

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS Laid	
DATE: 08 MAR 2023	DAY
TABLED BY:	Hon. Owen Baya, CBS, MP
CLERK-AT THE-TABLE:	Deputy Majority Leader Christine Ndindu

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA INSTITUTIONAL
STRENGTHENING PROJECT PHASE XII
(NO. UNEP/KEN/SEV/86/INS/64) PROJECT**

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

**MINISTRY OF ENVIRONMENT AND
FORESTRY**



Project Name: Kenya Institutional Strengthening Project Phase XII

Implementing Entity: Ministry of Environment and Forestry (MEF)

PROJECT GRANT/CREDIT NUMBER: UNEP/KEN/SEV/86/INS/64

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

Kenya Institutional Strengthening Project Phase XII
Annual Report 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: The project's official title is: Kenya Institutional Strengthening Project Phase XII.

Objective: The objective of the project is to strengthen institutional capacity for the implementation of country programme (CP) on the phasing out of Ozone Depleting Substances (ODS).

Address: The project headquarters offices are located in, Nairobi County, Kenya.

The address of its registered office is:
National Ozone Unit
Ministry of Environment and Forestry
NHIF Building, Upper Hill,
P.O. Box 30126 - 00100
Nairobi

Telephone: 254-20-2730808/9, Ext. 1318, 1302
E-mail: psoffice@environment.go.ke
Website: www.environment.go.ke

Contacts: The following are the project contacts

Telephone: (254) 02 2730808/9 Ext. 1318
E-mail: marindanykirui@yahoo.com
Website: www.environment.go.ke

1.2 Project Information

Project Start Date:	The project start date was 13 th August, 2021
Project End Date:	The project end date is 12 th August, 2023
Project Manager:	The project manager/Coordinator is Mr. Marindany Kirui
Project Sponsor:	The project sponsor is UNEP

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry
Project number	KEN/SEV/80/INS/63
Strategic goals of the project	The strategic goals of the project are as follows: (i) Gradual reduction and eventual elimination of Ozone Depleting Substances (ii) Build and strengthen capacity to implement the requirements of the Montreal Protocol on Substances that Deplete the Ozone Layer.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Training of customs officers, and Refrigeration and Air Conditioning Technicians (ii) Adoption of ozone friendly technologies and alternatives Ratification of Kigali amendment that was adopted to phase down Hydro-fluorocarbons (HFCs)
Other important background information of the project	The project was formed to intervene in the following areas: (i) Stopping release of Ozone Depleting Substances (ODS) into the atmosphere, thus phase out of ODS Protect Human Life and environment
Current situation that the project was formed to intervene	The project phase XII started on 13 th August, 2021 and is expected to run until 12 th August, 2023. Now the project has been renewed to phase XII. SSFA already signed
Project duration	24 Months

Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya

1.5 Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O Box 30084, 00100

NAIROBI.

1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Marindany L. Kirui	Coordinator, NOU	-M.Sc. in Environmental Pollution Control -B.Sc.(Hons) – Chemistry	-Oversee the implementation of the National Ozone Unit activities -Prepare project budgets and work plans - prepare project' financial and progress reports - Conduct monitoring visits to project under Montreal Protocol -Coordinate Ozone Depleting Substances phase out activities in the country in consultation with the Ministry, Donor Agencies and key stakeholders

			<ul style="list-style-type: none"> - Organize public awareness and educational programmes on ozone depleting substances - Organize training workshops on ODS phase out targeted on key stakeholders -Coordinate data collection on ODS consumption in the country - coordinate and provide advice to the ministry on matters related to compliance to the requirements of the Protocol
Rose Wanga	Programme Assistant / Secretary	Secretarial Training and Management (Certificate)	<ul style="list-style-type: none"> - Arrange appointments and meetings and schedule meeting venues - Assist in preparation of meetings on Institutional Strengthening Project activities and liaise with lead/implementing agencies and other stakeholders - Disseminate information about meetings, provide secretarial services to meetings and circulate minutes and reports - Disseminate reports generated after the meetings and other events -Coordinate the input of ODS data -Preparation of salaries for staff - Supervision of the Office Messenger on handling incoming and outgoing mails - In charge of NOU equipment
Consolata Ameyia	Clerk/Messenger		<ul style="list-style-type: none"> - Keep record of all project files - Facilitate dispatch of letters - Carry out cleaning of the office - Photocopying - File of letters - Prepare office tea

