

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

OF
DATE: 05 DEC 2024 DAY: _____

DEPUTY MAJORITY
WILLIS OBIERO

ON

**KENYA GOLD MERCURY FREE ASGM
PROJECT GRANT NO.GEF/UNDP/GOK-00108253**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**STATE DEPARTMENT FOR ENVIRONMENT
AND CLIMATE CHANGE**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

12 NOV 2024

RECEIVED

PROJECT NAME: KENYA GOLD MERCURY FREE ASGM

**IMPLEMENTING ENTITY: STATE DEPARTMENT OF ENVIRONMENT &
CLIMATE CHANGE**

PROJECT GRANT NUMBER: GEF/UNDP/GOK-00108253

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Table Contents

Page

1. Acronyms and Glossary of Terms	iii
2. Project Information and Overall Performance.....	iv
3. Statement of Performance against Project’s Predetermined Objectives	xvi
4. Environmental and Sustainability reporting	xxi
5. Statement of Project Management responsibilities	xxiv
6. Report of the Independent Auditor on Financial Statements for <i>Kenya GOLD Mercury Free ASGM project</i>	xxvi
7. Statement of Receipts and Payments for the year ended 30th June 2023.	1
8. Statement of Financial Assets as at 30 th June 2024.....	3
9. Statement of Cashflow for the year ended 30 th June 2024	4
10. Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2024.....	6
11. Significant Accounting Policies	7
12. Notes to the Financial Statements	14
13. Annexes	37

1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
GOLD	Global Opportunities for Long Term Development
ASGM	Artisanal & Small Scall Gold Mining
GEF	Global Environmental Facility
UNEP	United Nations Environmental Program
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
KIBT	Kenya Institute of Business Training
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya GOLD Mercury Free ASGM project.

Objective

The key objective of the project is to reduce/eliminate the use of mercury in the Kenya's ASGM mining sector through provision of technical assistance, technology transfer, establishment of public private partnerships and facilitating access to financing for the purchase of mercury-free processing equipment.

The project intends to introduce and promote best practices and techniques for gold extraction. That means more money for miners and their families and fewer risks to their health, their communities, and the environment.

Address

The project headquarters offices are at Nairobi City, Nairobi County, Kenya.

The address of its registered office is:

Ministry of Environment, Climate Change & Forestry

NHIF Building, Ragati Road, Upperhill

NAIROBI, KENYA

The project has no other offices/branches

Contacts: The following are the project contacts

P.O. Box: 30126-00100, Nairobi

Telephone: 254-020 – 2730808/9

E-mail: psoffice@environment.go.ke, imkagoldproject@gmail.com

Website: www.environment.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 05/07/2019
Project End Date:	The project end date is 31/12//2025
Project Manager:	The project manager is Ms Mayiani Saino
Project Sponsor:	The project Donor is GEF through UNDP

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the State Department of Environment and Climate Change.
Project number	GEF/UNDP/GOK-00108253
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> I. To strengthen institutions and the policy/ regulatory framework for mercury-free ASGM; II. To establish financing lending arrangements that provide loans for mercury free processing equipment; III. To increase capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization; and, IV. Monitor and evaluate, awareness raising, capturing and disseminating experiences, lessons-learned and best practices.
Summary of Project Strategies for achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> I. Strengthening institutions and the policy/ regulatory framework for mercury-free ASGM

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

	<p>II. Establishing financing lending arrangements to provide loans for mercury free processing equipment</p> <p>III. Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization; and</p> <p>(i) Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices.</p>
Other important background information of the project	The Project supports six sites in Kenya (Roasterman and Ikolomani in Kakamega County, Masara, and Kehancha in Migori County, Lolgorian in Narok County and Chavakali in Vihiga County) to reduce mercury use in gold processing by 0.5 metric tonnes per year resulting in a total of 1.5 tonnes of mercury avoided over the duration of the five (5) year project.
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) To build/enhance the capacity of government entities in order to improve their capacity to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector;</p> <p>(ii) Development of new/improved financial products/mechanisms (including women friendly financial products) established for the ASGM sector;</p> <p>(iii) Total mercury use/releases from ASGM avoided by 1.5 tonnes; and,</p> <p>(iv) Awareness raised of 54,600 people (16,380 female and 38,220 male) on the dangers of mercury and ways to reduce its use in ASGM.</p>
Project duration	The project started on 1st July 2019 and was expected to run until 30 June 2024, however there was a no-cost extension for

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

	18 months upto 30 December 2025.
--	----------------------------------

***Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Project Information and Overall Performance (Continued)

2.4 Bankers

The following is the banker for the current year:

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2.5 Independent Auditor

The project is audited by:

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084 GPO 00100,
NAIROBI, KENYA.

