

REPUBLIC OF KENYA



REPORT

OF

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 12 APR 2023	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY LEADER
CLERK-AT THE-TABLE:	

THE AUDITOR-GENERAL

ON

**EASTERN AFRICA REGIONAL TRANSPORT,
TRADE AND DEVELOPMENT FACILITATION
PROJECT (IDA CREDIT NO.5638-KE)**

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

KENYA REVENUE AUTHORITY

KENYA REVENUE AUTHORITY

**EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT
FACILITATION PROJECT**

PROJECT GRANT/CREDIT NUMBER. 5638 -KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
Annual Reports and Financial Statements for the financial year ended June 30, 2022

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: Eastern Africa Regional Transport, Trade & Development Facilitation Project.

Objective:

The key objective of the project is to improve the movement of goods and people along Lokichar – Nadapal/Nakodok part of the Eldoret - Nadapal road in the north – western part of Kenya and to enhance connectivity between Kenya and South Sudan.

Address: Times Towers Building, Nairobi County, Kenya.

Registered office:

Times Tower Building,
 Haile Selassie Avenue,
 P.O Box 48240-00100,
 Nairobi, Kenya.

Contacts:

Telephone: (254) 020-310900, 2810000, 315553
 E-mail: callcenter@kra.go.ke, cic@kra.go.ke
 Website: www.kra.go.ke

1.2 Project Information

Project Start Date:	20 th July 2015
Project End Date:	31 st December 2023
Project Manager:	Mr. Kenneth Mbobua (Manager)
Project Accountant	Mr. Josephat Omondi (DC- Finance)
Project Coordinator:	Mrs Lilian Nyawanda (Commissioner of Customs and Border Control)
Project Sponsor:	FCPA Githii Mburu, MGH, CBS (Commissioner General)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the National Treasury
Project number	5638 -KE
Strategic goals of the project	The strategic goals of the project are Facilitation of Regional Transport, Trade and Development which includes: -

	<ul style="list-style-type: none"> (i) Harmonisation of Customs and other border management, risk management and control procedures. (ii) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies. (iii) Support the implementation of an integrated border management system. (iv) Support Implementation of the Memorandum of Understanding (MOU) between Kenya Customs and South Sudan Customs Services relative to information exchange and use of common procedures (v) Support the use of information and communication technology (ICT) for revenue collection and for facilitating clearance and release of goods to help Kenya Customs comply with new transparency requirement of e-citizen registration, electronic collection of revenue and e-reporting of clearances and release of goods. (vi) Design construction and supervision of the construction of offices at selected locations along the Eldoret-Nadapal/Nakodok road corridor to house rapid response unit of KRA to monitor international trade. (vii) Support the implementation of the regional cargo monitoring for goods under customs control (viii) Training of KRA staff (ix) Incremental Operating costs
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Harmonisation of Customs and other border management, risk management and control procedures. This component has been achieved. South Sudan is now a Member of East African Community and has adopted the EAC trade facilitation instruments including One Stop Border Post Act and East Africa Customs Management Act. (ii) Strengthening of the cross border management units and enhancement of coordination with other border agencies. The Authority has already procured enforcement equipments including motor vehicles which are currently undertaking patrol and surveillance activities within the corridors (iii) Support the implementation of an integrated border management system. KRA has adopted a multi-agency operation at the border to facilitate coordinated border management on the Kenya Side. Joint Operations with Sudan will commence once the MoU is signed.

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	<p>(iv) Support Implementation of the Memorandum of Understanding (MOU) between Kenya Customs and South Sudan Customs Services relative to information exchange and use of common procedures. Discussion of the MOU are ongoing. So far substantial milestone have been achieved just awaiting approval with Ministry of Foreign Affairs.</p> <p>(v) Support use of ICT for revenue collection and for facilitating clearance and release of goods As a member of East Africa Community, South Sudan clear their cargo at the first Point of entry, which is Mombasa Port. To facilitate faster clearance of cargo and release of goods, KRA has already completed and commissioned a Kilindini Fibre upgrade at the port.</p> <p>(vi) Design construction and supervision of the construction of offices at selected locations along the Eldoret- Nadapal/Nakodok road corridor to house rapid response unit of KRA to monitor international trade. KRA procured a design & supervision consultant, undertook public participation as at Turkana County and was allocated 60 acres of land for construction of RRU.</p> <p>(vii) Support the implementation of the regional cargo monitoring for goods under customs control. KRA has engaged KENHA to leverage on their technology, discussions ongoing.</p> <p>(viii) Training of KRA staff. KRA has trained a total of 917 Staff from inception of this Project to date. The Authority has trained officers in One Stop Border Post Operations, Customs refresher and Project Management. This has enhanced staff capacity in trade facilitation and Project Management.</p>
<p>Other important background information of the project</p>	<p>The project contributes to the overarching objective of the Eastern Africa Regional Transport, Trade and Development Facilitation Program of “enhancing connectivity of South Sudan with its Eastern Africa neighbouring countries, and its access to sea ports” through a sequential improvement in physical and institutional infrastructure, in addition to promoting trade and development facilitation interventions on the Juba- Nadapal – Eldoret development corridor. The overall program is being implemented in a series of three projects (SOPs).</p> <p>The first project of the program (Phase 1) focused on South Sudan,</p>

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	<p>was approved in May 2014. It supports the improvement of part of the Juba-Nadapal/Nakodok road in the territory of South Sudan, and implementation of trade and development facilitation measures, including a new fiber optic link (This was suspended). This second project (Phase 2) is focusing on the improvement of road and ICT infrastructure, implementation of trade and development facilitation, including facilitating the development of export processing zones, pastoralist road side markets, and service centres (rest stops) in Kenyan territory. The third project (Phase 3) expected to cover Kenya and South Sudan will focus on enhancing support to trade facilitation measures along the Juba-Nadapal-Eldoret corridor and completing the upgrading of the Juba-Eldoret road. The overall program in the long-term envisages promoting the entire EAC Corridor No.3, including Kitale to Biharamulo (the extension of Juba- Nadapal- Eldoret road) as a development corridor by upgrading the section of the road from Kitale to Biharamulo into a safe and digital road, as well as replicating the trade and development facilitation interventions adopted for the Juba-Eldoret corridor.</p>
Current situation that the project was formed to intervene	<p>The situation at the border crossing of Nadapal/Nakodok is characterized by lack of interagency co-operation, no structured sharing of information, no co-ordination in operating hours between agencies on the same and opposite sides of the border, insufficient parking space, no ICT connectivity, and lack of coverage and necessary equipment for physical inspections. The customs process is manual, as there is no power and human resource to run electronic based system, however modern customs procedures and systems are not yet adopted. Average crossing times for imports into South Sudan is 24 hours, but with a significant standard deviation</p>
Project duration	<p>The project started on 20th July 2015, was initially expected to run until 31 December 2021, however due to delay in implementation of most activities affected by the Covid 19 pandemic, an extension was granted until 31st December 2023</p>

1.4 Bankers

National Bank of Kenya Limited,
Harambee Avenue Branch,
P.O. Box 41862-00100 Nairobi, Kenya

1.5 Auditors

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

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1.6 Roles and Responsibilities

List of the Project management team who worked on the project in the financial year ended 2021/22 are as stated below. This included a project team leader and all the key stakeholders as stipulated in the Finance Agreement and these where the team involved in the project. Below stated also are their positions, qualification and roles to the project.

