

Enhancing Accountability

THE NATIONAL ASSEMBLY
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REPORT

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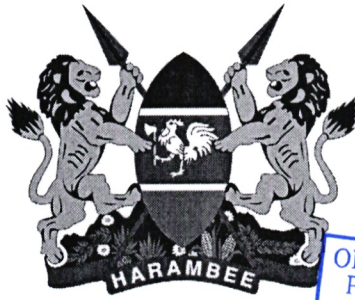
THE AUDITOR-GENERAL

ON

**GREEN GROWTH AND EMPLOYMENT
THEMATIC PROGRAMME (GGETP) – DANISH
EMBASSY FILE NO.2015-39790**

**FOR THE YEAR ENDED
30 JUNE, 2020**

MINISTRY OF ENVIRONMENT AND FORESTRY



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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Project Name: Green Growth and Employment Thematic Programme (GGETP)


Implementing Entity: Ministry of Environment and Forestry (MEF)

PROJECT GRANT/CREDIT NUMBER: Danish Embassy File no. 2015-39790

REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
30TH JUNE, 2020**

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official Name is: Green Growth and Employment Thematic Programme (GGETP).

Objective: The key objective of the project is: Enhanced enabling environment for green growth and sustainable natural resources management

Address: The project headquarters offices are at Nairobi, Kenya.

The address of its registered office is:

Ministry of Environment 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

1.2 Project Information

Project Start Date:	The project start date is 1 st January, 2016
Project End Date:	The project end date is 30 th June 2021
Project Manager:	The project manager is Mr. Augustine K. Kenduiwo
Project Sponsor:	The project sponsor is DANIDA

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry.
Project number	File no. 2015-39790

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<p>Strategic goals of the project</p>	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> 1. Improved public policy environment for private sector engagement in green growth, sustainable environment and natural resources management 2. Green procurement of goods and services undertaken by public entities 3. Green growth integrated into County Integrated Development Plans (CIDPs) by counties 4. Improved use of weather and climate data in economic planning and disaster risk mitigation
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <p>The project engages the private sector to reach, through dialogue, green growth relevant policy decisions such as tax rebates for less polluting industries. Such dialogue is complemented by media awareness and campaigns for wider outreach and uptake. The project will also build the capacity of counties to integrate green growth into their CIDPs. An engagement with the Public Procurement Regulatory Authority will result in green procurement guidelines that will inform the public sector's procurement of green products and services. Lastly, enhanced provision of accurate weather and climate information will be disseminated to various end users, thereby enabling knowledge-based decision-making among farmers, pastoralists and health workers.</p>
<p>Other important background information of the project</p>	<p>The project did not start as expected during 2016/2017 financial year (F/Y) but was rescheduled to begin in 2017/2018 F/Y due to delays in the closure of the previous components of the Natural Resource Management Project (NRMP) that the Ministry had just concluded its implementation. NEMA is also implementing a similar project with the same name (GGETP) as the Ministry's project, which has created confusion during programme budgeting with the National Treasury. NEMA's component started earlier than the Ministry's GGETP component. Because of this, GGETP project of the Ministry missed out during 2017/2018 budgeting process but this was rectified during supplementary budget and thus was able to initiate a few activities. The same problem recurred again during 2018/2019 F/Y and the project missed out in the budgeting. It was rectified during supplementary estimates. Overall, the project has not performed as expected.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ol style="list-style-type: none"> 1. A shift towards a green and circular economy for Kenya, including better waste management practices promoted 2. Efficient utilisation of natural resources, hence ensuring sustained economic growth

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	<p>3. Provide a long term solution for addressing climate change</p> <p>4. Support communities to plan for climate change adaptation more effectively.</p>
Project duration	The project started on 1st July 2016 and is expected to run until 30 June 2021

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya

1.5 Auditors

The project is audited by the Office of the Auditor General (OAG). However, Danish Embassy is obliged to send their external auditors if need arises which is Delloitte Firm of Auditors.