1.7 Funding summary

The Project duration is 2 years (from 13th August, 2021 to 12th August, 2023) with an approved budget of US\$ 194,134 equivalent to Kshs19,704,601 using a dollar rate of 101.50 as highlighted in the table below:

Below is the funding summary:

Project information and overall performance (continued)

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date - (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency Kshs (B)	Kshs (B')	Donor currency Kshs (A)-(B)	Kshs (A)-(B)
(i) Grant	(A)	(A')				
UNEP	\$388,268	39,409,202	\$288,352.71	29,267,800	\$99,915.29	10,141,402
TOTAL	\$388,268	39,409,202	\$288,352.71	29,267,800	\$99,915.29	10,141,402
(ii) Counterpart funds						
Government of Kenya	-	-		-	-	-
Total	\$388,268	39,409,202	\$288,352.71	29,267,800	\$99,915.29	10,141,402

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)	Unutilised balance to date (30th June 2022)	
	Donor currency	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
UNEP	\$288,352.71	29,267,800	28,038,538.35	\$12,110.95	1,229,261.65
TOTAL	\$288,352.71	29,267,800	28,038,538.35	\$12,110.95	1,229,261.65
(i) Counterpart funds					
Government of Kenya			-		
Total	\$288,352.71	29,267,800	28,038,538.35	\$12,110.95	1,229,261.65

Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

The programme has been able to achieve the following results:

- Collaborated with the UN Agencies (UNEP and UNIDO) and Bilateral Agencies (France through GIZ Proklima) in formulating strategies and/or investment projects to support Kenya to be in compliance with the Montreal Protocol requirement.
- Continued to demonstrate the efficacy, ease of application, commercial availability, and economic viability of the alternatives to ODS and HFC's prior to their adoption
- Continued to train refrigeration service technicians from refrigeration and air-conditioning (RAC) sectors on good practices during repair and maintenance of refrigeration and air conditioning equipment.
- Continued to train customs Officers and other enforcement Officers, on control measures of controlled Substances (ODS & HFC's).
- Acquired and distributed refrigeration tools to some Government training institutions
- Approximately 85% of ODS already phased out.

1.9 Summary of Project Compliance:

The project has not had any incidence of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINE 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 statement of the national government entity's performance against predetermined objectives.

The key development objectives of the *project's 2018-2023* plan are to:

Ensure the efficient operation of the National Ozone Unit during the project period, to facilitate compliance with the Montreal Protocol provisions, including the approval and adoption of the legal acts and implementation of the new legislation on Ozone Depleting Substances (ODS), the strengthening of national capacities in support of Montreal Protocol implementation, the monitoring and control of ODS imports and use of Hydro-chlorofluorocarbons (HCFCs), access to and use of ODS alternatives and technologies, training of Refrigeration and Air Conditioning (RAC) servicing technicians, customs officers and other enforcement officers including environment inspectors as well as the management of other projects

The key development objectives of the *project's 2018-2023* plan are to:

- a) Ensure the efficient operation of the National Ozone Unit during the project period
- b) Facilitate compliance with the Montreal Protocol provisions
- c) Strengthening of national capacities in support of Montreal Protocol implementation
- d) Monitor and control of ODS imports and use of Hydro-chlorofluorocarbons (HCFCs)
- e) Facilitate access to and use of ODS alternatives and technologies
- f) Training of Refrigeration and Air Conditioning (RAC) servicing technicians
- g) Training of customs officers and other enforcement officers
- h) Management of other projects on phase out activities

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
Institutional Strengthening Phase XII	To facilitate compliance with the Montreal Protocol provisions	Compliance with the Montreal Protocol reduction targets	% of adoption of ozone and climate friendly technologies and alternatives	In FY 19/20, the National Ozone Unit (NOU) coordinated the phase out of 85% of ODS

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		<p>in phase out activities of ODS, leading to adoption of ozone and climate friendly technologies resulting in clean and healthy environment</p> <p>Capacity building for RAC Technicians to deal with ODS and Customs Officers to effectively enforce ODS Regulations</p>	<p>Number of trained RAC technicians and Customs Officers</p>	<p>Further in the same Financial Year 19/20, over 50 RAC technicians and 15 custom officers were trained.</p>

3. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

The Montreal Protocol on substances that Deplete the Ozone Layer, supports sustainable economic growth by stimulating the transition to greener technologies across industrial sector country wide

2. Environmental performance

Section 56 of the Environment Management and Coordination Act (1999) deals with the protection of the Ozone Layer. In 2007, Environmental Management and Coordination (Controlled Substances Regulations, 2007) were put in place. The main aim of these Regulations is to control importation and exportation of Ozone Depleting Substances (ODS) through licensing and monitoring. The Regulations were currently reviewed to cover Hydro-fluorocarbons (HFC's) and are in the process for approval.

3. Employee welfare

Funding provided by the Montreal Protocol's Multilateral Fund has facilitated transition to green technologies in the country and by supporting training of refrigeration and air conditioning (RAC) technicians has helped create safe and secure working environment for all workers. This is as per the Social Development Goal number 8: Decent Work and Economic Growth

4. Market place practices-

To reach a wide catchment for RAC technicians to be trained on good practices during repair and maintenance of RAC equipment, an advert is supposed to be placed on local daily paper. In respect to this, local daily papers are normally informed of a scheduled advert so that they can competitively tender for an opportunity to carry out advert on RAC training

This also applies when a supplement is required to be carried out during the World Ozone Day normally commemorated on 16 September every year

5. Community Engagements-

Normally, every year when World Ozone Day is being celebrated, there is community engagement in terms of traditional dancers, acrobats, tree planting, bands, among others where groups are given cash awards for participating in the celebrations.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII – Ministry of Environment and Forestry** 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 period ended on *June 30th, 2022*. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII** accept responsibility for the Project's financial statements which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the period ended June 30th, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for Environment and Forestry and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII** 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

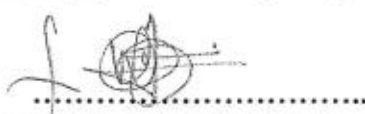
Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XII**

29/10/2022 and signed by them.



Dr. Chris Kiptoo
Principal Secretary



Marindany Kirui
Project Coordinator



Enock Maticha
Project Accountant
ICPAK Member No: 23310

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTIONAL STRENGTHENING PROJECT PHASE XII (NO. UNEP/KEN/SEV/86/INS/64) PROJECT FOR THE YEAR ENDED 30 JUNE, 2022 - MINISTRY OF ENVIRONMENT AND FORESTRY

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 Kenya Institutional Strengthening Project Phase XII (No. UNEP/KEN/SEV/86/INS/64) set out on pages 1 to 33, which comprise of 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 Kenya Institutional Strengthening Project Phase XII as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the Public Finance Management Act, 2012, comply with Funding Agreement No. UNEP/KEN/SEV/86/INS/64 between United Nations Environment Programme and the Government of Kenya dated 13 August, 2021.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institutional Strengthening project Phase XII (No. UNEP/KEN/SEV/86/INS/64) 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

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.15,000,000 and Kshs.8,500,000 respectively resulting to under-funding of Kshs.6,500,000 or 43% of the budget. Similarly, the Project spent Kshs.9,148,353 against an approved budget of Kshs.15,000,000 resulting to under-expenditure of Kshs.5,851,647 or 39% of the budget.

The under-funding and under-expenditure affected the planned activities of the Project which in turn may have impacted negatively on the service delivery of the project.

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, 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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Policy on Exchange Rate Used to Pay Salaries

During the financial year under review, the Project converted the salaries of three (3) officers using different prevailing exchange rates from the Central Bank of Kenya (CBK). However, Management did not provide a documented Policy guiding the criteria for determining exchange rate used for conversion of salaries from US Dollars to Kenya Shillings. Further, it is not clear how the Project treated the exchange gain or loss in the financial statements and who authorized the conversion of the exchange rates since none of the rates for the twelve (12) month period agreed with the CBK rates for the whole year under review.