Names	Title designation	Key qualification	Responsibilities
Kenneth Mbobua	Chief Manager	Bachelor of Science - information Technology	Team Leader
Daniel Wambua	Manager	MBA, Strategic Management	Technical Officer
Hilda Mwangi	Manager	Bachelor of Education	Human Resource Specialist
George Ouya	Officer	CPA	Project Accountant
Jacqueline Osango	Manager	CPA(K), MBA (Finance)	Project Accountant
Benson Kiruja	Chief Manager	MBA (Supply Chain Management), Chartered Institute of Procurement and Supply, UK,	Procurement Manager
Paul Nyathore	Supervisor	MBA (Supply Chain Management), Chartered Institute of Procurement and Supply, UK,	Procurement Officer
Ruth Rugwe	Assistant Manager	MA, Economics	Monitoring and Evaluation
Elias Mirigi	Assistant Manager	Master of Science in IT	ICT Specialist
Samwel Ribiro	Assistant Manager	Master of Science in Data Communications	Security Specialist
Maximilla Anyang'o	Manager	M.A Communication	Diplomacy, marketing and communications
Charles Anino	Officer	BTECH Civil Engineering	Facilities and Logistics specialist
Ferdinand Amaumo	Assistant Manager	B.A Economics / Maths CPA(K)	Technical Officer
Christine Ilahalwa	Supervisor	MA-International Business Management	Social Safeguards Specialist
Richard Muiriri	Supervisor	BA, Criminology and Security Studies	Customs and Border Control
Esther Adhiambo	Officer	Bachelor of Technology Information Studies.	Secretariat

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1.7 Funding summary

The Project was initially for duration of six years from 2015 to completion date December 2021. In January 2022 the project was restructured through an amended Finance agreement extending the completion date to December 2023 and increasing the approved funding from US\$8 million equivalent to KShs 806 million to US\$ 10.9 million equivalent to KShs 1,284 million (converted at Kshs 117.83 as at 30th June 2022) as highlighted in the table below:

Below is the funding summary:

PROJECT INFORMATION AND OVERALL PERFORMANCE

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date (30 th June 2022)		Undrawn balance to date (30 th June 2022)	
	USD '000'	KShs '000'	USD '000'	KShs '000'	USD '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	10,180	1,199,509	3,072	316,707	7,108	837,536
(ii) Loan						
	-	-	-	-	-	-
(iii) Counterpart funds						
Government of Kenya	720	84,838	-	-	720	84,838
Total	10,900	1,284,347	3,072	316,707	7,828	922,374

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B. Application of Funds

Source of funds	Amount received to date - (30 th June 2022)		Cumulative Amount paid to date (30 th June 2022)		Unutilised balance to date – (30 th June 2022)	
	USD '000'	KShs '000'	USD '000'	KShs '000'	USD '000'	KShs '000'
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
International Development Association (IDA)	3,072	316,707	3,013	310,344	59	6,363
(ii) Loan						
	-	-	-	-	-	-
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	3,072	316,707	3,013	310,344	59	6,363

1.8 Summary of Overall Project Performance:

The overall project performance as at 30th June 2022 for the current year and cumulative to date was 60% of which we spent & committed total of 69% of the allocated budget FY 2021/22 as at year end. The project was restructured in December 2021 to completion date 31st December 2023 and subsequently increasing the Project total funds to USD 10.9Million.

The main activity that is Construction of Rapid Response Units which will utilise the substantial budget is scheduled to begin Quarter 2 of FY 2022/23.

Current Year			
Budget 2021/2022	Actual spend 2021/2022	Spend & Committed %	Completion %
Kshs. 416,696,000	Kshs 142,413,372.26	69%	60%

The status report is as follows

1) Support for ICT to ensure revenue collection and facilitate clearance and release of goods- Kilindini Fibre Connectivity

The ICT component had two lots:

- Lot 1 involves a project to upgrade the for Fiber Optic Based Metropolitan Area Network (MAN) and Local Area Networks (LANs) In Kilindini Port.
- Lot 2 involves Network Management and Traffic Shaping Solution at KRA Data Centre in Nairobi.

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Both Lot 1 and Lot 2 have been fully implemented and commissioned for use.

Project Lot 1	Fiber Optic Based Metropolitan Area Network (MAN) and Local Area Networks (LANs) in Kilindini Port
Contractor	Top Choice Surveillance Limited
Contract Type	Works and Installation of Equipment
Commencement Date	31/12/2019
Completed & Commissioned	100% complete and commissioned on 07/07/2021
Contract amount:	Kshs. 175,084,037
Payments	a) Amount certified: Kshs. 160,186,016 b) Amount paid: Kshs. 160,186,016 c) Unbilled retention Amounts Kshs. 14,898,021

Project Lot 2	Network Management and Traffic Shaping Solution at KRA Data Centre in Nairobi
Contractor	Next Technologies Ltd
Contract Type	Works and Installation of Equipment
Commencement Date	01/12/2019
Completed & Commissioned	100% complete and commissioned on 07/07/2021
Contract amount:	USD. 457,649.68
Payments	a) Amount certified: USD 457,649.68 b) Amount paid: USD 457,649.68

2) Systems to facilitate implementation of regional cargo monitoring for goods under customs control

		Systems to Facilitate Implementation of Regional Cargo Monitoring
1.	Contractor	Pending
2.	Contract Type	Works (and Services)
3.	Commencement Date	Pending
4.	Expected Completion Date	June 2023
5.	Budget amount:	USD. 500,000
6.	Progress Status	This activity is in progress, discussions on leveraging of weighbridge technology with KENHA is at an advanced stage. year
7.	Payments	Nil
8.	Issue	Issue: This activity has dependencies on where the actual location of the RRU's will be along the Kitale Nadapal corridor and the possibility of integrating with KENHA. Mitigation: We already got allocation of land by Trukana county government. We are fast tracking engagements with KENHA.

3) Supply and delivery of furniture and office equipment for Nadapal Patrol Base and Lokichogio, Lodwar, Lokichar and Kainuk Rapid Response Units (RRUs)

		Furniture and Office Equipment
1.	Contractor	Pending
2.	Contract Type	Goods
3.	Commencement Date	Pending
4.	Expected Completion Date	June 2023
5.	Budget amount:	USD. 520,000
6.	Progress Status	-As per the restructured finance agreement this activity will be financed by counterpart (government) funding. -This activity is dependent on construction of RRU's and allocation of counterpart (Government) funding. -The user have already identified the furniture and equipment to be procured. The immediate priority actions we have for the next financial year include: 1) Request National Treasury for counterpart (Government) funding.
7.	Payments	Nil
8.	Issue	Issue: This activity has a pending dependency. The activity depends on the implementation the RRUs and construction of the Nadapal Patrol Base. Mitigation: We are in the process of requesting counterpart funding from National Treasury then we proceed to purchase of furniture and have them delivered at headquarters awaiting completion of works at the RRUs and Nadapal patrol base.

4) Consultancy for design, Bills of Quantities (BQs), Environmental Impact Assessment (EIA), Evaluation of bids and supervision of works for Nadapal Patrol Base and Rapid Response Unit (RRUs) Offices

		Consultancy for design of RRUs Offices
1.	Contractor	University of Nairobi
2.	Contract Type	Consultancy
3.	Commencement Date	February 2022
4.	Expected Completion Date	December 2023
5.	Budget amount:	USD. 600,000
6.	Contract Amount	Kshs. 20,574,134.69
7.	Progress Status	-We identified and contracted University of Nairobi as the design and supervision consultant. -The consultant undertook Public participation of land acquisition at Turkana County together with KRA, where we

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		<p>were allocated 60 Hacters of land (20 Ha each at Kainuk, Lodwar & Kakuma).</p> <p>-They have already issued the initial inception and needs assessment report and in the process of preparing the bid and survey report</p> <p>-We have reviewed and have prioritized the following immediate actions beginning next financial year:</p> <ol style="list-style-type: none"> 1) conclude the designs and BQs and bidding documents with the Consultant 2) Conclude contracting of the Construction contractor by October 2022 3) Begin construction by November 2022 <p>Construction is expected to take 6 months and thereafter 6 months of defects liabilities.</p>
8.	Payment	<ol style="list-style-type: none"> a) Amount certified: Kshs. 1,190,443.65 b) Amount paid: Kshs. 1,190,443.65 c) Unbilled Amounts Kshs. 19,383,691.04
9.	Issue/challenge to report and Mitigation	<p>Issue: This activity is on course with bid and survey report that will enable us know the costs of construction to be concluded in Quarter 1 of FY 2022/22</p> <p>Mitigation: We will fast track this activity to enable us begin construction</p>

5) Support to Implementation of MoU between Kenya and South Sudan and quality control and Harmonisation of Border Procedures

This activity includes two components:

- a) Support to the implementation of the memorandum of understanding between Kenya Customs and South Sudan Customs; and
- b) Services capacity building (Quality and harmonization of border procedures).

		a) MOU between Kenya and South Sudan
1.	Contractor	Pending
2.	Contract Type	Works
3.	Commencement Date	Pending
4.	Expected Completion Date	June 2023
5.	Budget amount:	USD. 600,000
6.	Progress Status	The MoU has been approved by the National Treasury and the office of the Attorney General. The Ministry of Foreign Affairs reviewed the document and gave additional comments which have been updated and is currently on final review before submission. The KRA team is recommending visiting South Sudan for negotiations and signing off during the second quarter of the FY 2022/2023.
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	Mitigation: We intend to conclude this activity in the next financial year.

