***Revised Template 30th June 2024***



**PROJECT NAME: XX**

**IMPLEMENTING ENTITY: XX**

**PROJECT GRANT/CREDIT NUMBER: XX**

*(For Application by National and County Governments’ Self Reporting Development Projects as per the financing agreements****)***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 20XX**

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

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# Acronyms and Definition of Terms

CBK Central Bank of Kenya

ICPAK Institute of Certified Public Accountants of Kenya

IMF International Monetary Fund

IPSAS International Public Sector Accounting Standards

CT County Treasury

NT National Treasury

PFM Public Finance Management.

PSASB Public Sector Accounting Standards Board

WB World Bank

Comparative FY Financial year preceding the current financial year.

*(Projects to include all acronyms and Definition of terms used in the annual report and financial statements)*

# Project Information and Overall Performance

**2.1 Name and registered office**

**Name**

The project’s official name is XX.

**Objective**

The key objective of the project is XX

**Address**

The project headquarters offices are in XX *(city/town)*, XX County, Kenya. The address of its registered office is XX *(Insert address of your project as appropriate)*

The project also has offices/branches as follows:

* xx
* xx
* xx

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

P.O. Box: XXXXX

Telephone: (254) XXXXXXXX

E-mail: XXXXXXXX.go.ke

Website: [xxx.go.ke](http://www.go.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

|  |  |
| --- | --- |
| Project Start Date: | DD MM YY |
| Project End Date: | DD MM YY |
| Project Coordinator: | Mr/Mrs/Prof/Dr xx |
| Project Sponsor: | xxx |

**2.3 Project Overview**

|  |  |
| --- | --- |
| Line Ministry and State/ County Department | XXX |
| Project number | XXX |
| Strategic goals of the project | The strategic goals of the project are as follows:   1. xxx 2. xxx   *(also include specific objectives of the project)* |
| Summary of Project Strategies for achievement of strategic goals | The project management aims to achieve the goals through the following means:   1. xxx 2. xxx |
| Other important background information of the project | The project --------------- |
| Areas that the project was formed to intervene | The project was formed to intervene in the following problems/gaps:   1. xxx 2. xxx |
| Project duration | XXX Years |

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

1. ....
2. .....

**2.5 Independent Auditor**

The project is audited by the ---------- (*Insert name and address of external auditor)*

**2.6 Roles and Responsibilities**

*List the different people who are working on the project. This list would include the project coordinator and all the key officers involved.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **No** | **Names** | **Title designation** | **Key qualification** | **Responsibilities** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**2.7 Funding summary**

The Project is for a duration of XX years from 20XX to 20XX with an approved budget of US$ XX (use donor currency) equivalent to Kshs XX as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

1. **Source of Funds**

| **Source of funds** | **Donor Commitment** | | **Amount received to date – (30th June 20XX)** | | **Undrawn balance to date** | |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Donor currency** | **Kshs** | **Donor currency**  **Kshs** | **Kshs** | **Donor currency**  **Kshs** | **Kshs** |
|  | **(A)** | **(A’)** | **(B)** | **(B’)** | **(A)-(B)** | **(A’) - (B’)** |
| 1. **Grant** |  |  |  |  |  |  |
| Insert name of donor | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of donor | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Loan** |  |  |  |  |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | xxx | xxx |
|  |  |  |  |  |  |  |
| 1. **Counterpart funds** |  |  |  |  |  |  |
| Government of Kenya | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Project information and overall performance (continued)**

1. **Application of Funds**

| **Application of funds** | **Amount received to date – (30th June 20XX)** | | **Cumulative amount paid to date – (30th June 20XX)** | | **Unutilised balance to date**  **(30th June 20XX)** | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | ***Donor currency*** | ***Kshs*** | ***Donor currency*** | ***Kshs*** | | ***Donor currency*** | ***Kshs*** |
|  | ***(A)*** | ***(A’)*** | ***(B)*** | **(B’)** | | ***(A)-(B)*** | ***(A’)-(B’)*** |
| 1. **Grant** |  |  |  |  | |  |  |
| Insert name of donor | xxx | xxx | xxx | xxx | | xxx | xxx |
| Insert name of donor | xxx | xxx | xxx | xxx | | xxx | xxx |
|  |  |  |  |  | |  |  |
| 1. **Loan** |  |  |  |  | |  |  |
| Insert name of development partner | xxx | xxx | xxx | xxx | | xxx | xxx |
| Insert name of development partner | xxx | xxx | xxx | xxx | | xxx | xxx |
|  |  |  |  |  | |  |  |
| 1. **Counterpart funds** |  |  |  |  | |  |  |
| Government of Kenya | xxx | xxx | xxx | xxx | | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | | **xxx** | **xxx** |

*[Delete the non-applicable source of funds from the table above. The amounts received to date should tie/agree to what is captured in the Statement of Receipts and Payments as applicable.] For County Projects that may not have donor currency figures, provide Kshs figures in Kshs column.*

**Project information and overall performance (continued)**

***2.8 Summary of Overall Project Performance:***

* 1. *Budget performance against actual amounts for the current year and for cumulative to-date,*
  2. *Physical progress based on outputs and outcomes since project commencement,*
  3. *Indicate the absorption rate for each year since the commencement of the project.*
  4. *List the implementation challenges and recommend the next steps.*

***2.9 Summary of Project Compliance:***

* 1. *Include significant cases of non-compliance with applicable laws and regulations, e.g.,* *treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants,*
  2. *Include consequences suffered on account of non-compliance or likely to be suffered.*
  3. *Indicate mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance.*

# Statement of Performance against Project’s Predetermined Objectives

Guidance

*(Refer to the project objectives from the Grant/Credit No and project ID, which inform the program and annual budgets. Report on the extent of the project’s progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges, and opportunities of the project in implementing its plan/ agreement/ plan. Enumerate the key objectives of the project as per the program agreement.) (This guidance should be removed in the final set of financial statements.)*

