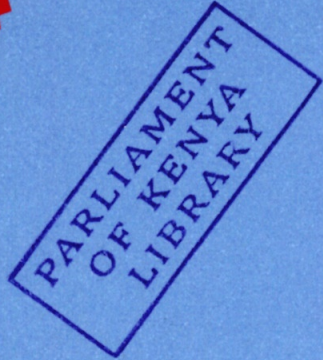


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

OF

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 03 DEC 2024	DAY: Tuesday
TABLED BY:	Majority Whip Hon. Silvanus Osoyo
CLERK-AT THE-TABLE:	Irene Nduku

THE AUDITOR-GENERAL

ON

**INTEGRATED HEALTH AND ENVIRONMENT
OBSERVATORIES AND LEGAL AND
INSTITUTIONAL STRENGTHENING FOR THE
SOUND MANAGEMENT OF CHEMICALS IN
AFRICA (AFRICA CHEMOBS)-GRANT
NO.AFR/CHEMOBS PROJECT/C/07-2017**

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

**STATE DEPARTMENT FOR ENVIRONMENT
AND CLIMATE CHANGE**



**PROJECT NAME: INTEGRATED HEALTH AND ENVIRONMENT
OBSERVATORIES AND LEGAL AND INSTITUTIONAL STRENGTHENING FOR
THE SOUND MANAGEMENT OF CHEMICALS IN AFRICA
(AFRICA CHEMOBS)**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR ENVIRONMENT AND
CLIMATE CHANGE (SDECC)**

PROJECT GRANT NUMBER: AFR/CHEMOBS PROJECT/C/07-2017

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)**

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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
GEF	Global Environment Fund
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 "Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of chemicals in Africa (Africa ChemObs)".

Objective

The key objective of the project is to contribute to improved health and environment protection through strengthening national and regional institutions, developing country owned plans of actions and implementing priority chemicals and waste related interventions. The project will specifically develop a prototype of national integrated health and environment observatory, including a core set of indicators enabling data aggregation, to provide timely and evidence-based information to predict, prevent and reduce chemical risks to human health and the environment.

Address

The project headquarters offices are Nairobi, Kenya.

The address of its registered office is:

Ministry of Environment, Climate Change and Forestry,
NHIF Building, 12th Floor, Ragati Road,
P.O Box 30126-00100,
Nairobi, Kenya

The project does not have any other offices/branches.

Contacts: The following are the project contacts

Telephone: +254-(0) 202730808/9

E-mail: psoffice@environment.go.ke

Website: www.environment.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 17.4.2018
Project End Date:	The project end date was 31 st Dec. 2022 but it was extended to 30 th November, 2023.
Project Manager:	Mr. Linda Kosgei
Project Sponsor:	The project sponsor is Global Environment Fund (GEF)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry.
Project number	File no. 2015-39790
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <p>The overall objective of the project is to contribute to improved health and environment protection through strengthening national and regional institutions, developing country owned plans of actions and implementing priority chemicals and waste related interventions.</p> <p>Component 1 is focused on strengthening capacity of selected existing relevant national government departments and institutions to monitor pollution, prioritize areas for intervention as well as plan and implement solutions through active involvement of local communities.</p> <p>Component 2 is focused on the development of broad-based action plans to promote sound chemicals management and reduce negative impacts on health and the environment.</p> <p>Component 3 focuses on the support to reduce risks from chemicals and wastes identified as posing specific risks to public health and environment.</p>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <p>(i) Adopting a multisectoral approach to implement</p>

	the project activities.
Other important background information of the project	The project did not start as expected during 2018/2019 financial year (F/Y) but begun in 2019/2020 F/Y.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Protect human health and the environment from chemicals risks (ii) Strengthen institutional and community capacity to promote sound chemicals management in Kenya.
Project duration	The project started in July 2018 and was expected to run until 30 December 2022. However, the project was extended to November 2023 due to the challenges it faced including Covid 19 pandemic. The extension will also allow implementation of the hard intervention proposal that has been approved by UNEP.

2.4 Bankers

The following are the bankers for the current year:
Central Bank of Kenya.

