

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

## REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA ENERGY ENVIRONMENT  
AND SOCIAL RESPONSIBILITY  
PROGRAMME FUND**

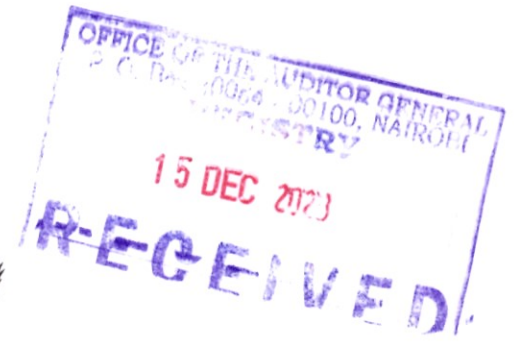
**FOR THE YEAR ENDED  
30 JUNE, 2023**

**STATE DEPARTMENT FOR ENERGY**

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**KENYA ENERGY SECTOR ENVIRONMENT & SOCIAL RESPONSIBILITY  
PROGRAMME**

**STATE DEPARTMENT FOR ENERGY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

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

**Kenya Energy Sector Environment & Social Responsibility Programme  
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**Kenya Energy Sector Environment & Social Responsibility Programme  
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**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor



**Kenya Energy Sector Environment & Social Responsibility Programme  
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**2. Key Fund Information and Management**

**(a) Background information**

The Kenya Energy Sector Environment & Social Responsibility Programme Fund was formed by an Act of parliament Regulations, 2007 (L.N. No. 188 of 2007). The Fund is under the supervision of Ministry of Energy.

The fund is wholly owned by the government of Kenya and is domiciled in Kenya

**Principal Activities**

The principal activity of keep is to finance activities relating to the production of wood fuel, power distribution poles and energy crops for production of bio-fuels; and growing of trees in order to conserve soil and preserve catchment areas for hydro-power dams, including provision of a sink for carbon dioxide generated through combustion fossil fuels

**Vision**

Provision of affordable, quality energy for all Kenyans

**Mission**

To facilitate provision of clean, sustainable, affordable, reliable, and secure energy services for national development while protecting the environment.

**Core Values**

The fund upholds the values of integrity, transparency, accountability, professionalism, prudent utilization of resources and open to constructive suggestions

**(b) Key Management**

<b>Ref</b>	<b>Name</b>	<b>Position</b>
1	Alex Kamau Wachira	Principal Secretary
2	Eng. Isaac Kiva, HSC	Secretary Renewable
3	CPA Rose Baraza	Deputy Accountant General
4	Peter Mwangi	Senior Assistant Director Supply Chain
5	Stephen Alexius Njue	Senior Deputy Director Budget

**Kenya Energy Sector Environment & Social Responsibility Programme  
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**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> J and who had direct fiduciary responsibility were:

<b>Ref</b>	<b>Position</b>	<b>Name</b>
1	Fund Manager/ Administrator	Alex Kamau Wachira
2	Fund Accountant	CPA Rose Baraza

**(d) Fund Offices**

Ministry of Energy,  
Kawi Complex,  
Off Red Cross Rd, Nairobi.  
P. O. Box 30582 – 00100 Nairobi Kenya  
info@energy.go.ke  
Tel: +254 (0) 20 4841000  
Fax: +254 (0)20 2228314  
Fax: +254 (0)20 2240910

**(e) Fund Contacts**

Ministry of Energy,  
Kawi Complex,  
Off Red Cross Rd, Nairobi.  
P. O. Box 30582 – 00100 Nairobi Kenya  
info@energy.go.ke  
Tel: +254 (0) 20 4841000  
Fax: +254 (0)20 2228314  
Fax: +254 (0)20 2240910

**(f) Fund Bankers**

Kenya Commercial Bank Limited  
P. O. Box 30012, 00100  
Koinange Street Nairobi  
**Nairobi, Kenya**

Credit Bank PLC  
P.O BOX 61064, 00200  
Koinange Street Branch  
**Nairobi, Kenya**



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**(g) Independent Auditors**

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(h) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

**3. Management Team**



**Alex Kamau Wachira  
Principal Secretary**

The Principal Secretary joins the State Department of Energy with a wealth of experience from the private sector where he worked variously as an investment banker. His latest assignment was with Faida Investment Bank where he traded and structured Treasury bonds and Corporate bonds at the Nairobi Stock Exchange (NSE). Other assignments include working with Dyer & Blair Investment Bank and Genghis Capital limited in the same capacity.

PS Wachira has served in various leadership positions right from his university days. He was a former member of the Bonds Market Association as well as a member of the Steering Committee of the Association of Stock Brokers and Investment Bankers (KASIB). His contribution to the Bond market was highlighted by his being appointed to the Central Depository at the Central Bank of Kenya (CBK). In 2018, he led a project dealt in government securities worth 900 billion, the highest turnover ever in Kenya.

A strong believer in servant leadership, community engagement and development, the PS spearheaded local initiatives such as, free cancer camps for Cancer Screening, Tree planting, Mentorship Programmes, and Sports Tournaments among others. The PS is a family man whose upbringing is instrumental in shaping him into the person he is.

In the energy sector, the PS has been a champion for Kenya's renewable energy, with an aim of accelerating geothermal exploration, wind and solar power. He is also keen on placing Kenya as an investment hub through public-private partnership in transmission lines and mini-grids to be able to achieve 100% connectivity by 2028. The PS is also looking to advance technology and innovation as we look towards the future of energy transition and efficiency in areas such as green hydrogen, electric vehicles and bio-energy.

Isaac Kiva is the Secretary for Renewable Energy since 1st June, 2017. Previously, he had served as the Secretary of Renewable Energy from 30th August, 2013.