**Introduction**

*Section 81(2)(f)* /*Section 164 (2)(f)* of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national/county government entity’s performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project’s agreement/* plan are to:

1. xxx
2. xxx
3. xxx
4. xxx
5. xxx
6. xxx

**Progress on the attainment of strategic development objectives**

To implement and cascade 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 to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives: (the *entity to provide this information as per the table below or in a more applicable format to its operations)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Project** | **Objective** | **Outcome** | **Indicator** | **Performance** |
| *Public Works, Roads & Transport* | *To develop and maintain roads and storm water drainage to global standards* | *Increased efficient transportation of people, goods and services* | *% of motorable and passable roads within the city* | *In FY XX we increased motorable and passable roads by xx%. the following roads were upgraded (give a listing/number)* |
| *XXX* | *XXX* | *XXX* | *XXX* | *XXX* |
| *XXX* | *XXX* | *XXX* | *XXX* | *XXX* |

*(Customize as per the project objectives)*

# Environmental and Sustainability Reporting

***(Two to three pages)***

*(Include an Introductory paragraph on the main mandate of the project and its strategy on sustainability. Sustainability, being the ability to maintain or continue offering services to the citizens of the country over the long term, focuses mainly on the five areas indicated below.)*

1. **Sustainability strategy and profile**

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

1. **Environmental performance**

*Outline clearly the environmental policy guiding the organization. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy, and efforts to reduce the environmental impact of the organization’s products.*

1. **Employee welfare**

*Give an account of the policies guiding the hiring process, whether they consider the gender ratio, whether they take in stakeholder engagements, and how often they are improved. Explain efforts to enhance skills and manage careers, as well as appraisal and reward systems. The organization should also disclose its policy on safety and compliance with the Occupational Safety and Health Act of 2007 (OSHA)*

1. **Marketplace practices-**

*(The project should outline its efforts to):*

1. **Responsible Supply chain and supplier relations-**

*Explain how the project maintains good business practices and treats its suppliers responsibly by honouring contracts and respecting payment practices.*

1. **Responsible ethical practices**

*outline efforts to maintain ethical and anti-corruption practices and responsible political involvement.*

1. **Regulatory impact assessment**

*Safeguard citizen and stakeholder’s rights.*

1. **Community Engagements**

Give evidence of community engagement, including charitable giving (cash & material), community social investment, and other forms of community engagement. *(The project gives details of CSR activities carried out in the year and their impact on society. The statement may also include how the organization promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)*

# Statement of Project Management Responsibilities

**The *Principal Secretary/Chief Officer*** for the *Ministry/County* department of *xxx* and the ***Project Coordinator*** *(use the correct title designation)* 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 the financial year ended on June 30, 20XX.

This responsibility includes (i) Maintaining adequate financial management arrangements 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 (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary/Chief Officer* for the *Ministry/County* Department of ……. and the *Project Coordinator* accept responsibility for the Project’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary/Chief Officer* for the *Ministry/County* Department of ……. and the *Project Coordinator* are of the opinion that the Project’s financial statements give a true and fair view of the state of the Project’s transactions during the financial year ended June 30, 20XX, and of the Project’s financial position as at that date. The *Principal Secretary/Chief Officer* for ……. and the *Project Coordinator* 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 and the adequacy of the systems of internal financial control.

The *Principal Secretary/Chief officer* for the *Ministry/County Department* of ……. and the *Project Coordinator* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary/Chief Officer* for the *Ministry/County Department* of ………. and the *Project Coordinator* on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **…………………………** | **…………………………..** | **……………………………** |
| **Name** | **Name** | **Name** |
| ***Principal Secretary/***  ***Chief Officer*** | **Project Coordinator** | **Project Accountant** |
|  |  | **ICPAK Member No:** |

# Report of the Independent Auditor on Financial Statements for XXX (*the Project)*

# Statement of Receipts and Payments for the Year Ended 30th June 20XX.

|  | **Note** | **Receipts and payments controlled by the entity** | **Payments made by third parties** | **Total** | **Receipts and payment controlled by the entity** | **Payments made by third parties** | **Total** | **Cumulative to-date (From inception)** |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | ***Insert Current FY*** | | | ***Insert Comparative FY*** | | |  |
|  |  | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** | **Kshs.** |
| **Receipts** |  |  |  |  |  |  |  |  |
| Transfer from Government entities | 1 | xxx | - | xxx | xxx | - | xxx | xxx |
| Proceeds from domestic and foreign grants | 2 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Loan from external development partners | 3 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Miscellaneous receipts | 4 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Payments** |  |  |  |  |  |  |  |  |
| Compensation to employees | 5 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Purchase of goods and services | 6 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Social security benefits | 7 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Acquisition of non-financial assets | 8 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers to other government entities | 9 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Other grants and transfers /payments | 10 | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total payments** |  | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |
| **Surplus/ (deficit)** |  | **xxx** | **-** | **xxx** | **xxx** | **-** | **xxx** | **xxx** |

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

|  |  |  |
| --- | --- | --- |
| **……………………………….** | **………………………………..** | **…………………………………** |
| **Name** | **Name** | **Name** |
| ***Principal Secretary/***  ***Chief Officer*** | **Project Coordinator** | **Project Accountant** |
|  |  | **ICPAK Member No:** |

