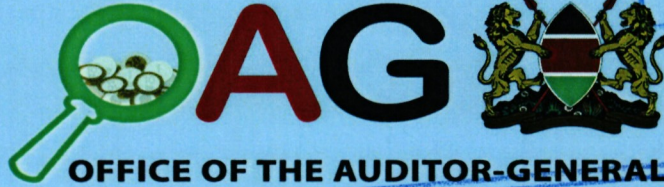


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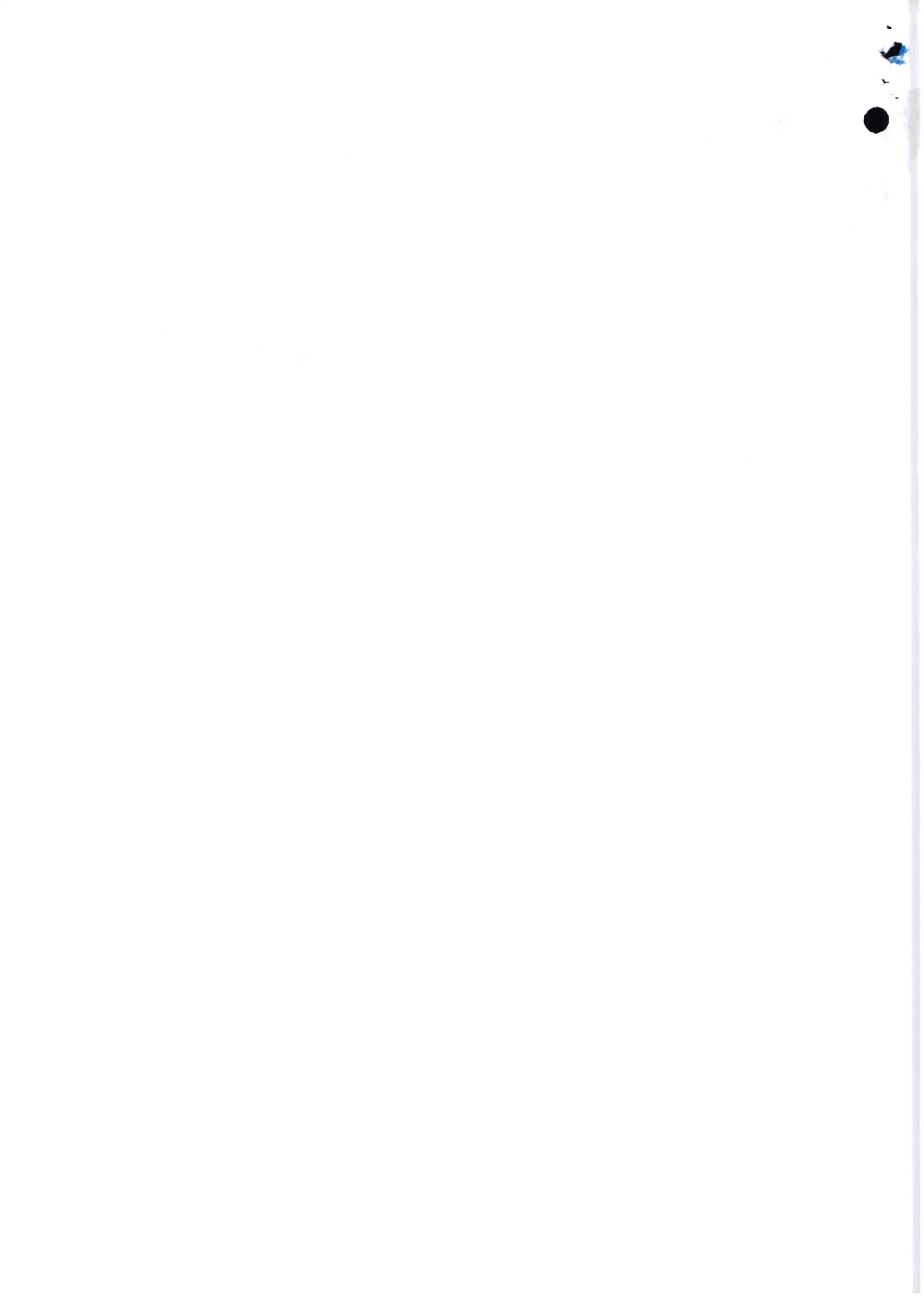
OF

THE AUDITOR-GENERAL

ON

KENYA WILDLIFE SERVICE

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





REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2020

Prepared in accordance with the Accrual Basis of Accounting Method under the International Financial Reporting Standards (IFRS)

CONTENTS

I.	CORPORATE INFORMATION	1
II.	THE BOARD OF TRUSTEES	5
III.	MANAGEMENT TEAM	8
IV.	CHAIRMAN'S STATEMENT	12
V.	REPORT OF THE DIRECTOR GENERAL	13
VI.	CORPORATE GOVERNANCE STATEMENT	14
VII.	MANAGEMENT DISCUSSION AND ANALYSIS	15
VIII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT	19
IX.	REPORT OF THE TRUSTEES	24
X.	STATEMENT OF TRUSTEES' RESPONSIBILITIES	26
XI.	STATEMENT OF COMPREHENSIVE INCOME	27
XII.	STATEMENT OF FINANCIAL POSITION	28
XIII.	STATEMENT OF CHANGES IN NET RESERVES	29
XIV.	STATEMENT OF CASH FLOWS	30
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2020	31
XVI.	NOTES TO THE FINANCIAL STATEMENTS	32
XVII.	PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	54
	APPENDICES	57
(a)	APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY	57
(b)	APPENDIX 2: INTER-ENTITY TRANSFERS	58
(c)	APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES ..	59

I. CORPORATE INFORMATION

Background information

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013) and subsequent miscellaneous amendments. The overall mandate of KWS is to conserve and manage wildlife in Kenya and to enforce related laws and regulations. It has a sole jurisdiction over national parks and supervises other wildlife management areas, including national reserves, private sanctuaries and conservancies, and all conservation and management activities outside protected areas.

Our Vision

To conserve Kenya's wildlife and its habitats for posterity.

Our Mission

To sustainably manage Kenya's wildlife and its habitats for the benefits of nature and humanity.