6) Capacity Building Training & Stakeholder Engagement

		b) Capacity Building Training
1.	Contractor	Various
2.	Contract Type	Training
3.	Commencement Date	2019
4.	Expected Completion Date	June 2023
5.	Budget amount:	USD.1,700,000
6.	Progress Status	The status of implementation from Inception to date is as follows: a) 308 out of 300 targeted Customs Officers have undergone refresher training b) Total of 917 KRA staff trained on different professional courses from inception to end of FY 2021/22. c) Project Implementation Team (PIT) Members trained on on different professional courses from inception to end of FY 2021/22. c) Other operating Costs relating to facilitation of the trainings
7.	Payments	a) Amount approved FY 2021/22: Kshs. 53,404,910 b) Amount paid FY 2021/22: Kshs. 40,842,281.44 c) Amount utilised from inception to prior yr: Kshs. 55,374,096.60 c) Budget to be utilised FY 2022/23: Kshs. 90,120,993

7) Provision of Enforcement Equipment

		Enforcement Equipment
1.	Contractor	Under Procurement
2.	Contract Type	Goods
3.	Commencement Date	Under Procurement
4.	Expected Completion Date	June 2023
5.	Budget amount:	USD. 715,000
6.	Progress Status	This activity is on target and has progressed in this current year as per the following milestones: - User department requirements were received and reviewed -We advertised the tender and closed it on 5 th July 2021. - the tender was advertised in January 2022, evaluations were done in March -Tender awarded in June 2022 and it is currently in the contracting period after the awardee accepted. -Further additional enforcement equipments to be procured in the course of the next financial year from the additional funds were awarded in the project restructuring.
7.	Payments	Nil

8) Construction and rehabilitation works for Nadapal Patrol Base and Lokichogio, Lodwar, Lokichar and Kainuk Rapid Response Units (RRUs)

		Construction and rehabilitation works
1.	Contractor	Pending
2.	Contract Type	Works
3.	Commencement Date	Pending
4.	Original Completion Date	December 2023
5.	Budget amount:	USD. 3,280,000
6.	Progress Status	<p>This activity is on target and has progressed in this current year as per the following milestones:</p> <ol style="list-style-type: none"> 1) KRA together with National Lands Commission, the Consultant and the Turkana County Government conducted public participation in the months of March and April 2022. The mission was a success as the Turkana Community donated a total of 60 acres of land to KRA as follows; 20 acres in Lodwar, 20 acres in Kakuma and 20 acres in Kainuk. 2) KRA has received a no objection for the 3 parcels of land at Lodwar, Kakuma and Kainuk for construction of RRUs. 3) KRA has written to the Director General of NLC for land ownership documents for the 3 parcels of land. 4) The consultant has already submitted the inception report and the needs assessment reports and in the process of submitting the designs, BQs and bidding documents. <p>To ensure the activity remains on target, we have prioritized the following activities to be accomplished in the next financial year :</p> <ol style="list-style-type: none"> 1. We are actively engaging the National Lands Commission (NLC) and the County Government of Turkana with a view of getting land documents by end of August 2022 2. Upon allocation of land, we plan to invite Bids for this activity between September 2022 and October 2022 3. Upon successful procurement of the suitable contractor, we expect the construction works to commence not later than November 2022
7.	Payments	Nil
8.	Issue/challenge to report and Mitigation	<p>Issue: The allocation of land by the county government has taken long thereby delaying the commencement of this activity</p> <p>Mitigation: KRA is currently following up with NLC and Turkana County Government for Land ownership documents and Part Development Plans (PDPs) respectively.</p>

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9) Supply and delivery of patrol motor vehicles & motor cycles and a fork lift.

		Patrol Motor Vehicles and Fork Lift
1.	Contractor / Supplier	Under Procurement
2.	Contract Type	Goods
3.	Commencement Date	Under Procurement
4.	Expected Completion Date	December 2021
5.	Budget amount:	Kshs. 73,052,154 (Direct payments) & USD. 99,235
6.	Progress Status	We have already purchased items including: -4 units Hard Top 4x4 Station Wagons -5 Heavy Duty 4x4 Specialized Double Cabin units The 1-unit Forklift Truck is pending delivery. The vendor requested for contract extension of delivery date. Expected to be delivered and paid in Qtr. 2 FY 2022/23
7.	Payments	Payments made through direct payment by world bank after year-end in July 2022.

10) Incremental Operating Costs.

		Incremental Operating Costs
	Contract Type	Services
	Expected Completion Date	December 2023
	Allocated amount:	USD. 200,000
	Progress Status	We have compiled the schedule of expenses for other operating costs that would be funded under government funds and are in the process of forwarding our budget request for consideration and approval with National Treasury
8.	Payments	Bank Charges and FX costs and other supervision and commissioning costs

1.9 Summary of Project Compliance:

The project complied with the applicable laws, regulations and financing agreement. The project also prepared the financial year ended 31st June 2022 as per the required template as recommended in the Prior year audit.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED 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 objective of the project is to improve the movement of goods and people along Lokichar – Nadapal/Nakodok part of the Eldoret - Nadapal road in the north – western part of Kenya, in particular and enhance connectivity between Kenya and South Sudan, in general.

Kenya Revenue Authority the Implementing Agency under National Treasury is currently executing the project under the below key objectives

The key development objectives of the project's 2015-2023 plan are:

- i) Harmonisation of Customs and other border management, risk management and control procedures.
- ii) Strengthening of the cross-border management unit of KRA including enhancing its coordination with other border agencies.
- iii) Support the implementation of an integrated border management system.
- iv) Support the implementation of the Memorandum of Understanding (MOU) between Kenya Customs and South Sudan Customs Services relative to information exchange and use of common procedures.
- v) Support the use of information and communication technology (ICT) for revenue collection and for facilitating clearance and release of goods to help Kenya Customs comply with new transparency requirement of e-citizen registration, electronic collection of revenue and e-reporting of clearances and release of goods.
- vi) Design construction and supervision of the construction of offices at selected locations along the Eldoret-Nadapal/Nakodok road corridor to house rapid response unit of KRA to monitor international trade.
- vii) Support the implementation of the regional cargo monitoring for goods under customs control
- viii) Training of KRA staff
- ix) Incremental Operating costs

During the year under review, the Authority undertook the following activities:

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- 1) Procured KE-KRA-182901-GO-RFB Supply and delivery of patrol motor vehicles & motor cycles and a fork lift.
- 2) Finalised contracting of KE-KRA-182903-GO-RFB Supply and delivery of assorted enforcement equipment.
- 3) Finalised contracting of KE-KRA-182803-CS-CDS Consultancy for design, bills of quantities preparation.
- 4) Training of 580 KRA officers & 9 Project Implementation Team (PIT) members for various professional courses as per the project annual training plan.
- 5) KRA together with National Lands Commission, the Consultant and the Turkana County Government conducted public participation for Land acquisition which resulted in allocation of 60 acres of land; 20 acres in Kakuma, 20 acres in Kainuk and 20 acres in Lodwar.

However, the below challenges were experienced in the financial year while carrying out the project: -

- 1) There have been delays in the approval process for allocation of land by the community specifically in Lodwar. The delay has resulted in the delays submission of the designs, BQs and contracting documents by the Consultant
- 2) Activities such as stakeholder engagement and delivery of furniture have been delayed because of delay of delivery of their dependencies. These dependencies include the delay of signing of the MOU between Kenya and South Sudan and allocation of land by the county government. To fast track, the MOU, KRA recommends to visit South Sudan for negotiations and sign off.