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Eng. Festus K. Ng'eno	Principal Secretary	MSc. Environmental & Water system Engineering PGD. Leadership & Corporate Governance	Project Executive, Chair project board and approves all the project expenditures
Ms. Agnes Yobterick, OGW	Director of Projects Programmes & Strategic Initiatives	MSc. in Forestry & leadership skills in project and programs	Oversight and supervise the project implementation.
Mayiani Saino	Project Manger	MSc. Environmental Engineering.	Oversee the day-to-day project implementation
Convine Omondi	Chief Technical Advisor	MSc Geology	Responsible for implementing Mercury Free technologies
Bancy Nguthi	Assistant Accountant General	MBA (Finance). C.P.A,	Project Financial Reporting and Administration
Winnie Masaku	Project Assistant	Bachelors' degree in Environmental Planning and Management	Coordination & administration of project Activities
Ruth Epwoka	Communication Officer	M.A Communication & Media	Provide lead role in knowledge management & Communication aspect of the project
Dolphine Magware	Finance Officer	C.P.A, Bachelors of Commerce in Finance.	Project Financial Reporting and



Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

				Administration
Joshua Boiwo	Regional officer – Narok	Project – Migori,	Mining Engineer	Project Technical Assistant and administration in the field regions
Samuel Too	Regional officer	Project	Mining Engineer	Project Technical Assistant and administration in the field regions

2.7 Funding summary

The Project is for a duration of 5 years from 2019 to July 2024 (A no cost extension has been given for the project to run upto 30 December 2025) with an approved budget of **US\$ 4,200,000** equivalent to **Kshs 546,000,000** as highlighted in the table below.

Below is the funding summary:

The Project is for duration of 5 years from 2019 to 2024 (A no cost extension has been given for the project to run upto 30 December 2025) with an approved budget of **US\$ 4,200,000** (use donor currency) equivalent to **Kshs 546,000,000** as highlighted in the table below:

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2024)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency USD	Kshs	Donor currency USD	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
UNDP (1USD=KES 130)			1,457,184	189,433,941		
(ii) Direct Payments			484,989	63,048,601		
	4,200,000	546,000,000	1,942,173	252,482,542	2,257,827	293,517,458
Total	4,200,000	546,000,000	1,942,173	252,482,542	2,257,827	293,517,458

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

B. Application of Funds

Application of funds	Amount received to date – 30 th June 2024		Cumulative amount paid to date – 30 th June 2024		Unutilised balance to date 30 th June 2024	
	<i>USD</i>	<i>Kshs</i>	<i>USD</i>	<i>Kshs</i>	<i>USD</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
UNDP	1,457,184	189,433,941	1,442,873	187,573,400	14,312	1,860,541
(ii) Direct Payments						
Direct Payments by UNDP	484,989	63,048,601	484,989	63,048,601	-	-
Total	1,942,173	252,482,542	1,927,862	250,622,001	14,312	1,860,541

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

Summary of Overall Project Performance:

- i. Budget performance against actual amounts for current year budget is Ksh 80,000,000 and actual is Kshs 79,980,556.
- ii. Physical progress based on outputs, outcomes and impacts since project commencement
The project has contributed by offering protection to vulnerable communities to prevent /reduce use of Mercury free methods in Gold processing. Kenya GOLD Mercury Free ASGM Project is a five-year project with a grant of USD 4,200,000.00. The project is part of a global initiative funded by the Global Environment Facility (GEF), led by the United Nations Environment Programme, and implemented in collaboration with the United Nations Development Programme, United Nations Industrial Development Organization (UNIDO) and Conservation International (CI). The programme works in partnership with governments, the private sector and ASGM communities in twenty-three countries to significantly improve the production practices and work environment of artisanal and small-scale miners. The project was able to attain the following goals;
 - Development and Validation of guidelines by the project and State Department for mining.
 - Staff performance appraisal
 - Development of a national guideline on sound management of chemicals and waste in gold mining by the project and NEMA
 - Gender Action plan reviewed
 - Standardization of training materials by the project and KIBT
 - Development of training modules by the project and KIBT
 - Engagements with Financial institutions of design and roll out of financial products.
 - Training of women co-operatives on financial management.
 - Participation in the planet GOLD Annual programme meeting
 - Public participation on guidelines by the project and State Department for mining
 - Selection of mercury free technologies

***Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

- Selection and registration of mining groups and associations
 - Held Project Steering Committee meeting
 - Participate in Basel, Stockholm and Rotterdam Conference of parties
 - Held Technical Advisory committee meetings for the project
- iii. **Value for Money** - In terms of value for money, the interventions supported by IMKA Gold project have been of high quality. All the interventions follow the set guidelines as per the financing agreement. The procurement of the mercury free equipment that is ongoing has met the required standards while trainings undertaken follow an accepted curriculum which has built the confidence of miners to use mercury free technologies in mining and have prudent financial management. The program has also shown prudent use of resources.
- iv. The absorption rate for the year 2023-2024 is 99 %. The project during the reporting period received a total of KES 79,980,556.00 under the direct cash transfer modality and utilized KES 78,886,084 (equivalent to 99% absorption) to implement the project activities including review and validation of draft guidelines, training of government officers, development of training material, site assessment and sharing of experience and lessons learned with various stakeholders. In addition, under direct payment, the project received a total of KES 5,12,2668 from UNDP for the purposes of attaining project goals during this reporting period
- v. Implementation challenges and recommended way forward.
- Challenges in Funds flow from Donor to Government. Delays in processing advances in grant revenue affects project absorptions. To overcome this the ministry will continuously engage the donor and national treasury to ensure efficiency in funds disbursement and exchequer processing;
 - The differences in the donor and government financial years makes synchronization of operations a little difficult; and,
 - The frequent closure of IFMIS system affects project procurements delaying the delivery of the project targets. To address this, the project would request that system

closure should consider donor timelines and targets to support the project achieve its objectives in the given timelines.

Some of the Some of the risk management strategies employed by the project includes the following:

- Constant review of the project progress reports against the set targets with project RTA;
- Facilitating partners to implement some project activities; and,
- The internal controls put in place by the ministry to ensure transactions conforms to the ministry Standard Operating Procedures.

