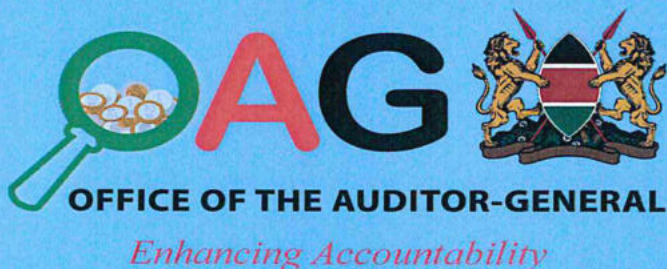


REPUBLIC OF KENYA



**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**CAPACITY DEVELOPMENT PROJECT FOR  
SUSTAINABLE FOREST MANAGEMENT IN  
KENYA (CADEP) (GRANT NO.22)**

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

**KENYA FOREST SERVICE**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 16 MAR 2023	DAY: Thursday
TABLED BY:	Deputy Majority Party leader
CLERK-AT THE TABLE:	Joyle Lemorelle







## **PROJECT NAME**

**CAPACITY DEVELOPMENT PROJECT FOR SUSTAINABLE FOREST  
MANAGEMENT IN THE REPUBLIC OF KENYA**

## **IMPLEMENTING ENTITY**

**KENYA FOREST SERVICE**

**PROJECT GRANT NO. 22**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30 June, 2022**

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## **1. Project Information and Overall Performance**

### **1.1 Name:**

Kenya Forest Service- Capacity Development Project for Sustainable Forest Management in the Republic of Kenya

### **Objective:**

The key objective of the project is sustainable forest management activities are promoted in Kenya towards achievement of the national forest cover target of 10%

### **Address:**

The project headquarters offices are Kenya Forest Service Headquarters, Nairobi , Kenya.

The address of its registered office is:

Capacity Development Project for Sustainable Forest Management in the Republic of Kenya  
Kenya Forest Service Headquarters  
P.O Box 30513 00100  
Nairobi

The project also has no other offices/branches

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

Telephone: (254) 020-2020285

E-mail: [info@kenyaforestservice.org](mailto:info@kenyaforestservice.org)

Website: [www.kenyaforestservice.org](http://www.kenyaforestservice.org)

## **1.2 Project Information**

<b>Project Start Date:</b>	The project start date is May-2016
<b>Project End Date:</b>	The project end date is May,2021 but extended to the end of October 2021 due to Covid 19 disruption
<b>Project Manager:</b>	The project Manager is Mr. Peter NgugiNduati
<b>Project Sponsor:</b>	The project sponsor is Government of Japan through JICA and the Government of Kenya(GOK) which will supplement the activities not covered by the donor.

## **1.3 Project Overview**

Line Ministry	The project is under the supervision of the Ministry of Environment and Forestry
Project number	22





other important background of the Project	About 80% of the country is arid or semi-arid area in Kenya. Within the country, forest area is approximately 7.8% according to the FRA 2015 and use of fuel wood and conversion of the forests for agricultural use are problems that continue to devastate forest resources. Moreover, Kenya is considered one of the countries that could be more susceptible to climate change, considering that it is located in the Sub-Saharan African region. Therefore, promoting Reducing Emissions of greenhouse gases from Deforestation and Forest Degradation (REDD+) and developing capacity for sustainable forest management are important issues for the development from the aspect of increasing forest area and mitigating climate change. In this situation, the national government of Kenya set a goal to increase the forest covers rate from 7.2% (as measured in 2010) to 10% by 2030 in its national constitution established in 2010 and the "Vision 2030" (2008) which is a national development plan.
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> <li>I. Implement and monitor capacities of forest-related policies/strategies at the national level are enhanced.</li> <li>II. Build Capacities of public and private sectors, and NGOs/CBOs to promote tree growing in ASALs are enhanced through forestry extension activities.</li> <li>III. Technical capacities for REDD+ readiness activities and forest monitoring for sustainable forest management in KFS are strengthened.</li> <li>IV. The capacity of breeding techniques for drought tolerant trees(Meliavolkensii and Acacia tortilis) in KEFRI is improved.</li> <li>V. Enhancement of regional cooperation in matters of reduction of extreme drought conditions in the horn of Africa regionis intensified by promoting knowledge sharing and transfer of technologies for strengthening the resilience to climate change and drought in Sub-Saharan Africa.</li> </ol>
Project Duration	The project started on 1 <sup>st</sup> July 2016 and is expected to run until 30 <sup>th</sup> October2021

#### 1.4 Bankers

The following are the bankers for the current year:

Co-operative Bank  
Stima Plaza Branch,  
P.O. Box 38764 – 00100  
Nairobi

Capacity Development Project for Sustainable Forest Management in the Republic of Kenya shillings  
account number 01141532868703

#### 1.5 Auditors

Auditor General  
Office of The Auditor General,  
Anniversary tower, University Way  
P.o Box 30084  
NAIROBI.