# Statement of Financial Assets and Liabilities as at 30th June 20XX

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Note** | **Insert Current FY** | **Insert Comparative FY** |
|  |  | **Kshs** | **Kshs** |
| **Financial Assets** |  |  |  |
| Cash and Cash equivalents | 11 | xxx | xxx |
| Imprests and Advances | 12 | xxx | xxx |
| **Total Financial Assets (A)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Financial Liabilities** |  |  |  |
| Third party Deposits and Retention | 13 | xxx | xxx |
| Total Financial Liabilities (B) |  |  |  |
| **Net Financial Assets (A-B)** |  | **xxx** | **xxx** |
|  |  |  |  |
| **Represented By** |  |  |  |
| Fund Balance B/fwd. | 14 | xxx | xxx |
| Prior Year adjustments | 15 | xxx | xxx |
| Surplus/(Deficit) for the Year |  | xxx | xxx |
| **Net Financial Assets** |  | **xxx** | **xxx** |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on \_\_\_\_\_\_\_\_\_\_\_\_\_\_ 20XX and signed by:

|  |  |  |
| --- | --- | --- |
| **…………………………** | **…………………………..** | **……………………………** |
| **Name** | **Name** | **Name** |
| **Principal Secretary/**  **Chief Officer** | **Project Coordinator** | **Project Accountant** |

|  |  |  |
| --- | --- | --- |
|  |  | **ICPAK Member No:** |

# Statement of Cash flows for the year ended 30th June 20XX

| **Description** | **Note** | **Insert Current FY** | **Insert Comparative FY** |
| --- | --- | --- | --- |
| **Cashflow from operating activities** |  | **Kshs** | **Kshs** |
| **Receipts** |  |  |  |
| Transfer from government entities | 1 | xxx | xxx |
| Proceeds from domestic and foreign grants | 2 | xxx | xxx |
| Miscellaneous receipts | 4 | xxx | xxx |
| **Total receipts** |  | **xxx** | **xxx** |
| **Payments** |  |  |  |
| Compensation of employees | 5 | (xxx) | (xxx) |
| Purchase of goods and services | 6 | (xxx) | (xxx) |
| Social security benefits | 7 | (xxx) | (xxx) |
| Transfers to other government entities | 9 | (xxx) | (xxx) |
| Other grants and transfers | 10 | (xxx) | (xxx) |
| **Total Payments** |  | (xxx) | (xxx) |
| **Net receipts/(payments)** |  | **xxx** | **xxx** |
| **Adjustments during the year** |  |  |  |
| Prior year adjustments | 15 | xxx | xxx |
| Decrease/(increase) in accounts receivable | 16 | xxx | xxx |
| Increase/(decrease) in accounts payable: | 17 | xxx | xxx |
| **Net cash flow from operating activities** |  | xxx | xxx |
| **Cashflow from investing activities** |  |  |  |
| Acquisition of non-financial assets | 8 | (xxx) | (xxx) |
| **Net cash flows from investing activities** |  | xxx | xxx |
| **Cash flow from financing activities** |  |  |  |
| Proceeds from foreign borrowings | 3 | xxx | xxx |
| Net cash flow from financing activities |  | xxx | xxx |
| **Net increase in cash and cash equivalents** |  | **xxx** | **xxx** |
| **Cash & cash equivalent at beginning of the year** | **11** | **xxx** | **xxx** |
| **Cash and cash equivalent at end of the year** | **11** | **xxx** | **xxx** |

# Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June xx

| **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 | Kshs | Kshs | Kshs | Kshs |  |
| **Receipts** |  |  |  |  |  |  |
| Transfer from Government entities |  |  |  |  |  |  |
| Proceeds from domestic and foreign grants |  |  |  |  |  |  |
| Proceeds from borrowings |  |  |  |  |  |  |
| Miscellaneous receipts |  |  |  |  |  |  |
| **Total Receipts** |  |  |  |  |  |  |
| **Payments** |  |  |  |  |  |  |
| Compensation to employees |  |  |  |  |  |  |
| Purchase of goods and services |  |  |  |  |  |  |
| Social security benefits |  |  |  |  |  |  |
| Acquisition of non-financial assets |  |  |  |  |  |  |
| Transfers to other government entities |  |  |  |  |  |  |
| Other grants and transfers |  |  |  |  |  |  |
| **Total Payments** |  |  |  |  |  |  |
| **Surplus or Deficit** |  |  |  |  |  |  |

Note: The significant budget utilization/performance differences in the last column are explained in Annex 2 to these financial statements.

# Significant Accounting Policies

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

* 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.

* 1. **Reporting entity**

The financial statements are for (*Project xxx*) under the State/County Department of XXX. The financial statements are for the reporting entity (Project xxx) as required by Section 81/ Section 164 of the PFM Act, 2012.

* 1. **Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), the project's functional and reporting currency. All values are rounded to the nearest Kenya Shilling.

* 1. **Recognition of receipts**

(*The Project*) recognizes all receipts from various sources when an event occurs, and the related cash is received.

1. **Transfers from the Exchequer**

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

**Significant Accounting Policies (continued)**

1. **External Assistance**

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

1. **Other receipts**

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

1. **Donations and grants**

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

1. **Proceeds from borrowing.**

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

1. **Undrawn external assistance**

These are loans and grants at the reporting date 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. The funding summary analyzes the Project’s undrawn external assistance.

**Significant Accounting Policies (continued)**

* 1. **Recognition of payments**

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

1. **Compensation to employees**

Salaries, wages, Allowances, and Statutory Contributions for employees are recognized when the compensation is paid.

1. **Use of goods and services**

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

1. **Interest on borrowing**

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

1. **Repayment of borrowing (principal amount)**

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

**Significant Accounting Policies (continued)**

1. **Acquisition of fixed assets**

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

* 1. **In-kind donations**

In-kind contributions are donations 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.

* 1. **Cash and cash equivalents**

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

**Significant Accounting Policies (Continued)**

* 1. **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.

* 1. **Imprests 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.

* 1. **Contingent Liabilities**

A contingent liability is:

* 1. 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
  2. A present obligation that arises from past events but is not recognised because:

1. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
2. 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 6** of this financial statement is a register of the contingent liabilities in the year.

**Significant Accounting Policies (Continued)**

* 1. **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.

* 1. **Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance.’ 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.

* 1. **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*.

**Significant Accounting Policies (Continued)**

* 1. **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.