2.9 Summary of Project Compliance:

The implementation of the project has been smooth and no cases of noncompliance with applicable laws and regulations and essential external financing agreements/covenants reported during the period under review.

3. Statement of Performance against Project's Predetermined Objectives

The Kenya project, being a part of the Global Opportunities for Long-term Development of the ASGM sector – GEF GOLD programme, will also be able to benefit from the efforts of the UNEP-implemented GEF GOLD global child project that will unify and coordinate efforts among all the GEF GOLD child projects, focusing on the capturing of experiences and lessons-learned and subsequently disseminating knowledge generated to a wider ASGM audience to help Parties to the Minamata Convention meet their obligations to reduce and where feasible eliminate mercury use in ASGM. The project is based on the components/outcome outlined below and the degree to which such outcome has been achieved:

Component 1: strengthening institutions and the policy/ regulatory framework for mercury-free ASGM.

- SDECC requested SDM to finalise the pending legal, policy tools to support ASGM
- SDM contracted a consultant to Develop Mine health, Safety & Environment Regulations (Mining Act 2016) and a draft submitted for review;
- NEMA developed a draft National guidelines on sound management of chemicals and waste in Mining

Component 2: Establishing financing lending arrangements to provide loans for mercury free processing equipment.

- Trained 660 miners on business and financial management, the planet GOLD criteria and access to the mining cadaster with the support of Kenya Institute of Business Training and the Technical Advisory Committee;
- Developed and printed finance workbooks for record keeping.

Component 3: Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization.

- Registered 23 cooperatives in all project counties;
- Received commitment from counties through allocation of land for the demonstration sites;

- Signed a Memorandum of Understanding (MoU) with Vihiga and Migori Counties and finalised the MoU for Narok and Kakamega;
- Contracted a supplier for the Mercury free gold processing technology;
- Developed and printed technology workbooks to support miners record geology information;
- Environmental Impact Assessment carried out for the six demonstration sites;

Component 4: Monitoring and evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices.

- Carried out the documentation of best practice in all project sites;
- Developed and procured assorted Information Education and Communication Material;
- Held 3 Technical Committee Meeting and 2 Project Steering Committee Meetings;
- Developed 4 quarterly workplans and the 2024 Annual workplan;
- Requested for a no Cost extension to the project;
- Developed and printed Miners Wellness checklist to create awareness on the symptoms of chemical poisoning in gold mining;
- Carried out an Audit with the support of SDECC internal Audit team;
- Caried out M&E missions to all project sites;
- Supported the FY 2022/23 audit by OAG and the 2024 donor audit by PWC;
- Procured assorted Personal Protective Equipment;
- Participated in the 2024 APM and Global Forum;
- Updated the Social Environment Safeguards Plan.



Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Strengthening institutions and the policy/regulatory framework for Mercury-free ASGM	To increase the capacity National and local systems to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector.	Capacity of 4 government entities increased to improve their capacity to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector	% Level of the capacity increased on the government entities to assess, plan and implement sustainable and mercury free interventions in the ASGM sector	<ul style="list-style-type: none"> • So far, all the four (4) Artisanal County committees in Kakamega, Migori, Narok and Vihiga have been gazette by the Ministry of Mining and Petroleum and the project supported the induction of the committees • The project also finalized on various consultancies on baseline surveys and final reports are being actioned in the current quarter. • The project has developed various two draft guidelines and

				<p>one regulation awaiting public participation. The draft documents are as below;</p> <ol style="list-style-type: none"> 1. Draft guidelines for designation areas for ASM and the draft consents forms for various land tenures; 2. Draft mine health, safety and Environment for Artisanal Mining operations; and, 3. Draft TOR for Mine, health and environment regulations <p>Estimated process is: 70%</p>
<p>Establishing financing lending arrangements to provide loans for mercury free processing</p>	<p>To established 2 new financial product/mechanism (including women friendly financial products) for the ASGM sector.</p>	<p>2 new/improved financial products/mechanisms (including women friendly financial products) established for the ASGM sector.</p>	<p>The number of financial products/mechanisms improved (including women friendly financial products) for the ASGM sector.</p>	<p>• No financial product has been developed; however, the project is in Talks with various financial institutions in an</p>



Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

equipment.				effort to establish a financing lending arrangement Estimated process is: 60%
Increasing capacity for mercury-free ASGM through provision of technical assistance and technology transfer.	To reduce 1.5 tonnes of mercury through the introduction of BEP, BAT and socially and environmentally sound ASGM practices.	Total mercury use/releases from ASGM avoided by 1.5 tonnes.	Number of tonnes of mercury use/releases from ASGM avoided.	• No mercury free technology has been implemented but the project through UNDP Has already initiated procurement of Mercury free Technology. This Technology is likely to be installed by end of December 2024 Estimated process is: 65%

4. Environmental and Sustainability reporting

The Ministry of Environment Climate Change and Forestry mission is to promote and facilitate good governance in the protection, restoration, conservation, development and management of environment and forestry resources for equitable and sustainable development. The ministry is committed to its sustainability plans and prioritizes the following areas;

1. Sustainability strategy and profile

The project aims to increase the capacity of government and private sector and improve regulatory frameworks so as to enable formalization of the ASGM sector and the development of responsible mining. This will improve access to, and adequacy of financial and technical services for the ASGM sector for the uptake of chemical-free ore processing, and to pilot and train miners in the use of best practice technologies that eliminate mercury use.