1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Augustine K. Kenduiwo (Tel: 0792100263)	Deputy Director	Masters in Environmental Planning and Management	Overall coordination of the project
Lars Moller (Tel: 0799748078)	Senior Technical Advisor	Masters in Biology	Advisory services
Kennedy Olwasi	Assistant Director	Masters in Agronomy	Responsible for Goal 1 of the project
Peter Ndungu (Tel: 0720178689)	Quality assurance officer (PPRA)	Degree in Procurement	Responsible for Goal 2 of the project
Molu Wato (Tel: 0722589310)	Deputy Director, Governance and Coordination, Kenya Water Towers Agency	Masters in Environment	Responsible for Goal 3 of the project

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Benson Lubanga	Senior Meteorological officer	Masters in Meteorology	Responsible for Goal 4 of the project
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1.7 Funding summary

The Project is for duration of 5 years from 2016 to 2021 with an approved budget of DKK 20 million (use donor currency) equivalent to Kshs 300 Million as highlighted in the table below:

Below is the funding summary: Accounts to fill this table.

Source of funds	Donor Commitment-		Amount received to date – (30. 06. 20)		Undrawn balance to date (30. 06. 20)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
DANIDA	DKK 20,000,000	300,000,000	DKK 5,067,000	76,000,000	DKK 14,933,000	224,000,000
(ii) Counter part funds						
Government of Kenya	10% of Donor	30,000,000		33,070,733	-	-3,070,733
Total	-	330,000,000	-	109,070,733	-	220,929,267

[Delete the non-applicable source of funds from the table above. The amounts received to date should tie/agree to what is captured in the Statement of Receipts and Payments as applicable.]

1.8 Summary of Overall Project Performance:

- Budget performance against actual amounts for current period and for cumulative to-date,
 - The project has not performed as expected. There was delay in starting up the project and since then, the project has experienced budget challenges with regards to Donor commitments, as it repeatedly misses out in the final budget statement, forcing the management to continuously seek authority to incur expenditure from Treasury. This has slowed down absorption rates on donor funds.

2. Physical progress based on outputs, outcomes and impacts since project commencement. Despite low donor funds absorption and challenges experienced with procurement, the project has made progress as indicated here below.

- Private sector has been mobilised into accepting circular economy principles and have already greened their 3rd National Business Agenda (NBA)
- The project has engaged Public Procurement Regulatory Authority and the National Treasury towards promoting green procurement in public institutions and so far, Green Public Procurement Framework is being formulated
- The project supported the Ministry to develop sustainable waste management Policy, Bill and Electronic waste strategy
- Several participatory scenario planning meetings for mainstreaming climate data into planning at the counties have been done and farmers/pastoralists have been empowered to utilise climate information from meteorology in their planning.

3. Comment on value-for-money achievements,

- With the amount of money disbursed and the amount of work delivered, there has been great value for money witnessed.

4. List the implementation challenges and recommended way forward.

Challenges:

- Slow disbursement of funds between Ministry and Treasury
- Similar naming of projects at both Ministry headquarters and SAGA
- Inadequate staff to run the project
- Slow/delayed procurement processes
- Stringent donor conditions, especially affecting flexibility on funds utilisation

Recommendations;

- Open a separate bank account for the project to ensure prompt payment of project activities
- Provide distinct names for separate projects. GGETP headquarter project is usually omitted in the budget because already Treasury had captured GGETP as a NEMA project, since the same project is also in NEMA but with different goals. GGETP NEMA started earlier than the GGETP Ministry headquarters
- The project should budget for additional staff other than relying on the Ministry staff that are already constraint. However, this would be against the Danish Government's sustainability strategy, according to which the Kenyan Government must provide all staff. If the donor pays staff, this staff will likely disappear the moment donor funding stops. Thus much of the built capacity would leak.
- Donor funds should be made more flexible like to allow for payment of staff per diems instead of strictly adhering to procurement only. At times GoK counterpart funds get exhausted early and the project wants to send a few staff to attend a stakeholder workshop at the Counties. This becomes a challenge as the donor funds cannot meet such expenses. However, like above this is against the Danish Government's sustainability strategy. The donor does not see the payment of what is perceived as very high per diem sustainable in the long run.