* 1. **Exchange rate differences**

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

* 1. **Comparative figures**

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

* 1. **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, 20XX.

* 1. **Prior period adjustments**

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 xx of these financial statements.*

# Notes to the Financial Statements

1. **Transfers from Government entities**

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

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** | **Cumulative to-date (from inception)** |
|  | **Kshs** | **Kshs** | **Kshs** |
| ***Counterpart funding through Ministry/ County Department xxx*** |  |  |  |
| Counterpart funds Quarter 1 | xxx | xxx | xxx |
| Counterpart funds Quarter 2 | xxx | xxx | xxx |
| Counterpart funds Quarter 3 | xxx | xxx | xxx |
| Counterpart funds Quarter 4 | xxx | xxx | xxx |
| **Total (See Annex 3**) | **xxx** | **xxx** | **xxx** |
|  |  |  |  |
| ***Other transfers from government entities*** |  |  |  |
| *Ministry/County Department xx* | xxx | xxx | xxx |
| *Ministry/ County Dept xy* | xxx | xxx | xxx |
| Project zz | xxx | xxx | xxx |
| Agency xx | xxx | xxx | xxx |
| Total | **xxx** | **xxx** | **xxx** |
| Appropriations-in-Aid | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

*[Provide an explanation as necessary, noting that “Other transfers from government entities” is not the counterpart funding, which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.]*

**Notes to the Financial Statements (Continued)**

1. **Proceeds From Domestic and Foreign Grants**

During the financial period to 30 June 20XX, we received grants from donors as detailed in the table below:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Insert Current FY** | | | | | | **Insert Comparative FY** | **Cumulative to date** |
| **Name of Donor** | **Date received** | **Amount received in donor currency** | **Grants received in cash** | **Grants received as direct payment\*** | **Grants received in kind** | **Total amount** | **Total Amount** |
|  |  |  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Grants Received from Bilateral Donors (Foreign Governments) | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of foreign Government | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Grants Received from Multilateral Donors (International Organizations) | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of international organization | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Grants Received from Local Individuals and organizations | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of individual or local organization | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Total | xxx | xxx | xxx | xxx | xxx | xxx | xxx | xxx |

*(\* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure adequate support documents are requested from the donors to support this grant).* **Notes to the Financial Statements (Continued)**

1. **Loan from External Development Partners**

During the financial period to 30 June 20XX, we received funding from development partners in the form of loans negotiated by the National Treasury, as detailed in the table below:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | | | | **Insert Comparative FY** | **Cumulative to date** |
| **Name of Donor** | **Date received** | **Amount in loan currency** | **Loans received in actual amount** | **Loans received as direct payment\*** | **Total amount in Kshs** | **Total amount in Kshs** |
|  |  | **(Insert currency)** | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Loans received from bilateral Donors (Foreign Governments) |  |  |  |  |  |  |  |
| Insert name of foreign Government | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of foreign Government | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Loans received from Multilateral Donors (International Organizations) |  |  |  |  |  |  |  |
| Insert name of international organization | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| Insert name of international organization | xxx | xxx | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

**Notes to the Financial Statements (Continued)**

1. **Miscellaneous receipts**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | | **Insert Comparative FY** |  |
|  | **Receipts controlled by the entity in Cash** | **Receipts controlled by third parties** | **Total receipts** | **Total receipts** | **Cumulative to- date (from inception)** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Property income | xxx | xxx | xxx | xxx | xxx |
| Sales of goods and services | xxx | xxx | xxx | xxx | xxx |
| Administrative fees and charges | xxx | xxx | xxx | xxx | xxx |
| Fines, penalties, and forfeitures | xxx | xxx | xxx | xxx | xxx |
| Voluntary transfers other than grants | xxx | xxx | xxx | xxx | xxx |
| Other receipts not classified elsewhere\* | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*\*[Provide explanation as necessary and also indicate any writebacks reclassified as other receipts]*

**Notes to the Financial Statements (Continued)**

1. **Compensation to Employees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to- date** |
|  | **Payments made by the Entity in Cash** | **Payments made by third parties** | **Total payments** | **Total payments** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Basic salaries of permanent employees | xxx | xxx | xxx | xxx | xxx |
| Basic wages of temporary employees | xxx | xxx | xxx | xxx | xxx |
| Personal allowances paid as part of salary | xxx | xxx | xxx | xxx | xxx |
| Personal allowances paid as reimbursements | xxx | xxx | xxx | xxx | xxx |
| Personal allowances provided in kind | xxx | xxx | xxx | xxx | xxx |
| Pension and other social security contributions | xxx | xxx | xxx | xxx | xxx |
| Compulsory national social security schemes | xxx | xxx | xxx | xxx | xxx |
| Compulsory national health insurance schemes | xxx | xxx | xxx | xxx | xxx |
| Social benefit schemes outside government | xxx | xxx | xxx | xxx | xxx |
| Other personnel payments | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

1. **Purchase of Goods and Services**

| **Description** | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to- date** |
| --- | --- | --- | --- | --- | --- |
|  | **Payments made in Cash** | **Payments made by third parties** | **Total payments** | **Total payments** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Utilities, supplies and services | xxx | xxx | xxx | xxx | xxx |
| Communication, supplies and services | xxx | xxx | xxx | xxx | xxx |
| Domestic travel and subsistence | xxx | xxx | xxx | xxx | xxx |
| Foreign travel and subsistence | xxx | xxx | xxx | xxx | xxx |
| Printing, advertising, and information supplies | xxx | xxx | xxx | xxx | xxx |
| Rentals of produced assets | xxx | xxx | xxx | xxx | xxx |
| Training payments | xxx | xxx | xxx | xxx | xxx |
| Hospitality supplies and services | xxx | xxx | xxx | xxx | xxx |
| Insurance costs | xxx | xxx | xxx | xxx | xxx |
| Specialized materials and services | xxx | xxx | xxx | xxx | xxx |
| Other operating payments | xxx | xxx | xxx | xxx | xxx |
| Routine maintenance – vehicles and other transport equipment | xxx | xxx | xxx | xxx | xxx |
| Routine maintenance- other assets | xxx | xxx | xxx | xxx | xxx |
| Exchange rate losses/gains (net) | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Provide an explanation as necessary]*