2. Environmental performance

The right to a clean and healthy environment is enshrined in Article 42 of the Constitution of Kenya, and Article 70 on the Enforcement of Environmental Rights. The sound management of mercury to prevent acts or emissions that affect the health and wellbeing, not only of people but of the environment, is therefore an obligation of the State. Kenya is party to Minamata Convention on Mercury having ratified the convention in July 2023. In addition to the Minamata Convention, Kenya is a signatory to the Basel Convention on the Transboundary Movement of Hazardous Waste Disposal, which it ratified on 1st June, 2000, and the Rotterdam Convention which it ratified on 3rd February, 2005, as a demonstration of its commitment to address threats posed by pollutants such as mercury.

3. Employee welfare

The Ministry continuously ensures that the hiring process is guided by the employment Act of Kenya which takes into account the gender ratio and stakeholder engagement. The amendments of the employment Act of 2007 by the employment (amendment) Act 2021 which come into force on 15th April, 2021 takes into consideration changes in the employment sector including provision on pre-adoptive leave. Training programs are also arranged by the Ministry through the project to build and enhance capacity for the staff while the Ministry also ensures compliance with Occupational Safety and Health Act of 2007, (OSHA)

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The Public Procurement and Disposals Act of 2015 guides the project in the engagement of suppliers of goods and services which ensures that the terms of engagement are adhered to.

b) Responsible ethical practices

The Ministry through the project ensures responsible political involvement, fair competition, respect for competitors and responsible competition practices when engaging third parties to provide services and/or goods while also ensuring that the staff do not engage in corrupt and an ethical behaviour.

c) Regulatory impact assessment

Integrated Sound Management of Mercury in Kenya's ASGM Project is geared towards improving the production practices and work environment of artisanal and small-scale gold mines which is aimed at demonstrating a pathway to cleaner and more efficient small-scale gold mining practices that benefit everyone, from mine to market. While engaging with the public and stakeholders, the ministry through the project ensures that it adheres to the constitution of Kenya, the Mining Act of 2016 and any other laws and regulations relevant to the ASGM sector.

5. Community Engagements

The project works with a multitude of partners and communities to achieve the project's objective. The project developed a summary/overview of all the project's stakeholders and partner initiatives, what these stakeholders/initiatives are currently doing to address the project objectives, what the role of the partner/initiative will be in the project's implementation, as well as the assumptions and expected results that will be achieved by the project's partners that are critical for the achievement of the results of this project.

5. Statement of Project Management responsibilities

The ***Principal Secretary*** for the State Department for Environment & Climate Change and the ***Project Manager*** for ***Kenya GOLD Mercury Free ASGM 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, 2024.

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 (v) Making accounting estimates that are reasonable in the circumstances.

The ***Principal Secretary*** for the State Department for Environment & Climate Change and the ***Project Manager*** for ***Kenya GOLD Mercury Free ASGM 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.

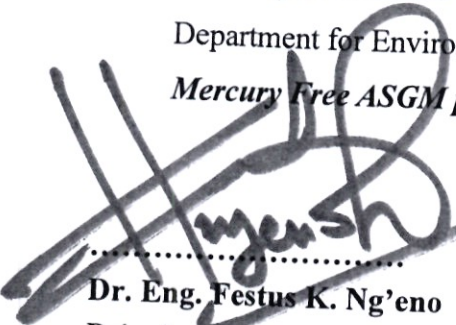
The ***Principal Secretary*** for the State Department for Environment & Climate Change and the ***Project Manager*** for ***Kenya GOLD Mercury Free ASGM project*** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date. The ***Principal Secretary*** for the State Department for Environment & Climate Change and the ***Project Manager*** for ***Kenya GOLD Mercury Free ASGM 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.

***Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024***

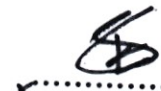
The *Principal Secretary* for the State Department for Environment & Climate Change and the *Project Manager* for *Kenya GOLD Mercury Free ASGM project* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds 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 *Principal Secretary* for the State Department for Environment & Climate Change and the *Project Manager* for *Kenya GOLD Mercury Free ASGM project* on _____ 2024 and signed by:


.....
Dr. Eng. Festus K. Ng'eno
Principal Secretary


.....
Mayiani Saino
Project Manager


.....
Bancy Nguthi
Project Accountant
ICPAK Member No:20439

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA GOLD MERCURY FREE ASGM PROJECT GRANT NO.GEF/UNDP/GOK-00108253 FOR THE YEAR ENDED 30 JUNE, 2024 – STATE DEPARTMENT FOR ENVIRONMENT AND CLIMATE CHANGE

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 the 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; and,
- 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 is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Unmodified Opinion indicates the books of accounts and underlying records agree with the financial statements and that no materials misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and working effectively in the financial year under review.

The Unmodified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Gold Mercury Free ASGM Project set out on pages 1 to 39, which comprise the statement of financial assets as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Gold Mercury Free ASGM Project as at 30 June, 2024 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 between United Nations Development Programme (UNDP) and the Government of the Republic of Kenya dated 5 July, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Gold Mercury Free ASGM Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2024 reflects final receipts budget and actual on comparable basis of Kshs.150,000,000 and Kshs.85,103,224 respectively, resulting to an under-funding of Kshs.64,896,776 or 43% of the budget. However, the project spent Kshs.84,008,752 against actual receipts of Kshs.85,103,224 resulting to an under-expenditure of Kshs.1,094,472 of the actual receipts.