Corporate Values

KWS has adopted four main corporate values, which serve as guiding principles in the provision of quality and acceptable services to our customers. These values include;

- i. Passion
- ii. Professionalism
- iii. Innovation
- iv. Quality

Principal Activities

The principal activity of KWS is to sustainably conserve, manage and enhance Kenya's wildlife and its habitats, and provides a wide range of public uses in collaboration with stakeholders. In pursuit of this commitment;

We shall;

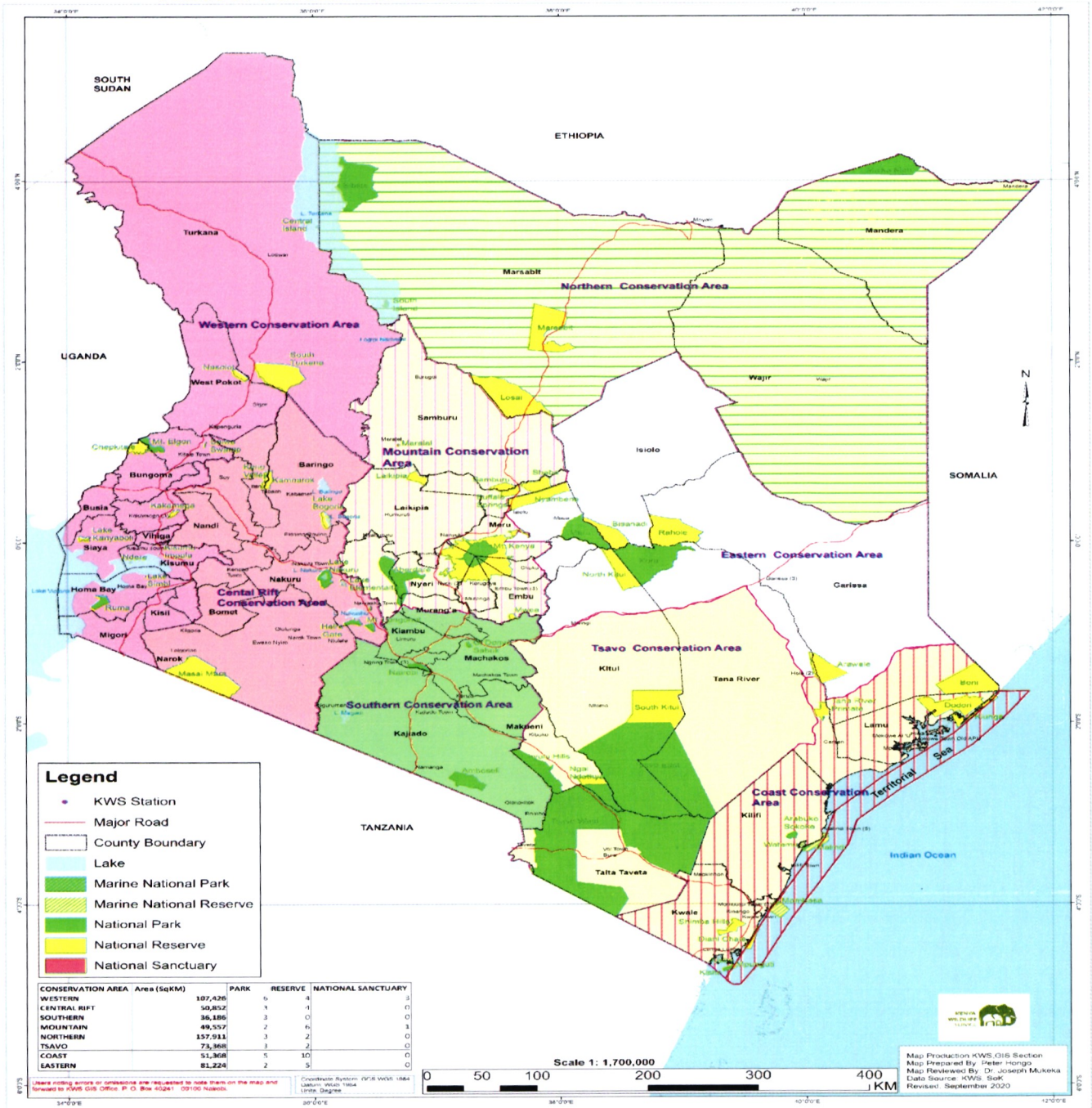
- i. Understand our customer and stakeholder challenges and identify their requirements.
- ii. Continually improve our products and services to meet and exceed customer expectations.
- iii. Ensure that objectives are established and implemented at relevant levels in line with the set strategic directions.
- iv. Improve the effectiveness of the Quality Management System.
- v. Ensure that this policy is well communicated and reviewed for continued suitability.

Area of operation

The Service operates 22 National Parks, 28 National Reserves, 4 Marine National Parks, 6 Marine National Reserves and 5 National Sanctuaries. KWS is divided into 8 conservation areas (Western conservation, Central Rift conservation, Southern conservation, Mountain conservation, Northern conservation, Tsavo conservation, Coast conservation, and Eastern conservation), Main headquarters and three semi-autonomous institutions; Airwing, Kenya Wildlife Service Training Institute (KWSTI) and Law Enforcement Academy-LEA (Manyani) for ease of administration.

The figure below shows the location of these conservation areas.

KENYA WILDLIFE SERVICE CONSERVATION AREAS



Key Management

The day-to-day management of the Service is entrusted to the Director General who is the Secretary to the Board and Chief Executive Officer of the Service. The Director General is assisted by a management team of Directors and Deputy Directors. The Service is classified as a State Corporation under PC 3A.

Fiduciary Management

KWS is managed by a ten (10) member Board of Trustees, comprising of four (4) Government representatives, five (5) independent members, and the Director General who is the Secretary to the Board and Chief Executive Officer of the Service.

The appointment and the terms of the current membership of the Board of Trustees are shown below;

Board of Trustees

The Trustees of Kenya Wildlife Service Board as at the date of this report are as follows:

1) Dr. John Waithaka	Board Chairman	Resigned on April 27, 2020
2) Ms. Beatrice Sereya Maitoyo	Board Vice Chair	Appointed on July 30, 2018
3) Mr. Ian Hamish Craig	Board Member	Appointed on July 30, 2018
4) Mr. Jochen Zetch	Board Member	Appointed on July 30, 2018
5) Mr. Fred Ojiambo	Board Member	Appointed on July 30, 2018
6) Prof. Fred. K. Segor	Principal Secretary Ministry of Tourism & Wildlife	
7) Mr. Arthur Nduati	Rep. Principal Secretary The National Treasury	
8) Mr. Jack Wanami Wamboka	Rep. Principal Secretary Ministry of Devolution	
9) Mr. Henry Kipkosgei Barmao	Rep. General Kenya Police Service	
10) Brig (Rtd). John M. Waweru	CEO/Board Secretary	Appointed on March 13, 2019

Corporation Secretary

M/s. Doreen Mutung'a
P. O. Box 40241-00100
NAIROBI.

CORPORATE INFORMATION (CONTINUED)

1. REGISTERED OFFICE

KWS Complex Langata
Road
P.O. Box 40241
GPO 00100
Nairobi, Kenya

2. INDEPENDENT AUDITOR

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

3. PRINCIPAL LEGAL ADVISOR

The Attorney General
State Law Office Harambee Avenue
P.O. Box 40112 City Square 00200
Nairobi, Kenya

4. BANKERS

- | | |
|--|--|
| a) Kenya Commercial Bank Ltd
P.O. Box 484000
GPO 00100
Moi Avenue Branch
NAIROBI | d) Standard Chartered Bank Kenya Ltd
P.O. Box 30003
Langata Branch
GPO 00100
NAIROBI |
| b) Equity Bank Ltd
Upper Hill
P.O. Box 75104
City Square 00200
NAIROBI | e) Cooperative Bank of Kenya
Business Centre Ngong Road
P.O. Box 30415
GPO 00100
NAIROBI |
| c) City Bank
Upper Hill
P.O. Box 30711
GPO 00100
NAIROBI | f) Commercial Bank of Africa Ltd
Upper Hill
P.O. Box 30437
GPO 00100
NAIROBI |