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:

Project	Objective	Outcome	Indicator	Performance
Eastern Africa Regional Transport, Trade & Development Facilitation	Harmonisation of Customs and other border management, risk management and control procedures.	Increased efficient clearance of people, goods and services	Clearance Times	Clearance of cargo at the border takes average 1 day
	Refurbishment, modification and Equipping of the Nakodok/Nadapal Border Post	Secure trade facilitation centre	Completed border post	Procurement of Consultancy complete
	Provision of Enforcement Equipment	Efficient and effective Prevention and	No. of Customs interceptions and compliance	Procurement of enforcement equipment has

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
Annual Reports and Financial Statements for the financial year ended June 30, 2022

		detection of illicit trade	levels	been contracted awaiting delivery.
	Capacity Building of Staff	Trained officers	No. of officers trained	Cumulatively 917 number of KRA officers have been trained on different capacity building professional courses from inception of the project to end of FY 21/22. 9 out of 10 targeted PIT Members for the FY 21/22 have been trained on professional Courses
	Monitoring of goods under customs control	Increased revenue collection and trade facilitation	No. of consignments under customs control tracked to destination	The procurement of this activity is still in progress
	Use ICT for revenue collection and for facilitating clearance and release of goods	All documentation done electronically and seamless data exchange	% of declarations done online Seamless exchange of data	100% declarations in Kenya side done electronically. Seamless exchange of data requires implementation by South Sudan.

3. ENVIROMENTAL AND SUSTAINABILITY REPORTING

KRA conducted stakeholder engagement for EARTTDFP in the month of March 2022.

Activities conducted were:

- i. Public participation/stakeholder engagement exercise for land acquisition in Turkana County (Kakuma and Kainuk and Lodwar) as part of Corporate Social Responsibility Activities in the financial year ended 30th June 2022.
- ii. Identification of community needs as follows; water, electricity, social halls, dispensaries sensitization of socio-economic aspects of the project.

The Authority's project team is considering the following Corporate Social Responsibility initiatives in liaison with KENHA for the next financial year 2022/23, which it will align with the corporate CSR strategy. The proposals include:

- a) Meeting with consultants and utility providers for the development of plans to factor in mitigation measures of risks identified during the public participation exercise conducted in March 2022.

These plans are to incorporate community needs such as boreholes, and other physical amenities.

- b) Employee welfare

The contractor will be required to factor in aspects of safety and welfare of employees both working to actualize the project (i.e. engineers, masons, groundsmen, drivers, etc.) and put in place facilities and amenities that will promote welfare of the end users of the project. These facilities/ amenities include public toilets, water points, covered waiting areas, etc.

- c) Community training and sensitization

With the expected rise in trade activities, and road traffic within the corridor, there is an expected rise in population which has both a positive and negative impact. To mitigate against influences of community vices such as drug abuse, early marriages and spread of diseases, the project team intends to conduct workshops to sensitize the community in the major towns along the corridor in the following areas:

- i. Overall appraisal, to facilitate community appreciation of the project
- ii. Safety and security
- iii. Gender mainstreaming and HIV/AIDS
- iv. Sustainability of economic activities and taxation

- d) Drilling of Community water bore holes

With most of the areas within the corridor being semi-arid, proposal to drill water for the communities along the corridor can leave a lasting impression. Traveling long distances in search for water exposes children and women to risks associated with rising populations of travellers and traders. Having access to clean water close to the communities will not only deter unnecessary exposure but also improve sanitation that is vital for good health, within the community.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Project Accountant, Project Coordinator and Project Sponsor for Eastern Africa Regional Transport, Trade & Development Facilitation Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022. These responsibilities includes:(i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

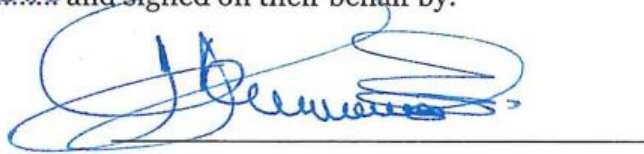
The Project Accountant, Project Coordinator and Project Sponsor for Eastern Africa Regional Transport, Trade & Development Facilitation Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Project Accountant, Project Coordinator and Project Sponsor for Eastern Africa Regional Transport, Trade & Development Facilitation 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, 2022, and of the Project's financial position as at that date. The Project Accountant, Project Coordinator and Project Sponsor for Eastern Africa Regional Transport, Trade & Development Facilitation 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 Project Accountant, Project Coordinator and Project Sponsor for Eastern Africa Regional Transport, Trade & Development Facilitation Project confirms 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the Project Accountant, Project Coordinator and Project Sponsor for the Eastern Africa Regional Transport, Trade & Development Facilitation on15th Nov 2022 and signed on their behalf by.

Josephat Omondi Project
Accountant: ICPAK Member
No. 3473



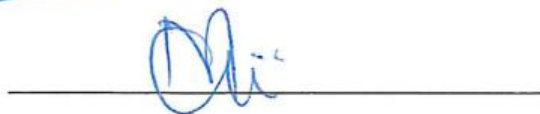
Mrs Lilian Nyawanda
Project Coordinator



FCCA Githii Mburu, MGH, CBS
Project Sponsor



Mr. Anthony Ng'ang'a Mwaura
Chairman



e) Planting of drought resistant trees

In order to boost environmental conservation and increase the plant cover, it is recommended that drought resistant trees are planted around government facilities. Trees are important in providing shade against the scorching sun, act as windbreakers and later, provide benefits such as fruit, timber and other products. Some drought resistant trees and shrubs also provide fodder for livestock, and this will benefit the pastoralist community.

The sustenance of the project should be vested on the community leadership.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROJECT (IDA CREDIT NO.5638-KE) FOR THE YEAR ENDED 30 JUNE, 2022 – KENYA REVENUE AUTHORITY

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Eastern Africa Regional Transport, Trade and Development Facilitation Project set out on pages 1 to 24, which

Report of the Auditor-General on Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) for the year ended 30 June, 2022 – Kenya Revenue Authority

comprise the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Africa Regional Transport, Trade and Development Facilitation Project, 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 the Public Finance Management Act, 2012 and comply with the Financing Agreement Credit No.5638-KE between the Republic of Kenya and International Development Association dated 20 July, 2015 and as amended on 24 December, 2021.

In addition, the special account reconciliation statement presents fairly, the special account 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 the Eastern Africa Regional Transport, Trade and Development Facilitation Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

1. Slow Absorption of Project Funds

As disclosed under Note 1.7 on the Project information and overall performance, the Project was earmarked to close in December, 2021 but was restructured through an amended Finance Agreement extending the completion to 31 December, 2023. Further, the Projects' funding summary indicates that the Donor had made commitment amounting to Kshs.1,284,347,000 equivalent of USD10,900,000 as at 30 June, 2022. However, actual drawdowns during the Project life amounted to Kshs.316,707,000 equivalent to USD3,072,000 leaving out an amount totalling Kshs.922,374,000 or

USD 7,828,000 undrawn. Management has indicated that planned initiatives will be fully implemented and allocated funds fully utilized before closure of the Project.

However and considering the credit lapse period, the Project's planned deliverables earmarked for completion may not be realized.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.416,696,000 and Kshs.146,488,000 respectively, resulting to an under-funding of Kshs.270,208,000 or 65% of the budget. Similarly, the Project spent a total of Kshs.142,413,000 against an approved budget of Kshs.416,696,000 resulting to an under-expenditure of Kshs.274,283,000 or 66% of the budget. Management has indicated that construction of Rapid Response Unit (RRU) offices will account for 60% of the proposed budget while the remaining funds will be utilized in procurement of enforcement equipment, annual training and payment to consultants.