The under-funding and under expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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 to report in the year under review.

Other Matter

Unfulfilled Project Objectives

Review of the statements of performance against projects predetermined objectives reflected underperformance in attaining the objectives of the projects as analyzed below:

- i. Objective 1: Strengthening institutions and the policy/regulatory framework for mercury-free ASGM is at 70%.
- ii. Objective 2: Establishing financing lending arrangements to provide loans for mercury free processing equipment is at 60% .
- iii. Objective 3: Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization is at 65%.
- iv. Objective 4: Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons learned and best practices is not indicated.

The project objectives ought to be more than 83% given that the project is in its sixth year since inception.

In the circumstances, the full realization of the planned projects predetermined objectives could not be confirmed.

Other Information

The Management is responsible for the other information set out on page iv to xxv which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Gold Mercury Free ASGM Project's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of

this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures 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

Delays in Disbursements of Funds

Note 2 to the financial statements reflects cumulative grants received from the donor of Kshs.189,433,941 compared to approved budget of Kshs.546,000,000 as reflected in the funding summary at page x to the financial statements. The project duration is for five (5) years from July, 2019 with a no cost extension up to 30 December, 2025. However, with the remaining period of fourteen (14) months, Kshs.293,517,458 (54%) of the funds remained undrawn as at 30 June, 2024.

In the circumstances, the key objective of reducing or eliminating the use of mercury in the Kenya's ASGM mining sector and value for money on the funds so far spent could not be confirmed.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require 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 comply 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 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 audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance

section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Failure to Maintain a Separate Imprest Register

During the year under review, Management did not maintain an imprest register exclusively for the project instead, imprests issued and surrendered were recorded in the imprest register of the State Department for Environment and Climate Change.

In the circumstances, the effectiveness of management and monitoring of imprest could not be confirmed.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the financing agreement between the Government of Kenya and the United Nations Development Programme (UNDP), I report based on my audit that:

- i. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of those records of the audit;
- ii. In my opinion, adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Projects financial statements are in agreement with the accounting records and returns.

Responsibilities of the 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 governance.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 November, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2023.

	Note	2023-2024			2022-2023			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government Entities	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants-UNDP	2	79,980,556	-	79,980,556	39,850,585	-	39,850,585	189,433,941
Miscellaneous receipts	4	-	-	-	-	-	-	-
Direct payments from external development partners- Grant UNDP	3	-	5,122,668	5,122,668	-	7,388,112	7,388,112	63,048,601
Total receipts		79,980,556	5,122,668	85,103,224	39,850,585	7,388,112	47,238,697	252,482,542
Payments								
Compensation to employees	5	12,404,429	-	12,404,429	20,393,429	-	20,393,429	62,146,264
Purchase of goods and services	6	66,481,655	5,122,668	71,604,323	20,936,640	7,388,112	28,324,752	188,787,746
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non - financial assets	8	-	-	-	-	-	-	-
Transfer to other Government Entities	9	-	-	-	-	-	-	-
Other grants ,transfers and payments	10	-	-	-	-	-	-	-
Prior year adjustment	15	-	-	-	(312,009)	-	(312,009)	(312,009)
Total purchase of goods and services	6	66,481,655	5,122,668	71,604,323	20,624,631	7,388,112	28,012,743	188,475,737
Total payments		78,886,084	5,122,668	84,008,751	41,018,060	7,388,112	48,406,172	250,622,001
Surplus/ (deficit)		1,094,472	-	1,094,472	(1,167,475)	-	(1,167,475)	1,860,541

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

*Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*



.....
Dr. Eng. Festus K. Ng'eno
Principal Secretary

.....
Mayiani Saino
Project Manager

.....
Bancy Nguthi
Project Accountant
ICPAK Member No:20439

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024


8. Statement of Financial Assets as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Ksh.	Ksh.
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11A	1,860,541	454,060
Cash Balance	11 B	-	-
Cash equivalents (short –term deposits)	11C	-	-
Total Cash and Cash equivalents		1,860,541	454,060
Imprests and Advances	12		
Total Financial Assets		1,860,541	454,060
Third Party deposits and retention	13		
Represented By			
Fund Balance B/fwd.	14	454,060	1,933,544
Surplus/(Deficit) for the Year		1,094,472	(1,479,484)
Prior year adjustment	15	312,009	-
Net Financial Position		1,860,541	454,060

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2024 and signed by:


 Dr. Eng. Festus K. Ng'eno
 Principal Secretary


 Mayiani Saino
 Project Manager


 Bancy Nguthi
 Project Accountant
 ICPAK Member No:20439

*Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

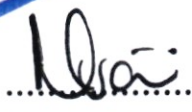
9. Statement of Cashflow for the year ended 30th June 2024

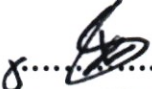
Description	Notes	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants	2	79,980,556	39,850,585
Miscellaneous receipts	4	-	-
Total receipts		79,980,556	39,850,585
Payments			
Compensation of employees	5	12,404,429	20,393,429
Purchase of goods and services	6	66,481,655	20,936,640
Social security benefits	7	-	-
Transfer to other Government entities	9	-	-
Other grants and transfers	10		
Total Payments		78,886,084	41,330,069
Net receipts /(payments)		1,094,472	(1,479,484)
Adjustments during the year			
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable	17	-	-
Net cash flow from operating activities		1,094,472	(1,479,484)
Cash flow from investing activities			
Acquisition of non-financial assets	8	-	-
Net cash flow from investing activities	11	1,094,472	(1,479,484)
	15		-
Cash f flow from financing activities			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		1,094,472	(1,479,484)
Cash and cash equivalents at beginning of the year	11	454,060	1,933,544
Prior year adjustment	15	312,009	-
Cash and cash equivalent at end of the year	11	1,860,541	454,060