II. THE BOARD OF TRUSTEES

PROFILE	
 <p>Ms. Beatrice Seraya Maitoyo Vice-Chair, Board of Trustees</p>	<p>Beatrice Seraya Maitoyo has a Master of Arts in Intercultural Studies Fuller Theological Seminary, Pasadena, California, U.S.A and a Bachelor's degree in Arts in Community Development and Business Administration from Daystar University. She over ten(10) years of progressive experience in advocacy for children, youth, women and minority groups' rights and is an ardent supporter of conservation of the environment and proper management of natural resources by communities, without exploitation.</p> <p>She is currently working as a gender specialist consultant for Mainyito Pastoralist Integrated Development Organization.</p>
 <p>Mr. Jochen Zeitz Trustee</p>	<p>Jochen Zeitz is recognised as one of the world's leaders in sustainable business, conservation and philanthropy. He is Co-Founder and Co-Chair of the Zeitz Museum of Contemporary Art Africa (Zeitz MOCAA), Co-Founder of The B Team, Owner of Segera Conservancy and Founder of the Zeitz Foundation and The Long Run, which support sustainable solutions that balance conservation, community, culture and commerce (the 4Cs). Previously, Zeitz served 18 years as Chairman and CEO at PUMA, then Board Member and Chair of the Sustainability Committee for luxury brand group Kering. In addition to KWS, Zeitz is on the Board of Cranemere and Harley-Davidson, and Chairs their Sustainability Committees. Zeitz has received numerous awards, including Financial Times' "Strategist of the Year" 3 times and the Federal Cross of Merit of the Republic of Germany.</p>
 <p>Mr. Ian Hamish Craig Trustee</p>	<p>Ian Hamish Craig was a founding board member of Namunyak Wildlife Conservation Trust and Il Ngwesi Group Ranch and has served as the Executive Director of the Lewa Wildlife Conservancy for 14 years. He is a founding member and the first CEO of the Northern Rangelands Trust in 2004 an umbrella body that supports community conservancies across Northern Kenya. He is currently the Director of Conservation for the Northern Rangelands Trust. Previously served on the Board of Trustees, Kenya Wildlife Service for two terms.</p>



Mr. Fred Ojiambo
Trustee

Fred Omondi Oliver N'cruba Ojiambo, MBS, SC is an advocate and holds a Bachelor of Laws Degree and a Post Graduate Diploma in Advocacy. He is a Senior Partner at Kaplan & Stratton Advocates and is a member of the Law Society of Kenya and the International Bar Association.

Mr. Ojiambo has had a long career in private practice and his experience was recognized with an award of Senior Counsel in 2007



Prof. Fred. K. Segor
Principal Secretary
State Department for Wildlife
Ministry of Tourism and Wildlife

Prof Fred Harun Kiptoon Segor, holds B.SC., M.SC., Phd. (Chemistry) He is currently the Principal Secretary (PS) in the Ministry of Tourism and Wildlife, State Department for Wildlife. Prior to his current appointment, he served as PS in the Ministry of Water and Irrigation, State Department for Water Services, PS in the Ministry of Agriculture, Livestock and Fisheries, State Department for Livestock and also the PS in the Ministry of Health. He is the Chairman of Chepkoilel University College, the Departmental Building Committee and the DAAD Scholars Association, Moi University Chapter. He has also been a member of Examinations Irregularity Investigating Committee, Implementation prioritization of schools/units Committee, School of Science Bachelor of Sports Science curriculum Committee and University of Eldoret building committee, Conference, Seminars and Workshop Committee, Moi University Academic Affairs Committee of the Senate; the Vice Chairman Kenya Chemical Society and Kenya DAAD Scholars Association, Moi University Chapter; and Trustee, Moi University Academic Staff Union.

Prof. Segor is a member of many national and international scientific societies including the Kenya Chemical Society, Kenya DAAD Scholars Association (KDSA) and Kenya National Academy of Sciences among others. He is an accomplished scholarly writer having published 15 scientific publications and 11 papers mainly in the field of Chemistry



Mr. Arthur Nduati
Representative: PS, The National
Treasury

Mr. Arthur Nduati holds a Masters of Business Administration Degree from JKUAT. He is a Certified Public Accountant of Kenya (CPA, K) and a member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He has over 12 years' experience in Public Finance Management and is currently a Senior Assistant Director of Budget at the National Treasury. Previously, he was Head of Finance in the Ministry of Youth Affairs and Sports, Ministry of Immigration and Registration of Persons and Office of the Director of Public Prosecutions.



Mr. Henry Kipkosgei Barmao
Representative: Inspector General of Police

Mr. Henry Kipkosgei Barmao is a career policeman with over 35 years of experience. He has attended many certificate courses in strategic and leadership areas relating to law enforcement including Protection of Civilians; Crisis and Major Events Management; Prevention and the Punishment of the Crimes of Genocide, Crimes against Humanity and all forms of Discrimination as well as Election and Conflict Early Warning among many others. He also served for one year as Liaison Officer of the Sierra Leone UN Contingent Mission where he was Commander.

He is currently the Deputy Director Operations at Vigilance House - the Kenya Police Service Headquarters, Nairobi.

III. MANAGEMENT TEAM



**Brig. (Rtd) John Waweru, EBS
 Director General**

Brigadier (retired) John Migui Waweru is the Kenya Wildlife Service Director General. He was appointed to this position on March 13, 2019.

He holds a Masters Degree in Security Management from the University of Witwatersrand, Johannesburg, South Africa and is currently undertaking a PhD in International Studies at the University of Nairobi.

He brings a wealth of management experience and strategic leadership from his previous assignments where he served as a Naval Officer with the Kenya Defense Forces for over 30 years, both in command and staff appointments at the Kenya Navy, Kenya Defense Headquarters and various Military Training Institutions in Kenya and overseas.

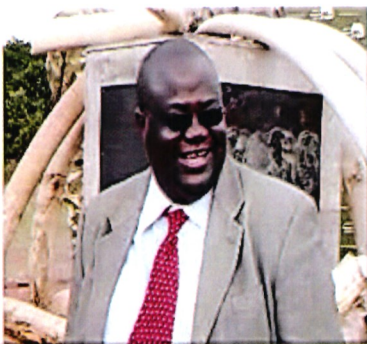


**Dr. Charles Musyoki, PhD, OGW
 Director Parks and Reserves**

Dr. Charles Musyoki is the Director Parks and Reserves. He holds a Bachelor of Science (Hons) degree in Wildlife Management (Moi University), a Master of Philosophy degree in Wildlife Management (Moi University) and a Doctor of Philosophy degree (Kyoto, Japan). He is currently pursuing an Executive Master of Business Administration at the Management University of Africa.

He is a member of the IUCN Antelope Specialist Group, the Technical Advisory Group for the Raptors MoU and the African Lion Working Group. He has authored and co-authored a number of publications of wildlife research and conservation that include a book on human-wildlife conflict in Kenya. He is a Research Professor of Kyoto University.