However, the underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association Credit No.5638 dated 20 July, 2015, 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 agree with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 controls, 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 Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall

Report of the Auditor-General on Eastern Africa Regional Transport, Trade and Development Facilitation Project (IDA Credit No.5638-KE) for the year ended 30 June, 2022 – Kenya Revenue Authority

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

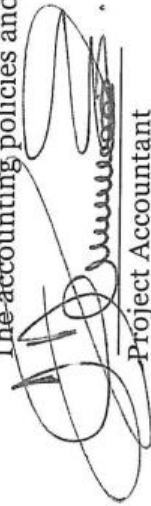
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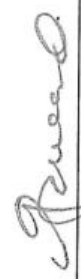
02 November, 2022

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2022:

Note	2021/2022			2020/2021			Cumulative to-date (From inception)
	Receipts and payments controlled by the entity KShs '000'	Payments made by third parties KShs '000'	Total KShs '000'	Receipts and payment controlled by the entity KShs '000'	Payments made by third parties KShs '000'	Total KShs '000'	
RECEIPTS							KShs '000'
Transfers from Government entities	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	58,216	88,272	146,488	48,734	77,334	126,068	316,707
Loan from external development partners	-	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-	-
TOTAL RECEIPTS	58,216	88,272	146,488	48,734	77,334	126,068	316,707
PAYMENTS							
Compensation of employees	-	-	-	-	-	-	-
Purchase of goods and services	47,559	-	47,559	12,079	23,250	35,329	101,379
Social security benefits	-	-	-	-	-	-	-
Acquisition of non-financial assets	6,582	88,272	94,854	60,027	54,084	114,111	208,965
Transfers to other government entities	-	-	-	-	-	-	-
TOTAL PAYMENTS	54,141	88,272	142,413	72,106	77,334	149,440	310,344
SURPLUS/ (DEFICIT)	4,075	-	4,075	(23,372)	-	(23,372)	6,363

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


Project Accountant


Project Coordinator
Mrs Lilian Nyawanda


Project Sponsor
FCPA Githii Mburu, MGH, CBS

ICPAK Member No: 3473

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2022

	Note	2021-2022	2020-2021
		KShs '000'	KShs '000'
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11.A	6,363	2,288
Cash Balances	11.B	-	-
Cash Equivalent (Short-term deposits)	11.C	-	-
Total Cash and Cash Equivalents		6,363	2,288
Accounts receivables	12	-	-
TOTAL FINANCIAL ASSETS		6,363	2,288
FINANCIAL LIABILITIES			
Payables – Deposits and Retentions	13	-	-
NET ASSETS		6,363	2,288
REPRESENTED BY			
Fund balance b/fwd	14	2,288	25,660
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		4,075	(23,372)
NET FINANCIAL POSITION		6,363	2,288

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

The financial statements were approved on 1st NOV 2022 and signed by:



Project Accountant
Josephat Omondi
ICPAK Member Number: 3473



Project Coordinator
Mrs Lilian Nyawanda



Project Sponsor
FCPA Githii Mburu, MGH, CBS


EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
Annual Reports and Financial Statements for the financial year ended June 30, 2022

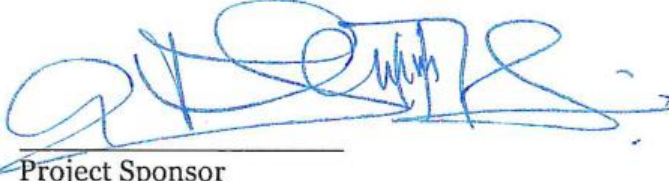
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2022

		2021-2022	2020-2021
	Note	KShs '000'	KShs '000'
Receipts from operating activities			
Proceeds from domestic and foreign grants	2	146,488	126,068
Payments from operating activities			
Purchase of goods and services	6	(47,559)	(35,329)
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	16		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	17	-	-
Prior Year Adjustments	15	-	-
Net cash flow from operating activities		98,929	90,739
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets- (Capital Work In Progress)	8	(94,854)	(114,111)
Net cash flows from Investing Activities		(94,854)	(114,111)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		4,075	(23,372)
Cash and cash equivalent at BEGINNING of the year	11	2,288	25,660
Cash and cash equivalent at END of the year	11	6,363	2,288

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 1st Nov 2022 and signed by:


Project Accountant
Josephat Accountant
ICPAK Member Number: 3473


Project Coordinator
Mrs Lilian Nyawanda

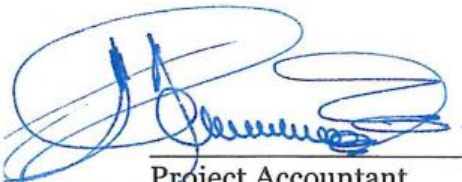

Project Sponsor
FCPA Githii Mburu, MGH, CBS

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
Annual Reports and Financial Statements for the financial year ended June 30, 2022

**9. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30TH JUNE 2022**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	416,696	-	416,696	146,488	-	35%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	416,696	-	416,696	146,488	-	35%
Payments						
Purchase of goods and services a) Training Services- Capacity Building- 53,405 b) Stakeholder Engagement & Training- 35,286 c) Support of MOU kenya & southern sudan- 51,049	139,840	-	139,840	47,559	92,281	34%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets a) ICT Infrastructure support Port 1&2- 8,757 b) Supply and delivery of assorted enforcement equipment-50,479 c) Consult BQ's for RRU's- 21,600 d) Const of RRU's-111,240 e) Purchase M.Vehicles & Forklifts- 84,780	276,856	-	276,856	94,854	182,002	34%
Transfers to other government entities	-	-	-	-	-	-
Total Payments	416,696	-	416,696	142,413	274,283	34%

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


Project Accountant
Josephat Omondi
ICPAK Member Number: 3473


Project Coordinator
Mrs Lilian Nyawanda


Project Sponsor
FCPA Githii Mburu, MGH, CBS

10. SIGNIFICANT ACCOUNTING POLICIES

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

10.1 Statement of compliance and basis of preparation

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

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

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

10.2 Reporting entity

The financial statements for Eastern Africa Regional Transport, Trade & Development Facilitation Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3 Reporting currency

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

10.4 Recognition of receipts

Eastern Africa Regional Transport, Trade & Development Facilitation Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) 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.

ii) External Assistance

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

iii) Other receipts

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

Significant Accounting Policies (Continued)

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

10.5 Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

Significant Accounting Policies(Continued)

v) Acquisition of fixed assets

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

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

10.6 In-kind donations

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

10.7 Cash and cash equivalents

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

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.

10.8 Restriction on cash

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

Significant Accounting Policies(Continued)

10.9 Imprest and Advances

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

10.10 Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

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

10.12 Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies(Continued)

10.13 Budget

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

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

10.14 Third party payments

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

During the period Kshs 88,272,427.85 disbursements received in form of direct payments from third parties or payment made on behalf of third parties.

10.15 Exchange rate differences

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

10.16 Comparative figures

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

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2022.

10.18 Prior period adjustment

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

11. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM GOVERNMENT ENTITIES

During the 12 months to 30 June 2022, there was no counterpart funding or other receipts from government.

	2021/22	2020/21	Cumulative to-date (from inception)
	KShs '000'	KShs '000'	KShs '000'
Counterpart funding through Ministry			
Counterpart funds	-	-	-
	-	-	-
Other transfers from government entities			
Ministry	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30th June 2022, National Treasury approved Budget of Kshs. 416.7 Million of which Kshs. 100M was allocated under Revenue of which Kshs. 58M was disbursed to our project account as at end 30th June 2022.

Kshs. 316M was allocated under AIA of which Kshs. 88M was utilised on direct payments made directly by World Bank-International Development Agency on behalf of the project. All as shown in the table below.

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	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment	Grants received in kind	Total	
						2021/22	2020/21
						USD '000	KShs '000
Grants Received from Bilateral Donors (Foreign Governments)		-	-	-	-	-	-
Grants Received from Multilateral Donors (International Organizations)		-	-	-	-	-	-
International Development Agency (World Bank)	13 th Sep 2021, 28 th Dec 2021	498	58,216	88,272	-	146,488	126,068
Grants Received from Local Individuals and organizations		-	-	-	-	-	-
Total		498	58,216	88,272	-	146,488	126,068

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30th June 2022 no loans was received from development partners

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs '000'	
					2021/22	2020/21
					USD '000	KShs '000
Loans Received from Bilateral Donors (Foreign Governments)		-	-	-	-	-
Loans Received from Multilateral Donors (International Organizations)		-	-	-	-	-
Loans Received from International Development Agency		-	-	-	-	-
Total		-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(continued)

4. MISCELLANEOUS RECEIPTS

During the 12 months to 30 June 2022, no miscellaneous receipts were received.