Account No. 1000737654

2.5 Independent Auditor

The project is audited by the Auditor General, Office of the Auditor General

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

2.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Eng. Festus Ngeno	Principal Secretary	Msc. Environmental and Biosystems Engineering	Accounting Officer
Ms. Linda Kosgei (Tel: 0722418323)	Ag. Director MEAs	Msc. Environmental Law Bachelor of Law	Overall coordination of the project
Edward Njuguna (Tel: 0710785077)	Project Officer	Msc. Chemicals Risks Management (ongoing) Bsc. Environmental Planning and Management	Project Assistant

2.7 Funding summary

The Project is for duration of 4 years from 2018 to 31st December, 2022. However, the project was extended to November, 2023 as highlighted in *note 2.2*. The project has got an approved budget of **US\$ 266,666.7** equivalent to **Kshs 28,498,702** using a dollar rate of 106.90 as highlighted in the table below:

Below is the funding summary:

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 USD	Kshs	Donor currency USD	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
GEF FUNDS	266,667	28,498,702	128,508	13,737,471	138,159	14,761,231
(ii) Loan	-	-	-	-	-	-
(iii) Counterpart funds						
Government of Kenya	1,050,000	112,213,500	111,968	11,969,440	938,000	100,244,060
Total	1,316,667	140,712,202	240,476	25,706,911	1,076,159	115,005,291

Project information and overall performance (continued)

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>Donor currency</i> USD	<i>Kshs</i>	<i>Donor currency</i> USD	<i>Kshs</i>	<i>Donor currency</i> USD	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
GEF FUNDS	128,508	13,737,471	128,508	13,737,471	-	-
(i) Loan	-	-	-	-	-	-
(ii) Counterpart funds						
Government of Kenya	111,968	11,969,440	111,968	11,969,440	-	-
Total	240,476	25,706,911	240,476	25,706,911	-	-

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current year and for cumulative to-date,

Although there were delays in implementing the project activities, the project has made significant progress in implementing the activities. The Covid 19 pandemic was also a big challenge that interfered with the implementation of the project. The Donor has extended the Project to end in November 2023 to facilitate the implementation of the pending activities.

- ii) Physical progress based on outputs, outcomes, and impacts since project commencement.

The project has achieved the below outputs:

1. Development the Chemobs Communication Strategy
2. Assessment of institutional and community capacity building needs
3. Assessment of financing systems for the Chemobs project
4. Training of stakeholders on chemicals data management tools
5. Arranged preparatory workshop and meetings for the Basel Rotterdam and Stockholm Conventions Conference of Parties, 2022.

The achievements of the project in comparison to the amount disbursed show there is value for money.

The absorption rate for financial year 2021/2022 was 41.5%. The low absorption rate was caused by delays in processing quarterly disbursements by the donor and delays in acquiring an exchequer from the National Treasury.

- iii) List the implementation challenges and recommended way forward.

There have been delays in disbursing funds from the donor which in turn delays implementation of activities. The Ministry should urge the donor to make disbursements in a timely manner to allow time for our national funds transfer procedures from National Treasury to the project account.

Chemobs Project

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

2.9 Summary of Project Compliance:

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

3. Statement of Performance against Project's Predetermined Objectives

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

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

1. Strengthen the capacity of selected existing relevant national government departments and institution to monitor pollution, prioritize areas for intervention as well as plan and implement solutions through active involvement of local communities.
2. Develop broad based action plans to promote sound chemicals management and reduce negative impacts on health and the environment.
3. Support local communities to reduce risks from chemicals and wastes identified as posing specific risks to public health and environment.

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa (Africa Chemobs)	Strengthen the capacity of selected existing relevant national government departments and institution to monitor pollution, prioritize areas for intervention as well as plan and implement solutions through active involvement of local communities.	Institutional and technical barriers preventing adequate management of harmful chemicals and wastes reduced and sound data available to the established national Chemicals Observatories	Major chemicals waste and pollution problems requiring action are identified and prioritized. Key progress indicators established to measure improvements in sound chemicals management. Capacity development plan for institutional/legal and capacity building needs assessed.	Major chemicals waste and pollution problems requiring action have been identified and prioritized. The national consultant is in the process of developing key progress indicators to measure improvements in sound chemicals management are under development. Institutional and community capacity building needs have been assessed.
	Development of broad-based action plans to promote sound chemicals management and reduce impacts on health and environment	Sound management of chemicals mainstreamed into the decision-making processes and national planning and national implementation of chemicals related MEAs and voluntary instruments advanced.	Identification of populations that are particularly exposed to chemicals Benefits and cost of inaction to mitigate risks and specific interventions are identified and compared to the estimated costs of inaction. Development of plans of actions and business case	The project has identified several areas where populations are exposed to chemical risks including the Athi River goat and sheep contaminated site. The project has developed an intervention plan of action for the remediation of the identified contaminated site and submitted to UNEP