He has over twenty five (25) years' experience in research and wildlife conservation



**Dr. Patrick Omondi, PhD, OGW
 Ag Director Biodiversity, Research &
 Planning**

Dr Patrick Omondi is the Ag. Director Biodiversity, Research & Planning. He holds a MSc. in Wildlife Management & Control, Reading University UK; BSc. in Wildlife Management, Moi University; and a PhD in Animal Ecology, Kenyatta University. He has upon him the honour and style of The Grand Warrior of Kenya (OGW) in recognition of his contribution to Wildlife Conservation in Kenya.

He has twenty (25) five years' experience in the Service

	<p>Nancy Kabete is the head of Security Division. Previously she has worked in Investigation and Intelligence Departments in Senior positions. She holds Bsc in Chemistry from Moi University, An MBA in Strategic Management from Kenya Methodist University and an MA in International Studies from the University of Nairobi. She is a graduate of National Defence College and a Board member at Firearms Licensing Board. She has the Honour of Head of State Commendation (HSC) for her contribution to wildlife conservation in Kenya.</p>
<p>Ms. Nancy Kabete, HSC, ndc (k) Ag. Deputy Director Security</p>	<p>She has over 15 years of experience in the service</p>
	<p>Mr. Edwin Wanyonyi is the Deputy Director Strategy & Change. He holds an MBA in Strategic Management and a Bachelor of Business Administration. He is a member of the Kenya Institute of Supplies Management, Kenya Institute of Management, a postgraduate diploma in resource mobilization and a member of Kenya Association of Fundraising Professionals. He is currently pursuing PhD in Management.</p>
<p>Mr. Edwin Wanjala Wanyonyi Deputy Director (Strategy & Change)</p>	<p>He has ten (10) years' experience in the Service.</p>
	<p>Anne W. Kahihia is the Ag. Deputy Director, Devolution and Community Service. She holds a Master of Science in Developmental Biology and a Bachelor of Science in Zoology from University of Poona, India. She is an alumni of National Defence College, Kenya. She has over thirty years' experience in the service both in the field and headquarters at various senior management levels. A life member of Kenya Professional women in Agriculture & Environment</p>
<p>Ms Ann Kahihia Ag. Deputy Director, Devolution and Community Service</p>	



**Mr. Wilson Korir, “ndc” (k)
 Ag. Head of Parks &Reserves Division**

Mr. Wilson K. Korir, is the Ag. Deputy Director-Parks and Reserves Management. He holds a Bsc degree in biological sciences from and a Masters degree in International Studies both from University of Nairobi.

He is a career conservationist with over thirty years’ experience in the service



**Eng. Walter Ochieng Odira
 Ag. Deputy Director Corporate Services**

Eng. Walter Ochieng Odira is the Ag. Deputy Director Corporate Service. He holds a Masters degree in Business Administration (Global Executive Master in Business Administration) from United States International University-Africa and also Bachelor of Science in Civil Engineering from the University of Nairobi. He is a member of the Institution of Engineers of Kenya and Engineers Board of Kenya. He has Eight (8) years’ experience in the Service. He is currently pursuing Masters of Business Engineering (MBE) program on International Construction: Practice and Law from University of Stuttgart



**CPA Byrum B. Ambuko
 Head of Internal Audit & Risk Management**

CPA Byrum B. Ambuko is the Head of Internal Audit & Risk Management Department. He holds a Bachelor of Commerce degree (Accounting). He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Certified Secretary of Kenya (CPS), Certified Information Systems Auditor (CISA) and a member of ISACA. He has had a long career in Public Service having served as an External Auditor with the Office of Auditor General, Internal Auditor in Coffee Board of Kenya.

He has over 24 years’ experience in the Service.



CPA Japheth Kilonzo
Ag. Deputy Director Finance and Administration

Mr. Japheth K. Kilonzo holds a Master of Business Administration (Strategic Management) from Kenyatta University, a Bachelor of Science in International Business Administration (Accounting) from USIU-A, a graduate of SLDP from Kenya School of Government. He is a Certified Public Accountant of Kenya (CPA,K) and Member of the Institute of Certified Public Accountants of Kenya (ICPAK), He is also a Certified Credit Professional (CCP, K) and a member of Institute of Credit Management of Kenya (ICM-K).

He has over ten (10) years' experience in the Service and is currently the acting Deputy Director Finance and Administration.



CS Doreen Mutunga.
Ag. Principal Legal Officer

Doreen Mutungá is the Ag. Principal Legal Officer and is a member the Law society of Kenya and an Associate of the Chartered Institute of Arbitrators. She attended the law school at the Catholic University of Eastern Africa.

She has over 4 years' experience in the Service.

IV. CHAIRMAN'S STATEMENT

I am delighted to present to you the annual report and financial statements for the year ended 30th June 2020. Kenya Wildlife Service diligently carried out its mandate, challenges notwithstanding. The overall mandate of KWS is to conserve and manage wildlife across this great nation. This is a huge responsibility bestowed on the Service and thus calls for accountability and immense resource allocation.

The board and the management has made remarkable strides in development of the Strategic Plan 2019 – 2024. Key pillars in the plan is Conservation Leadership, Enhance Collaboration and develop mechanisms for financial sustainability. In performing its mandate KWS continues to collaborate with communities living adjacent to the protected areas. The service continues to face challenges including diminishing space for wildlife, competition for pasture, water and change in land use. This had led to rise in human wildlife conflict and loss of wildlife habitat. In addition, threats to wildlife security, demand for bush meat, livestock incursion, disease outbreak among others poses major challenges.

Amidst the aforesaid challenges, KWS remains vigilant in managing and saving the endangered species amongst others. Accordingly, two recovery and action plans for the Mountain Bongo and Roan antelope were developed, launched and now being implemented. In addition, KWS partnered with a consortium of scientists and conservationists from Kenya and Europe to save the Northern White Rhino (NWR) from extinction.

The conservation journey ahead remains challenging due to the effects of the global COVID 19 pandemic. However, I am optimistic that with the existing sound governance structures and with continued support from Government as well as communities and development partners, we shall secure our wildlife for future generations

Through proper oversight by the Board of Trustees and diligent administration, we have achieved unprecedented organisational stability and now boast of a committed staff that shall propel the Service to greater heights. This is underpinned by the fact that the Cabinet Secretary and His Excellency the President agreed to appoint a substantive Director General for a three year term.

It is with great appreciation that we acknowledge the vital support given by the Government of Kenya and other development partners towards financial sustainability of the Service. In light of the continuing depressed collections of internal revenues, this is to appeal to the National Treasury, through our Parent Ministry, to urgently consider increasing budgetary allocations to KWS to bridge the gap. It is satisfying to note that the Board and its committees duly executed their fiduciary and oversight roles to management in the fulfilment of the conservation mandate.

I would also like to thank the management and staff for their dedication and commitment to the Service.



MS. BEATRICE SEREYA MAITOYO
VICE-CHAIR BOARD OF TRUSTEES

V. REPORT OF THE DIRECTOR GENERAL

Kenya Wildlife Service (KWS) continued to discharge its mandate of conservation and management of wildlife in Kenya in accordance with the Wildlife Conservation and management Act, 2013 and its subsequent amendments. In the Strategic Plan 2019 -2024, the Service has identified six strategic objectives: reverse and stabilize the declining trend across wildlife populations and habitat, strengthen enforcement capacity, enhance internal business process and service delivery, strengthen relationships with stakeholders and partners, strengthen institutional capacity and enhance financial sustainability.

It is exciting to report during the year Kenya lobbied and succeeded in getting its proposals adopted at the 18th Meeting of the Conference of the Parties to the CITES held in Geneva, Switzerland in August 2020. This means our elephant and rhino population are protected through international agreement. Kenya has also successfully implemented actions requested under the National Ivory Action Plan (NIAP) regarding controlling illegal trade in elephant ivory and rhino horns.

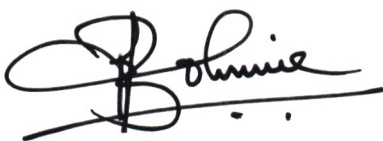
Our scientific management efforts focused on promoting research, creating awareness, monitoring of the black and white rhino, protecting our elephant herd, Grevy zebra, carnivores and other wildlife species within rangelands. These efforts coupled with intelligence led security operations has yielded great success in wildlife security as well as a record increase in births for both rhinos and elephants.

The outbreak of COVID-19 pandemic heavily impacted on our revenue which declined to near zero immediately the first case was reported. As a result of the revenue drop, management employed austerity measures and rationalized the budget to cater for the critical activities. In addition, government intervened and granted additional supplementary funding of Ksh.245 million to cater for the unfunded critical operating activities.

The Service had projected to generate internal revenue amounting to Ksh4.334 billion however, it reduced to the actual amount Ksh.4.055 billion. The drop was experienced in the fourth quarter which is normally a low season for park visitation. The total income amounted to Ksh.8.26 billion comprised of; internal revenue of Kshs.3.4 billion, GoK subvention of Kshs.2.8 billion, Donor grants of Kshs.1.3 billion and other income of Ksh.589 million. On the other hand, the expenditures amounted to Kshs.9.0 billion resulting to an operating deficit of Ksh.735 million

The Service total assets as at June 30, 2020 amounted to Kshs.14.315 billion comprising Property, Plant and Equipment (PPE) of Kshs.6.559 billion and Current Assets of Kshs.7.756 billion. The current liabilities on the other hand amounted to Kshs.6.545 billion.

I would like to extend my gratitude to the interagency collaboration with other law enforcement agencies to enhance wildlife security. I further acknowledge the Government, development partners and other stakeholders for continued support. Finally, much appreciation to the highly dedicated staff whom together we have come this far.



BRIG (Rtd) JOHN. WAWERU, EBS
DIRECTOR GENERAL

VI. CORPORATE GOVERNANCE STATEMENT

The Board of Trustees of KWS is responsible for the governance of the Service and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo Code of Conduct.

Board of Trustees

The roles and functions of the Chairman and the Director General are distinct and their respective responsibilities clearly defined within the Wildlife Conservation and Management Act 2013.

The Board defines the policy guidelines for effective management of the Service. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Director General.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary.

Committees of the Board

The Board has set up four key Committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

Board Finance and Administration Committee

The Committee has responsibilities for oversight in financial and human capital management. These responsibilities include: -

- a) Policies that maintain and improve the financial sustainability and integrity
- b) Review and recommend a long-term financial plan for the Service
- c) Review and recommend an annual operating budget and annual capital budget consistent with the long-term financial plan and financial policies
- d) Review the financial aspects of major proposed transactions, new programs, projects and services, as well as proposals to discontinue the same and making recommendations to the board
- e) Review and approve financial statements for release to external auditors
- f) Review and approve opening and closing of bank accounts.
- g) Monitor the financial performance of the Service as a whole against approved budgets and long-term trends
- h) Requiring and monitoring corrective actions to bring the organization into compliance with laws, policies and applicable financial principles.
- i) Review of human resource policies.
- j) Deliberation of staff matters.

Board Conservation Committee

This Committee has responsibilities for oversight in Wildlife Conservation and Management. These responsibilities include; -

- a) Review and advice the Board on the development of Protected Area Management Plans, species strategies and conservation policies.
- b) Provide oversight of the organization's programs, projects and activities relating to conservation.
- c) Ensure that programs related to conservation are informed by best practice and leading- edge thinking, incorporating scientific, economic and social trends.
- d) Evaluate and review conservation programs and activities.
- e) Identify and submit risks, including legal, financial and reputational risks, relating to conservation to the Board Audit and Risk Committee.

The Committee also has responsibilities for oversight in mitigation of human wildlife conflict and compensation to communities. These include:

- a) Facilitate mobilization of requisite resources necessary for the department to carry out its mandate as spelt out in sec 7(n) of the WCM Act 2013 which states that “the service shall promote and undertake extension service programs intended to enhance wildlife conservation, education and training”.
- b) Provide strategic policy direction to facilitate effective conservation education and awareness programs to enhance wildlife conservation and management.
- c) To determine incentives required for communities to foster effective Collaborative management of wildlife within a specified conservation area.
- d) Addressing human / wildlife conflicts in targeted conservation areas.
- e) Resources required for community mobilization to advocate for and Support the development and implementation of enabling policy and Legal environment for wildlife conservation.
- f) Facilitate establishment of the wildlife compensation scheme Sec 24 (b) of WCMA 2013

Board Audit and Risk Committee

This Committee has responsibilities for oversight in audit and risk matters of the Service. These include:

- a) Approving the internal audit charter.
- b) Reviewing of audit reports.
- c) Approving the risk based internal audit plan.
- d) Approving the internal audit budget and resource plans.
- e) Entity wide risk management processes
- f) Receiving communications on the internal audit activity's performance relative to its plan and other matters

Board Enterprise Committee

This Committee has the responsibility of developing sustainable enterprises for the Service for the Service's financial sustainability. These include:

- Building a brand this will be done through exploring options for building and leveraging a new and distinct brand for KWS's protected area assets and its related products and services;
- Optimizing Traditional Sources of Revenue in order to increase both the revenue and related margin contribution of traditional tourism related revenues for KWS.
- Building New Sources of Revenue with a goal to diversify and increase sources of both wider funding and commercially generated revenues for KWS.
- To develop a clear strategic framework, disciplined business planning, considering Public-Private partnerships, optimal delegation and optimizing the use of technology among.

VII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: The Service Operational and Financial Performance

Kenya Wildlife Service (KWS) has continued to discharge its mandate of wildlife conservation in line with the Wildlife Conservation & Management Act 2013. The focus of the year under review has been on reduction in poaching through strengthening of security units, ecological restoration, human wildlife conflict mitigation through construction of game proof defense, infrastructural development on ranger housing, institutional review and staff welfare.

During the year under review the total expenditure amounted to Kshs9.0 billion, compared to Kshs8.3 billion in the previous year. The expenditure comprised of; salaries and allowances of Kshs5.0 billion while other operating expenses

amounted to Kshs 3.0 billion. In general, the Service had a deficit of Kshs 735 million compared to Kshs586 million last financial year. This funding gap has continued to affect optimal service delivery in KWS.

Below is a graphical presentation on;

a. Budget Vs Actual Performance.

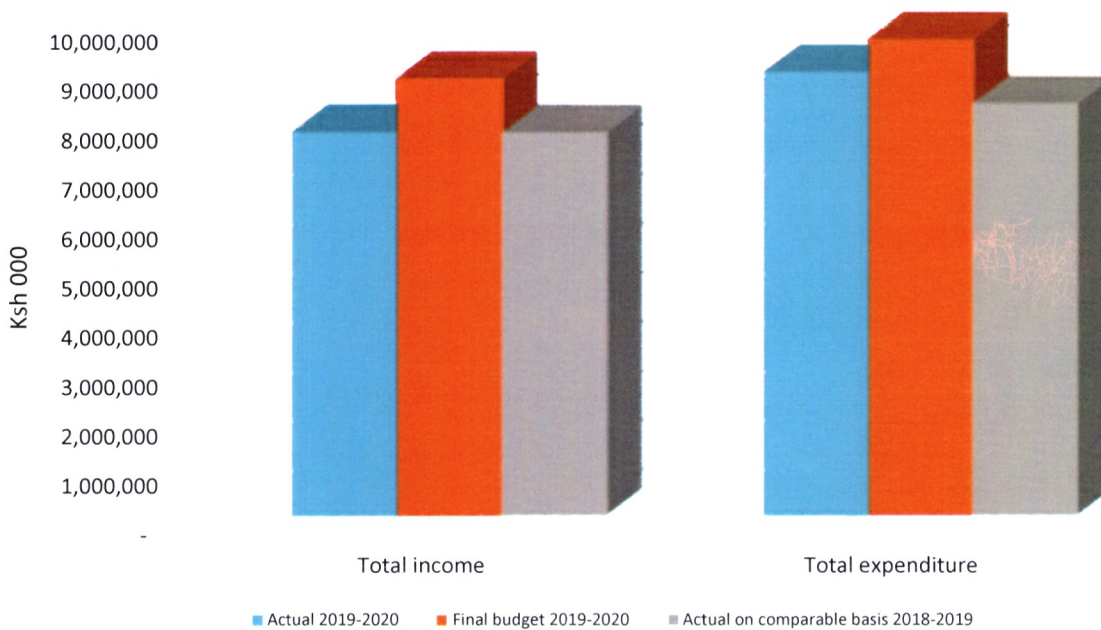
The Graph below represents the budget performance in relation to the actual revenue and expenditure realised and incurred respectively.

Below is a graphical presentation on;

b. Budget Vs Actual Performance.

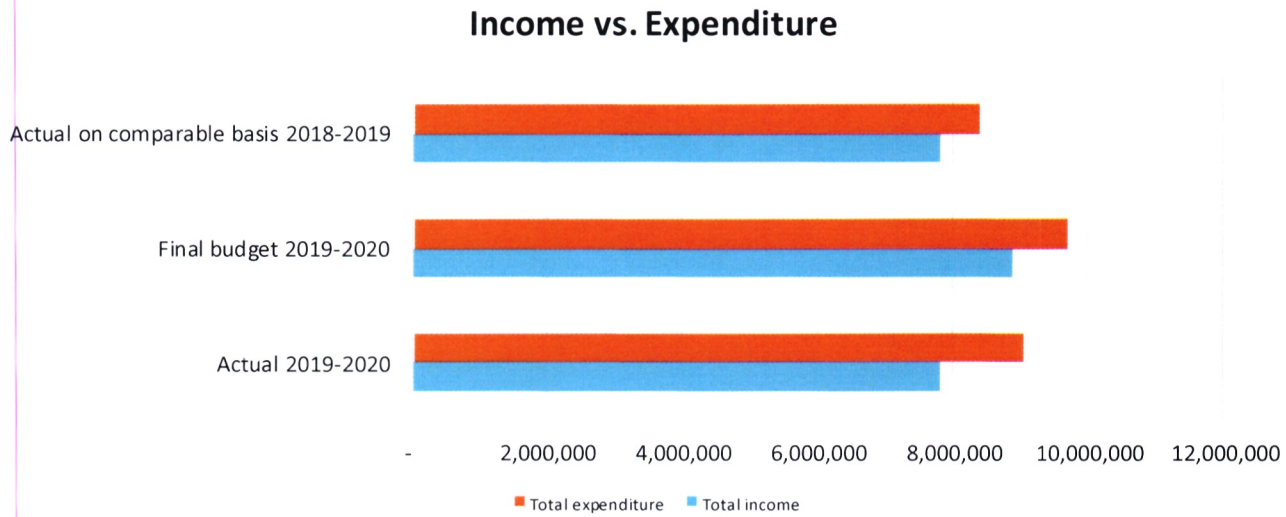
The Graph below represents the budget performance in relation to the actual revenue and expenditure realised and incurred respectively.

Budget vs Actual Revenue and Expenditure

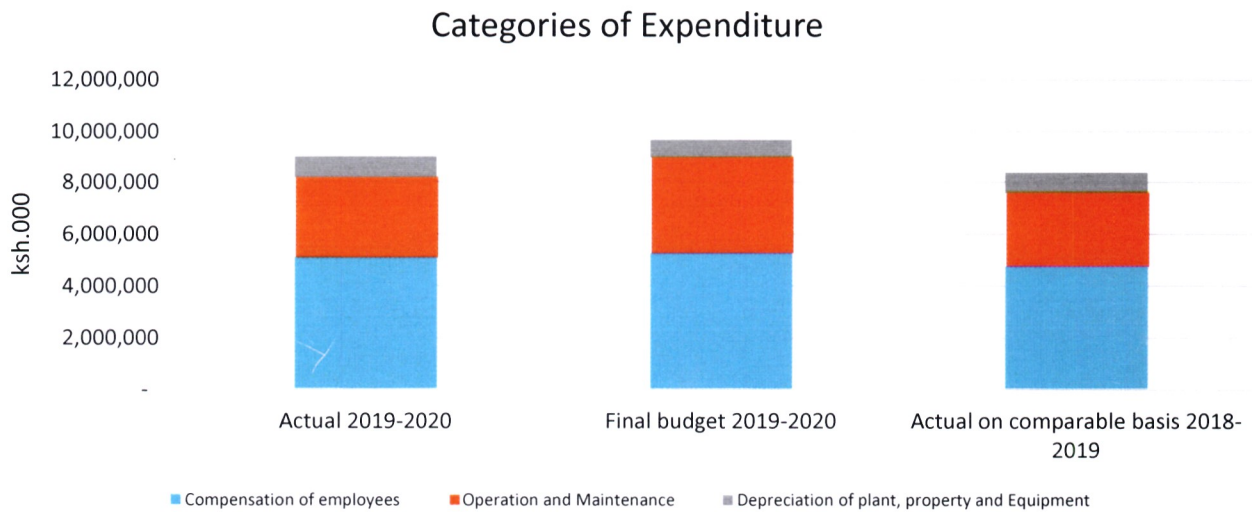


c. Service Revenue Performance

Below is a graphical presentation of Service revenue performance in the year under review compared to last financial year. The Gok grants have marginally remained the same as the last financial year.



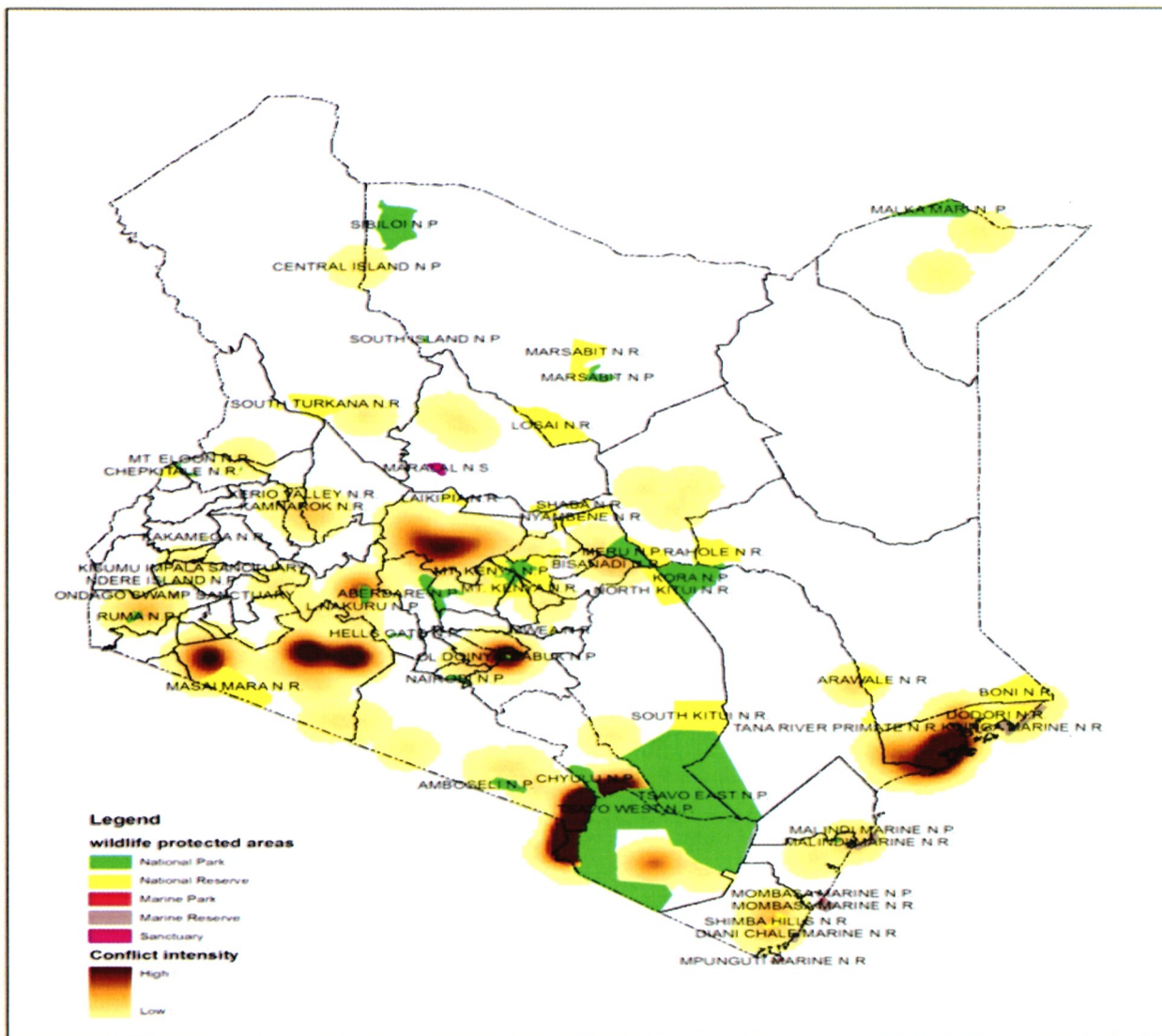
d. Expenses per category compared with budget and previous year performance



e. Human wildlife conflict.

There is increasing trend in human wildlife conflict due to changes in land use, competition for available dispersal areas and climate changes. The Service in its effort to mitigate these conflicts has instituted construction of game proof fences and translocation of wildlife. Below is map showing the human wildlife conflict hot spots.

HUMAN WILDLIFE CONFLICT HOT SPOTS



Hot spots

- Laikipia/Rumuruti
- Narok/Transmara
- Tsavo East & West (Taita Taveta, Rombo, Njukini, Bura)
- Lamu (Mpeketoni, Witu)
- Imenti South (Meru)
- Amboseli
- Kwale
- Along Tana River

- Annual Report and financial Statements.
For the year ended June 30, 2020

SECTION B: Service's compliance with statutory requirements

During the period under review, the Service complied with all statutory requirements in line with the PFM Act and The National Treasury circulars with regards to the following reports, budget estimates, quarterly financial statements and annual financial statements. In addition all statutory deductions to the government authorities were paid on time within the timelines (to KRA, NHIF, NSSF HELB and NITA).

SECTION C: Key projects and investment decisions the Service is planning/ implementing.

The Service is implementing key projects funded by the National Government through the Medium Term Expenditure Framework of 2019/2020(MTEF). These projects are aimed at strengthening the anti-poaching security units to combat wildlife crime, construction of game proof defenses to mitigate human wildlife conflict, construction of ranger houses to address staff welfare as well as conservation of Marsabit National Park ecosystem to maintain ecological balance and provide alternative livelihood to the communities bearing the brunt of human wildlife conflict. These programs are critical pillars in the vision 2030 blue print.

SECTION D: Material arrears in statutory / financial obligations

The Service during the period under review did not have any material statutory arrears and financial obligation except for the numerous compensation cases relating to human wildlife conflicts being analysed for settlement.

SECTION E: The Service's financial probity and serious governance issues.

The Service did not have any financial probity and governance issues at the preparation of this report.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kenya Wildlife Service (KWS) has over the years reached out to one of its important stakeholder's communities in various ways mostly under the umbrella of Corporate Social Responsibility (CSR). The history of conducting CSR is as old as the Service. This has been necessitated by the need to engage communities who interact with wildlife on day to day basis.

In undertaking CSR projects, KWS aims to address four thematic areas that affect the social livelihoods of communities in different conservation areas (Water, Education, Health and Community based wildlife enterprise projects). In addition KWS encourages alternative land-uses in wildlife dispersal areas as well as securing key migratory corridors that connect different ecosystems that are critical to conservation efforts.

This is being achieved through strategic investment in areas that have abundance of wildlife outside the protected areas and in seasonal dispersal zones. Community engagements take different perspectives which include active participation in actual protection, commercial initiatives, education and community based projects. Highlighted below are some of the support initiatives given to communities in the last financial year.

Education Support

During the year under review, we continued with several education support programmes in areas around conservation areas. Most of the support was in form of infrastructure development where we put up an administration block and classrooms in the following institutions respectively:-

- a) Ndurumo Secondary School Ablution Block–Rumuruti, Laikipia County
- b) Muthiga Secondary School- Nakuru County.