In the circumstances, the efficiency and effectiveness of policy used to guide in payment of compensation of employees could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

Because of its inherent limitations, internal 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

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

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

I communicate with 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

Nairobi

18 November, 2022

6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	2021-2022			Total	2020-2021			Total	Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Kshs.		Receipts and payment controlled by the entity	Payments made by third parties	Kshs.		
Receipts										
Transfer from Government entities	1	-	-	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	8,500,000	-	-	8,500,000	13,207,800	-	-	13,207,800	29,267,800
Loan from external development partners	3	-	-	-	-	-	-	-	-	-
Miscellaneous receipts (Refund of unspent imprest issued to staff)	4	60,000.00	-	-	60,000.00	-	-	-	-	-
Total receipts		8,560,000.00	-	-	8,560,000.00	13,207,800	-	-	13,207,800	29,267,800
Payments										
Compensation to employees	5	5,508,628.35	-	-	5,508,628.35	5,438,636	-	-	5,438,636	15,583,938.35
Purchase of goods and services	6	3,639,725.00	-	-	3,639,725.00	6,239,675	-	-	6,239,675	12,454,600.00
Social security benefits	7	-	-	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	-	-	-	-	-	-	-	-	-
Transfers to other government entities	9	-	-	-	-	-	-	-	-	-
Other grants and transfers /payments	10	-	-	-	-	-	-	-	-	-
Total payments		9,148,353.35	-	-	9,148,353.35	11,678,311	-	-	11,678,311	28,038,538.35

Kenya Institutional Strengthening Project Phase XII
Annual Report and Financial Statements for the financial year ended June 30, 2022

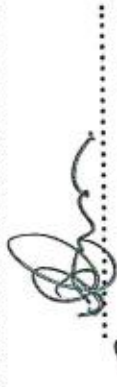
	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
Surplus/ (deficit)		(588,353.35)	-	(588,353.35)	1,529,489	-	1,529,489	1,229,261.65

Note: The initial financial statement reflected an amount of Ksh. 459,472.90 as a transfer from GOK. However, this amount included Ksh. 399,472.90 that was transferred from Development bank a/c to Ozone project a/c in June, 2021 leading to double count. Therefore, our opening cash book balance of Ksh. 1,817,615 was inclusive of Ksh. 399,472.90 leaving a balance of Ksh. 60,000 which was a refund of unspent imprest as reflected in note 4 above of the amended financial statements. On a similar note, the refund of unspent imprest of Ksh. 60,000 will not affect the total cumulative receipts since it was a refund of what was paid as an imprest.

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

.....

Name Dr. Chris Kiptoo
Principal Secretary

.....

Name Marindany Kirui
Project Coordinator

.....

Name Enock Maticha
Project Accountant
ICPAK Member No: 23310

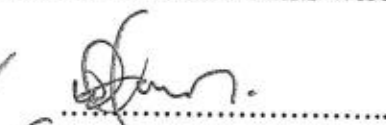
7. Statement of Financial Assets as at 30th June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	1,229,261.65	1,817,615
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		1,229,261.65	1,817,615
Imprests and Advances	12	-	-
Total Financial Assets		1,229,261.65	1,817,615
Financial Liabilities			
Deposits and Retention monies	13	-	-
Net Assets		1,229,261.65	1,817,615
Represented By			
Fund Balance B/fwd.	14	1,817,615	288,126
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(588,353.35)	1,529,489
Net Financial Position		1,229,261.65	1,817,615

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 28/10/2022 and signed by:



Name Dr. Chris Kiptoo
Principal Secretary



Name Marindany Kirui
Project Coordinator



Name Enock Maticha
Project Accountant

ICPAK Member No:
23310

Kenya Institutional Strengthening Project Phase XII
Annual Report and Financial Statements for the financial year ended June 30, 2022

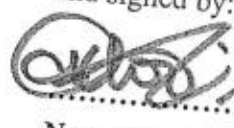
8. Statement of Cashflow for the year ended 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	8,500,000.00	13,207,800
Miscellaneous receipts	4	60,000.00	-
Total receipts		8,560,000.00	13,207,800
Payments			
Compensation of employees	5	5,508,628.35	5,438,636
Purchase of goods and services	6	3,639,725.00	6,239,675
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Total Payments		9,148,353.35	11,678,311
Adjustments during the year			
Prior year adjustments	15		
Decrease/(increase) in accounts receivable	16		
Increase/(decrease) in accounts payable:	17		
Net cash flow from operating activities		(588,353.35)	1,529,489
Cashflow from investing activities			
Acquisition of non-financial assets	8	-	-
Net cash flows from investing activities		(588,353.35)	1,529,489
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-