**Kenya Energy Sector Environment & Social Responsibility Programme  
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**Eng. Isaac Kiva, HSC  
Secretary Renewable Energy**

the Directorate charged policy formulation, and promotion of development and utilization of renewable energy, energy efficiency and conservation, including facilitation of private sector investment. Eng. Kiva has wide experience in public sector management, having worked in energy and senior Government positions for over 20 years. He holds a Bachelor's Degree in Electrical Engineering from the University of Nairobi, and has undergone several professional courses in management, leadership, energy development and financial and economic analysis and modeling. He is a registered Professional Engineer with the Engineers Board of Kenya and a member of the Institution of Engineers of Kenya



**CPA Rose Baraza  
Deputy Accountant General**

CPA Rose Baraza is the Head of Accounting Unit in the State Department of Energy. She has served in the civil service growing in the system and has acquired vast experiences in different sectors of public service as an Accountant and head of Accounting Unit. Among the sectors she has headed are; The Office of DPP for 8 years where the office consistently achieved an unqualified report resulting to being the Best runners up in the Fire Award. She also headed Cabinet Office and was awarded certificate of recognition by the Head of Pubic Service for ensuring that the office consistently achieved an Unqualified Report. As the Head of Accounting Unit in the Department for Irrigation, the office moved from Disclaimer report to Unqualified report. She has also headed State Department for Industry and ASAL among others and all received Unqualified Report. She holds a Master's Degree in Business Administration (Finance Option), Bachelor's Degree in Commerce and Degree in Law (LLB) both from Catholic University. She was among officers who were awarded a distinction in Senior Leadership Course at KSG and has a Certificate in Strategic Management among others. She also represent PS in the Board of Directors of NUPEA where she is a member of Finance and Human Resource Committee.



**Kenya Energy Sector Environment & Social Responsibility Programme  
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**Stephen Alexius Njue  
Senior Deputy Director Budget**

Mr. Stephen Alexius Njue is currently Head of Finance in the Ministry of Energy at the grade of Senior Finance Officer.

He has served in the Civil Service for 28 years, in particular as Head of Finance for 19 years across various government Ministries, Departments and Agencies. These include; National Treasury, Ministry of Energy and Public Works, Housing, Regional Development, Water, Labour and Social Protection, Energy and various local authorities and County Governments. Currently he is an Alternate Director at Kenya Generating Electricity Company (Kengen).

Mr. Njue holds an MBA in Finance and a Bachelor's degree in Business Studies and Economics from Kenyatta University. He also holds a National Institute diploma in Financial Management from Kenya Institute of Management.

He is a member of the Institute of Internal Auditors and the Institute of Human Resource Management of Kenya.



**Mr Peter Mwangi  
Assistant Director Supply Chain & Management**

Mr. Mwangi is the Head of Supply Chain Management Service Unit in the State Department for Energy. Peter Mwangi has a Masters in Business Administration, Bachelors of Commerce, Post Graduate diploma from the Chartered Institute Purchasing and Supplies (CIPS) and is a member of KISM.

He has over 25 years of experience in Supply Chain Management services having worked in various government ministries and departments.



**Kenya Energy Sector Environment & Social Responsibility Programme  
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**4. Report of Fund Administration Committee**

The Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund affairs.

**3.1 Principal activities**

The principal activities of the Fund continue to be supporting production of bio fuels and growing of trees in order to conserve oil

**3.2 Performance**

The performance of the Fund for the year ended June 30, 2023, are set out on page 1 to 19.

**3.3 Auditors**

The Auditor General is responsible for the statutory audit of the Fund in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.



**Fund Administrator**

Alex Kamau Wachira



**Fund Accountant**

CPA Rose Baraza

ICPAK Number: 5586

## **5. Statement of Management's Responsibilities**

Section 81 of the Public Finance Management Act, 2012 requires the Fund Administrator to prepare and present financial statements in respect of that Fund, which give a true and fair view of the state of the Fund at the end of the financial year/period and the operating results of the Fund for the financial year/period. The Fund Administrator are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Fund Administrator are also responsible for safeguarding the assets of the Fund.

The Fund Administrator are responsible for the preparation and presentation of the Kenya Energy Sector Environment & Social Responsibility Fund financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year (period) ended or to be ended on 30 June 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining accurate accounting records, which disclose with reasonable accuracy at any time the financial position of the Fund; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Fund; (v) Applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Fund Administrator accept responsibility for the Kenya Energy Sector Environment & Social Responsibility Fund financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012. The Fund Administrator are of the opinion that the Kenya Energy Sector Environment & Social Responsibility Fund financial statements give a true and fair view of the state of Kenya Energy Sector Environment & Social Responsibility Fund transactions during the financial year ended June 30, 2023 and of the Kenya Energy Sector Environment & Social Responsibility Fund financial position at that date.

The Fund Administrator further confirms the completeness of the accounting records maintained by the Fund, which have been relied upon in the preparation of the Kenya Energy Sector Environment & Social Responsibility Fund financial statements as well as the adequacy of the systems and internal financial control.



**Kenya Energy Sector Environment & Social Responsibility Programme  
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Nothing has come to the attention of the Fund Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Kenya Energy Sector Environment & Social Responsibility Fund financial statements were approved by the Board on 29/09/20 2023 and signed on its behalf by:



.....  
Alex Kamau Wachira  
**Fund Administrator**

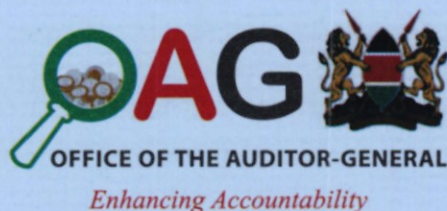


.....  
CPA Rose Baraza  
ICPAK Number: 5586  
**Fund Accountant**



# 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 ENERGY ENVIRONMENT AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR ENERGY**

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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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Energy Environment and Social Responsibility Programme Fund - State Department for Energy set out on pages

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*Report of the Auditor-General on Kenya Energy Environment and Social Responsibility Programme Fund for the year ended 30 June, 2023 - State Department for Energy*



1 to 18 which comprise of the statement of financial position as at 30 June, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts 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 Finance Management 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 Energy Environment and Social Responsibility Programme Fund - State Department for Energy as at 30 June, 2023 and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2015.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Assurance Engagements (ISAEs) issued by the International Auditing and Assurance Standards Board (IAASB). I am independent of the Kenya Energy Environment and Social Responsibility Programme Fund - State Department for Energy Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other professional responsibilities in accordance with the ISSAI and in accordance with other applicable 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters identified in my report in the year under review.