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

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 _____ 2024 and signed by:


.....
Dr. Eng. Festus K. Ng'eno
Principal Secretary


.....
Mayiani Saino
Project Manager


.....
Bancy Nguthi
Project Accountant
ICPAK Member No:20439

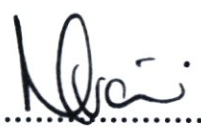
10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
		B	C=A+B	D	E=C-D	F=D/C %
Receipts						
Proceeds from domestic and foreign grants	80,000,000	-	80,000,000	79,980,556	19,444	99%
Direct Payments from UNDP	70,000,000	-	70,000,000	5,122,668	64,877,332	7%
Total Receipts	150,000,000	-	150,000,000	85,103,224	64,896,776	57%
Payments						
Compensation to employees	13,000,000	-	13,000,000	12,404,429	595,571	95%
Purchase of goods and services	67,000,000	-	67,000,000	66,481,655	518,345	99%
Direct Payments by UNDP	70,000,000	-	70,000,000	5,122,668	64,877,332	7%
Total Payments	150,000,000	-	150,000,000	84,008,752	65,991,248	56%
Surplus or Deficit	-	-	-	1,094,472	-1,094,472	

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



 Dr. Eng. Festus K. Ng'eno
 Principal Secretary



 Mayiani Saino
 Project Manager



 Bancy Nguthi
 Project Accountant
 ICPAK Member No:20439

11. Significant Accounting Policies

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

a) 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.

b) Reporting entity

The financial statements are for *the Kenya GOLD Mercury Free ASGM project* under the State Department for Environment & Climate Change. The financial statements are for the reporting entity *Kenya GOLD Mercury Free ASGM project* as required by Section 81 of the PFM Act, 2012 .

c) 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.

d) Recognition of receipts

The Kenya GOLD Mercury Free ASGM project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing.

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

vi) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation to employees

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

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.

Significant Accounting Policies (Continued)

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

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

g) Cash and cash equivalents

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

Significant Accounting Policies (Continued)

h) 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.

i) 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.

j) 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. There were no contingent liabilities in the year.

k) Contingent Assets

The State Department for Environment & Climate Change does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the State Department for Environment & Climate Change 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.

l) 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.

m) Budget

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

n) 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.

o) 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.

p) 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.

q) 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, 2023.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s).

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	FY 2023-2024	FY 2022-2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
Counterpart funding through Ministry xxx			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 3)	-	-	-
Other transfers from government entities			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

There was no transfer from Government entities during the financial year 2023/2024

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants;

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	FY 2023-2024					FY 2022-2023	Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors (International Organizations)								
UNDP		-	79,980,556	-		79,980,556	39,850,585	189,433,941
Total		-	79,980,556	-	-	79,980,556	39,850,585	189,433,941

The receipts are broken down as follows

Amount	Date
Kshs 29,801,885	Nov 9 th 2023
Kshs 50,178,671	June 19 th 2024

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

Notes to the Financial Statements (Continued)

3. Direct payments from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of direct payments as detailed in the table below:

Description	Date received	FY 2023-2024				FY 2022-2023	Cumulative to date
		Amount in donor currency	Amount received in actual cash	Amount received as direct payment	Total amount in Kshs	Total amount in Kshs	
			Kshs	Kshs	Kshs	Kshs	
Direct Payments from Multilateral Donors-UNDP)	June 30 th 2024	-	-	5,122,668	5,122,668	7,388,112	63,048,601
Total		-	-	5,122,668	5,122,668	7,388,112	63,048,601



Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
Total	-	-	-	-	-

There were no miscellaneous receipts during the financial year 2023/2024

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	FY 2023-2024			FY 2022-2023	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	12,404,429	-	12,404,429	20,393,429	62,146,264
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary					
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
Total	12,404,429	-	12,404,429	20,393,429	62,164,264

*Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services	-	-	-	2,848,500	8,784,172
Communication, supplies and services	342,000	-	342,000	-	3,299,081
Domestic travel and subsistence	32,859,930	-	32,859,930	12,927,656	71,334,108
Foreign travel and subsistence	2,305,274	-	2,305,274	235,219	2,540,493
Printing, advertising, and information supplies	17,405,500	-	17,405,500	292,106	20,106,115
Rentals of produced assets	-	-	-	-	-
Training payments	6,972,400	-	6,972,400	7,278,407	31,364,849
Purchase of Equipment	-	5,122,668	5,122,668	989,800	6,112,468
Insurance costs	-	-	-	-	-
Hospitality	4,931,551	-	4,931,551	-	4,931,551
Specialized services-Consultancy cost	1,665,000	-	1,665,000	1,665,000	40,314,910
Other operating payments	-	-	-	-	-
Total	<u>66,481,655</u>	<u>5,122,668</u>	<u>71,604,323</u>	<u>28,324,752</u>	<u>188,787,746</u>
Prior year adjustment	-	-	-	(312,009)	(312,009)
Total	<u>66,481,655</u>	<u>5,122,668</u>	<u>71,604,323</u>	<u>28,012,743</u>	<u>188,475,737</u>

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	FY 2023-2024			FY 2022-2023	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

There was no payment for social Security Benefits during the Financial Year 2023/2024

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	-	-	-	-	-

There was no acquisition of non-financial assets during the financial year

Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
Total	-	-	-	-	-

There were no transfers to other Government entities

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

There was no other Grants, Transfers and Payments.