	2021/22			2020/21	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
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	-	-	-	-	-

5. COMPENSATION OF EMPLOYEES

During the 12 months to 30 June 2022, no compensation costs was paid to employees because there were no employees that were assigned to the project on full time basis. The employee handling the project as per the roles & responsibilities indicated in item 1.6 above are Kenya Revenue Authority staff.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
-	-	-	-	-	-
Basic salaries of permanent employees	-	-	-	-	-
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-

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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	-	-	-	-	-

6. PURCHASE OF GOODS AND SERVICES

During the 12 months to 30th June 2022, Kshs. 54 Million was incurred in capacity building training for KRA Officers & Project Implementation. The Other Operating payments relate to per diem, Exchange rate differences & Bank Charges as disclosed in the table below:

	2021/22			2020/21	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	5,193	-	5,193	2,272	7,464
Foreign travel and subsistence	8,980	-	8,980	5,724	14,704
Printing, advertising and – information supplies & services	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	33,372	-	33,372	27,274	79,126

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Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialised materials and services	-	-	-	-	-
Other operating payments (Bank Charges)	14	-	14	3	28
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance – other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	56	56
Total	47.559	-	47.559	35.329	101,378

7. SOCIAL SECURITY BENEFITS

As disclosed in Note 9.7 above there were no employees assigned to the project thus no Social Security Benefits as disclosed in the table below:

	2021/22			2020/21	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(continued)

8. ACQUISITION OF NON-FINANCIAL ASSETS

During the 12 months to 30 June 2022, a) Next technologies and Top choice Invoices of Kshs. 88,272,428 were paid by World Bank through direct payment.

b) We paid Kshs. 1,190,443.65 to University of Nairobi for preliminary report issued on consultancy for construction of RRU, the final invoice for Next technologies and Kshs. 1,259,520 taxes for motor vehicles invoices from Crown Motor LTD And Isuzu LTD which were paid by World Bank in July 2022 through direct payment.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	1,260	-	1,260	-	1,260
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment (Computer infrastructure & Software - Kilindini Port)- (Capital Work in Progress)	4,132	88,272	92,404	114,111	206,516
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision -Imprest Turkana land acq visit	1,190	-	1,190	-	1,190
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	6,582	88,272	94,854	114,111	208,966

NOTES TO THE FINANCIAL STATEMENTS(continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2022, no funds were transferred to other reporting government entities.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Transfers to National Government entities					
Ministry	-	-	-	-	-
Project	-	-	-	-	-
Transfers to County Government					
County	-	-	-	-	-
TOTAL	-	-	-	-	-

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

During the 12 months to 30 June 2022, no funds were transferred to Grants.

	2021/22			2020/21	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(continued)

11. CASH AND CASH EQUIVALENTS

	2021/22	2020/21
	KShs '000'	KShs '000'
Bank accounts (Note 11A)	6,363	2,288
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	6,363	2,288

As at year-end 30th June 2022, we had requested for three disbursements on dates 14th, 27th, & 29th June i.e. Kshs. 9,683,289 (US\$ 82,721 @117.06), Kshs. 10,724,658 (US\$ 91,204 @117.59) and Kshs. 15,290,647 (US\$ 129,923 @117.69) totalling to Kshs. 35,698,594 (US\$ 303,847.64). However, these funds were received in July 2022 and will be disclosed in the FY 2022/23.

The project has one bank account as shown below.

11. A Bank Accounts

Project Bank Accounts

	2021/22	2020/21
	KShs '000'	KShs '000'
Local Currency Accounts		
National Bank of Kenya- A/C No 01020014867900	6,363	2,288
Total local currency balances	6,363	2,288
Total bank account balances	6,363	2,288

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

	2021/22	2020/21
	USD '000'	USD '000'
Central Bank of Kenya- A/C No 1000243775		
Opening balance	19,565	160,174
Total amount deposited in the account	813,904	311,013
Total amount withdrawn (as per Statement of Receipts & Payments)	833,469	451,622
Closing balance (as per SDA bank account reconciliation attached)	0	19,565

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The Special Deposit Account reconciliation statement has been attached as *Appendix ii* support these closing balances.

NOTES TO THE FINANCIAL STATEMENTS(continued)

11 B Cash In Hand

During the 12 months to 30 June 2022, there was no Cash on hand or Cash Equivalent (Short-term deposits) in the reporting period.

	2021/22	2020/21
	KShs 000	KShs 000
Time Towers	-	-
Total cash balances	=	=

11 C Cash equivalents (short-term deposits)

	2021/22	2020/21
	KShs 000	KShs 000
Time Towers	-	-
Total cash equivalents	=	=

12. IMPRESTS AND ADVANCES

During the year end as at 30th June 2022, there was no pending Imprests or Salary advances in the reporting period.

Description	2021/22	2020/21
	KShs 000	KShs 000
Government Imprests	-	-
Salary advances	-	-
Total	-	-

12B: BREAKDOWN OF IMPRESTS AND ADVANCES

As at year-end 30th June 2022, there was no Accounts Receivables in the reporting period.

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2021/22	Balance 2020/21
	KShs 000	KShs 000	KShs 000	KShs 000	KShs 000
	-	-	-	-	-
Total	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS(continued)

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13. DEPOSITS AND RETENTION MONIES

During the 12 months to 30 June 2022, there were no accounts payable.

Description	2021-2022	2020-2021
	KShs '000'	KShs '000'
Retention	-	-
Deposits	-	-
Total	-	-

14. FUND BALANCE BROUGHT FORWARD

	2021-2022	2020-2021
	KShs '000'	KShs '000'
Bank accounts	2,288	25,660
Cash in hand	-	-
Outstanding imprests and advances	-	-
Total	2,288	25,660

15. PRIOR YEAR ADJUSTMENT

During the 12 months to 30 June 2022, there were no Prior year adjustments disclosed in the table below:

	Balance b/f FY 2021/2022 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2020/2021
Description of the error	KShs '000'	KShs '000'	KShs '000'
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

16. CHANGES IN RECEIVABLE

During the 12 months to 30 June 2022, there were no accounts receivables

Description of the error	2021 - 2022	2020 - 2021
	KShs '000'	KShs '000'
Opening Receivables as at 1 st July 2020	-	-
Closing account receivables as at 30 th June 2022	-	-
Changes in Receivables	-	-

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17. CHANGES IN ACCOUNTS PAYABLE

During the 12 months to 30 June 2022, there were no accounts payable- Deposits and retentions.

Description of the error	2021 - 2022	2020 - 2021
	KShs '000'	KShs '000'
Deposit and Retentions as at 1 st July 2020	-	-
Closing account payable as at 30 th June 2022	-	-
Changes in payables	-	-

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3A)

Description	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Supply of Training Services(Essami USD8,800)	0	0	0	0
Air Tickets	0	0	0	0
Imprest	0	0	0	0
Next Generation Invs IN000219 & IN11197 USD 173,779.88	19,116	0	(19,116)	0
Esami Inv 55240/1/6&7 (USD 21,500) & Air Tickets	3,134	0	(3,134)	0
Crown Motors Group LTD (Invs 19600336,19600337, 19600338, 19600339)	0	41,748	0	41,748
Isuzu East Africa LTD (Invs 91409956,91409957, 91409958, 91409959, 91409960)	0	30,045	0	30,045
Total	22,250	71,793	(22,250)	71,793

The pending bills brought forward FY 2021/22 were paid in the course of the year. As at end of the year 30th June 2022 Crown Motor invoices of Kshs. 41,747,586.20 and Isuzu East Africa LTD of Kshs. 30,045,047.90 relating to purchase of EARTTDFP motor vehicles were pending payment through direct payment.