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else 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**

#### **1. Excess Withholding Tax on Interest Income and Failure to Remit Withholding Tax**

Review of the interest due from financial institution revealed that the bank was withholding tax on the Fund's monthly interest to a withholding tax rate of 20% contrary to the Third Schedule of the Income Tax Act Cap 470 Number 5(h)(iii) which states that resident withholding tax on interest income is 15%.



on qualifying interest shall be payable at a rate of 15% the gross amount. This resulted to an over charge of withholding tax of Kshs.654,531. In addition, an amount of Kshs.640,232 of withholding VAT withheld by the Program was not remitted to Kenya Revenue Authority as per Tax procedures.

In the circumstances, the Fund was in breach of the law.

## 2. Irregular Funding of the Program

The statement of financial performance reflects transfers from other Government entities amounting to Kshs.81,000,000 as disclosed in Note 5 to the financial statements. Included in the transfers is an amount of Kshs.80,000,000 received from the Petroleum Development Levy Fund - State Department for Energy. However, the Fund has no responsibility in the oil and petroleum industry. The transfer of the Kshs.80,000,000 is contrary to Section 4(4) of the Petroleum Development Fund Act No.4 of 1991 (Revised 2012), which provides that there shall be paid out of the petroleum development funds such monies as are necessary for the development of common facilities for distribution or testing of oil products and matters relating to the development of the oil industry.

In the circumstances, Management was in breach of the law.

## 3. Low Contribution to the Fund

As previously reported, the projected contributions by eight (8) agencies for the ten-year period towards the Fund, based on the 2019-2029 action plan revealed that out of the expected contribution of Kshs.824,000,000, only Kshs.311,000,000 or 38% was realized from 3 agencies while five (5) agencies had not made any contributions over the four (4) years as detailed below:

No.	Organization	Proposed Phase Two Allocation (2019-2029) Amount (Kshs.)	Contribution Allocation for the Last 4 Years (Kshs.)	Total Contribution Received in the Last 4 Years (Kshs.)	Deficit in Contribution (Kshs.)
1	Ministry of Energy (MOE)	659,000,000	263,600,000	302,000,000	(38,400,000)
2	Kenya Electricity Transmission Company (KETRACO)	5,000,000	2,000,000	0	2,000,000
3	Geothermal Development Company (GDC)	54,000,000	21,600,000	0	21,600,000
4	Nuclear Power and Energy Agency (NuPEA)	12,000,000	4,800,000	0	4,800,000
5	Kenya Power and Lighting Company Limited (KPLC)	10,000,000	4,000,000	3,000,000	1,000,000
6	Energy and Petroleum Regulatory Authority (EPRA)	20,000,000	8,000,000	6,000,000	2,000,000



No.	Organization	Proposed Phase Two Allocation (2019-2029) Amount (Kshs.)	Contribution Allocation for the Last 4 Years (Kshs.)	Total Contribution Received in the Last 4 Years (Kshs.)	Co
7	Kenya Electricity Generating Company PLC (KenGen),	10,000,000	4,000,000	0	
8	Rural Electrification & Renewable Energy Corporation (RREC)	54,000,000	21,600,000	0	2
<b>Total</b>		<b>824,000,000</b>	<b>329,600,000</b>	<b>311,000,000</b>	<b>1</b>

Though the Management has written to the five (5) agencies which were not contributing in accordance with the agreement, nothing much has changed.

In the circumstances, the non-contribution to the Fund is a violation to the terms of the agreement and may impact negatively on the operations of the Fund and its ability to achieve the intended goals and objectives.

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

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

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the 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 the International Standards for Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems, 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 the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS).



(Accrual Basis) and for maintaining effective internal controls as the 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 governance.

In preparing the financial statements, the Management is responsible for assessing the Fund's, ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 Fund'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 compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and procedures in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and to issue 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 system that might be material weaknesses under the ISSAIs. A material weakness is a deficiency 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 of amounts that would be material in relation to the financial statements being audited will occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 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 support my conclusion on the 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 Management.
- Conclude on the appropriateness of Management's use of the applicable financial reporting framework and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund'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 the report. However, future events or conditions may cause the Fund to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund 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 control that are identified during the audit.

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

19 January, 2024





Kenya Energy Sector Environment & Social Responsibility Programme  
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7. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	5	81,000,000	75,000,000
		<b>81,000,000</b>	<b>75,000,000</b>
<b>Revenue from exchange transactions</b>			
Interest income	6	13,019,677	11,052,723
Other Income			
		<b>13,019,677</b>	<b>11,052,723</b>
<b>Total revenue</b>		<b>94,019,677</b>	<b>86,052,723</b>
<b>Expenses</b>			
Use of goods and services	7	56,310,499	18,926,766
Afforestation Expenses	8	85,292,731	49,331,671
<b>Total expenses</b>		<b>141,603,230</b>	<b>68,258,437</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(47,583,553)</b>	<b>17,794,286</b>

The notes set out on pages 10 to 13 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 19 were signed by Fund Administrator by:



Alex Kamau Wachira  
**Fund Administrator**



CPA Rose Baraza  
ICPAK Number: 5586  
**Fund Accountant**



Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.