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Bank accounts (Note 11A)	1,860,541	454,060
Cash in hand (Note 11B)		-
Cash equivalents (short-term deposits) (Note 11C)		-
Total	1,860,541	<u>454,060</u>

Kenya GOLD Mercury Free Project has only one project accounts within the project implementation area and one foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	FY 2023-2024	FY2022-2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
There were no Foreign Currency balances	-	-
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.1000737638 KES]	1,860,541	454,060
Central Bank of Kenya [A/c No.1000737646 KES]	-	-
Total local currency balances	1,860,541	<u>454,060</u>
Total bank account balances	1,860,541	<u>454,060</u>

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
(i) A/c Name [A/c No 1000737638]		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No 1000737638]		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
Closing balance (as per SDA bank account reconciliation attached)		

The Special Deposit Account reconciliation statement) has been attached as Appendix 9 to support these closing balances.

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	-	-

11 C Cash equivalents (short-term deposits)

Description	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

12. Imprests and Advances

Description	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Government Imprests	-	-
Salary advances	-	-
Total	-	-

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

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

13. Deposits and Retention Monies

Description	FY 2023-2024		FY 2022-2023	
	Kshs		Kshs	
Retention	-	-	-	-
Deposits	-	-	-	-
Total	-	-	-	-
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

14. Fund Balance Brought Forward

Bank accounts	454,060	1,933,544
Total	454,060	1,933,544

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY 2023-2024	Adjustments	Adjusted b/f FY 2022-2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	-
Others (<i>Reversal of a long outstanding payment</i>)	-	312,009	-
Total	-	312,009	-

16. Changes in Imprests and Advances

Description	FY 2023-2024	FY 2022-2023
	Kshs	Kshs
Opening Receivables as at 1 st July 2022	-	-
Closing account receivables as at 30 th June 2024	-	-
Change in Imprests and advances	-	-

17. Changes in Accounts Deposits and Retention

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2023	-	-
Closing accounts payables as at 30 th June 2024	-	-
Changes in deposit and retention	-	-

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from FY 2022- 2023	Additions for the year	Paid during the year	Balance c/f For FY 2023- 2024
Description	Kshs	Kshs	Kshs	Kshs
Supply of services	-	-	-	-
Total	-	-	-	-

2. Pending Staff Payables (See Annex 4b)

	Balance b/f from FY 2022-2023	Additions for the year	Paid during the year	Balance c/f for FY 2023-2024
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

3. Other Pending Payables (See Annex 4c)

	Balance b/f from FY 2022-2023	Additions for the year	Paid during the year	Balance c/f for FY 2023- 2024
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

4. External Assistance

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
External assistance received as grants	79,980,556	39,850,585
External assistance received as direct payment	5,122,668	7,388,112
Total	85,103,224	47,238,697

a). External assistance relating direct payments and grants

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	85,103,224	-2023
Total	85,103,224	-2023

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023-2024	FY2022-2023
Description		Kshs	Kshs
Undrawn external assistance – Direct Payments	Purchase of goods and services		
Undrawn external assistance - grants	Payment of services, goods and personnel	293,517,458	294,620,682
Total		293,517,458	294,620,682

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

c) Classes of providers of external assistance

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
Multilateral donors-UNDP		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

External assistance is provided for Economic development in ASGM sector to support the reduction/elimination of mercury use.

d. Non-monetary external assistance

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

e Purpose and use of external assistance

Payments made by third parties	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
Compensation to employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other Government entities	-	-
Other grants and transfers	-	-
Social Security benefits	-	-
Acquisition of assets	-	-
Finance Costs including loan interest	-	-
Repayment of principal on domestic and foreign borrowing	-	-
Other payments	-	-
Total	-	-

f. External Assistance paid by third parties on behalf of the Kenya GOLD Mercury Free ASGM project by Source

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

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

5.1 Classification by Source

	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

5.2 Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	FY 2023-2024	FY2022-2023
Description	Kshs	Kshs
Compensation of employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	-	-
Finance costs, including loan interest	-	-
Other payments	-	-
Total	-	-

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Other Important Disclosures (Continued)

6. Related Party Disclosures

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

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties		
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties		
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	-	-

7. Contingent Liabilities

Contingent liabilities	FY 2023-2024	FY2022-2023
	Kshs	Kshs
Court case xxx against the project	-	-
Bank guarantees in favour of other govt. entities	-	-
Contingent liabilities arising from PPPs/ donor agreements	-	-
Total	-	-