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2. PENDING STAFF PAYABLES (See Annex 3B)

As disclosed in Note 5 above there were no employees on a full time basis thus no Pending Staff Payables as disclosed in the table below:

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

3. OTHER PENDING PAYABLES (See Annex 3C)

During the 12 months to 30 June 2022, there were no other pending payables as disclosed in the table below:

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

4. External Assistance

During the 12 months to 30 June 2022, there was no other external assistance toward this project in addition to the above disclosed loan from World Bank- International Development Agency

	FY 2021/2022 KShs '000'	FY 2020/2021 KShs '000'
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

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a) External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
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 2021/2022	FY 2020/2021
Description		KShs '000'	KShs '000'
Undrawn external assistance - loans	-	-	-
Undrawn external assistance - grants	-	-	-
Total	-	-	-

c. Classes of providers of external assistance

	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

d. Non-monetary external assistance

	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
Goods	-	-
Services	-	-
Total	-	-

OTHER IMPORTANT DISCLOSURES (continued)

e. Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2021/2022	FY 2020/2021
	KShs '000'	KShs '000'
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	-	-

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

During the 12 months to 30 June 2022, there was no external assistance paid directly by third parties to settle obligations on behalf of Kenya Revenue Authority.

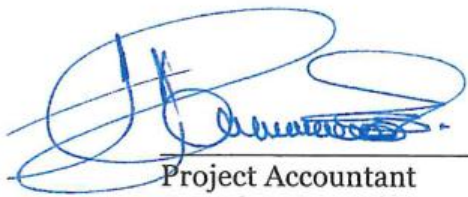
	FY 2021/2022	FY 2020/2021
Description	KShs '000'	KShs '000'
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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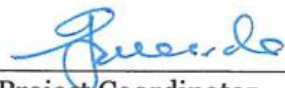
13. PRIOR YEAR AUDITOR'S GENERAL RECOMMENDATIONS

The following is the summary of issues raised by the external auditor

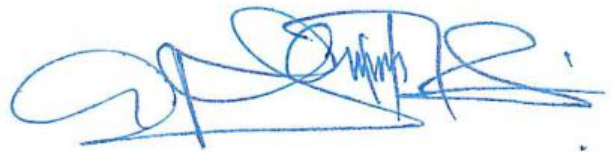
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KRA/EART TDFP/2020 /2021/(20)	There were no material issues noted and no significant deficiency				



Project Accountant
 Josephat Omondi
 ICPAK Member Number: 3473



Project Coordinator
 Mrs Lilian Nyawanda



Commissioner General
 FCPA Githii Mburu, MGH, CBS

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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14. ANNEXES
ANNEX 1 - VARIANCE EXPLANATIONS - COMPARISON BUDGET AND ACTUAL AMOUNTS

	Final Budget KShs '000'	Actual on Comparable Basis KShs '000'	Budget Utilization Difference KShs '000'	% of Utilization on	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	416,676	146,488	270,188	35%	
Proceeds from borrowings	-	-	-	-	
Total Receipts	416,676	146,488	270,188	35%	
Payments					
Purchase of goods and services a) Training Services Capacity Building-53,405 b) Stakeholder Engagement & Training-35,286 c) Support of MOU Kenya & Southern Sudan- 51,049	139,840	47,559	92,281	34%	The project was restructured from the projected closing date of Dec 2021 to Dec 2023 due to effect of Covid 19 to completion of most activities. Below are the reasons that affected completion & utilisation of Budget: The status of implementation of the activities expected to be completed in the FY 2021/21 is as follows: a) Trainings were completed as at 30th June 2022. Invoices Of Kshs. 33 M paid and balance of payments Kshs. 10M processed in July 2022. b) Stakeholder Engagement: World Bank advised KRA to rely on social safeguards contracting by KENHA and not to do independent activities. Kshs. 35M MOU Kenya Customs & Southern Sudan:- Initiated and expected to be completed in FY 2022/23 Kshs. 51M
Social security benefits	-	-	-	-	
Acquisition of non-financial assets a) ICT Infrastructure Support Loti&2-8,757 b) Supply & delivery of asset enforcement equipments- 50,479 c) Consult BQ's for RRU- 21,600 d) Const of RRU-111,240 e) Purchase M.Vehicles & Forklifts- 84,780	276,856	94,854	182,002	34%	d) Procurement of enforcement equipment done and is awaiting delivery of items before payment. Kshs. 30M e) Consultant for RRU construction procured /Contracted and preliminary reports issued and paid for. Kshs. 22M f) Motor vehicles were procured and delivered, they have been paid in July 2022. Kshs. 73M -Forklifts procured and are to be delivered in December 2022. Kshs. 11M Main Activity of Construction of RRU scheduled to begin FY 2022/23 Qtr 2
Total Payments	416,696	142,413	274,283	34%	

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME: EASTERN AFRICA REGIONAL TRANSPORT & DEVELOPMENT FACILITATION PROJECT			
Break down of Transfers			
Government Counterpart	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
a. Funding		-	
		-	
		-	
	Total	-	
b. Direct Payments			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		-	
		-	
		-	
	Total	-	
c. Others			
	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		-	
		-	
	Total	-	
	TOTAL(a+b+c)	-	

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	KShs '000'		KShs '000'	KShs '000'	KShs '000'	
	a	b	c	d=a-c		
Supply of services						
1. Payment-Tuition Fees USD 8,800	937	20 th May 2020	0	0	0	
2. Air Ticket	2,222	27 th Dec 2019	0	0	0	
3. Travel Imprest	832	27 th Dec 2019	0	0	0	
4. Next Generation Inv IN000219 & IN11197 (USD 173,779.88)	49,426	30 th Dec 2019	(19,116)	0	19,116	
5. Esami Invoice (USD 21,500) & Air Tickets	3,134	22 nd June 2021	(3,134)	0	3,134	
6. Crown Motors Group LTD (Invs 19600336,19600337, 19600338, 19600339)	41,748	11 th Nov 2021	0	41,748	0	As at 30 th June 2022 these invoice had been forwarded to National Treasury for further forwarding to World Bank for Direct Payment. Direct Payment by World Bank was made on 13 th July 2022.
7. Isuzu East Africa LTD (Invs 91409956,91409957, 91409958, 91409959, 91409960)	30,045	11 th Nov 2021	0	30,045	0	As at 30 th June 2022 these invoice had been forwarded to National Treasury for further forwarding to World Bank for Direct Payment. Direct Payment by World Bank was made on 13 th July 2022.
Sub-Total						
Grand Total	128,344		(22,250)	71,793	22,250	

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS

During the 12 months to 30 June 2022, there were no pending staff compensated on the project thus there were no staff bills.

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
None	-	-	-	-	-	-	
Sub-Total							
Permanent Employees – Others							
None	-	-	-	-	-	-	
Sub-Total							
Temporary employees							
None	-	-	-	-	-	-	
Sub-Total							
Others (<i>specify</i>)							
None	-	-	-	-	-	-	
Sub-Total							
Grand Total							

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
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							

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER YEAR ENDED JUNE 30, 2022

Asset class	Opening Cost (KShs) 2021/2022	*Purchases/Additions in the Year (KShs) 2021/2022	**Disposals in the Year (KShs) 2021/2022	Transfers in/(out) KShs 2021/2022	Closing Cost (KShs) 2021/2022
	(a)	(b)	(c)	(d)	(e) = (a) + (b) - (c) + (-) - (d)
	KShs '000'	KShs '000'	KShs '000'	KShs '000'	KShs '000'
Land	-	-	-	-	-
Buildings and structures	-	-	-	-	-
Transport equipment: Motor vehicles & Forklifts	-	-	-	-	-
Office equipment, furniture and fittings	-	-	-	-	-
ICT Equipment, (Kilindini Lot 1 & 2)	-	-	-	-	-
Other Machinery and Equipment	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Biological assets	-	-	-	-	-
Infrastructure assets roads, rails	-	-	-	-	-
Intangible assets	-	-	-	-	-
Work in Progress	114,111	93,664	-	-	207,775
Total	114,111	93,664	-	-	207,775

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 5 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						

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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ANNEX 6 REPORTING OF CLIMATE RELEVANT EXPENDITURES