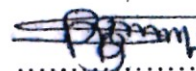
14 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	9	146,326,914	
Accounts Receivables -Interest Income	10		
<b>Total Current Assets</b>		<b>146,326,914</b>	
<b>Non-Current Assets</b>			
Property plant and Equipment	12	8,057,850	
<b>Total Non-Current Assets</b>		<b>8,057,850</b>	
<b>Total Assets</b>		<b>154,384,764</b>	
<b>Current Liabilities</b>			
Trade and Other Payables	11	182,920	
<b>Total Current Liabilities</b>		<b>182,920</b>	
<b>Net Assets</b>			
Accumulated Surplus		154,201,844	
<b>Adjustments</b>			
<b>Total Net Assets and Liabilities</b>		<b>154,384,764</b>	

The financial statements set out on pages 1 to 19 were signed by Fund Administrator by:



.....  
Alex Kamau Wachira  
**Fund Administrator**



.....  
CPA Rose Baraza  
ICPAK Number: 5586  
**Fund Accountant**

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

**15 Statement of Changes in Net Assets for the year ended 30 June 2023**

	<b>Accumulate Surplus</b>
	kshs
<b>Balance as at July 1, 2021</b>	<b>183,411,490</b>
Total comprehensive income	17,794,286
Prior year adjustment	579,621
<b>Balance as at June 30, 2022</b>	<b>201,785,397</b>
At July 1, 2022	201,785,397
Deficit	(47,583,553)
<b>Balance as at 1 July 2023</b>	<b>154,201,844</b>



Kenya Energy Sector Environment & Social Responsibility Programme  
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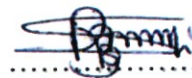
16. Statement of Cash Flows for the year ended 30 June 2023

		2022-2023	2022-2023
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	5	81,000,000	75,000,000
Interest income		14,773,827	11,000,000
<b>Total receipts</b>		<b>95,773,827</b>	<b>86,000,000</b>
<b>Payments</b>			
Use of goods and services	7	56,310,499	18,900,000
Afforestation Services	8	85,109,811	49,300,000
<b>Total payments</b>		<b>141,420,310</b>	<b>68,200,000</b>
<b>Net cash flows used in operating activities</b>	14	<b>(45,646,483)</b>	<b>17,700,000</b>
<b>Cash flows from Investing activities</b>			
Purchase of PPE	12	(8,057,850)	
<b>Net Cash flows from Investing activities</b>		<b>(8,057,850)</b>	
<b>Prior Year Adjustments</b>	13		57,000,000
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(53,704,333)</b>	<b>18,300,000</b>
Cash and cash equivalents at 1 July		200,031,247	181,600,000
<b>Cash and cash equivalents at 30 June</b>		<b>146,326,914</b>	<b>200,000,000</b>

The financial statements set out on pages 1 to 19 were signed by Fund Administrator by:



Alex Kamau Wachira  
**Fund Administrator**



CPA Rose Baraza  
ICPAK Number: 5586  
**Fund Accountant**

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	2023	2023	2023	2023	2023	2023
<b>Revenue</b>						
Transfers from Other Governments entities	80,000,000		80,000,000	<b>81,000,000</b>	-1,000,000	100%
Interest Income				13,019,677	-13,019,677	-
<b>TOTAL INCOME</b>	<b>80,000,000</b>		80,000,000	<b>94,019,677</b>	-14,019,677	-
<b>Expenses</b>						
Use of good and services	25,000,000		25,000,000	56,310,499	-31,310,499	225%
Afforestation Expenses	55,000,000		55,000,000	85,292,731	-30,292,731	155%
<b>Total Expenditure</b>	<b>80,000,000</b>		<b>80,000,000</b>	<b>141,603,230</b>	<b>-61,603,230</b>	<b>107%</b>
<b>Surplus for the year</b>	-	-	-	<b>(47,583,553)</b>		



## **18. Notes to the Financial Statements**

### **1. General Information**

The Kenya Energy Sector Environment & Social Responsibility Fund is established derives its authority and accountability from by an Act of parliament Regulations, 2007 (No. 188 of 2007). The Fund is wholly owned by the Government of Kenya and is do in Kenya. The Kenya Energy Sector Environment & Social Responsibility Fund p activity is to finance activities relating to the production of wood fuel, power distributic and energy crops for production of bio-fuels; and growing of trees in order to conse and preserve catchment areas for hydro-power dams, including provision of a sink for dioxide generated through combustion fossil fuels

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except measurement at re-valued amounts of certain items of property, plant and equ marketable securities and financial instruments at fair value, impaired assets at their es recoverable amounts and actuarially determined liabilities at their present valu preparation of financial statements in conformity with International Public Sector Acc Standards (IPSAS) allows the use of estimates and assumptions. It also requires mana to exercise judgement in the process of applying the Kenya Energy Sector Environ Social Responsibility Fund accounting policies. The areas involving a higher de judgement or complexity, or where assumptions and estimates are significant to the f statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, whic functional and reporting currency of the Fund.

The financial statements have been prepared in accordance with the PFM Act, th Corporations Act and International Public Sector Accounting Standards (IPSA) accounting policies adopted have been consistently applied to all the years presented.

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**3. Adoption of New and Revised Standards**

**i. Early adoption of standards**

The Fund did not early – adopt any new or amended standards in year 2022/2023.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Fees, taxes and fines**

The Fund recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Interest income**

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.



**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

**b) Budget information**

The original budget for FY 2022-2023 was approved by the National Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the relevant approvals in order to conclude the final budget.

The Kenya Energy Sector Environment & Social Responsibility Fund budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements were made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**Summary of Significant Accounting Policies (Continued)**

**c) Related parties**

The Kenya Energy Sector Environment & Social Responsibility Fund regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprises of the Fund Administrator and Fund Accountant

**d) Cash and cash equivalents**

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. No depreciation is charged on Property plant and Equipment during the year of purchase. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value

**f) Comparative figures**

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

**g) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.



**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**5. (a) Transfer from National Government**

Description	2022-2023	2021-2022
	KShs	KShs
<b>Unconditional Grants</b>		
Ministry of Energy	80,000,000	72,000,000
KENGEN	1,000,000	1,000,000
EPRA		2,000,000
<b>Total Government Grants And Subsidies</b>	<b>81,000,000</b>	<b>75,000,000</b>

**b) Transfers from National government**

Name Of The Fund Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2022-23	Prior year 2021-2022
	KShs	KShs	KShs	KShs	KShs
Ministry of energy	80,000,000	-	-	72,000,000	72,000,000
EPRA	-	-	-	-	2,000,000
KENGEN	1,000,000			1,000,000	1,000,000
<b>Total</b>	<b>81,000,000</b>	<b>-</b>	<b>-</b>	<b>81,000,000</b>	<b>75,000,000</b>

**6. Interest income**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest income on bank deposits	13,019,677	11,050,000
<b>Total Interest income</b>	<b>13,019,677</b>	<b>11,050,000</b>

A total Kshs 14,773,827 was received as income in 2022/2023. Out of Kshs 14,773,827 in 2022/2023, Kshs 1,754,150 was interest earned during the financial year 2021-2022.

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**7. Use of goods and services**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Domestic travel and subsistence	53,256,387	16,571,966
Bank charges	3,054,112	2,167,800
Hospitality, supplies and services		187,000
<b>Total use of goods and Services</b>	<b>56,310,499</b>	<b>18,926,766</b>

**8. Afforestation Expenses**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Afforestation	85,292,731	49,331,671
<b>Total use of goods and Services</b>	<b>85,292,731</b>	<b>49,331,671</b>

**9. Cash and cash equivalent**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>KShs</b>	<b>KShs</b>
Current account	146,326,914	200,031,247
<b>Total cash and cash equivalent</b>	<b>146,326,914</b>	<b>200,031,247</b>

Detailed analysis of the cash and cash equivalent are as follows

<b>Financial institution</b>	<b>2022-2023</b>	<b>2021-2022</b>
<b>Fixed deposit account</b>	<b>Kshs</b>	<b>Kshs</b>
Kenya Commercial bank	1,654,719	67,718,304
Credit Bank	144,672,195	132,312,943
<b>Grand Total</b>	<b>146,326,914</b>	<b>200,031,247</b>

**10. Accounts Receivables -Interest Income**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Accounts Receivables – Interest Income	-	1754,150
<b>Total use of goods and Services</b>	<b>-</b>	<b>1,754,150</b>



**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**11. Accounts Payable**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
VAT Payable	182,920	
<b>Total use of goods and Services</b>	<b>182,920</b>	

**12. Property Plant and Equipment**

<b>Cost</b>	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As At 1 July 2021	0	0	
As at 30 <sup>th</sup> June 2022	0	0	
Additions	1,684,500	6,373,350	8,057,850
As at 30 <sup>th</sup> June 2023	<b>1,684,500</b>	<b>6,373,350</b>	<b>8,057,850</b>
<b>Depreciation And Impairment</b>			
At 1 July 2021			
Depreciation	0	0	
As At 30 <sup>th</sup> June 2022	0	0	
Depreciation	0	0	
As at 30 <sup>th</sup> June 2023	0	0	
<b>Net Book Values</b>			
As at 30 <sup>th</sup> June 2022	0	0	
As at 30 <sup>th</sup> June 2023	<b>1,684,500</b>	<b>6,373,350</b>	<b>8,057,850</b>

**13. Prior Year Adjustments**

<b>Description</b>	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Refund from Deposit Account	-	57
<b>Total Interest income</b>		<b>57</b>

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**14. Cash Generated from Operations Activities**

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	(47,583,553)	17,794,286
Adjusted for:		
Working capital adjustments		
Decrease in receivables	1,754,150	-
Increase in payables	182,920	-
<b>Net cash flow from operating activities</b>	<b>45,646,483</b>	<b>17,794,286</b>

**15. Related party balances**

Description	2022-2023	2021-2022
	Kshs	Kshs
Ministry of energy	80,000,000	72,000,000
EPRA		2,000,000
KENGEN	1,000,000	1,000,000



**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**16. Financial Risk Management**

The Kenya Energy Sector Environment & Social Responsibility Fund activities expose it to a range of financial risks including credit and liquidity risks and effects of changes in foreign currency exchange rates. The Kenya Energy Sector Environment & Social Responsibility Fund overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Kenya Energy Sector Environment & Social Responsibility Fund financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay the amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks and other financial institutions as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the Fund Administrator. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Kenya Energy Sector Environment & Social Responsibility Fund management based on prior experience and an assessment of the current economic environment.

**Financial Risk Management**

The carrying amount of financial assets recorded in the financial statements representing the Kenya Energy Sector Environment & Social Responsibility Fund maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	<b>Total amount</b>	<b>Fully performing</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2022</b>		
Bank balances	142,861,242	142,861,242
<b>Total</b>	<b>142,861,242</b>	<b>142,861,242</b>
<b>As at 30 June 2021</b>		
Bank balances	200,031,247	200,031,247
<b>Total</b>	<b>200,031,247</b>	<b>200,031,247</b>

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

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

**ii) Market risk**

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Kenya Energy Sector Environment & Social Responsibility Fund income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Kenya Energy Sector Environment & Social Responsibility Fund Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Kenya Energy Sector Environment & Social Responsibility Fund exposure to market risks or the manner in which it manages and measures the risk.