*Kenya Institutional Strengthening Project Phase XII
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Net increase in cash and cash equivalents		(588,353.35)	1,529,489
Cash and cash equivalent at beginning of the year	11	1,817,615.00	288,126
Cash and cash equivalent at end of the year	11	1,229,261.65	1,817,615.00

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 28/10/2022 and signed by:

 30/11/22

Name Dr. Chris Kiptoo
Principal Secretary



Name Marindany Kirui
Project Coordinator



Name Enock Maticha
Project Accountant
ICPAK Member No:
23310


Kenya Institutional Strengthening Project Phase XII
Annual Report 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 a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	15,000,000	-	15,000,000	8,500,000	6,500,000	56.7%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	15,000,000	-	15,000,000	8,500,000	6,500,000	56.7%
Payments						
Compensation to employees	5,600,000	-	5,600,000	5,508,628.35	91,371.65	98.4%
Purchase of goods and services	9,400,000	-	9,400,000	3,639,725.00	5,760,275.00	38.7%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	15,000,000	-	15,000,000	9,148,353.35	5,851,646.65	61%
Total Payments	-	-	-	-	-	-
Surplus or Deficit						

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


Name Dr. Chris Kiptoo
Principal Secretary


Name Marindany Kirui
Project Coordinator


Name Enock Maticha
Project Accountant
ICPAK Member No: 25310

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 are for (Kenya Institutional Strengthening Project Phase XII) under the State Department of Environment and Forestry. The financial statements are for the reporting entity (Kenya Institutional Strengthening Project Phase XII) as required by Section 81 of the 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

(Kenya Institutional Strengthening Project Phase XII) 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 monies received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (Continued)

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 at the time associated cash is received.

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 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.

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 to employees

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

Significant Accounting Policies (Continued)

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 incur 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.

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.

Significant Accounting Policies (Continued)

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 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.

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.

10.9 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.

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:

Significant Accounting Policies (Continued)

- 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' 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 year, Kshs ... being loan disbursements were received in form of direct payments from 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/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

Significant Accounting Policies (Continued)

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 statement 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 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 .. of these financial statements*

11. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
<i>Counterpart funding through Ministry of Environment and Forestry</i>			
Counterpart funds Quarter 1		-	
Counterpart funds Quarter 2		-	
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 2)	-	-	-
<i>Other transfers from government entities</i>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2021-2022 Kshs	2020-2021 Kshs
Grants Received from Bilateral Donors (Foreign Governments)							
UNEP	11/09/2020						2,500,000
UNEP	23/11/2020						5,707,800
UNEP	04/05/2021						5,000,000
UNEP	05/10/2021					5,000,000	-
UNEP	08/04/2022					3,500,000	-
Grants Received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Grants Received from Local Individuals and organizations							
Insert name of individual or local organization							
Total						8,500,000	13,207,800

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the National

Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					2021-2022	2020-2021
Loans received from bilateral Donors (Foreign Governments)						
Insert name of foreign Government	-	-	-	-	-	-
Insert name of foreign Government	-	-	-	-	-	-
Loans received from Multilateral Donors (International Organizations)						
Insert name of international organization	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

	2021-2022				2020/2021	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-	-
Sales of goods and services	-	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-	-
Other receipts not classified elsewhere (Refund of unspent imprest)	60,000	-	60,000	-	-	-
Total	60,000	-	60,000	-	-	-

Note: The above receipt of **Kshs. 60,000** was a refund of unspent imprest issued to the project assistant during the financial year under review and therefore, do not affect the total cumulative receipts to date.