			for investment and integrated into national development plans.	for review and approval.
	Support local communities to reduce risks from chemicals and wastes identified as posing specific risks to public health and environment.	Kenya is able to implement actions from national action plans and monitor changes in exposure to chemicals and wastes	<p>Training of key stakeholders to strengthen capacity for on the ground action to mitigate health risks.</p> <p>Communities informed about the health risks of chemicals exposure</p> <p>Implementation of situation specific interventions and policy measures</p>	<p>Stakeholder capacity building needs have been assessed.</p> <p>Training on chemicals data management tools have been conducted for stakeholders.</p> <p>Community capacity building needs have been assessed.</p> <p>Communications strategy has been developed.</p> <p>Communication materials and messages are being developed.</p> <p>The project is currently organising community information sessions in the identified priority areas</p> <p>The situation specific intervention proposal has been approved by UNEP and will be implemented in the second quarter of 2022/2023</p>

4. Environmental and Sustainability reporting

The Chemobs Project aims to improve human health and promote environmental sustainability. Below is a brief highlight of how the project activities contribute towards sustainability.

1. Sustainability strategy and profile

The overall object of the Chemobs Project is to protect human health and the environment from the risks associated with chemicals exposure. This will in turn lead to improved human health and well-being as well as environmental sustainability through protection of water resources, air quality, soil and biodiversity. Protection of human health and the environment is a key step towards achieving the global sustainable development agenda.

2. Environmental performance

Implementation of the Chemobs Project will reduce the environmental risks posed by chemicals through promotion of sound chemicals management and chemicals waste management. This will in turn protect the environmental resources including water resources, soil, air and biodiversity and contribute to environmental sustainability and performance.

3. Employee welfare

The project aims to improve the health of all workers that are exposed to chemical risks. The project recognizes that chemicals have varying impacts on both men and women and the impacts are particularly high in women due to their biological nature. For this reason, the project aims to engage stakeholders in the agrochemicals and manufacturing sectors to promote the awareness of chemicals risks.

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The project has always maintained good business practices, treated suppliers responsibly and has honoured all contract and respects payment practices.

b) Responsible ethical practices

The Chemobs Project has always aligned itself to the Ministry's core ethical values which include: honesty and integrity, human dignity, equity and embracing a participatory approach.

c) Regulatory impact assessment

The Chemobs Project aims to ensure every Kenyan enjoys their constitutional right of enjoying a clean and healthy environment.

5. Community Engagements

One of the major components of the Chemobs Project is identifying communities that are highly exposed to chemicals risks and engaging them to reduce these risks. The project has conducted a community capacity building assessment that will guide how the vulnerable communities will be engaged.

The project aims to hold community information sessions in the identified regions to create awareness on chemicals risks and promote sound chemicals management. The project recognizes that women are impacted by chemical risks more than men and for this reason, the project will integrate gender mainstreaming in this information sessions.

Holding community information sessions will help to increase the awareness of chemicals risks among the community members and will in turn contribute to improved health and environmental protection from chemical risks.

Chemobs Project

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

5. Statement of Project Management responsibilities

The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs 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 (period) 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 (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs 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 State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs 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/period ended June 30, 2024, and of the Project's financial position as at that date. The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Chemobs project** on 22/10/2024 2024 and signed by them.


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


Project Coordinator
Linda Kosgei


Project Accountant:
Enock Maticha
ICPAK Member No: 23310

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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

REPORT OF THE AUDITOR-GENERAL ON INTEGRATED HEALTH AND ENVIRONMENT OBSERVATORIES AND LEGAL AND INSTITUTIONAL STRENGTHENING FOR THE SOUND MANAGEMENT OF CHEMICALS IN AFRICA (AFRICA CHEMOBS)-GRANT NO.AFR/CHEMOBS PROJECT/C/07-2017 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 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.