1.9 Summary of Project Compliance:

1. Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants,
 - The project has been compliant with applicable laws and regulations
 - However, the project was non-compliance in provision of adequate staff to run the project as provided for in the signed agreement between the donor and the Ministry. This was as a result of acute staff shortage at the Ministry headquarters.
 - Non-compliant in not opening a separate project account as provided for in the agreement.
2. Include consequences suffered on account of non-compliance or likely to be suffered
 - Slow execution of planned activities as the project has to depend on staff from both outside and within the Ministry who already have their other assignments to execute
 - Risk of donor withdrawal or reduction of budget
 - Delayed payments for project activities adversely affecting project reputation with stakeholders. This further leads to negative project credibility and credit worthiness
 - Risk that MEF could lose out on support from many donors due to poor performance and absorption.
3. Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance
 - The project has tried as much as possible to align activities of various departments and agencies towards delivery of desired project goals. This has enabled the staff in those departments/agencies to dedicate time in delivering on the planned project activities.
 - Frequent follow up on project activities in relevant departments/agencies
 - Appointment of a dedicated procurement staff to handle project procurement activities

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Guidance

Refer to the project objectives from the Credit No and project ID which inform the program budget and annual budget. Report on the extent of the project's progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the project in implementation of its plan

Enumerate all the objectives of the project as per the program plan

Introduction

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

The key development objectives of the *Project's 2017-2021* plan are to:

- a) Overall development goal: Creating an Enabling Environment for Green Growth.
- b) Component One: Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resources management
- c) Component Two: Green procurement of goods and services undertaken by public entities (through an engagement with the Public Procurement and Regulatory Authority).
- d) Component Three: Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs) and other county plans
- e) Component Four: Improved use of climate data in economic planning and disaster risk mitigation (through Kenya Meteorological Department (KMD)).

Progress on attainment of Strategic development objectives

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

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Project	Objective	Outcome	Indicator	Performance
Green Growth and Employment Programme	Component One: Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resources management	Creating an Enabling Environment for Green Growth	Number of green growth policy-related decisions published to support implementation. ▶ Particularly policies supporting implementation of the GESIP, especially where this reinforces the work of other GGETP DEs: e.g. tax exemptions on green products, energy efficiency use, media coverage on green growth, and use / manufacture of environmental friendly products, etc.	The target is: 8 green growth policy-related decisions published. Considered as on track 88%. :7 out of eight targeted decisions has been made: 1. High level P4G appointments and support / engagement: decision made and implemented by appointing the Cabinet Secretary Treasury as the P4G representative on the Global Board of P4G, appointing Principle Secretary of Treasury as the co-convenor of the National P4G Platform, assigning the Vision 2030 Secretariat as the P4G Technical Secretariat. 2. Waste Management Policy 3. Waste Management Bill 4. Electronic / e-waste Strategy 5. Ban of single use plastics in protected areas 6. Extended Producer Responsibility Regulations 7. Integration of GG / GE into the KEPSA's 3rd National Business Agenda
	Component Two: Green procurement of goods and services undertaken by public entities	Creating an Enabling Environment for Green Growth	Green public procurement (GPP) framework, regulations and circulars in place and green procurement by public entities started. ("Public Entity" means MDA or County).	Target: Engagement with PPRA, GPP framework in place, Circulars and agreements in place, GPP started by 50 public entities. 1. Mostly on Track: Have probably achieved 81% of what the DE should have done by the end of FY 2019/2020. 2. Greening Public Procurement Using Voluntary Sustainability Standards workshop in November 2018 by 2 Int Trade Centre consultants 3. ITC Trade for Sustainable Development (T4SD) Hub in Kenya can help SMEs to