Notes to the Financial Statements (Continued)

5. Compensation to Employees

	2021/2022			2020/2021	
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to- date
	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	5,508,628.35	-	5,508,628.35	5,438,636	15,583,938.35
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	5,508,628.35	-	5,508,628.35	5,438,636	15,583,938.35

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

	2021/2022			2020/2021	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	3,493,225	-	3,493,225	1,929,775	6,696,800
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	-	-	-	-	750,000
Training payments	-	-	-	3,314,900	3,314,900
Hospitality supplies and services	146,500	-	146,500	965,000	1,665,900
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	30,000	30,000
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	3,639,725	-	3,639,725	6,239,675	12,454,600

Note: The total payments of Kshs. **3,493,225** under domestic travel & subsistence allowances in our original submitted financial statements, were over-casted by **Kshs. 60,000**. This was a refund of unspent imprest issued to the project assistant during the financial year 2021/2022. Therefore, the amount for cumulative domestic travel & subsistence allowances for the year under review as well as total cumulative purchase of goods & services to date have been adjusted accordingly as shown above.

Notes to the Financial Statements (Continued)

7. Social Security Benefits

	2021-2022				2020-2021	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments			
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Government pension and retirement benefits	-	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-	-
Total	-	-	-	-	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	Payments made in Cash	Payments made by third parties	Total payments		Cumulative to-date
			2021-2022	2020-2021	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
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	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
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	-	-	-	-	-

Kenya Institutional Strengthening Project Phase XII
Annual Report and Financial Statements for the financial year ended June 30, 2022

	Payments made in Cash	Payments made by third parties	Total payments	Total payments 2020-2021	Cumulative to-date
	2021-2022				
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2022, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	2021-2021		2021-2020		Cumulative to-date
			Kshs	Kshs	Kshs	Kshs	
Transfers to National Government entities							
Ministry ABC	-	-		-	-	-	-
Project XYZ	-	-		-	-	-	-
	-	-		-	-	-	-
Transfers to County Governments	-	-		-	-	-	-
County ABC	-	-		-	-	-	-
County XYZ	-	-		-	-	-	-
	-	-		-	-	-	-
Total	-	-		-	-	-	-

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
		2022-2021		2020-2021	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 11.A)	1,229,261.65	1,817,615
Cash in hand (Note 11.B)	-	-
Cash equivalents (short-term deposits) (Note 11.C)	-	-
Total	1,229,261.65	1,817,615

(Kenya Institutional Strengthening Project Phase XII) has one number of project account within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c NO 1000434236]	1,229,261.65	1,817,615
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total local currency balances	1,229,261.65	1,817,615
Total bank account balances	1,229,261.65	1,817,615

Notes to the Financial Statements (Continued)

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

Description	2021-2022	2020-2021
	Kshs	Kshs
(i) A/C Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No.....]	-	-
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

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

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2021-2022	2020-2021
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

[Provide a cash count certificate for each location above]

11 C Cash equivalents (short-term deposits)

Description	2021-2022	2020-2021
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	

[Provide short appropriate explanations as necessary]

12. Imprests and Advances

Description	2021-2022	2020-2021
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

Notes to the Financial Statements (Continued)

12b: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2022	Balance 2021
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>Officer 1</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	-	-	-	-	-

13. Deposits and Retention Monies

Description	2021-2022	2020-2021
	Kshs	Kshs
Retention	-	-
Deposits	-	-
Total	-	-

(Provide detailed explanations)

14. Fund Balance Brought Forward

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	1,817,615.00	288,864
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	1,817,615.00	288,864

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY (2020/2021 audited financial statements)	Adjustments	Adjusted balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
Total	-	-	-

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

16. Changes in Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Receivables as at 1 st July 2021	-	-
Closing account receivables as at 30 th June 2022	-	-
Change in Receivables	-	-

17. Changes in Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2021	-	-
Closing accounts payables as at 30 th June 2022	-	-
Change in payables	-	-

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

2. Pending Staff Payables (See Annex 3b)

	Balance b/f FY 2020/20 21	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

Other Important Disclosures (Continued)

3. Other Pending Payables (See Annex 3c)

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

4. External Assistance

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	8,500,000	13,207,800
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	8,500,000	13,207,800

a). External assistance relating loans and grants

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	8,500,000	13,207,800
Total	8,500,000	13,207,800

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Other Important Disclosures (Continued)

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2021/2022	FY 2020/2021
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		11,204,601	-
Total		11,204,601	-

c) Classes of providers of external assistance

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

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

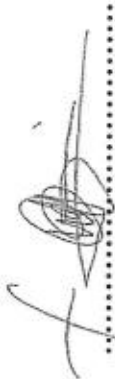
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13. Prior Year Auditor-General's Recommendations

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)
	There were no observations made	N/A	N/A	N/A



.....
Name Dr. Chris Kiptoo
Principal Secretary



.....
Name Marindany Kirui
Project Coordinator

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14 Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022

	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					
Proceeds from domestic and foreign grants	15,000,000	8,500,000	6,500,000	56.67%	Under funding
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	15,000,000	8,500,000	6,500,000	56.67%	
Payments					
Compensation of employees	5,600,000	5,508,628.35	91,371.65	98%	
Purchase of goods and services	9,400,000	3,639,725.00	5,760,275.00	38.7%	Late disbursement of funds
Social security benefits					
Acquisition of non-financial assets					
Transfers to other government entities					
Other grants and transfers					
Total payments	15,000,000	9,147,997.00	5,851,646.65	61%	

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Annex 2: Reconciliation of inter-entity transfers

Project Name:		Kenya Institutional Strengthening Project Phase XII		
Break down of transfers from the State Department of Environment and Forestry				
Government Counterpart funding				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
	05/10/2021	5,000,000		2021/2022 FY
	08/04/2022	3,500,000		2021/2022 FY
	Total	8,500,000		
B. Direct payments				
	Bank Statement Date	Amount (Kshs)		
	Total	-		
C. Others				
	Total	-		
	Total (A+B+C)	8,500,000		

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

Project Coordinator
Ministry of Environment & Forestry

Sign 

CPA G.K. Gichuru
Head of Accounting Unit
Ministry of Environment & Forestry

Sign 

*Kenya Institutional Strengthening Project Phase XII
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Annex: 3 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	Q1 Q2 Q3 Q4				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

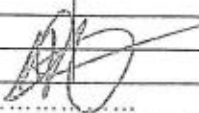
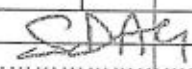
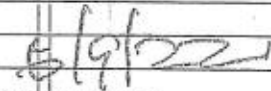
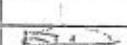
Annex 4 Disaster Expenditure Reporting Template

Entity

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Annex 5: 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

REPUBLIC OF KENYA		F.O 30
MINISTRY OF ENVIRONMENT AND FORESTRY		
OZONE-1108 (ME&F) 2021/2022		
Account number : 1000410817		
BANK RECONCILIATION STATEMENT AS AT 30.06.2022		
		Kshs.
Balance as per bank certificate		72,461.65
Less		
1. Payments in cashbook not yet recorded in bank statement		
2. Receipts in bank statement not yet recorded in cashbook		-
Add		
3. Payments in bank statement not yet recorded in cashbook		-
4. Receipts in cashbook not yet recorded in bank statement.		1,156,800.00
Balance as per the cashbook.....		1,229,261.65
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct		
		
Signature	Designation	Date
(All schedules are attached herewith)		
Prepared by: <u>EMUEL M. M. M.</u>		Signature: <u></u>

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C OZONE-1108 (ME&F) 2021/2022			
Account number : 1000410817			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
PAYMENTS IN CASHBOOK NOT YET RECORDED IN BANK STATEMENT (SCHEDULE 1)			
C B DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	

REPUBLIC OF KENYA					
MINISTRY OF ENVIRONMENT AND FORESTRY					
A/C OZONE-1108 (ME&F) 2021/2022					
Account number : 1000410817					
BANK RECONCILIATION STATEMENT AS AT 30.06.2022					
RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 2)					
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS		
	TOTAL	NIL			

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C OZONE-1108(ME&F) 2021/2022			
Account number : 1000410817			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 3)			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C OZONE-1108 (ME&F) 2021/2022			
Account number : 1000410817			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
RECEIPTS IN CASHBOOK NOT RECORDED IN BANK STATEMENT(SCHEDULE 4)			
C B DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
30/6/2022	Gladys Onkangi	44,800.00	
30/6/2022	Maridany kirui	67,200.00	
30/6/2022	Enock Maticha	913,200.00	
30/6/2022	Nahashon Mwangi	67,200.00	
30/6/2022	Rosemary wamoto	19,600.00	
30/6/2022	Fridah cheseresek	44,800.00	
	TOTAL	1,156,800.00	