**a) Interest rate risk**

Interest rate risk is the risk that the Kenya Energy Sector Environment & Social Responsibility Fund financial condition may be adversely affected as a result of changes in interest rate levels. The Kenya Energy Sector Environment & Social Responsibility Fund interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Kenya Energy Sector Environment & Social Responsibility Fund deposits.

**Management of interest rate risk**

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.



**Financial Risk Management**

**Sensitivity analysis**

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as an increase of (53,794,333)(2022: KShs (18,373,907). A rate increase of 5% would result in a decrease/increase in profit before tax of KShs (47,583,553) (2022 – KShs 17,794,286)

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

**17. Related Party Disclosures**

**Nature of related party relationships**

The Government of Kenya is the principal shareholder of the Kenya Energy Sector Environment & Social Responsibility Fund holding 100% of the Fund's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i. The National Government;
- ii. Ministry of Energy;
- iii. Other government entities
- iv. Key management personnel

**Related party transactions**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>KShs</b>	<b>KShs</b>
Ministry of Energy	80,000,000	72,000,000
EPRA		2,000,000
KENGEN	1,000,000	1,000,000

**18. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**19. Ultimate and Holding Fund**

The Government of Kenya is the principal shareholder of the Fund, holding 100% of the Kenya Energy Sector Environment & Social Responsibility Fund equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Fund, both domestic and external.

**20. Currency**

The financial statements are presented in Kenya Shillings (Kshs).



**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

**19. Appendix**

**Appendix 1: Implementation Status of Auditor-General's Recommendations**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Budgetary Control and Performance	The Management indicated that the Fund operates on IPSAS accrual basis hence bank balances brought forward are utilized in the following financial year.	Resolved	
	Low Contribution of the Fund	The management indicated that regulations to enforce Agencies to contribute to the fund are now in place and follow up is being done to enforce them by law	Not resolved	
	Low Utilization of Funds on Core Activities	The management indicated that regulations to enforce Community Forest Association are managed by Kenya Forest Services which is a government body governed by procurement laws	Resolved	



.....  
**Fund Administrator**

Date

**Kenya Energy Sector Environment & Social Responsibility Programme  
Annual Report and Financial Statements for the year ended June 30, 2023.**

**Appendix II: Transfers from Other Government Entities**

<b>Kenya Energy Sector Environment &amp; Social Responsibility Programme Fund (KEEP)</b>				
<b>FY 2020/2021</b>				
<u>Development Grants</u>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>	
State Department for Energy	16/11/2022	80,000,000	2022/2023	
KENGEN	12/9/2022	1,000,000	2022/2023	
<b>Total</b>		<b>81,000,000</b>		

Sign



**Fund Administrator**  
Alex Kamau Wachira

Sign



**Fund Accountant**  
CPA Rose Baraza  
ICPAK Member Number:5586





**MINISTRY OF ENERGY      REPUBLIC OF KENYA**  
**BANK RECONCILIATION**

**KEEP**

F/Y 2022/2023

as at 30TH JUNE 2023

Station **NAIROBI**

		Sh.
Balance as per Bank Certificate .....		1,654,718.85
Less -----		
1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques) .....		0.00
2. Receipts in Bank Statement not yet recorded in Cash book .....		0.00
<b>Sub - Total</b>		<b>1,654,718.85</b>
3. Payment in Bank Statement not yet recorded in Cash Book .....		0.00
4 Receipts in Cash Book not yet Recorded in Bank Statement .....		0.00
<b>Balance as per cash Book .....</b>		<b>1,654,718.85</b>

Balance as per Bank Certificate .....

Less -----

1. Payments in Cash Book not yet recorded in Bank Statement

(Unpresented Cheques) .....

2. Receipts in Bank Statement not yet recorded in Cash book .....

**Sub - Total**

Add -----

3. Payment in Bank Statement not yet recorded in Cash Book .....

4 Receipts in Cash Book not yet Recorded in Bank Statement .....

**Balance as per cash Book ..... 1,654,718.85**

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.

*Betty* .....  
**Signature**

**ACC**  
**Designation**

*30/06/2023* .....  
**Date**

Prepared by *Betty* .....





**MINISTRY OF ENERGY      REPUBLIC OF KENYA**  
**BANK RECONCILIATION**

KEEP

F/Y 2022/2023

Station **NAIROBI**

as at 30TH JUNE 2023

**Balance as per Bank Certificate .....****Less -----**

1. Payments in Cash Book not yet recorded in Bank Statement (Unpresented Cheques) .....
2. Receipts in Bank Statement not yet recorded in Cash book .....

**Sub - Total****Add -----**

3. Payment in Bank Statement not yet recorded in Cash Book .....
- 4 Receipts in Cash Book not yet Recorded in Bank Statement .....

**Balance as per cash Book .....**

		Sh.
		141,206,523.44
		0.00
		0.00
		141,206,523.44
		3,465,672.05
		0.00
		<b>144,672,195.49</b>

I certify that I have verified the Bank balance in the cash Book with the bank Statement and that the above reconciliation is correct.

Signature

*Accl*  
Designation

Date

*30/06/2023*

Prepared by .....

*Stella*





**PAYMENTS IN BANK NOT IN CASHBOOK**

<b>DATE</b>	<b>PARTICULARS</b>	<b>AMOUNT</b>
23-02-23	EFT SALARIES	1,496,900.00
14-03-23	ENERGY SALARY	1,968,410.00
	OVERCAST TAX-VARIOUS	362.05
<b>TOTAL</b>		<b>3,465,672.05</b>





## REPUBLIC OF KENYA

Date: 11<sup>th</sup> July 2023

Report of the Board of Survey on the Cash and Bank Balance of **State Department for Energy**  
as at the close of Business on **30<sup>th</sup> June, 2023**

The Board, consisting of – (Names and official titles)

<b>DENNIS MUTISO</b>	-	<b>CHAIRMAN</b>
<b>SAMMY CHERUIYOUT</b>	-	<b>MEMBER</b>
<b>PENINNAH KANINI</b>	-	<b>SECRETARY</b>

Assembled at the office of **Cash Office** at **12.30pm** on **11th July, 2023**

And the following cash was produced:-

Notes	...	..	..	..	..	..	Sh. Nil
Silver	...	..	..	..	..	..	Sh. Nil
Cooper	...	..	..	..	..	..	Sh Nil
Cheques (as per details on reverse)	...	..	..	..	..	..	<u>Sh. Nil</u> Nil

It was observed that cheques amounting to Sh- Cts - had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.