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				<p>comply to green standards and open export opportunities.</p> <p>4. T4SD workshop on T4SD's global platform Sustainability Map and how to help public procurers to "green" their procurement practices.</p> <p>5. Capacity building of Public Procurement Regulatory Authority (PPRA) key staff and stakeholders through workshops and training key staff.</p> <p>6. Consultancy to develop Green Procurement framework was prepared and advertised. No international consultants responded and the consultancy was awarded to the national consultants. ■ The Consultant IMAP International was engaged and has submitted the Inception Report, which has been discussed with PPRA and theGGETP-MEF management</p> <p>7. Draft report is virtually being discussed with stakeholders and comments continuously incorporated as per Covid19 requirements</p>
Component Three: Green growth and sustainable environment and natural resource management mainstreamed by counties through the County Integrated Development Plans (CIDPs) and other county plans	Creating an Enabling Environment for Green Growth	1.Number of counties mainstreaming specific national environmental policies into county operations. (Disaggregated by policy / instrument).	<p>Target1: 8 pilot counties integrating County Environmental Policy Guides into Annual Development Plans (ADPs).</p> <p>1.Nakuru and Momassa counties had their plans informed by GESIP. This had been done in collaboration with GIZ and UN Environment. However, traction not satisfactory and strategy will change to close cooperation with NEMA to influence CDPs.</p> <p>2.Had some meetings with NEMA to work out how to cooperate. Agreed that NEMA should come to MEF to present suggestion on how to work together. But meeting did not materialise due to lack of funding at MEF.</p>	

			<p>2. One pilot multi-county integrated sustainable natural resources management plan for one Water Tower developed, and policy-related learning documented to inform the Water Tower Policy.</p>	<p>Target 2: Engagement with KWT and Counties. 1. Engage consultant to support NRM planning with KWT & Counties. 2. Draft plan & public consultations done. 3. Final plan produced and presented, and learning documented.</p> <p>Has been some progress but Significantly behind:</p> <ol style="list-style-type: none"> 1. Had engaged previously with Kenya Water Towers and selected Marmanet Water Tower for the development of integrated sustainable NRM plan. 2. Had started to engage with counties but not sufficiently. 3. Had contracted University of Nairobi Enterprise Services (UNES) to develop the plan in collaboration with the Counties. Inception work was carried out but MEF failed to pay the consultant and work stopped. 4. UNES paid in December 2019 and have retaken up their work. 5. Focal Point for this output did 5 week training at the Danish Technical University (DTU).
Component Four: Improved use of climate data in economic planning and disaster risk mitigation	Creating an Enabling Environment for Green Growth	Number of end-users reached with relevant downscaled climate data and information to support decisions making for their operations. (Disaggregated by type and gender of end-user).	<p>Target: Total 17,500 users og which 15,700 small scale farmers, 1,250 health practitioners, 450 pastoralists.</p> <p>Has been good progress.</p> <ol style="list-style-type: none"> 1. New Focal Point appointed (Benson): has completely redesigned the Output in line with Mid-Term Review team. 2. Have developed and are rolling out "Participatory Scenario Planning" (PSP) system to downscale (to 5 km² cells, using FATFIT and GeoCLIM tools) 	

				<p>and, disseminate locally understandable climate forecast for long and short rains and support participatory response (short term adaptation).</p> <p>3. Use County Directors of Mereology (CDM), local County leaders and local leaders / influential persons.</p> <p>4. Cascaded series of dissemination meetings at County, sub-County and local levels.</p> <p>5. KDM have other donors on board: e.g. Kenya Cereals Enhanced Prog., Kenya Climate-Smart Agriculture</p> <p>Good traction. Final results will depend on enough budget allocation during the final phase of theGGETP-MEF. Roll-out to the remaining 29 counties would be about KES 70 mill.</p> <p>Beginning to think about mobile tech but no clear strategy.</p> <p>Consultant will be engaged to develop a mass SMS system for quick weather information to end users.</p> <p>KMD is currently engaging with the county governments to integrate PSPs into county plans for sustainability</p> <p>Although the target seems to have been surpassed, it is only on the number of end users reached which is measured.</p> <p>Institutionalization of downscaling, PSPs and bulk SMS dissemination has not been achieved. These are crucial avenues for effective dissemination of timely climate and weather information for improved production and disaster management.</p>
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3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

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

1. Sustainability strategy and profile -

GGEP is promoting Sustainable development through provision of enabling policy environment to shift development pathway towards green growth and circular economy.