There were no contingent liabilities during the year

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Page 2 (Other Matter)	1. The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs 87,000,000 and Kshs 47,238,697 respectively resulting to under-funding of Kshs 39,761,303 or 46% of budget . Similarly, the project spent Kshs 48,718,181 out of the budgeted amount of Kshs 87,000,000 resulting to an under-expenditure of Kshs 38,281,819 or 44% of budget	Delay in funds transfer, IFMIS closure	Resolved	
	2. As disclosed in Note 1 under other important disclosures and annex 4(a0, the project had pending accounts payable totalling to Kshs 212,700 as at 30 June 2023. This amount remained outstanding as at the time of audit in October, 2023. Management has not explained why the bills were not settled during the year when they occurred. Further, the project is at risk of incurring significant interest costs and penalties with their continued delay in payment Failure to settle bills during the year they relate distorts the financial statements and adversely affects budgetary provisions for the subsequent year as they form a first charge.	Frequent IFMIS closure	resolved	This amount has already been settled
Page 3 (Conclusion)	Unfulfilled project Objectives-As reported in the last financial year 2021-2022 and reviewed in 2022-2023, the statement of performance against project's predetermined objectives reflected underperformance in attaining the objectives of the project as analysed	Delay in the procurement of the Mercury free technologies.		January 2025

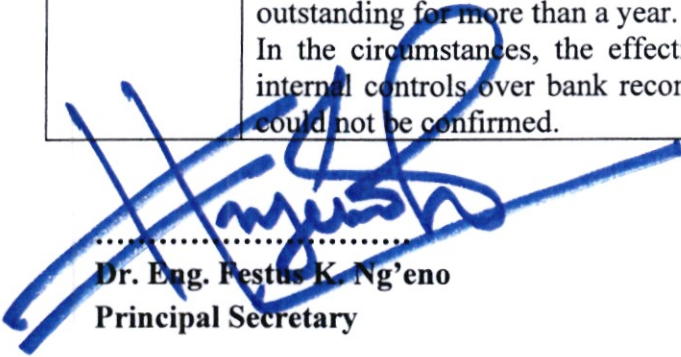
Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>below:-</p> <p>i) Objective 2. Establishing financing lending arrangements to provide loans for mercury free processing equipment is at 40%</p> <p>ii) Objective 3. Increasing capacity for mercury free ASGM through provision of technical assistance, technology transfer and support for formalization is at 30%.</p> <p>iii) Objective 4. Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practice is at 30%</p> <p>The project objectives ought to be at least at 75% while three (40 years have already lapsed since inception and one (1) years remaining to achieve 100% project objectives. In the circumstances, the full realization of the planned projects predetermined objectives could not be confirmed.</p>	<p>However the procurement process is currently underway</p> <p>i)This process is ongoing</p> <p>ii) formalization of co-operatives is on-going</p> <p>iii)This has been done</p>	<p>i)Not fully Resolved</p> <p>ii)Resolved</p> <p>iii)Resolved</p>	<p>December 2024</p>
Page 4	The statements financial assets and as disclosed in note 11 to the financial			

Kenya GOLD Mercury Free ASGM Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis of conclusion	statements includes is cash and cash equivalents amounting to Kshs 454060, however the bank reconciliation statement revealed payments in the bank statement not in cash book amounting to Ksh 100550 which includes an unexplained erroneous payment, Kshs 75,150 which has been outstanding for more than a year. In the circumstances, the effectiveness of internal controls over bank reconciliations could not be confirmed.		resolved	



Dr. Eng. Festus K. Ng'eno
 Principal Secretary



Mayiani Saino
 Project Manager

*Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 2: Variance explanations - Comparative Budget and Actual amounts for the FY 2022-2023

	Final Budget	Actual or Commitment Base	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	80,000,000	79,980,556.	19,444	99%	
Direct payments from UNDP	70,000,000	5,122,668	64,877,332	7%	The project had budgeted for the purchase of mercury free technology. But was not able to complete the procurement process to the point of payment although the process is underway.
Total Receipts	150,000,000	85,103,224	64,896,776	57%	
Payments					
Compensation of employees	13,000,000	12,404,429	595,571	95%	
Purchase of goods and services	67,000,000	66,481,655	518,345	99%	
Direct Payments-UNDP	70000000	5,122,668	64,877,332	7%	The project had budgeted for the purchase of mercury free technology. But was not able to complete the procurement process to the point of payment although the process is underway.
Total payments	150,000,000	84,008,752	65,991,248	56%	The project had budgeted for the purchase of mercury free technology. But was not able to complete the procurement process to the point of payment although the process is underway.

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 3: Reconciliation of inter-entity transfers

Project Name:			
Breakdown of transfers from the State Department of Environment and Climate Change			
a.	Government Counterpart funding		
B.	Direct payments		
C.	Others		

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

Project Manager
 Kenya GOLD Mercury Free ASGM project

Sign 

Head of Accounting Unit
 State Department for Environment & Climate Change

Sign 

*Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced	Original Amount	Amount Paid To- Date	Outstanding Balance FY 2022-2023	Outstanding Balance FY 2021-2022	Comments
		a	b	c=a-b		
Supply of services						
Kenya pipeline company ltd	FY 2022-2023	-	-	212,700	212,700	Conference package
Grand Total		-	-	212,700	212,700	

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 4b: Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 4c: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
Amounts due to National Govt Entities							
1.							
2.							
Sub-Total							
Amounts due to County Govt Entities							
3.							
4.							
Sub-Total							
Amounts due to Third Parties							
5.							
6.							
Sub-Total							
Others (specify)							
7.							
8.							
Sub-Total							
Grand Total							

Annex 5: Summary of Fixed Assets Register

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

Notes

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

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

Annex 6: Contingent Liabilities Register

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

Kenya GOLD Mercury Free ASGM Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 7: Reporting of Climate Relevant Expenditures

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

Annex 8: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance