,000	252,497,718	- 1,415,502,282	- 85
Transfers to other government entities	-	-	-	-	-
Other grants and transfers	-	-	-	-	-
Other payments	-	-	-	-	- 100
Total Payments	1,668,000,000	1,668,000,000	252,497,718	- 1,415,502,282	

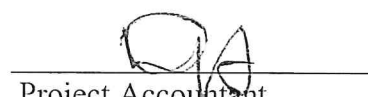
Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.



Chief Executive Officer
CPA Peter Mbugua



Project Manager
Edward Gakunju



Project Accountant
CPA Lucy Kinyanjui
ICPAK 4862

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. 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.

9.1.2. Reporting entity

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

9.1.3. 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.

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

• 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.

- **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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **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 authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 4 of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

h) 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.

i) Budget

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

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

j) Third party payments

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

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

k) Exchange rate differences

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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.

m) Subsequent events

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

n) 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)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative
	KShs	KShs	to-date (from inception)
<i>Counterpart funding through Ministry Of Energy</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
	-	-	-
<i>Other transfers from government entities</i>	-	-	-
Acquisition of non financial assets	1,182,371	-	143,191,698
	-	-	-
Total	1,182,371	-	143,191,698

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)			-	-	-	-	-
Insert name of foreign Government			-	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)			-	-	-	-	-
Insert name of international organization			-	-	-	-	-
Grants Received from Local Individuals and organisations			-	-	-	-	-
Insert name of individual or local organization			-	-	-	-	-
Total			-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

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

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					FY 2019/20	FY 2018/19
			Kshs	Kshs	Kshs	Kshs
Loans Received from Bilateral Donors (Foreign Governments)						
Loans Received from Multilateral Donors (International Organisations)						
BADEA					78,083,250.49	4,957,186
OFID					3,436,472	22,086,928
ABUDHABI					169,795,624	-
SAUDI					-	-
Total					251,315,347	27,044,114

9.6. MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to- date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	KShs	KShs	KShs	KShs	KShs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
	-	-	-	-	-

*Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Rural Electrification In Five Regions Project
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	-	-	-	-	-
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and – information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- – other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9. SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to date
	Payments made by the Entity	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Works	-	-	-	8,208,595	91,636,890
Goods	1,182,371	251,315,347	252,497,718	18,835,519	1,000,074,760
Consultancy /Training	-	-	-	-	-
	1,182,371	251,315,347	252,497,718	27,044,114	1,091,711,650

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	<u>KShs</u>	<u>KShs</u>
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Government	-	-	-	-	-
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
TOTAL	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts (Note 8.12A)	-	-
Cash in hand (Note 8.12B)	-	-
Cash equivalents (short-term deposits) (Note 8.12C)	-	-
Outstanding imprests and advances (Note 8.12D)	-	-
	<u>-</u>	<u>-</u>

The project has one number of project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	-	-
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total local currency balances	-	-
Total bank account balances	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th 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
(i) A/C Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

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

9.13B Cash In Hand

	2019/20	2018/19
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

	2019/20	2018/19
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

9.14. OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
<i>Officer 1</i>	-	-	-	-	-
<i>Xx institution</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	-	-	-	-	-

9.15. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. 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 account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

9.17. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	12,767,031	-	7,033,662	5,733,369
Total	12,767,031	-	7,033,662	5,733,369

10.2 PENDING STAFF PAYABLES (See Annex 2B)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

10.3 OTHER PENDING PAYABLES (See Annex 2C)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c. Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

There were no issues/observations in final report of the Auditor-General for the financial year ended 30th June, 2019.



Chief Executive Officer

22.12.2020

Date



Project Manager

22.12.2020

Date

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilisation Variance	% of Utilisation Variance to Final Budget	Comments on Variance
	a	b	c=a-b	d=c/a %	
	Kshs	Kshs	Kshs	Kshs	
RECEIPTS DURING THE YEAR/PERIOD					
Government of Kenya	-	1,182,371	- 1,182,371.05		Amounts budgeted under electrification of public facilities
External financing	1,668,178,000	251,315,347	1,416,862,653	85	Technicalities in opening of Letters of Credit
In-kind donations					
Miscellaneous receipts					
Total receipts	1,668,178,000	252,497,718	1,415,680,282		
PAYMENTS DURING THE YEAR/PERIOD					
Compensation of employees					
Pension and other social security contributions					
Purchase of goods and services					
Social security benefits					
Acquisition of non-financial assets	1,668,178,000	252,497,718	1,415,680,282	85	Technicalities in opening of Letters of Credit
Other Payments		-	-	0	
Advances to government employees					
Total payments	1,668,178,000	252,497,718	1,415,680,282		

ANNEX 2A - ANALYSIS OF PENDING BILLS

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Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To- Date	Outstanding Contract Balance		Pending invoices as at 30.06.2020	Outstanding Bills		Comments
				2020	d=a-c		2020	2019	
	a	b	c		d=a-c	e			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
Supply of Goods									
Wayne Homes	295,287,451	01.07.2016	22,242,180	273,045,271		-	-		
Fountain Technologies	612,322,833	01.07.2016	163,879,137	448,443,696			5,733,369	12,767,031	Invoice submitted in wrong currency, now re-submitted
Sub-total	907,610,284		186,121,317	721,488,967		-	5,733,369	-	
Works									
Wayne Homes	82,085,951	01.07.2016	8,208,454	73,877,497		-	-		
Sub-total	82,085,951		8,208,454	73,877,497		-	-	-	
Grand-Total	989,696,235		194,329,771	795,366,464		-	5,733,369	-	

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
Permanent Employees - Management		a	b	c	d=a-c		
1.							
2.							
3.							
Sub-Total							
Permanent Employees – Others							
4.							
5.							
6.							
Sub-Total							
Temporary employees							
7.							
8.							
9.							
Sub-Total							
Others (<i>specify</i>)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

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ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
Amounts due to National Govt Entities		a	b	c	d=a-c		
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (<i>specify</i>)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/20	*Purchases/Additions in the Year (KShs) 2019/20	**Disposals in the Year (KShs) 2019/20	Transfers in/(out) Kshs 2019/20	Closing Cost (KShs) 2020
	(a)	(b)	(c)	(d)	(e) = (a) + (b) - (c) + (-) d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment,					
Other Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
Total					

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ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						