2. Environmental performance

The program promotes sustainable resource use while safeguarding environmental performance.

3. Employee welfare

GGEP promotes capacity building of staff in green growth, circular economy and environmental sustainability. This is done while observing gender equality in nomination of the trainees.

4. Market place practices-

a) GGEP observes government regulations while undertaking procurement of consultants, suppliers and contractors while ensuring value for money is obtained

5. Community Engagements-

GGETP supports dissemination of weather information to communities (Farmers and Pastoralists) so as to enable them plan effectively their farm operations. The program does not provide physical goods to the communities as it was not designed for that purpose.

Participatory Scenario Planning (PSP), implemented throughGGETP/Danida project under component 4, is a process whereby community members interact and discuss weather and climate related issues through the workshops and become more sensitized to climate change and hence become more adaptable, effective farmers in the face of the uncertainties of climate change. In the past, climate information has not been used effectively in planning for farming and related value chain activities and this contributed to higher drought and climate related losses. PSP workshops integrate scientific forecasts and local community knowledge to produce simple and locally relevant climate information that is shared throughout the community using local communication channels such as Sub county barazas, Media (radio), brochures/fliers and through extension workers. It is through the PSPs forums that facilitate better use of climate information to strengthen the ability of county community to make more informed livelihood decisions and cope with adverse climate change related disasters. PSP provides a multi-stakeholder learning platform that integrates into development planning and adaptation processes. Seasonal PSP processes facilitate flexible, weather-based planning using forecasts, and thus enables different actors to adapt to seasonal variability, while at the same time build evidence and capacity for long term adaptation planning. PSP therefore makes all stakeholders in different value chains to boost food security and income generation by climate change proofing.

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On the sustainability related matters; the local community members, existing administrative and operational structures are incorporated in the process. The players form an important link between the source of climate information and consumers of the same. They form the interface between the Kenya Meteorological Department and the Value Chain (VC) players. PSPs is part of County Climate Change and hence is mainstreamed within the county structures and once becomes part of County Integrated Development Plans (CIDPs), the county allocate funds and forms the platform to disseminate weather and climate information in a more effective way.

(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme – Ministry of Environment and Forestry (GGETP-MEF)** are responsible for the preparation and presentation of the Project’s financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the period ended on *June 30th, 2020*. 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* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme (GGETP)** accept responsibility for the Project’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme (GGETP)** are of the opinion that the Project’s financial statements give a true and fair view of the state of Project’s transactions during the period ended June 30th, 2020, and of the Project’s financial position as at that date. The *Principal Secretary* for Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme (GGETP)** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme (GGETP)** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for **Green Growth and Employment Thematic Programme (GGETP)** on _____ 2020 and signed by them.



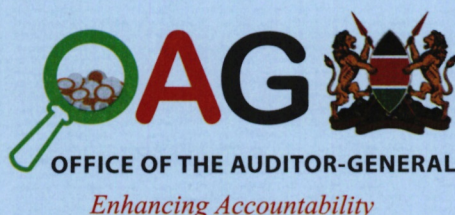
Principal Secretary



Project Coordinator

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REPORT OF THE AUDITOR-GENERAL ON GREEN GROWTH AND EMPLOYMENT THEMATIC PROGRAMME (GGETP) – DANISH EMBASSY FILE NO.2015-39790 FOR THE YEAR ENDED 30 JUNE, 2020 - MINISTRY OF ENVIRONMENT AND FORESTRY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Green Growth and Employment Thematic Programme (GGETP) set out on pages 1 to 28, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative 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 Green Growth and Employment Thematic Programme (GGETP) as at 30 June, 2020 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 Bilateral Financing Agreement No.2015-39790 dated 11 December, 2015 between the Government of Kenya and the Danish Embassy and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Report of the Auditor-General on Green Growth and Employment Thematic Programme (GGETP - No.2015-39790 for the year ended 30 June, 2020 - Ministry of Environment and Forestry