Report of the Auditor-General on Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa (Africa Chemobs)-Grant No.AFR/CHEMOBS Project/C/07-2017 for the year ended 30 June, 2024 – State Department for Environment and Climate Change

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 Integrated Health and Environment Observatories and Legal and Institutional Strengthening for Sound Management of Chemical in Africa set out on pages 1 to 39, which comprise of 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 ended 30 June, 2024 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 Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa 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 Grant Agreement between African Institute (AI) and the Government of Kenya (GOK) and Financing Agreement No AFR/CHEMOBS PROJECT/C/07-2017 dated 17.4.2018 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 Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the Sound Management of Chemicals in Africa 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 reflects final receipts budget and actual on comparable basis of Kshs.12,500,000 and Nil respectively resulting to an under-funding of Kshs.12,500,000 or 100% of the budget. However, the project spent Kshs.541,445 against actual receipts of Nil balance resulting to an over-utilization of Kshs.541,445. Further, no approval for the expenditure of Kshs.541,445 was provided for audit.

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

Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues as at 30 June, 2024.

Other Information

Conclusion

The Management are responsible for the other information set out on page iv to xvi which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Corporate Social Responsibility Statement/Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the 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 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 effect of the matters described in the Basis for Conclusion on the Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Outstanding Project Implementation Review

Review of the Grant Agreement revealed that as part of the deliverables, the Project was supposed to carry out a project implementation review within one month of the end of the project reporting fiscal year including a final report within two months of the project completion date or termination of the present agreement. However, the project ended on 30 November, 2023 and the project implementation review and final report have not been carried out. Further, audit of project information and overall performance disclosure revealed that, the project has not achieved its objective of developing a prototype of national integrated health and environment observatories including a core set of indicators for data aggregation. In addition, the project has not carried out its reporting requirements as per the grant agreement and met its objectives.

In the circumstances, value for money on the project and the impact on the objectives of the project could not be confirmed.

2. Delay in Project Implementation

The summary of overall project Performance reflects that the project was extended up to November, 2023. Management indicated that five (5) outputs have been achieved. However, no evidence of the achieved outputs that was provided for audit. Further, the absorption rate for the financial year 2022/23 and 2023/2024 has not been provided, in the summary of overall project performance page (ix). In addition, the current status of the project after the lapsed date of November, 2023 has also not been provided for audit.

In the circumstances, value for money on the project and the impact of the objectives of the project could not be confirmed.

3. Lack of Environmental and Sustainability Reporting

Included in Environmental and Sustainability Reporting is community engagement which one of the major components of the project was to identify communities that are highly exposed to chemical risks and engage them to reduce these risks. However, there is no information on which communities were identified as part of the mitigating measures.

In the circumstances, the objective to identify communities that are highly exposed to chemical risks and the mitigating effects as per the objectives of the project could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with 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.

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 control 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 as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the project or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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

08 November, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2023/2024			2022/2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	5,252,850	-	5,252,850	13,737,471
Loan from external development partners	3	-	-	-	-	-	-	-
Miscellaneous receipts	4	-	-	-	-	-	-	-
Total receipts					5,252,850		5,252,850	13,737,471
Payments								
Compensation to employees	5	240,000	-	240,000	917,419	-	917,419	1,879,354
Purchase of goods and services	6	-	-	-	6,306,108	-	6,306,108	11,556,672
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	-	-	-	-	-	-	-
Transfers to other government entities	9	301,445	-	301,445	-	-	-	301,445
Other grants and transfers /payments	10	-	-	-	-	-	-	-
Total payments		541,445	-	541,445	7,223,527	-	7,223,527	13,737,471
Surplus/ (deficit)		(541,445)	-	(541,445)	(1,970,677)	-	(1,970,677)	-

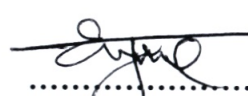
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



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



.....
Linda Kosgei
Project Coordinator



.....
Enock Maticha
Project Accountant
ICPAK Member No: 23310

Chemobs 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
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	-	541,445
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		-	541,445
Imprests and Advances	12	-	-
Total Financial Assets		-	541,445
Financial Liabilities			
Third party Deposits and Retention	13	-	-
Net Assets		-	541,445
Represented By			
Fund Balance B/fwd.	14	541,445	2,512,122
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(541,445)	(1,970,677)
Net Financial Position		-	541,445

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 22/10/2024 and signed by:


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


.....
Linda Kosgei
Project Coordinator


.....
Enock Maticha
Project Accountant
ICPAK Member No: 23310

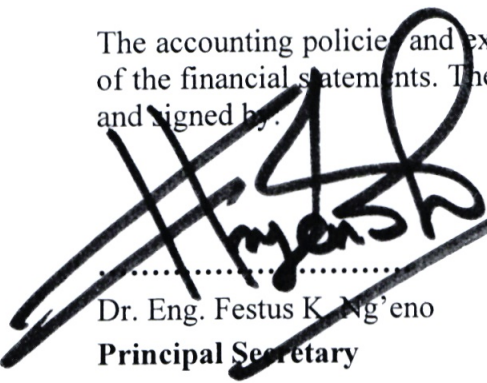
9. Statement of Cashflow for the year ended 30th June 2024

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	5,252,850
Miscellaneous receipts	4	-	-
Total receipts		-	5,252,850
Payments			
Compensation of employees	5	240,000	917,419
Purchase of goods and services	6	-	6,306,108
Social security benefits	7	-	-
Transfers to other government entities	9	301,445	-
Other grants and transfers	10	-	-
Total Payments		541,445	7,223,527
Net receipts/(payments)		(541,445)	(1,970,677)
Adjustments during the year			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
Net cash flow from operating activities		(541,445)	(1,970,677)
Cashflow from investing activities			
Acquisition of non-financial assets	8	-	-
Net cash flows from investing activities		-	-
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	-

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

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(541,445)	(1,970,677)
Cash and cash equivalent at beginning of the year	11	541,445	2,512,122
Cash and cash equivalent at end of the year	11	-	541,445

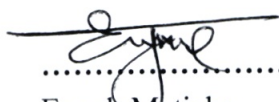
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22/10/2024 and signed by:



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



 Linda Kosgei
 Project Coordinator



 Enock Maticha
 Project Accountant
 ICPAK Member No: 23310

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
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	12,500,000	-	12,500,000	-	12,500,000	0%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	12,500,000	-	12,500,000	-	12,500,000	0%
Payments						
Compensation to employees	1,000,000	-	1,000,000	240,000	760,000	24%
Purchase of goods and services	11,198,555	-	11,198,555	-	11,198,555	0%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	301,445	-	301,445	301,445	-	100%
Other grants and transfers	-	-	-	-	-	-
Total Payments	12,500,000	-	12,500,000	541,445	11,958,555	4%
Surplus or Deficit	-	-	-	-	-	-

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

[Handwritten signature]
 Dr. Eng. Festus K. Ng'eno
 Principal Secretary

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 Linda Kosgei
 Project Coordinator

[Handwritten signature]
 Enoch Maticha
 Project Accountant
 ICPAK Member No: 22310

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 CHEMOBS Project under the State Department of Environment, Climate Change and Forestry. The financial statements are for CHEMOBS 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

CHEMOBS 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.

Significant Accounting Policies (continued)

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.

Significant Accounting Policies (continued)

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. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

Significant Accounting Policies (Continued)

k) Contingent Assets

CHEMOBS Project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of (*the Entity*) in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

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*.

Significant Accounting Policies (Continued)

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, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note 15 of these financial statements*.

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	2023/2024	2022/2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry of Environment, Climate Change and Forestry</i>			
Counterpart funds Quarter 1	-		
Counterpart funds Quarter 2	-		
Counterpart funds Quarter 3	-		
Counterpart funds Quarter 4	-		
Total (See Annex 3)	-		
<i>Other transfers from government entities</i>			
	-		
	-		
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total	≡	≡	≡

Note: There were no transfers 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	2023/2024						2022/2023	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)								
GEF FUNDS	-	-	-	-	-		5,252,850	13,737,471
Grants Received from Multilateral Donors (International Organizations)								
Insert name of international organization								
Grants Received from Local Individuals and organizations								
Insert name of individual or local organization								
Total	-	-	-	-	-		5,252,850	13,737,471

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2023/2024					2022/2023	Cumulative to date
	Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	
			(Insert currency)	Kshs	Kshs	Kshs	Kshs
Loans received from bilateral Donors (Foreign Governments)							
Insert name of foreign Government							
Insert name of foreign Government							
Loans received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Insert name of international organization							
Total			-	-		-	-

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2023/2024			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					

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2023/2024			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	240,000	-	240,000	917,419	1,879,354
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	240,000	-	240,000	917,419	1,879,354