## 1.6 Roles and responsibilities

Names	Title	Key Qualification	Responsibilities
Peter NgugiNduati	Program Coordinator	B.Sc Forestry (Hons), MSc Environmental Science	Coordination of the day to day activities of the Program.
John Mburu	Ag. Principal Procurement Officer	Procurement expert	Responsible for the Management of the procurement process of goods and services and safety of assets
CPA Anthony K Weru	Manager Finance & Accounting	BCOM (Finance) CPA-K	Implementation of Finance and accounting functions of the program
	Assistant Coservator of Forests	B.SC Forestry	<ul style="list-style-type: none"> <li>• Implementation of REDD+ and Climate Change</li> <li>• Farmers Field School Methodology</li> </ul>
Diana Kishiki	Assistant Coservator of Forests	B.SC Forestry	<ul style="list-style-type: none"> <li>• Implementation of REDD+ and Climate Change</li> <li>• Farmers Field School Methodology</li> </ul>
Amina Osman Guyo	Assistant Coservator of Forests	B.SC Forestry	Farmers Field School Methodology
Katsuro Saito	Jica Forest Expert	Forest Extension Expert	Co-ordination of day to day activities of the program
Keter K Thomas	Finance & Accounting	BCOM (Finance)	Finance and accounting functions of the program

## 1.7 Funding summary

The Project is for duration of five years from 2016 to 2021 with an approved budget of equivalent to KShs 420,000,000 annually as highlighted in the table below:

A. Below is the funding summary:

Source of funds	Commitment-	Amount received to date	Undrawn balance to date
		30-Jun-22	30-Jun-22
	KShs	KShs	KShs
	(A')	(B')	(A')-(B')
(i)Grant			
Government of Japan	1,550,000,000	1,373,007,785	176,992,215
(ii)Counterpart funds			
Government of Kenya	320,000,000	132,800,000	187,200,000
Total	1,870,000,000	1,505,807,785	364,192,215



## **1.8 Summary of Overall Project Performance:**

- **Donor Contribution**
  - The project is sponsored by Japan International Corporation Agency (JICA) whose contribution is mainly in kind. Donor Funds are not remitted to Kenya Forest Service.
  - During the Financial year 2021/2022 donor expenditure amounted to KShs116,000,000 Donor contributions in kind.
- **Government of Kenya Contribution**

During the year under review, the Project received KShs12,980,769 as Government of Kenya counterpart funding and incurred a cumulative expenditure of KShs13,030,754.

## **1.9 Summary of Project Compliance:**

- The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project.
- The Project's governance framework requires the stakeholders to uphold the highest professional, ethical, moral and legal standards. This is achieved through effective segregation of duties with clear checks and balances as articulated in the Project Loan/Credit Agreement, the PFM Act, 2012, the Project Design Report, the Implementation Manual and the Finance and Procurement Manuals.

### **1. The Project Joint Coordinating Committee (JCC)**

This Committee is responsible for overseeing the implementation of the Project, approving the annual work plan and budget, and ensuring that the activities are in compliance with the donor and government policies.

### **2. The Parent Ministry- Ministry of Environment and Forestry**

The parent ministry ensures that the Project's budget is captured in its development projects and disburses the government counterpart funding. The ministry reviews and tracks the Project's annual work plan and budget against the set targets and makes the approvals. The parent ministry also oversees the execution of the project coordinating team.

### **3. The Auditor**

The Supreme Audit Institution in Kenya, that is, the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12, Part 6, Article 229 which establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. This facilitates the submission of the audited report to the project's sponsors by 31 December each year.

### **4. County Project Coordinating:**





Based in two county offices, this committee is responsible for facilitating and harmonizing the implementation of the Project at the county level. The roles of the technical heads of departments include coordinating of the project programs in line with the sectorial priorities in the respective counties, coordinating, guiding and participating in the development of action plans by participatory identification of the projects to be financed under Capacity Development Project For Sustainable Forest Management In The Republic of KenyaProject, carrying out monitoring and evaluation of project's activities in the counties and offering oversight in the implementation of the project activities.

**5. Project Coordinating Team (PCT)/Joint coordinating Committee**

Joint coordinating committee is chaired by the principal secretary of MENRRDA to provide guidance to the project management unit and to facilitate inter-organizational coordination. JCC will be held at least once a year and whenever deemed necessary to carry out the following task:

- a. Approve the annual work plan
- b. Review overall progress of the project
- c. Conduct evaluation of the project
- d. Exchange opinion on major issues arising during its implementation

This team is based in Nairobi and is responsible for the project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers. The PCT is also supported by other administrative staff.



## **2. Statement of Performance Against Project's Predetermined Objectives**

### **Introduction**

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

The key development objectives of the KFS-Capacity Development 2018-2021 plan are to:

- a) Promote Sustainable Forest Management activities in Kenya towards attainment of 10% National Forest cover target.

### **Purpose**

National capacity at the national and county levels for Sustainable Forest Management activities is strengthened.

#### ***a) By rehabilitating degraded natural forest areas, develop and conserve all public natural forests***

- Implementing forest and landscape restoration climate change mitigation strategies for forests and landscape restoration through promotion of growing improved *Meliavolkensii* tree species especially in ASALS.
- Setting and developing a baseline of assessing carbon emissions known as Forest Reference Level FRL.
- Designing, developing and implementing the National Forest Monitoring System NFMS for the forest sector
- Supporting and facilitating the preparation and writing of Participatory Forest Management Plans PFMPs in Embu and TaitaTaveta counties.
- Supporting and facilitating the signing of Forest Management Agreements FMA between CFAs and County Governments.

#### ***b) By increasing forest cover outside public forest areas by Sourcing, packaging and dissemination of appropriate technologies and germplasm for farm and dryland forestry.***

- Two tree seed orchards established in Kitui and Kibwezi to provide quality seed and seedlings of *Meliavolkensii* tree species and a seed stand for *Acacia tortilis*.
- Target farmers in Kitui, Embu, TharakaNithi, Embu, Makueni, TaitaTaveta, Kilifi and Kwale to promote planting of improved *Melia*.
- Running and managing about fifty farmers field schools FFS where over one thousand farmers have graduated after undergoing a one year FFS methodology program.





**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
Forestry extension in ASALs through public, private sector to promote tree growing in ASALs.	<ol style="list-style-type: none"> <li>1. Participatory Forest Management Plans PFMP, Farmer Field schools FFS and other tools for forestry extension are applied</li> <li>2. Collaboration between public and private sectors, NGOs/CBOs is enhanced to promote tree growing in ASALs</li> <li>3. Seminars and trainings</li> </ol>	<ul style="list-style-type: none"> <li>• Four PFMPs completed and officially approved.</li> <li>• Forest Management Agreements officially signed.</li> <li>• Over fifty Farmer Field Schools established and conducted</li> <li>• MOU/MOA signed between KOMAZA/KEFRI /CADEP</li> <li>• Guidelines to on farm Meliavolkensii growing in the dry land areas of Kenya prepared both in English and Kiswahili</li> <li>• Selected target farmers and actual areas planted with improved Meliavolkensii</li> <li>• Training/seminar workshops conducted</li> </ul>	<ul style="list-style-type: none"> <li>• Approved PFMPs</li> <li>• Signed FMAs</li> <li>• Graduation of farmers lists and certificates of participation</li> <li>• Printed copies of guidelines workshop/seminar/training reports</li> </ul>	98% achievement
Technical capacities for REDD+ readiness activities and forest monitoring for sustainable forest management are strengthened.	<ul style="list-style-type: none"> <li>• Methodology for NFMS is established and documented</li> <li>• Forest Information platform as a data base management function is developed</li> <li>• FRL is established in consultation with other stakeholders and technical working group members and submitted to UNFCCC</li> <li>• Creation Of Land Use/Land Cover Map</li> </ul>	<ul style="list-style-type: none"> <li>• Development of national forest monitoring system(NFMS)</li> <li>• Establishment of Forest Reference Level FRL</li> <li>• Designed and operational Forest Information Platform</li> <li>• Complete Land Use/Land Cover maps</li> <li>• FRL submission to UNFCCC report</li> <li>• FRL technical Assessment Report from UNFCCC</li> </ul>	<ul style="list-style-type: none"> <li>• FRL report and documents</li> <li>• maps</li> <li>• FIP design</li> <li>• NFMS document</li> </ul>	99% achievement
The capacities of breeding techniques for drought tolerant trees in KEFRI is improved	Promote social forestry, research and development of breeding for drought tolerant varieties,	Improved meliavolkensii	Establishment of Breeding of improved meliavolkensii in kitui	Distribution and Planting of improved MeliaVolkensii
Create 2020 land cover/land use maps	Create 2020 land cover/land use maps	<ul style="list-style-type: none"> <li>• Improvement of guidance material for land cover/land use maps</li> <li>• Creation of land cover/land use maps 2020</li> <li>• Analysis of land cover/land use change base</li> <li>• Setting up of Forest Reference Level(FRL) for Kenya</li> <li>• Revision of newly created Forest Reference Level(FRL) for Kenya</li> </ul>	2020 land cover/land use maps created	Improvement of FRL based on technical assessment of UNFCCC

### 3. Environmental and Suitability Reporting

Project Capacity Development Project for Sustainable Forest Management 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 three 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 Service has aligned its operations with the new Global Development Agenda 2030 with its 17 Sustainable Development Goals (SDGs) and, Bonn Challenge among others. The Sustainable Development Goals succeeded the Millennium Development Goals as the international development agenda from 2016. The Service recognizes the importance of forests and trees in conserving biodiversity (SDG 15), tackling climate change (SDG 13), improving urban habitats (SDG 11), providing safe drinking water (SDG 6), supporting food security (SDG 2), reducing inequalities (SDG 10) and ending poverty (SDG 1), among other Sustainable Development Goals (SDGs). The Service has continued to realize positive trends, such as increasing awareness on forest preservation and increasing sustainable forest practices.

**2. Environmental performance**

- Promoting the REDD+ Readiness by setting and developing a National Forest Reference Level FRL and Designing, developing and implementing a National Forest Monitoring System.
- Developing capacity for sustainable forest management activities and developing aspect of increasing forest area and mitigating climate change through supporting the preparation and writing of Participatory Forest Management Plans PFMPs and conducting Farmer Field Schools FFS methodology, promotion of growing *Meliavolkensii*.
- Establishment of two *Meliavolkensi* seed orchards and one seed stand for *Acacia tortilis* to provide quality seeds and seedlings for planting by farmers.

**3. Employee welfare**

The Projects Policies guiding the hiring process are Kenya Forest Service Human Resource policy and procedure manual together with a disability policy and a gender policy.

The Project recognizes its human capital to be strategic to the achievement of its objectives and has implemented as part of its policy. It also ensures staff carries out their duties in an ethical manner.

The Project continuously provides opportunity to build human capital capacities in terms of knowledge and skills improvement, attitude change and enhancing teamwork to all staff. This has been achieved by sponsoring staff for local and international training programs.

**4. Market place practices-**

The project is supporting basic market research for *Melia* products

**5. Community Engagements-**

During the year under review, there was no budget for community engagement on charitable, Community Social Investment and any other forms of corporate social responsibility (CSR).



#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022. 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 the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2022, and of the Project's financial position as at that date. The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

##### **Approval of the Project financial statements**

The Project financial statements were approved by the Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project on 27<sup>th</sup> September, 2022 and signed by them.



**Chief Conservator of Forests**

**Name : Julius Kamau, EBS**



**Project Coordinator**

**Name: Peter Nduati**



**Project Accountant:**

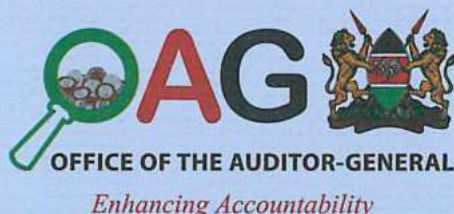
**Name: CPA Anthony K Weru  
ICPAK NO. 4869**





# REPUBLIC OF KENYA

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Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON CAPACITY DEVELOPMENT PROJECT FOR SUSTAINABLE FOREST MANAGEMENT IN KENYA (CADEP) (GRANT NO.22) FOR THE YEAR ENDED 30 JUNE, 2022 - KENYA FOREST SERVICE**

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### **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**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Capacity Development Project for Sustainable Forest Management in Kenya(CADEP)(Grant No.22) set out on pages

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*Report of the Auditor-General on Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (GRANT NO.22) for the year ended 30 June 2022- Kenya Forest Service*



1 to 18, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (Grant No.22) 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) and comply with the Financing Agreement No. 5543-KE dated 20 November, 2015 between the Government of Japan through JICA and the Government of Kenya and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Unsupported Direct Purchase of Goods and Services**

The statement of receipts and payments and as disclosed in Note 7b to the financial statements reflects direct purchase of goods and services of Kshs.116,000,000. However, the documents in support of the direct purchase of goods and services were not provided for audit.