1. **Social Security Benefits**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to- date** |
|  | **Payments made by the Entity in Cash** | **Payments made by third parties** | **Total Payments** | **Total Payments** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Government pension and retirement benefits | xxx | xxx | xxx | xxx | xxx |
| Social security benefits in cash and in kind | xxx | xxx | xxx | xxx | xxx |
| Employer social benefits in cash and in kind | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Provide an explanation as necessary]*

**Notes to the Financial Statements (Continued)**

1. **Acquisition of Non-Financial Assets**

|  | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to-date** |
| --- | --- | --- | --- | --- | --- |
| **Description** | **Payments made in Cash** | **Payments made by third parties** | **Total payments** | **Total payments** |
|  | **Kshs.** | **Kshs.** | **Kshs** | **Kshs** | **Kshs** |
| Purchase of buildings | xxx | xxx | xxx | xxx | xxx |
| Construction of buildings | xxx | xxx | xxx | xxx | xxx |
| Refurbishment of buildings | xxx | xxx | xxx | xxx | xxx |
| Construction of roads | xxx | xxx | xxx | xxx | xxx |
| Construction of civil works | xxx | xxx | xxx | xxx | xxx |
| Overhaul & refurbishment of construction and civil works | xxx | xxx | xxx | xxx | xxx |
| Purchase of vehicles & other transport equipment | xxx | xxx | xxx | xxx | xxx |
| Overhaul of vehicles & other transport equipment | xxx | xxx | xxx | xxx | xxx |
| Purchase of household furniture & institutional equipment | xxx | xxx | xxx | xxx | xxx |
| Purchase of office furniture & general equipment | xxx | xxx | xxx | xxx | xxx |
| Purchase of specialised plant, equipment and machinery | xxx | xxx | xxx | xxx | xxx |
| Rehabilitation & renovation of plant, equipment & machinery | xxx | xxx | xxx | xxx | xxx |
| Purchase of certified seeds, breeding stock and live animals | xxx | xxx | xxx | xxx | xxx |
| Research, studies, project preparation, design & supervision | xxx | xxx | xxx | xxx | xxx |
| Rehabilitation of civil works | xxx | xxx | xxx | xxx | xxx |
| Acquisition of strategic stocks | xxx | xxx | xxx | xxx | xxx |
| Acquisition of land | xxx | xxx | xxx | xxx | xxx |
| Acquisition of other intangible assets | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Provide an explanation as necessary]*

**Notes to the Financial Statements (Continued)**

1. **Transfers to other Government Entities**

During the financial period to 30 June 20XX, we transferred funds to reporting government entities as shown below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to-date** |
| **Description** | **Payments made in Cash** | **Payments made by third parties** | **Total payments** | **Total payments** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Transfers to National/County Government entities |  |  |  |  |  |
| Ministry ABC | xxx | xxx | xxx | xxx | xxx |
| Project XYZ | xxx | xxx | xxx | xxx | xxx |
| Department xxx | xxx | xxx | xxx | xxx | xxx |
| Transfers to County Governments |  |  |  |  |  |
| County ABC | xxx | xxx | xxx | xxx | xxx |
| County XYZ | xxx | xxx | xxx | xxx | xxx |
|  | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*(We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements).*

**Notes to the Financial Statements (Continued)**

1. **Other Grants, Transfers, and Payments**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Insert Current FY** | | | **Insert Comparative FY** | **Cumulative to-date** |
| **Description** | **Payments made in Cash** | **Payments made by third parties** | **Total payments** | **Total payments** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Grants for scholarships | xxx | xxx | xxx | xxx | xxx |
| *Others Specify* | xxx | xxx | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** | **xxx** | **xxx** |

*[Provide explanations as necessary]*

**Notes to the Financial Statements (Continued)**

1. **Cash And Cash equivalents**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Bank accounts (Note 11A) | xxx | xxx |
| Cash in hand (Note 11B) | xxx | xxx |
| Cash equivalents (short-term deposits) (Note 11C) | xxx | xxx |
| **Total** | xxx | xxx |

(*The Project)* has XX number of project accounts spread within the project implementation area and XX number of foreign currency designated accounts managed by the National/County Treasury as listed below:

**11. A Bank Accounts**

**Project Bank Accounts**

|  |  |  |
| --- | --- | --- |
| **Details** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Foreign Currency Accounts |  |  |
| Central Bank of Kenya [A/c No……] | xxx | xxx |
| Kenya Commercial Bank [A/c No……] | xxx | xxx |
| Co-operative Bank of Kenya [A/c No……] | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| Total Foreign Currency balances | xxx | xxx |
| Local Currency Accounts |  |  |
| Central Bank of Kenya [A/c No……] | xxx | xxx |
| Kenya Commercial Bank [A/c No……] | xxx | xxx |
| Co-operative Bank of Kenya [A/c No……] | xxx | xxx |
| Others (*specify)* | xxx | xxx |
| Total local currency balances | xxx | xxx |
| Total bank account balances | xxx | xxx |

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as of 30th June 20XX are not included in the Statement of Financial Assets since the line items 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 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**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| **(i)     A/C Name [A/c No……]** |  |  |
| Opening balance | xxx | xxx |
| Total amount deposited in the account | xxx | xxx |
| Total amount withdrawn (as per Statement of Receipts & Payments) | xxx | xxx |
| **Closing balance (*as per SDA bank account reconciliation attached*)** | **xxx** | **xxx** |
| **(ii)   A/c Name [A/c No……]** |  |  |
| Opening balance (as per the SDA reconciliation) | xxx | xxx |
| Total amount deposited in the account | xxx | xxx |
| Total amount withdrawn (as per Statement of Receipts & Payments) | xxx | xxx |
| **Closing balance (as per SDA bank account reconciliation attached)** | **xxx** | **xxx** |