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2023/2024			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	-		-		
Communication, supplies and services	-		-		
Domestic travel and subsistence	-		-	5,001,200	9,266,364
Foreign travel and subsistence	-		-	1,117,528	1,117,528
Printing, advertising, and information supplies	-		-		-
Rentals of produced assets	-		-		-
Training payments	-		-		778,400
Hospitality supplies and services	-		-	187,380	394,380
Insurance costs	-		-		-
Specialized materials and services			-		-
Other operating payments					
Routine maintenance – vehicles and other transport equipment	-		-		-
Routine maintenance- other assets	-		-		-
Total	≡	≡	≡	<u>6,306,108</u>	<u>11,556,672</u>

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	2023/2024			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
Government pension and retirement benefits	-		-		-
Social security benefits in cash and in kind	-		-		-
Employer social benefits in cash and in kind	-		-		-
Total	-		-		-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	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					

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Purchase of certified seeds, breeding stock and live animals					
Research, studies, project preparation, design & supervision					
Rehabilitation of civil works					
Acquisition of strategic stocks					
Acquisition of land					
Acquisition of other intangible assets					
Total	=		=		=

Note: There were no acquisition of non-financial assets during the financial year under review.

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	2023/2024			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					
The National Treasury (Exchequer Account)	301,445	-	301,445	-	301,445
-					
-					
Transfers to County Governments	-		-		-
-					
-					
Total	301,445	=	301,445	=	301,445

Note: The above amount of **Kshs.301,445** was transferred to Exchequer account immediately after project closure as advised and authorised by the National Treasury.

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

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

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

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts (Note 11A)	-	541,445
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	=	541,445

CHEMOBS Project has one project account within the project implementation area and zero number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	2023/2024	2022/2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.1000737654]	-	541,445
Kenya Commercial Bank [A/c No...]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total local currency balances	-	541,445
Total bank account balances	-	541,445

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

Chemobs Project

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

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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	2023/2024	2022/2023
	Kshs	Kshs
Government Imprests		
Salary advances		
Total	-	-

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

Chemobs Project

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

14. Fund Balance Brought Forward

Description	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts	541,445	2,512,123
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	541,445	2,512,123

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

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

16. Changes in Imprests and Advances

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

17. Changes in Accounts Deposits and Retention

Description	2023/2024	2022/2023
	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	-	-

Chemobs Project

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

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

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

2. Pending Staff Payables (See Annex 4b)

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

3. Other Pending Payables (See Annex 4c)

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

Other Important Disclosures (Continued)

4. External Assistance

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as grants	-	5,252,850
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	5,252,850

a). External assistance relating loans and grants

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	5,252,850
Total	-	5,252,850

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2023/2024	2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	14,761,231
Total		-	14,761,231

Chemobs 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

	2023/2024	2022/2023
Description	Kshs	Kshs
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	-	-

d. Non-monetary external assistance

	2023/2024	2022/2023
Description	Kshs	Kshs
Goods		
Services		
Total	-	-

Chemobs 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	2023/2024	2022/2023
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	-	-

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

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

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

	2023/2024	2022/2023
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	-	-

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

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

	2023/2024	2022/2023
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total		

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

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

Payments made by third parties	2023/2024	2022/2023
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		

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

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:

	2023/2024	2022/2023
	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	2023/2024	2022/2023
	Kshs	Kshs
Court case xxx against the project		
Bank guarantees in favour of other govt. entities		
Contingent liabilities arising from PPPs/ donor agreements		
Total	-	-

(Give details- Update ANNEX 8 Contingent liabilities register)

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

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)
1035	<p>Unsupported University Scholarships</p> <p>The statement of receipts and payments reflects total payments of Kshs.7,223,527. the payments excluded USD 10,000 for consultancy services paid directly by the donor to a consultancy firm. Further, the project set aside US\$ 50,000 for a scholarship programme. The Project Assistant and other three (3) staff other implementing agencies benefited from scholarship studies at the University of Cape Town. However, the amount of scholarship and details for the programme have not been provided for review or disclosed in the financial</p>	<p>As a way of capacity building, the ChemObs project in partnership with the University of Cape Town awarded 4 scholarships to four Kenyans to pursue course in chemicals risks management. As explained the amount of 50,000 USD set aside for the scholarship is directly paid to the University of Cape Town and Kenya does not receive any funds. The University of Cape Town deducts the fees from the scholarship budget with approval from the Africa Institute.</p> <p>However, we have taken note of your concerns and have requested the University of Cape Town to provide us with</p>	Not Resolved.	To appear before PAC at a later date