Other Matter

Budgetary Performance

The statement of comparative of budget and actuals amounts reflects a final budget of receipts of Kshs.22,000,000 on transfer from Government entities against actual receipts of Kshs.15,882,182 resulting in a shortfall of Kshs.6,177,818 or 28%. The statement reflects final expenditure budget of Kshs.68,000,000 against actual expenditure of Kshs.37,007,672 on purchase of goods and services resulting into under expenditure of Kshs.30,992,328 or 46%. Further, the Programme incurred an expenditure amount of Kshs.3,278,745 and Kshs.4,504,568 on acquisition of non-financial assets and transfer to other Government entities respectively which had no budget line. No explanation was availed for incurring the expenditure without a budget.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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 control, risk management and overall governance.

In preparing the financial statements, management is responsible for assessing the Programme ability to continue to sustain services, disclosing, as applicable, matters related to going concern and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Programme or to cease operations.

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

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

Those charged with governance are responsible for overseeing the Programme's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied

in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Programme's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Programme's ability to continue to sustain services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Programme to cease to continue to sustain services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Programme to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

31 December, 2020

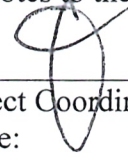
Green Growth and Employment Thematic Programme (GGETP)
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6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	9.3	15,882,182	-	17,188,551	-	33,070,733
Proceeds from domestic and foreign grants	9.4	46,000,000	-	30,000,000	-	76,000,000
Loan from external development partners	9.5	-	-	-	-	-
Miscellaneous receipts	9.6	-	-	-	-	-
TOTAL RECEIPTS		61,882,182	-	47,188,551	-	109,070,733
PAYMENTS						
Compensation of employees	9.7	-	-	-	-	-
Purchase of goods and services	9.8	37,007,672	-	39,618,551	-	76,626,223
Social security benefits	9.9	-	-	-	-	-
Acquisition of non-financial assets	9.10	3,278,745	-	7,570,000	-	10,848,745
Transfers to other government entities	9.11	4,504,538	-	-	-	4,504,538
Other grants and transfers and payments	9.12	-	-	-	-	-
TOTAL PAYMENTS		44,790,955	-	47,188,551	-	91,979,506
SURPLUS/(DEFICIT)		17,091,227	-	-	-	17,091,227

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


 Principal Secretary
 Name:


 Project Coordinator
 Name:


 Project Accountant
 Name:

ICPAK Member Number: 54251


(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

Green Growth and Employment Thematic Programme (GGETP)
Reports and Financial Statements
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7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

	Note	2019-2020	2018-2019
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.13.A	17,091,227	-
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents			
Accounts receivables – Imprest and Advances	9.14	-	-
TOTAL FINANCIAL ASSETS		17,091,227	-
REPRESENTED BY			
Fund balance b/fwd	9.15	-	-
Prior year adjustments	9.16	-	-
Surplus/(Deficit) for the year		17,091,227	-
NET FINANCIAL POSITION		17,091,227	-

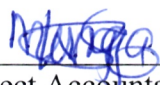
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2020 and signed by:



 Principal Secretary
 Date



 Project Coordinator
 Date



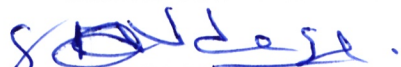
 Project Accountant
 Date
 ICPAK Member Number: 5429