*(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix xx support these closing balance.*

**Notes to the Financial Statements (Continued)**

**11 B Cash in hand**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **KShs** | **KShs** |
| Location 1 | xxx | xxx |
| Location 2 | xxx | xxx |
| Location 3 | xxx | xxx |
| Other locations (*specify)* | xxx | xxx |
| **Total cash in hand balances** | **xxx** | **xxx** |

[Provide a cash count certificate for each location above]

**11 C Cash equivalents (short-term deposits)**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **Kshs** | **Kshs** |
| Kenya Commercial Bank [A/C No……] | xxx | xxx |
| Co-Operative Bank of Kenya [A/C No……] | xxx | xxx |
| Others (*Specify)* | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*[Provide short appropriate explanations as necessary]*

1. **Imprests and Advances**

|  |  |  |
| --- | --- | --- |
| ***Description*** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Government Imprests | xxx | xxx |
| Salary advances | xxx | xxx |
| **Total** | **xxx** | **xxx** |

**Notes to the Financial Statements (Continued)**

**12A: Breakdown of Imprests and Advances**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name of Officer or Institution** | **Amount Taken** | **Due Date of Surrender** | **Amount Surrendered** | **Balance**  **Current FY** | **Balance**  **Comparative FY** |
|  | **Kshs** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| *Officer 1* | xxx | xxx | xxx | xxx | xxx |
| *Officer 2* | xxx | xxx | xxx | xxx | xxx |
| *Officer 3* | xxx | xxx | xxx | xxx | xxx |
| *Officer 4* | xxx | xxx | xxx | xxx | xxx |
| *Officer 5* | xxx | xxx | xxx | xxx | xxx |
| *Programme 1* | xxx | xxx | xxx | xxx | xxx |
| Total | xxx | xxx | xxx | xxx | xxx |

1. **Third-Party Deposits and Retention**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | **Insert Current FY** | | **Insert**  **Comparative FY** | |
|  | **Kshs** | | **Kshs** | |
| Retention | xxx | | xxx | |
| Deposits | xxx | | xxx | |
| **Total** | **xxx** | | **xxx** | |
|  |  | |  | |
| **Ageing analysis:** | **Current**  **FY** | **% of the Total** | **Comparative**  **FY** | **% of the Total** |
| Under one year | xxx | % | xxx | % |
| 1-2 years | xxx | % | xxx | % |
| 2-3 years | xxx | % | xxx | % |
| Over 3 years | xxx | % | xxx | % |
| **Total** | **xxx** | **%** | **xxx** | **%** |

*(Provide detailed explanations)*

1. **Fund Balance Brought Forward**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert**  **Current FY** | **Insert**  **Comparative FY** |
|  | **Kshs** | **Kshs** |
| Bank accounts | xxx | xxx |
| Cash in hand | xxx | xxx |
| Cash equivalents (short-term deposits) | xxx | xxx |
| Outstanding imprests and advances | xxx | xxx |
| Deposits and retention | (xxx) | (xxx) |
| **Total** | **xxx** | **xxx** |

1. **Prior Year Adjustment**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Balance b/f Previous FY (audited financial statements)** | **Adjustments** | **Adjusted balance b/f Previous**  **FY** |
| **Description of the error** | **Kshs** | **Kshs** | **Kshs** |
| Bank account Balances | xxx | xxx | xxx |
| Cash in hand | xxx | xxx | xxx |
| Imprests and advances | xxx | xxx | xxx |
| Deposits and retentions | xxx | xxx | xxx |
| Others (*specify*) | xxx | xxx | xxx |
| **Total** | **xxx** | **xxx** | **xxx** |

*(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)*

1. **Changes in Accounts Receivables ( Imprests and Advances)**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Opening Receivables as at 1st July 20xx | xxx | xxx |
| Closing account receivables as at 30th June 20xx | xxx | xxx |
| **Change in Imprests and advances** | **xxx** | **xxx** |

1. **Changes in Accounts Payables (Deposits and Retention)**

|  |  |  |
| --- | --- | --- |
| **Description** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Deposit and Retentions as at 1st July 20xx | xxx | xxx |
| Closing accounts payables as at 30th June 20xx | xxx | xxx |
| **Changes in deposit and retention** | **xxx** | **xxx** |

**Other Important Disclosures**

1. **Pending Accounts Payable (See Annex 4a)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Balance b/f from Comparative FY** | **Additions for the year** | **Paid during the year** | **Balance c/f**  **For Current FY** |
| **Description** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Construction of buildings | xxx | xxx | (xxx) | xxx |
| Construction of civil works | xxx | xxx | (xxx) | xxx |
| Supply of goods | xxx | xxx | (xxx) | xxx |
| Supply of services | xxx | xxx | (xxx) | xxx |
| **Total** | **xxx** | **xxx** | **(xxx)** | **xxx** |

1. **Pending Staff Payables (See Annex 4b)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Balance b/f from Comparative FY** | **Additions for the year** | **Paid during the year** | **Balance c/f for Current FY** |
| **Description** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Senior management | xxx | xxx | (xxx) | xxx |
| Middle management | xxx | xxx | (xxx) | xxx |
| Union employees | xxx | xxx | (xxx) | xxx |
| Others | xxx | xxx | (xxx) | xxx |
| **Total** | **xxx** | **xxx** | **(xxx)** | **xxx** |

1. **Other Pending Payables (See Annex 4c)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Balance b/f from Comparative FY** | **Additions for the year** | **Paid during the year** | **Balance c/f for Current FY** |
| **Description** | **Kshs** | **Kshs** | **Kshs** | **Kshs** |
| Amounts due to National Government entities | xxx | xxx | (xxx) | xxx |
| Amounts due to County Government entities | xxx | xxx | (xxx) | xxx |
| Amounts due to third parties | xxx | xxx | (xxx) | xxx |
| **Total** | **xxx** | **xxx** | **(xxx)** | **xxx** |

**Other Important Disclosures (Continued)**

1. **External Assistance**

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| External assistance received as grants | xxx | xxx |
| External assistance received as loans | xxx | xxx |
| External assistance received in kind- as payment by third parties | xxx | xxx |
| **Total** | **xxx** | **xxx** |

***a).******External assistance relating to loans and grants***

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| External assistance received as loans | xxx | xxx |
| External assistance received as grants | xxx | xxx |
| **Total** | xxx | xxx |

***b)******Undrawn external assistance***

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Purpose for which the undrawn external assistance may be used** | **Insert Current FY** | **Insert Comparative FY** |
| **Description** |  | **Kshs** | **Kshs** |
| Undrawn external assistance - loans |  | xxx | xxx |
| Undrawn external assistance - grants |  | xxx | xxx |
| **Total** |  | xxx | xxx |

*(This is a disclosure of the assistance not yet received as per donor agreements)*

***c) Classes of providers of external assistance***

|  |  |  |
| --- | --- | --- |
|  | **Insert**  **Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| Multilateral donors | xxx | xxx |
| Bilateral donors | xxx | xxx |
| International assistance organization | xxx | xxx |
| NGOs | xxx | xxx |
| National Assistance Organization | xxx | xxx |
| **Total** | xxx | xxx |

*(Provide details of the reasons for external assistance, e.g., Economic development or welfare objective, Emergency relief, Trading activities, etc.)*

***d.) Non-monetary external assistance***

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| Goods | xxx | xxx |
| Services | xxx | xxx |
| **Total** | xxx | xxx |

*(This may occur when goods such as vehicles, computers, medical equipment, food aid etc, are contributed to a project by donors, NGOs etc N/B: Disclose the basis on which the value of goods and services were determined (This may be by the depreciated historical cost of physical assets, the price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement The totals here tie with line 4 of note 2.)).*

**Other Important Disclosures (Continued)**

***e******)…. Purpose and use of external assistance***

|  |  |  |
| --- | --- | --- |
| **Payments made by third parties** | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| Compensation to employees | xxx | xxx |
| Use of goods and services | xxx | xxx |
| Subsidies | xxx | xxx |
| Transfers to other Government entities | xxx | xxx |
| Other grants and transfers | xxx | xxx |
| Social Security benefits | xxx | xxx |
| Acquisition of assets | xxx | xxx |
| Finance Costs including loan interest | xxx | xxx |
| Repayment of principal on domestic and foreign borrowing | xxx | xxx |
| Other payments | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(N/B The above sub-classification should be adopted based on the purpose of the external assistance and how it was used).*

***f). External Assistance paid by third parties on behalf of*** *(the Entity)* ***by Source***

*This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).*

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| National government | xxx | xxx |
| Multilateral donors | xxx | xxx |
| Bilateral donors | xxx | xxx |
| International assistance organization | xxx | xxx |
| NGOs | xxx | xxx |
| National Assistance Organization | xxx | xxx |
| **Total** | xxx | xxx |

**Other Important Disclosures (Continued)**

1. **Payments By Third Party on Behalf of The Project**

*This relates to payments done directly to suppliers on behalf of the project, such as; national government may fund the operation of a health or education program; a donor may pay directly for the construction of a given activity*

***22.1 Classification by Source***

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| *National/ County government* | xxx | xxx |
| Multilateral donors | xxx | xxx |
| Bilateral donors | xxx | xxx |
| International assistance organization | xxx | xxx |
| NGOs | xxx | xxx |
| National Assistance Organization | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*(Third-party payments may be done by other entities that are not providers of external assistance)*

***22.2 Classification of payments made by Third Parties by Nature of expenses***

|  |  |  |
| --- | --- | --- |
| **Payments made by third parties** | **Insert Current FY** | **Insert Comparative FY** |
| **Description** | **Kshs** | **Kshs** |
| Compensation of employees | xxx | xxx |
| Use of goods and services | xxx | xxx |
| Subsidies | xxx | xxx |
| Transfers to other government units | xxx | xxx |
| Other grants and transfers | xxx | xxx |
| Social security benefits | xxx | xxx |
| Acquisition of assets | xxx | xxx |
| Finance costs, including loan interest | xxx | xxx |
| Other payments | xxx | xxx |
| **Total** | **xxx** | **xxx** |

*N/B The above subclassification will be adopted based on the appropriate project’s operations.*

**Other Important Disclosures (Continued)**

1. **Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project.

1. Key management personnel, including the program director/manager
2. The implementing entity/ministry/ County department
3. Other Ministries and Departments.
4. The National /County Treasury

**Related party transactions:**

|  |  |  |
| --- | --- | --- |
|  | **Insert Current FY** | **Insert**  **Comparative FY** |
|  | **Kshs** | **Kshs** |
| **Compensation to Key Management** |  |  |
| Compensation to the program manager/ director | xxx | xxx |
| Key Management Compensation others (specify) | xxx | xxx |
| **Total Compensation to Key Management** | **xxx** | **xxx** |
| **Transfers to related parties** |  |  |
| Transfers to other government entities | xxx | xxx |
| **Total Transfers to related parties** | **xxx** | **xxx** |
| **Transfers from related parties** |  |  |
| Transfers from the Ministry/ County department | xxx | xxx |
| Payments made on behalf of the project by other govt. entities | xxx | xxx |
| (Insert any other transfers received) | xxx | xxx |
| **Total Transfers from related parties** | **xxx** | **xxx** |