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

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

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

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ANNEX 7 DISASTER EXPENDITURE REPORTING TEMPLATE

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

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Annex 8: Other Support Documents

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

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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APPENDIX i – BANK RECONCILIATION PROJECT ACCOUNT NATIONAL BANK OF KENYA

MINISTRY:	FINANCE
IMPLEMENTING AGENCY	KENYA REVENUE AUTHORITY
PROJECT NAME:	EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
IDA CREDIT:	No. 56380KE
REPORT:	Interim Financial Report (IFR)
THIS SCHEDULE:	Bank Reconciliation Statement
Bank and Branch	National Bank of Kenya Ltd - Times Tower Nairobi
Account No.	01020014867900
PERIOD OF REPORT:	Year ending 30th June 2022
CURRENCY:	Kenya shilling

	Note.	Kshs	Kshs
01/07/2021	Balance b/fwd		2,288,129
Add:			
	Receipts	146,488,033.88	
	Interest	-	146,488,034
	Total Receipts		148,776,163
Less:			
	Bank charges as at 30/06/2022	13,681.00	
	Payments as at 30/06/2022	142,399,692.26	142,413,373
	Unpresented cheque		0
30/06/2022	Balance as per bank statement		6,362,790

		Kshs	Kshs
KENYA REVENUE AUTHORITY			
PROJECT A/C 01020014867900			
30/06/2022	Balance per Bank Statements		6,362,790
	Add:		
30/06/2022	Receipts in cash book not yet credited by Bank		0
30/06/2022	Payments in Bank statement and not in the cash book		0
	Deduct:		
30/06/2022	Cheques not debited by Bank (Unpresented cheques)		0
30/06/2022	Receipts in bank statement not in the cash book		0
	Balance per Cash Book		6,362,790

Notes:

Josephat Omondi
Head of Finance
Project Accountant - ICPAK Member No. 3473

Lilian Nyawanda
Project Coordinator

FCPA Githii Mburu, MGH, CBS
Project Sponsor
Commissioner General

Mr. Anthony Ng'ang'a Mwaura
Chairman

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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APPENDIX ii – BOARD OF SURVEY

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Appendix 3(b)
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Bank Reconciliation-2.1

MINISTRY:	THE NATIONAL TREASURY
IMPLEMENTING AGENCY:	KENYA REVENUE AUTHORITY
PROJECT NAME:	EASTERN AFRICA REGIONAL TRANSPORT, TRADE, & DEVELOPMENT FACILITATION PROJECT
IDA CREDIT:	NO. 5638KE
REPORT:	Bank Reconciliation Statement
Bank and Branch	National Bank of Kenya Ltd - Times Tower Nairobi
Account No.	01020014867900
PERIOD OF REPORT:	30th June, 2022

		Kshs	Kshs
01/06/2022	Balance b/fwd		35,999,689.72
	Receipts		
	Interest		
	Total Receipts		35,999,689.72
Less:			
	Bank charges as at 30/06/2022	6,960.00	
	Payments as at 30/06/2022	29,629,939.75	29,629,939.75
Add:			
	Unpresented cheque		
30/06/2022	Balance as per bank statement		6,362,789.97

KENYA REVENUE AUTHORITY PROJECT A/C 01020014867900		Kshs	Kshs
30/06/2022	Balance per Bank Statements		6,362,789.97
	Add		
30/06/2022	Receipts in cash book not yet credited by Bank		
30/06/2022	Payments in Bank statement and not in the cash book		
	Deduct:		
30/06/2022	Cheques not debited by Bank (Unpresented cheques)		
30/06/2022	Receipts in bank statement not in the cash book		
Balance per Cash Book			6,362,789.97

	NAME	DESIGNATION	SIGNATURE	DATE
Prepared by:	George Ouya	Supervisor		01/07/2022
Checked by:	Alex Mwangi	Asst. Manager		01/07/2022
Approved by:	Jacqueline Osango	Manager		12/07/2022

Board of Survey
Checked & Confirmed
① Leader N.O. Ogok 11/7/22
② George Mader 11/7/2022

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BOARD OF SURVEY ((CONTINUATION))

Appendix 2 (c)

National
Bank

National Bank of Kenya Limited
Head Office, National Bank Building
Harambee Avenue,
P.O. Box 72866 - 00200 Nairobi, Kenya
Tel: +254 (0) 20 282 8000
Cell: +254 (0) 711 038 000
Email: info@nationalbank.co.ke
Website: www.nationalbank.co.ke

Certificate of Balance

July 1, 2022

National Bank of Kenya-Times Tower Branch

Certifies that the Account Balance for:

EAST AFRICAN REGIONAL TRANSPORT TRADE & DEVELOPMENT KES A/C
Current Account No. A/C 01020014867900 as at

The close of Business on 30TH JUNE 2022 was Kenya Shillings

SIX MILLION THREE HUNDRED SIXTY TWO THOUSAND SEVEN HUNDRED
EIGHTY NINE CENTS NINETY SEVEN ONLY

Kshs. 6,362,789.97 CR




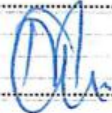
Authorized Signatory



Authorized Signatory

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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APPENDIX iv – BANK RECONCILIATION SPECIAL DEPOSIT ACCOUNT CENTRAL BANK OF KENYA

MINISTRY:	FINANCE			
IMPLEMENTING AGENCY	KENYA REVENUE AUTHORITY			
PROJECT NAME:	EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT			
IDA CREDIT:	No. 56380KE			
REPORT:	Interim Financial Report (IFR)			
THIS SCHEDULE:	Bank Reconciliation Statement			
Bank and Branch	Central Bank of Kenya LTD			
Account No.	1000243775			
PERIOD OF REPORT:	Year ending 30th June 2022			
CURRENCY:	US Dollar			
		Note.	USD	USD
01/07/2021	Balance b/fwd			19,565
Add:	Receipts		815,903.85	
	Interest			813,904
	Total Receipts			833,469
Less:	Payments as at 30/06/2022		833,468.85	833,469
	Unpresented cheque			0
30/06/2022	Balance as per bank-statement			0
Josephat Omondi Head of Finance Project Accountant - ICPAK Member No. 3473				
Lilian Nyawanda Project Coordinator				
FCPA Githii Mburu, MGH, CBS Project Sponsor Commissioner General				
Mr. Anthony Ng'ang'a Mwaura Chairman				

EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT FACILITATION PROJECT
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APPENDIX iv – TRIAL BALANCE PROJECT

MINISTRY:	FINANCE
IMPLEMENTING AGENCY	KENYA REVENUE AUTHORITY
PROJECT NAME:	EASTERN AFRICA REGIONAL TRANSPORT, TRADE & DEVELOPMENT PROJECT
IDA CREDIT REPORT:	No. 56380KE TRIAL BALANCE FOR YEAR END 30th JUNE 2022

TRIAL BALANCE EASTERN AFRICA REGIONAL TRANSPORT, TRADE AND DEVELOPMENT FACILITATION PROJECT AS AT 30TH JUNE 2022			
GL Code	Item Description	2021/2022	
		<u>DR</u> (Kshs)	<u>CR</u> (Kshs)
ASSETS			
13000150	Bank Bal c/d as at 30th June 2022	6,362,789.93	
10007010	Capital Working Progress	94,854,185.90	
NON-CURRENT LIABILITIES			
2210010	Fund Bal b/f		2,288,128.46
2210010	Fund Received in Year		58,215,605.88
2210010	Grant Received in Year (Direct Payments)		88,272,427.85
EXPENSES			
60008010	Training	33,372,489.02	
60002020	Local Accomodation	14,173,017.34	
60024010	Bank Charges	13,680.00	
60024012	Exch Rate Diff	-	
TOTAL BALANCES		148,776,162.19	148,776,162.19
<p>Josephat Omondi Head of Finance Project Accountant - ICPAK Member No. 3473</p> <p>Lilian Nyawanda Project Coordinator</p> <p>FCPA Githii Mburu, MGH, CBS Project Sponsor Commissioner General</p> <p>Mr. Anthony Ng'ang'a Mwaura Chairman</p>			

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