Green Growth and Employment Thematic Programme (GGETP)
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8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	9.3	15,882,182	17,188,551
Proceeds from domestic and foreign grants	9.4	46,000,000	30,000,000
Miscellaneous receipts	9.6	-	-
		61,882,182	47,188,551
Payments from operating activities			
Compensation of employees	9.7	-	-
Purchase of goods and services	9.8	37,007,672	39,618,551
Social security benefits	8.9	-	-
Transfers to other government entities	9.11	4,504,538	-
Other grants and transfers	9.12	-	-
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18	-	-
Prior Year Adjustments	9.16	-	-
Net cash flow from operating activities		20,369,972	7,570,000
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.10	3,278,745	7,570,000
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	-
Net cash flow from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENT		17,091,227	-
Cash and cash equivalent at BEGINNING of the year		-	-
Cash and cash equivalent at END of the year		17,091,227	-

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 _____ 2020 and signed by:


Principal Secretary
Date


Project Coordinator
Date


Project Accountant
Date
ICPAK Member No: 5429

Green Growth and Employment Thematic Programme (GGETP)
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

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	22,000,000	-	22,000,000	15,882,182	6,117,818	72%
Proceeds from domestic and foreign grants	46,000,000	-	46,000,000	46,000,000	-	100%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	68,000,000	-	68,000,000	61,882,182	6,117,818	91%
Payments						
Compensation of employees	-	-	-	-	-	-
Purchase of goods and services	68,000,000	-	68,000,000	37,007,672	30,992,328	54.42%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	3,278,745	-	-
Transfers to other government entities	-	-	-	4,504,538	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	68,000,000	-	68,000,000	44,790,955	23,209,045	65.7%

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



Principal Secretary
Date



Project Coordinator
Date



Project Accountant
Date

ICPAK Member No: 5429

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

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

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

9.1.2. Reporting entity

The financial statements are for the ProjectGGETP under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a) Recognition of receipts

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

- **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.

- **External Assistance**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Proceeds from borrowing

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

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

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of employees**

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

- **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.

- **Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **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.

• **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.

c) 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.

d) Cash and cash equivalents

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

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 partdeposits

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorized 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.

f) 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 4** of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

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

h) Pending bills

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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’ items to provide a sense of the overall net cash position of the Project at the end of the year. 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.

i) 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.

j) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year Kshsxxx billion being loan disbursements were received in form of direct payments from third parties.

k) 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 recognized in the statements of receipts and payments.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) 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.

m) 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, 2020

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3.RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to-date(from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry xxx</i>			
Counterpart funds Quarter 1	15,882,182	17,188,551	33,070,733
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
	15,882,182	17,188,551	33,070,733
<i>Other transfers from government entities</i>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zxy	-	-	-
Agency xz	-	-	-
	-	-	-
Appropriations-in-Aid	-	-	-
Total	15,882,182	17,188,551	33,070,733

[Provide explanation as necessary noting that “Other transfers from government entities” is not the counterpart funding which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
DANIDA	9/3/2020	\$460,000	46,000,000	-	-	46,000,000	30,000,000
Grants Received from Multilateral Donors (International Organisations)							
						-	-
Insert name of international organization							
Grants Received from Local Individuals and organisations							
Insert name of individual or local organization							
Total			46,000,000	-	-	46,000,000	30,000,000

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5.LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)						
Insert name of foreign Government	-	-	-	-	-	-
Loans Received from Multilateral Donors (International Organisations)						
Insert name of international organization	-	-	-	-	-	-
Total					-	-

9.6.MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to-date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	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	-	-	-	-	-
	≡	≡	≡	≡	≡

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7.COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
-					
Basic salaries of permanent employees	-	-	-	-	-
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	=	=	=	=	=

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

	2019/20		2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	
	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-
Communication, supplies and services	-	-	-	-
Domestic travel and subsistence	15,882,182	-	14,368,089	30,250,271
Foreign travel and subsistence	-	-	-	-
Printing, advertising and – information supplies & services	11,311,000	-	4,334,362	15,645,362
Rentals of produced assets	-	-	-	-
Training payments	244,000	-	-	244,000
Hospitality supplies and services	3,361,690	-	20,916,100	24,277,790
Insurance costs	-	-	-	-
Specialised materials and services	1,580,100	-	-	1,580,100
Other operating payments	4,628,700	-	-	4,628,700
Routine maintenance – vehicles and other transport equipment	-	-	-	-
Routine maintenance- – other assets	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-
Total	<u>37,007,672</u>	=	=	<u>39,618,551</u>
				<u>76,626,223</u>

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9.SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	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	-	-	-	-	-

[Provide explanation as necessary]

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	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	-	-	-	7,570,000	7,570,000
Overhaul of vehicles & other transport equipment	-	-	-	-	-

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	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	3,278,745	-	3,278,745	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
Total	3,278,745	=	3,278,745	7,570,000	10,848,745

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Ministry Environment & Forestry – Development A/C	4,504,538	-	-	-	4,504,538
Project XYZ	-	-	-	-	-
	4,504,538	-	-	-	4,504,538
Transfers to County Government					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
TOTAL	4,504,538	-	-	-	4,504,538

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	=	=	=	=	=

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 9.13A)	17,091,227	-
Cash in hand (Note 9. 13B)	-	-
Cash equivalents (short-term deposits) (Note 9.13C)	-	-
Total	17,091,227	-

The project has one project accounts spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	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. 1000383968](Cash book)	17,091,227	-
Kenya Commercial Bank [A/c No.....]		-
Co-operative Bank of Kenya [A/c No.....]		-
Others (<i>specify</i>)		-
Total local currency balances	17,091,227	=
Total bank account balances	17,091,227	=

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2020 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

	2019/20	2018/19
	KShs	KShs
(i) A/c Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

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

9.13B Cash In Hand

	2019/20	2018/19
	KShs	KShs
Location 1	-	
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	=	=

[Provide a cash count certificate for each location above]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

	2019/20	2018/19
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	=

[Provide short appropriate explanations as necessary]

9.14. OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
<i>Officer 1</i>	-	-	-	-	-
<i>Xx institution</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	=	=	-	-	-

9.15. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	-

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

9.17. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

10.2 PENDING STAFF PAYABLES (See Annex 2B)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

10.3 OTHER PENDING PAYABLES (See Annex 2C)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

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OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c. Classes of providers of external assistance

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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

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OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc

N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY	FY
	2019/2020	2018/2019
	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	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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

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OTHER IMPORTANT DISCLOSURES (Continued)

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

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


Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Under absorption of project funds	Untimely release of funds by donor and GOK	A. Kenduiwo		One year from now

Guidance Notes:

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



Principal Secretary



Project Coordinator

Date

Date

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ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	22,000,000	15,882,182	6,117,818	72%	
Proceeds from domestic and foreign grants	46,000,000	46,000,000	46,000,000	100%	
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	68,000,000	61,882,182	6,117,818	91%	
Payments					
Compensation of employees	-				
Purchase of goods and services	68,000,000	37,007,672	30,992,328	54.4%	
Social security benefits	-				
Acquisition of non-financial assets	-	3,278,745	-3,278,745		
Transfers to other government entities	-	4,504,538	-4,504,538		
Other grants and transfers	-				
Total payments	68,000,000	44,790,955	23,209,045	65.8%	

Explain all variance below 90% and above 100%

- (i) Xxx
- (ii) Xxx
- (iii) Xxx

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ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
1.							
2.							
3.							
Sub-Total							
Permanent Employees – Others							
4.							
5.							
6.							
Sub-Total							
Temporary employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date			Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

Xxxxx Project
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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 20xx/xx (a)	*Purchases/Additions in the Year (KShs) 20xx/xx (b)	**Disposals in the Year (KShs) 20xx/xx (c)	Change in (out) Kshs 20xx/xx (d)	Closing Cost (KShs) 20xx (e) = (a) + (b) - (c) + (-) 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.