In the circumstances, the accuracy, completeness and validity of the expenditure of Kshs.116,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Capacity Development Project for Sustainable Forest Management in Kenya 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 qualified 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**

#### **Unresolved Prior Year Audit Issue**

In the audit reports of the previous year, a paragraph on unsupported direct purchase of goods and services was reported. However, Management has not resolved the issue.



In the circumstances, the Management was in breach of The National Treasury guidelines.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

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

### Responsibilities of Management and those Charged with Governance

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

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

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

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

Those charged with governance are responsible for overseeing the 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 governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

02 December, 2022

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

	Note	FY 2021/22	FY 2020/21	Cumulative to Date
		Receipts and Payments controlled by the KFS Capacity Development	Receipts and Payments controlled by the KFS Capacity Development	
RECEIPTS		Kes	Kes	Kes
Receipts from Government of Kenya	1	12,980,769	26,800,000	172,580,769
Receipts from Government of Japan	2	116,000,000	282,000,000	1,489,007,785
TOTAL RECEIPTS		128,980,769	308,800,000	1,661,588,554
PAYMENTS				
Purchase of Goods and Services Gok	7a	13,030,754	27,056,024	145,387,550
Direct Purchase of Goods and Services Donor	7b	116,000,000	282,000,000	1,389,807,785
Acquisition of non-financial assets-GOK	9a	-	-	390,678
Acquisition of non-financial assets-JICA	9b	-	-	99,200,000
TOTAL PAYMENTS		129,030,754	309,056,024	1,634,786,013
SURPLUS(DEFICIT)		(49,985)	(256,024)	26,802,541

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



Chief Conservator of Forests

Name: Julius Kamau, EBS



Project Coordinator

Name: Peter N. Nduati



Project Accountant:  
Name: CPA Anthony K Weru  
ICPAK NO. 4869



**7. STATEMENT OF FINANCIAL ASSETS AS AT 30<sup>TH</sup> JUNE 2022**

	Note	FY 2021/2022	FY 2020/2021
		Kes	Kes
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	12	2,541	52,526
Total Cash and Cash Equivalents		2,541	52,526
TOTAL FINANCIAL ASSETS			52,526
REPRESENTED BY			
Fund balance brought forward	14	52,526	308,550
Surplus/Deficit for the year		(49,985)	(256,024)
NET FINANCIAL POSITION		2,541	52,526

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27<sup>th</sup> September, 2022 and signed by:



Chief Conservator of Forests

Name: Julius Kamau, EBS



Project Coordinator

Name: Peter N. Nduati



Project Accountant:

Name: CPA Anthony K Weru  
ICPAK NO. 4869





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

		FY 2021/2022	FY 2020/2021
	Notes		
Receipts for operating activities			
Transfer from Government entities	1	12,980,769	26,800,000
Proceeds from domestic and foreign grants	2	116,000,000	282,000,000
Total Receipts for operating activities		<b>128,980,769</b>	<b>308,800,000</b>
Payments for operating activities			
Purchase of goods and services	7a	13,030,754	27,056,024
Direct Purchase of Goods and Service	7b	116,000,000	282,000,000
Total Payments for operating activities		<b>129,030,754</b>	<b>309,056,024</b>
Net cash flow from operating activities		<b>(49,985)</b>	<b>(256,024)</b>
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets		-	-
Net cash flows from Investing Activities		-	-
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Foreign Borrowings			-
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		<b>(49,985)</b>	<b>(256,024)</b>
Cash and cash equivalent at BEGINNING of the year	14	52,526	308,550
Cash and cash equivalent at END of the year	12	<b>2,541</b>	<b>52,526</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 25<sup>th</sup> September, 2022 and signed by:



Chief Conservator of Forests

Name: Julius Kamau, EBS



Project Coordinator

Name: Peter N. Nduati



Project Accountant:

Name: CPA Anthony K Weru  
ICPAK NO. 4869



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

	Original		Final Budget (c=a+b)	Actual on Comparable Basis	Utilisation Variance	% of Utilisation
	Budget	Adjustments				
	A	B	C	D	e=c-d	f=d/c %
RECEIPTS						
Transfer from Government entity	30,000,000	-	2,980,769	12,980,769	-	100
Proceeds From Foreign Grant(Contribution in Kind)	116,000,000	-	116,000,000	116,000,000	-	100
Total Receipts	146,000,000	-	128,980,769	128,980,769	-	100
PAYMENT						
Purchase of Goods And Services	13,030,754	-	13,030,754	13,030,754	-	100
Donation in Kind By Jica	116,000,000	-	116,000,000	116,000,000	-	100
Acquisition of Non Financial Assets	-	-	-	-	-	
Total Payments	129,030,754	-	129,030,754	129,030,754	-	100

**Note:**

- The project is co-sponsored by Japan International Corporation Agency (JICA) and The Government of Kenya. The Donor contribution is mainly Donation in kind. Donor Funds are not remitted to Kenya Forest Service.
- The significant budget utilization/performance differences in the last column are explained in **Annex 1** to these financial statements.



Chief Conservator of Forests

Name: Julius Kamau, EBS



Project Coordinator

Name: Peter N. Nduati



Project Accountant:

Name: CPA Anthony K Weru  
ICPAK NO. 4869





## **10. Significant Accounting Policies**

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

### **1.1. Statement of compliance and basis of preparation**

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

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

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

### **1.2. Reporting entity**

The financial statements are for the Project KFS Capacity Development Project for Sustainable Forest Management in the Republic of Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

### **1.3. Reporting currency**

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

### **1.4. Recognition of receipts**

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

#### **i) Transfers from the Exchequer**

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

#### **ii) External Assistance.**

External assistance is received through grants from Japan Technical Cooperation Agency(JICA)

#### **iii) Other Receipts**

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

#### **iv) Proceeds from borrowing**

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





**v) 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

**1.5. Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they 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.

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.

**1.6. In-kind donations**

In-kind contributions are donations that are made to Kenya Forest Service -Capacity Development project in the form of actual goods and services rather than in money or cash terms. These donations include vehicles, equipment or personnel services. The financial value received for in-kind contributions by the project cannot 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 in kind is not recorded in Kenya Forest Service books of accounts.

**1.7. Cash and cash equivalents**



Cash and cash equivalents comprise cash at bank, 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 Co-operative bank of Kenya at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### **1.8. 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.

#### **1.9. 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.

#### **1.10. Contingent Liabilities**

A contingent liability is:

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

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

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

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

#### **1.11. Contingent Assets**

KFS-Capacity Development Project for Sustainable Forest Management 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 KFS-Capacity Development Project for Sustainable Forest Management 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.

#### **1.12. 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.

#### **1.13. 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 recognized 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.

#### **1.14. 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 there were no receipts in form of direct payments from third parties.

#### **1.15. 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

#### **1.16. 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.

#### **1.17. 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.

#### **1.18. Prior period adjustments**





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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.



## 11. Notes to the Financial Statements

### 1. Transfers from Government entities

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

Counterpart funding through State Department for Natural Resources	2021/22 Kshs	2020/21 Kshs	Cumulative to Date Kshs
Counterpart funds Quarter 1	1,000,000.00	13,800,000.00	74,800,000
Counterpart funds Quarter 2	11,980,769.00	-	71,980,769
Counterpart funds Quarter 3	-	13,000,000.00	73,000,000
Counterpart funds Quarter 4	-	-	60,000,000
<b>TOTAL</b>	<b>12,980,769</b>	<b>26,800,000.00</b>	<b>279,780,769</b>

### 2. Proceeds from Domestic and Foreign Grants (Donation in kind)

During the financial period to 30 June 2022, we received grant (donation in Kind) from Government of Japan

JICA	Financial year 2021/22 Kshs	Financial year 2020/21 Kshs	Cumulative to Date Kshs
Grant Received From JICA	116,000,000	282,000,000	1,489,007,785
<b>TOTAL</b>	<b>116,000,000</b>	<b>282,000,000</b>	<b>1,489,007,785</b>

This were direct payment grant (Donation in Kind) represent the payment of goods and service done directly by the donor on behalf of Capacity Development Project and no supporting document presented to support this grant

### 3. Loan from External Development Partners

During the financial period to 30 June 2022, we did not receive funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:



Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

During the financial period to 30 June 2022, we did not receive miscellaneous receipts

5. Compensation to Employees

6. During the financial period to 30 June 2022, there were no staff salaries, allowances and other personnel payments.

7. Purchase of Goods and Services

a. These comprise the total value of goods and services consumed by the Project.

	FY 2021/22	FY 2020/21	Cumulative to date
	Kshs	Kshs	Kshs
Communication, supplies and services	-	10,000	129,648
Domestic travel and subsistence	9,058,813.43	21,691,826	109,318,777
Travel cost- international	-	17,375	809,879
Training expenses	1,509,900.00	4,199,800	24,140,670
Refined fuel	500,500.00	925,000	5,140,380
Hospitality supplies and services	-	140,200	291,316
Office and general supplies and services	4,000.00	10,000	385,910
Maintenance of building-non residential	190,300.00	28,800	900,340
Contracted Technical Services	1,744,200.70	-	1,744,201
Other operating expenses	23,040.00	33,022	1,482,237
Routine maintenance – vehicles and other transport equipment			1,325,097
<b>Total</b>	<b>13,030,754</b>	<b>27,056,024</b>	<b>145,668,455</b>

Utilities, supplies and services include payments for water and electricity. Domestic travel and subsistence are payments made in relation to monitoring and management of the implementation of the Project. Other routine expenses include sundry payments made by the Project, including bank charges, routing office maintenance and office supplies.





b. These comprise the total value of goods and services consumed by the Project

	FY 2021/22	FY 2020/21	Cumulative to date
	Kshs	Kshs	Kshs
Direct payment grant(donation in kind)	116,000,000	282,000,000	1,373,007,785
<b>Total</b>	<b>116,000,000</b>	<b>282,000,000</b>	<b>1,373,007,785</b>

**8. Social security benefit**

There was no payment to social security benefit during the year under review

**9. a. Acquisition of Non-Financial Assets-GOK**

Details	Payment Made By The Entity In cash	Payment Made by The Entity In cash	Cumulative To Date
	FY 2021/22	FY 2020/21	
	Kshs	Kshs	Kshs
Purchase of Office Furniture's and General Equipment	-	-	390,678
<b>Total</b>	<b>-</b>	<b>-</b>	<b>390,678</b>

**b. Acquisition of Non-Financial Assets-Donor**

Details	Payment Made By The Entity In cash	Payment Made by The Entity In cash	Cumulative To Date
	FY 2021/22	FY 2020/21	
	Kshs	Kshs	Kshs
Purchase of Goods and Service	-	-	99,200,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>99,200,000</b>

**10. Transfer to other government entities**

During the financial period to 30 June 2022, there were no transfers to any other Government entities.

**11. Other Grant, Transfers and payments**



During the financial period to 30 June 2022, there were no grant for scholarship, transfers to lower levels of Governments and Miscellaneous payments made.

## 12. Cash and cash Equivalent

### Project bank account

#### KFS Capacity Development Project Bank Accounts

Local Currency Accounts	FY 2021/22	FY 2020/21
Co-operative Bank of Kenya [A/c No: 01141532868703]	2,541	52,526.15
<b>Total local currency balances</b>	<b>2,541</b>	<b>52,526.15</b>

### Special Deposit Accounts

During the financial period to 30 June 2022, there were no special deposits account maintained by the project

### b) Imprest and Advances

There was no outstanding imprest or advances as at June 30, 2022

### c) Fund Balance Brought Forward

	FY 2021/22	FY 2020/21
	Kshs	Kshs
Bank Accounts at the beginning of financial year	52,526.15	308,550
Cash in Hand	-	-
Cash and Cash Equivalent (short Term Deposits)	-	-
Outstanding Imprest and advances	-	-
<b>Total</b>	<b>52,526.15</b>	<b>308,550</b>





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d) PENDING ACCOUNTS PAYABLE

These schedules of pending bills are provided for disclosure purposes since the financial statements are prepared on cash basis. These comprise of unpaid bills that the Project had incurred as a result of contracted goods and services as at the end of the FY 2021/2022 as shown below.

	PAYEE	DATE PAID	AMOUNT
1.			
2.			

e) PRIOR YEARS -DONATION IN KIND BY DONOR (JICA)

a. Non- Financial ASSETS-DONATION IN KIND BY DONOR (JICA)

Laptops	HP 17.3 touch screen Intel core i7	2	Delivered	2,000,000.00
Laminatin Machine	Double sided A0 size laminator	1	Delivered	12,000,000.00
Back up devise	Digital Linear Tape	1	Delivered	5,000,000.00
Remote sensing software No.1 for desktop	ERDAS IMAGINE 2016 version	1	Delivered	1,200,000.00
L3 Switching Hub	Rack Mount Type	1	Delivered	2,000,000.00
UPS	Schneider Electric Smart UPS	2	Delivered	2,000,000.00
	Sub total			24,200,000



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**b. ASSETS OTHER DIRECT PURCHASES (DONATION IN KIND BY DONOR JICA)**

Maintenance for Remote sensing software No.1	1-year maintenance	ERDAS	2	Delivered	2,500,000.00
Maintenance for Remote sensing software No.2 for desktop	eCognition 9.2 Developer	Trimble	1	Delivered	
	Included 1-year maintenance				
GIS software for desktop	ArcGIS for desktop advanced 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	1	Delivered	
Maintenance for GIS software for desktop	1-year maintenance for ArcGIS desktop advanced	ESRI	1	Delivered	
Maintenance for GIS software for desktop	ArcGIS for desktop standard 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	1	Delivered	
Maintenance for GIS software for desktop	ArcGIS for desktop standard 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	2	Delivered	
Maintenance for GIS software for desktop	1-year maintenance for ArcGIS desktop standard	ESRI	1	Delivered	
Windows server 2012 r2 software license or updated one	Windows server 2012 r2 software license	Microsoft	4	Delivered	
Professional Service	Short term Contract to conduct FFS impact survey by JKUAT			Delivered	2,500,000.00
Professional Service	Short term Contract to review and revise the Growing of Melia Guidelines(Cost/benefit) analysis			Delivered	2,500,000.00
	Refining and revising National Forest Reference Level Frl				5,300,000.00
<b>Professional Service</b>	Short term contract on designing the model for assessing livelihood improvement			Delivered	5,000,000.00
Printing Advertising and Information Supplies Services	Facilitation of preparation, writing, approval, launching of PFMPs( Kiangombe&Kianjiru ) in Embu and FMA signing			Delivered	20,000,000.00
Printing Advertising and Information Supplies Services	MbololoMwambirwa PFMP launch and signing of FMA			ongoing	12,000,000.00
Daily Subsistence Allowances	Running and Facilitation of 10 FFS in Embu & 5 FFS for one year in TaitaTavetaupto graduation			Delivered	10,000,000.00





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Daily Subsistence Allowances	Improving and Refining the Forest Reference Level FRL - REDD+ TW/G, Stakeholders workshops, UNFCCC Peer Reviewers, Contract to prepare the draft National FRL. Responses to preliminary questions and/or clarifications from Technical Assessment Team from UNFCCC. Modifying FRL and submission to UNFCCC.	Delivered	35,000,000.00
Salaries & Renumeration	JOFA/PASCO /JICA shuttle consultants and experts (Salaries & Air tickets)		20,000,000.00
DSA	Developing and Operationalizing the National Forest Monitoring System NFMS(FIP)	Ongoing	15,000,000.00
Routine Maintenance-Vehicle and Others	Fuel, Maintenance, Insurance, of JICA vehicles, Motor cycles		17,000,000.00
Hospitality Supplies and Services	Conference facilities for various workshops		10,000,000.00
Printing Advertising and Information Supplies	Printing of calendars, magazines, Melia guidelines 9English & Kiswahili) and journals		5,000,000.00
Supplies for Production	Maintenance of seed orchards for Meliavolkensii and Acacia tortilisseedstands in Tivakitui and Kibwezi Maintenance of nineMeliavolkensii progeny sites spread across the country		12,000,000.00
Subsistence Allowances	Additional pilot inventory plots for FRL setting. Preparation of Land Cover/Land Use maps for year 2020.		5,000,000.00
Training Payments	Training 116 farmers from Embu, TharakaNithi, Makueni, Kitui, TaitaTaveta, Kwale, Kilifi in Kitui KEFRI Center and purchasing and delivering 26,700 seedlings of Meliavolkensii for earmarked farmers to plant in their farms.		7,007,785.00
Daily Subsistence Allowances	Signing of MOU/MOA between KOMAZA/KEFRI/CADEP		2,000,000.00
Administration Costs	Running office & administration, salaries for technical Interns		13,000,000.00
	Sub total		
	TOTAL		200,807,785.00





**f) Follow Up of Auditor Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Focal person to resolve the issue (Name)	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Report of the Auditor-General financial year ending June 2021	Unsupported Direct Purchase of Goods and Service K282,000,000 The validity and the accuracy of the expenditure on direct purchase of goods and Service were of Kshs 282,000,000 could not be confirmed	The purchase or procurement of the goods and service is done solely by JICA (donor) based on Government of Japan procurement rules and regulations. Kenya Forest Service has no control over the purchases made by the donor.  The Service only receives the said goods and services with the requisite specifications and acknowledges receipt as per the work plan and JICA(donor) does not share information on how the goods and services were procured but avail the required goods and service at the specified time and place. The Service does not operate separate donor bank account and does not receive the donor funds for the project. This is the procedure JICA follows across the board in all grant related Technical Cooperation Projects. Hence the Service will not be able to resolve internally.	PS Ministry of Environment and Forestry  PS Treasury	Not Resolved	N/A

**Guidelines Notes**

- (i) Use the same reference numbers as contained in the external audit report;



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- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Chief Conservator of Forests

Name : Julius Kamau, EBS



Project Coordinator

Name: Peter Nduati