1. **Contingent Liabilities**

|  |  |  |
| --- | --- | --- |
| **Contingent liabilities** | **Insert Current FY** | **Insert Comparative FY** |
|  | **Kshs** | **Kshs** |
| Court case xxx against the project | xxx | xxx |
| Bank guarantees in favour of other govt. entities | xxx | xxx |
| Contingent liabilities arising from PPPs/ donor agreements | xxx | xxx |
| **Total** | **xxx** | **xxx** |

***(Give details- Update ANNEX 8 Contingent liabilities register)***

# Annexes

**Annex 1: Prior Year Auditor-General’s Recommendations**

| **Reference No. on the external audit Report** | **Issue / Observations from Auditor** | **Management comments** | **Status:**  ***(Resolved / Not Resolved)*** | **Timeframe:**  ***(Put a date when you expect the issue to be resolved)*** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

***Guidance Notes:***

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

|  |  |
| --- | --- |
| **…………………………** | **……………………………** |
| **Name** | **Name** |
| **Principal Secretary/**  **Chief Officer** | **Project Coordinator** |
|  |  |

**Annex 2: Variance explanations - Comparative Budget and Actual Amounts for Current FY**

|  | **Final Budget** | **Actual on Comparable Basis** | **Budget Utilization Difference** | **% of Utilization** | **Comments on Variance (below 90% and over 100%** |
| --- | --- | --- | --- | --- | --- |
|  | **a** | **b** | **c=a-b** | **d=b/a %** |  |
| **Receipts** |  |  |  |  |  |
| Transfer from Government entities | xxx | xxx | xxx | xxx |  |
| Proceeds from domestic and foreign grants | xxx | xxx | xxx | xxx |  |
| Proceeds from borrowings | xxx | xxx | xxx | xxx |  |
| Miscellaneous receipts | xxx | xxx | xxx | xxx |  |
| **Total Receipts** | **xxx** | **xxx** | **xxx** | **xxx** |  |
| **Payments** |  |  |  |  |  |
| Compensation of employees | xxx | xxx | xxx | xxx |  |
| Purchase of goods and services | xxx | xxx | xxx | xxx |  |
| Social security benefits | xxx | xxx | xxx | xxx |  |
| Acquisition of non-financial assets | xxx | xxx | xxx | xxx |  |
| Transfers to other government entities | xxx | xxx | xxx | xxx |  |
| Other grants and transfers | xxx | xxx | xxx | xxx |  |
| **Total payments** | **xxx** | **xxx** | **xxx** | **xxx** |  |

**Annex 3: Reconciliation of inter-entity transfers**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Project Name:** |  | | |
|  | **Break down of transfers from the State Department of XXX** | | | |
| **a.** | **Government Counterpart funding** |  |  |  |
|  |  | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **xx** |  |
| **B.** | **Direct payments** |  |  |  |
|  |  | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|  |  |  | xx |  |
|  |  | **Total** | **xx** |  |
| **C.** | **Others** |  |  |  |
|  |  | Bank Statement Date | Amount (Kshs) | Indicate the FY to which the amounts relate |
|  |  |  | xx |  |
|  |  |  | xx |  |
|  |  | **Total** | **xx** |  |
|  |  | **Total (A+B+C)** | **xx** |  |

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator Head of Accounting Unit

XXX entity xxx Ministry/County Department

Sign --------------- Sign--------------

**Annex 4a: Analysis of Pending Bills**

| **Supplier of Goods or Services** | **Date Contracted/ invoiced.** | **Original Amount** | **Amount Paid To-Date** | **Outstanding Balance Current FY** | **Outstanding Balance Previous FY** | **Comments** |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **a** | **b** | **c=a-b** |  |  |
| Construction of buildings |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |
| Construction of civil works |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |
| Supply of goods |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |
| Supply of services |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |
| **Grand Total** |  |  |  |  |  |  |

**Annex 4b: Analysis of Pending: Staff Bills**

| **Name of Staff** | **Job Group** | **Date Payable Contracted** | **Original Amount** | **Amount Paid To-Date** | **Outstanding Balance**  **Current FY** | **Outstanding Balance**  **Previous FY** | **Comments** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Permanent Employees - Management** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Permanent Employees - Others** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Temporary employees** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Others (*specify*)** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Grand Total** |  |  |  |  |  |  |  |

**Annex 4c: Analysis of Other Pending Payables**

| **Name** | **Brief Transaction Description** | **Date**  **Payable**  **Contracted** | **Original Amount** | **Amount**  **Paid To-Date** | **Outstanding**  **Balance**  **Current FY** | **Outstanding**  **Balance**  **Previous FY** | **Comments** |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Amounts due to National Govt Entities** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Amounts due to County Govt Entities** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Amounts due to Third Parties** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Others (*specify*)** |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Sub-Total** |  |  |  |  |  |  |  |
| **Grand Total** |  |  |  |  |  |  |  |

**Annex 5: Summary of Fixed Assets Register**

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

*Notes*

*\* Purchases/Additions in the year reconciled to the amount in the Statement of Receipts and Payments*

*\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the project. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasur*

**Annex 6: Contingent Liabilities Register**

|  |  |  |
| --- | --- | --- |
|  | **Nature of contingent liability** | **Remarks** |
| 1 |  |  |
| 2 |  |  |
| 3 |  |  |
| 4 |  |  |
| 5 |  |  |
| 6 |  |  |
| 7 |  |  |
| 8 |  |  |
| 9 |  |  |
| 10 |  |  |

**Annex 7: Reporting of Climate Relevant Expenditures**

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

**Annex 8: Reporting Disaster Management Expenditure**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **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 |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

**Annex 9: Other Support Documents**

1. Signed confirmations from beneficiaries in Transfers to Other Government Entities
2. Bank Reconciliations statement as at 30th June 20XX
3. Board of Survey Report
4. Special Deposit Account(s) reconciliation statement(s)
5. GOK IFMIS comparison Trial Balance (*Where applicable*)