Chemobs Project

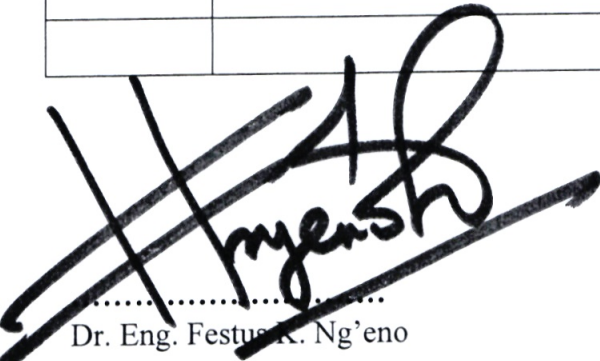
Annual Report and Financial Statements for the financial year ended June 30, 2024

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>statements.</p> <p>In the circumstances, the accuracy and completeness of the total payments of Kshs.7,223,527 for the scholarship programme could not be confirmed.</p>	<p>fee payment receipts so that we can include the costs in the statement of receipts and payments. We are yet to get feedback from the University of Cape Town but are still pursuing the matter.</p>		
1036	<p>Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amount reflects final revenue budget and actual on comparable basis of Kshs. 12,500,000 and Kshs.5,252,850 respectively resulting to underfunding of Kshs.7.247,150 or 58% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs. 12,500,000 and Kshs. 7,223,527 respectively, resulting to under expenditure of Kshs.5, 276, 527 or 42% of the budget.</p>	<p>It's true that the project was under funded Kshs.7.247,150 or 58% of the budget and also under spent Kshs.5, 276, 527 or 42% of the budget during the financial year under review. The main reasons were budget cut and late disbursement of funds since the supplementary budget was approved and uploaded to IFMIS system very late, leading to less disbursement and low absorption of project funds.</p>	Not Resolved	To appear before PAC at a later date

Chemobs Project

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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)



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



.....
Linda Kosgei
Project Coordinator

Chemobs Project

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

Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2023/2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	-	-	-	-	-
Proceeds from domestic and foreign grants	12,500,000	-	12,500,000	0%	There were no donor receipts during the financial year 2023/2024 since the project activities had completed.
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	12,500,000	-	12,500,000	-	
Payments					
Compensation of employees	1,000,000	240,000	760,000	24%	The project is already closed and it paid staff salaries for four months from July to Nov, 2023.
Purchase of goods and services	11,198,555	-	11,198,554	0%	There were no donor receipts during the financial year 2023/2024 since the project activities had completed.
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	301,445	301,445	-	100%	
Other grants and transfers	-	-	-	-	

Chemobs Project

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

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
Total payments	12,500,000	541,445	-	4%	There were no donor receipts during the financial year 2023/2024 since the project activities had completed.

Chemobs Project

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

Annex 3: Reconciliation of inter-entity transfers

Project Name:		CHEMOBS PROJECT		
Break down of transfers from the State Department for Environment and Climate Change				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
C.	Others			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
		Total (A+B+C)	-	

Note: There were no exchequer receipts during the financial year 2023/2024.

Project Coordinator
CHEMOBS Project

Sign



Head of Accounting Unit
State Department for Environment and Climate Change

Sign



Chemobs 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 Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

Chemobs 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 (<i>specify</i>)							
7.							
8.							
Sub-Total							
Grand Total							

Chemobs Project

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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 (<i>specify</i>)							
7.							
8.							
Sub-Total							
Grand Total							

Annex 5: Summary of Fixed Assets Register

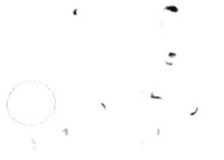
Asset class	Opening Cost (KShs) 2023/2024	Donations in form of assets (KShs) 2023/2024	*Purchases/ Additions in the Year (KShs) 2023/2024	Disposals in the Year (KShs) 2023/2024	Transfers in/(out) 2023/2024	Closing Cost 2023/2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and 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						

Note:

There were no fixed assets acquired by CHEMOBS project during the year under review and previous financial years

Annex 6: Contingent Liabilities Register

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



Chemobs 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 (*Where applicable*)