The Cash Book reflected the following balances as at the close of business on the **30<sup>th</sup> June, 2023**.

Cash on hand	...	..	..	..	..	..	Sh. Nil
Bank Balance	...	..	..	..	..	..	Sh. 1,654,718.85
							<u>Sh. 1,654,718.85</u>


The Bank Certificate of Balance showed a sum of **Shs.1, 654,718.85** to the credit of the account on **30<sup>th</sup> June, 2023**

The difference between this figure and the Bank Balance as at and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

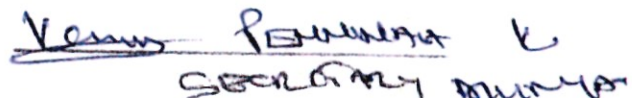
01/07/2023  
DATE

  
DENNIS N. MUTISO  
Chairman

Date 01/07/2023 .....

  
Sammy Cheruiyot  
Members of the Board

01/07/2023  
DATE

  
Peninnah Kanini  
SECRETARY



LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND

Cheque No.	Drawer	Date of Cheque	Date Received	Amounts

Kipande House,  
P.O. Box 30012 - 00100,  
Nairobi, Kenya.  
Tel: 340161/186,  
Mobile: +254 700045067  
Email:  
kipandehouse@kcb.co.ke  
Website:  
<http://www.kcb.co.ke>

1218 CA 41 BRANCHES  
CERTIFICATE OF BALANCE

KCB Bank Limited  
(Incorporated in Kenya)

CERT2320500099

KCB KIPANDE HOUSE

24 JUL 2023

Certified that the balance at the CREDIT OF KENYA ENERGY SECTOR  
ENV RESP PR

A/C 1104175894

at the close of business on 30 JUN 2023 Was KES

ONE MILLION SIX HUNDRED AND FIFTY FOUR THOUSAND SEVEN HUNDRED AND  
EIGHTEEN CENTS EIGHTY FIVE

KES 1,654,718.85

Examined by

FOR: KCB BANK KENYA LTD.

Manager SQC  
KIPANDE HOUSE, NAIROBI  
Manager Service Quality & Compliance

FOR: KCB BANK KENYA LTD.

Branch Manager  
KIPANDE HOUSE, NAIROBI

[www.kcbgroup.com](http://www.kcbgroup.com)





## REPUBLIC OF KENYA

Date: 11<sup>th</sup> July 2023

Report of the Board of Survey on the Cash and Bank Balance of **State Department for Energy**  
as at the close of Business on **30<sup>th</sup> June, 2023**

The Board, consisting of – (Names and official titles)

<b>DENNIS MUTISO</b>	-	<b>CHAIRMAN</b>
<b>SAMMY CHERUIYOUT</b>	-	<b>MEMBER</b>
<b>PENINNAH KANINI</b>	-	<b>SECRETARY</b>

Assembled at the office of **Cash Office** at **12.30pm** on **11th July, 2023**

And the following cash was produced:-

Notes	...	..	..	..	..	..	Sh. Nil
Silver	...	..	..	..	..	..	Sh. Nil
Cooper	...	..	..	..	..	..	Sh Nil
Cheques (as per details on reverse)	...	..	..	..	..	..	<u>Sh. Nil</u> Nil

It was observed that cheques amounting to Sh- Cts - had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the **30<sup>th</sup> June, 2023**.

Cash on hand	...	..	..	..	..	..	Sh. Nil
Bank Balance	...	..	..	..	..	..	Sh. 144,672,195.49
							<u>Sh. 144,672,195.49</u>

The Bank Certificate of Balance showed a sum of **Shs.141, 206,523.44** to the credit of the account on **30<sup>th</sup> June, 2023**

The difference between this figure and the Bank Balance as at and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.

01/07/2023  
DATE

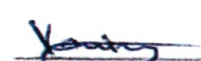
  
D.N. MUTISO  
Chairman

Date

01/07/2023

  
Sammy Cheruiyout  
Members of the Board

01/07/2023  
DATE

  
PENINNAH K  
SECRETARY



LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND

Cheque No.	Drawer	Date of Cheque	Date Received	Amounts

Our ref: CBL/1000097535/2023

21 July 2023

To,  
Ministry of Energy and Petroleum,  
State Department For Energy  
Kenya Energy Environment Responsibility Programme  
Kawi house,  
P.O. Box 30582,  
Nairobi.

Ref. No.MOE/ACC/1/VOL.1/112

Dear Sir/Madarn,

**RE: CERTIFICATE OF BALANCES KENYA ENERGY ENVIR RESP PROG (KEEP) AS AT 30 JUNE 2023**

We refer to your letter dated 13 July 2023 requesting us to furnish you directly with details relating to the subject account held with us.

In reference to the same, please find below the details as required.

1) Account No. 0021007000786 Kes 141,206,523.44 Cr

Kindly do not hesitate to contact us should you require any further clarification.

Yours faithfully,

For: Credit Bank Ltd

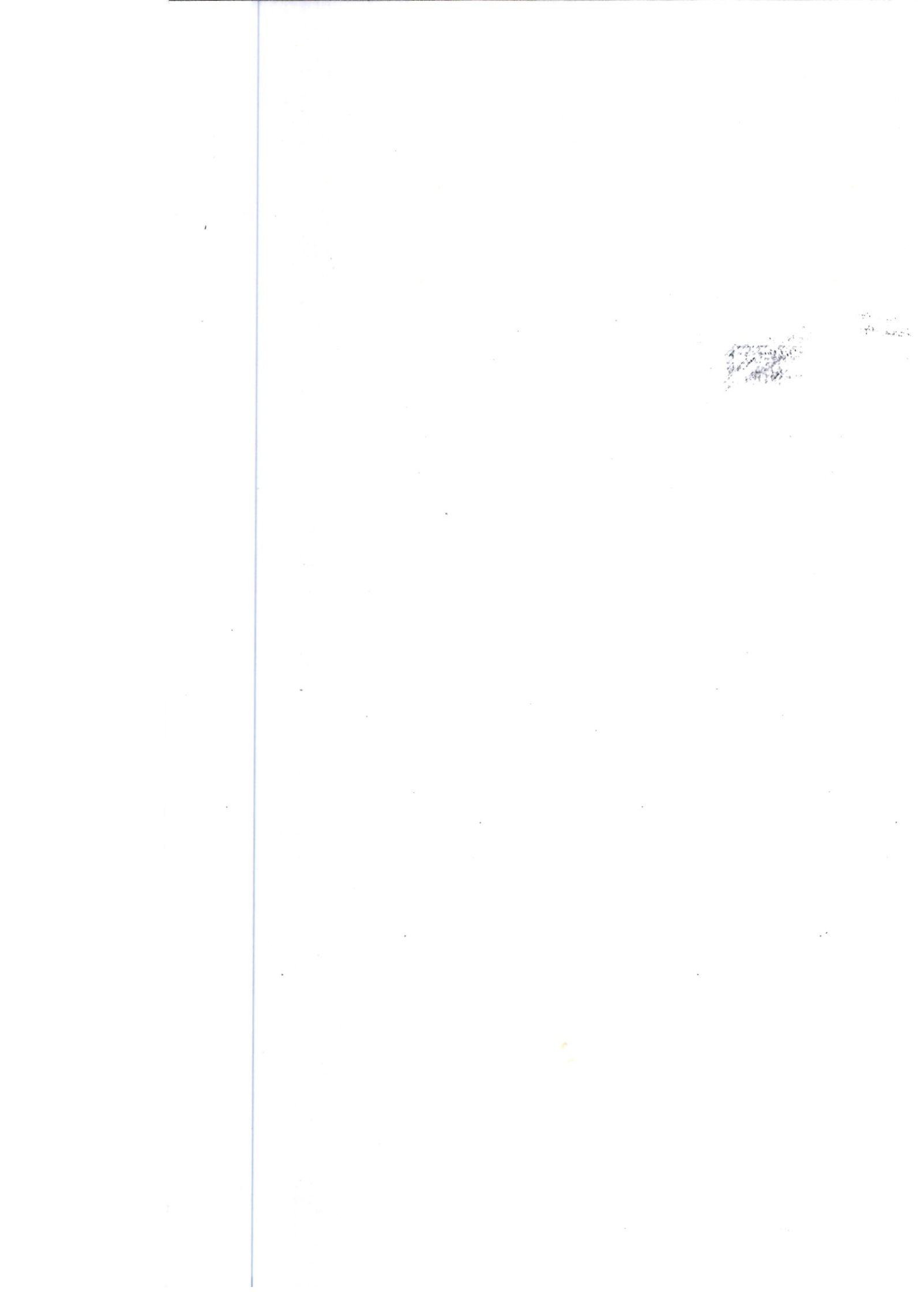


AUTHORISED SIGNATORY



AUTHORISED SIGNATORY





11



OAG/EM&BE/SDBEF/RS/2022/2023/(16)

29 January, 2023

**Mr. Samuel Josephat Njoroge**

Clerk of the National Assembly

Parliament Buildings

P. O. Box 41842 – 00100

**NAIROBI**

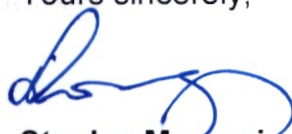
Dear Mr. Njoroge,

**REPORT OF THE AUDITOR-GENERAL ON REVENUE STATEMENTS FOR  
YEAR ENDED 30 JUNE, 2023 – STATE DEPARTMENT FOR BLUE ECONOMY  
AND FISHERIES**

---

I transmit the report of the Auditor-General on the examination and audit of Revenue Statements - State Department for Blue Economy for the year ended 30 June, 2023 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229 of the Constitution.

Yours sincerely,



**Stanley Mwangi**  
**For: AUDITOR-GENERAL**

OAG/EM&BE/KEE&SRPF/SDE/2022/2023/(25)

29 January, 2024

**Mr. Samuel Josephat Njoroge**

Clerk of the National Assembly

Parliament Buildings

P. O. Box 41842 – 00100

**NAIROBI**

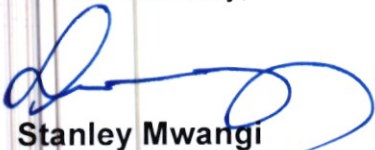
Dear Mr. Njoroge,

**REPORT OF THE AUDITOR-GENERAL ON KENYA ENERGY ENVIRONMENT  
AND SOCIAL RESPONSIBILITY PROGRAMME FUND FOR THE YEAR ENDED  
30 JUNE, 2023 – STATE DEPARTMENT FOR ENERGY**

---

I transmit the report of the Auditor-General on the examination and audit on Kenya Energy Environment and Social Responsibility Programme Fund for the year ended 30 June, 2023 in accordance with the provisions of Article 229(7) of the Constitution of Kenya for the necessary action as required by Article 229 (8) of the Constitution.

Yours sincerely,



**Stanley Mwangi**  
**For: AUDITOR-GENERAL**