The Projects are situated in Mountain and Central- Rift Conservation Areas respectively. They are still ongoing and the progress is at 80% done.

Attached below is pictorial progress of the projects done under the Education domain in this FY:-



Administration Block constructed at Ndururumo Secondary School- Laikipia County



Construction progress at Muthiga Secondary School, Njoro- Nakuru County**Fences**

Fences to control problematic wildlife incursions and relieve farmers' suffering resulting from crop destruction and, or injury by wildlife, the Service put emphasis on completing ongoing fence projects in the following areas:-

	CONSERVATION AREA	No. of Kms	AMOUNT
1.	Mt. Kenya Fence	18.5	40M
2.	Shimba Hills Fence	1.5	2M
3.	Lake Nakuru Fence	10.0	25M
4.	Mt. Elgon Fence	18.0	8M
5.	Tsavo West Fence	11.5	15M
6.	Tsavo East Fence	40.0	15M
7.	Arabuko Fence	9.0	4M
8.	Aberdare Fence	14.0	30M
9.	Ruma Fence	14.0	7M
10.	Marsabit Fence (AFD)	8.0	14M
GRAND TOTAL		160KM	

Water & Sanitation Projects

The Service continued its support for community water project in wildlife dispersal areas as well as sinking boreholes to increase water availability to communities. In addition, the Service values, supports and promotes good hygiene practices within communities. Such projects done to achieve this include:-

a) Narasha Cultural Ablution Block- Hells Gate, Nakuru County

This project is situated in Central- Rift Conservation Area and is mainly for the purposes of providing the community with decent sanitation facilities thus promoting good hygiene. It's currently ongoing with the progress being at 50%.



The Narasha community ablution block in progress.

b) Kabukuro Borehole Project

The project is situated in the Eastern Conservation Area (Igembe, Meru) and was initiated as an intervention towards the scarcity of water supply to the community members living in the wildlife dispersal area. Hydrological survey and an EIA on the area where the project will be established has been done for the project to start.

c) C. Nyadenda Community Water Supply

The project was mainly initiated to curb the social and economic conflicts between the park rangers and the community due to the limited water supply within the area. Water piping system from the rangers' camp, Nyadenda Ranger base, to the community as well as the instalment of a 10,000Ltrs tank was done and currently in- use.



A 10,000 litre water tank installed for Nyadenda community

Health

The Service continued support in enhancing good health service provision to community members in wildlife dispersal areas. This is done through also factoring in the proximity of Medical Health Care service centres within the area for ease of logistic purposes and quality health care services to the community. These projects include Ndovu Maternity Clinic – Voi, Taita Taveta County.

This project is situated in Tsavo Conservation Area and was initiated as measure to promote good health within the community as well as improve the maternity health care service provision to mothers and infants within the area. It is currently completed and awaiting handing over.

Other CSR support included the following:-

S/NO.	AREA	PURPOSE
1.	Amboseli National Park	Bursaries for Amboseli and Tsavo's Group Ranches
2.	Laikipia Station	Consolation to the community members who were bereaved caused by wildlife as they await for compensation to be finalized.
3.	Amboseli National Park	Community Pump Repair
4.	Isiolo Station	Additional Funds To Mitigate HWC in Merti
5.	AD Eastern	Funds to support Tharaka Nithi Cultural Festival
6.	Amboseli National Park	Funds for Rehabilitation of Northern Pipeline
7.	ECA- Meru	Funds to support Kulamawe Football Tournament event
8.	Chebiemit, CRCA	Funds to support the Chebara Dam Annual Conservation Run
9.	Olkaria Maasai Cultural Centre- Hells Gate NP	Funds to support a mass prayer meeting for the flood victims in the park in 2019
10.	Kajiado and Amboseli Water for Communities	Supply of water to community bore hole in Kajiado using a water booster.

KWS remains committed to cultivate goodwill for additional space for conservation and harmonious co-existence between humans and wildlife by investing more resources to better local community livelihoods as well as win their trust in wildlife conservation.

SCHOOL BURSARIES

KWS allocates Kshs. 20 Million every Financial Year for school bursaries to Amboseli/ Tsavo Group Ranches to promote harmonious existence of wildlife and the community so as to sustain the connectivity between Amboseli National Park and the adjoining protected areas through the conservancies and ranches. The bursaries were distributed as below.

S/NO.	GROUP RANCH	AMOUNT
1.	Olgulului Olorarashi Group Ranch	3,650,000.00
2.	Olgulului Olorarashi Consolation fund	1,100,000.00
3.	Mbirikani Group Ranch	2,350,000.00
4.	Eselenkei Group Ranch	2,350,000.00
5.	Rombo Group Ranch	2,350,000.00
6.	Kuku A Group Ranch	650,000.00
7.	Kuku B. Group Ranch	2,350,000.00
8.	Olgululu Ranch	1,050,000.00
9.	Kimana/Tikondo Group Ranch	2,350,000.00
10.	Amboseli Tsavo Group Ranches Association(ATGCA)	1,900,000.00
GRAND TOTAL		20,000,000.00

IX. REPORT OF THE TRUSTEES

The Trustees submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of affairs for the Kenya Wildlife Service (the "Service").

Principal activities

The principal activities of the Service are;

- Conserve and manage national parks, wildlife conservation areas, and sanctuaries under its jurisdiction;
- Provide security for wildlife and visitors in national parks, wildlife conservation areas and sanctuaries;
- Promote or undertake commercial and other activities for the purpose of achieving sustainable wildlife conservation;
- Develop mechanisms for benefit sharing with communities living in wildlife areas;
- Coordinate the preparation and implementation of ecosystem plans;

Kenya Wildlife Service

Annual Report and financial Statements.

For the year ended June 30, 2020

- f) Prepare and implement national park management plans and advise in the preparation of management plans for community and private wildlife conservancies and sanctuaries;
- g) Undertake and conduct enforcement activities such as anti- poaching operations, wildlife protection, intelligence gathering, investigations and other enforcement activities for the effective wildlife conservation;
- h) Conduct and co-ordinate, all research activities in the field of wildlife conservation and management and ensure application of research findings in conservation planning, implementation and decision making;
- i) Advise on the establishment of national parks, wildlife conservancies and sanctuaries;
- j) Promote and undertake extension service programs intended to enhance wildlife conservation, education and training;

Results

The deficit for the year amounts to Kshs 735,010,267 (2019: deficit of Kshs586, 349,042) has been adjusted on net reserves.

Trustees

The Board of Trustees who served during the year are shown on page 6 - 9

Auditors

The Auditor General is responsible for the statutory audit of Kenya Wildlife Service in accordance with section 81 of the Public Finance Management (PFM) Act, 2012, & section 69 of the Public Audit Act.

Legislation

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989(now repealed and replaced by Wildlife Conservation and Management Act, 2013) amended in 2018.

By Order of the Board

Doreen Mutunga
Corporation Secretary
Nairobi


Date.....

X. STATEMENT OF TRUSTEES' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and State Corporation Act 2015, & Wildlife Conservation & Management Act 2013, requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Service for that year. The Trustees are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Trustees are also responsible for safeguarding the assets of the Service.

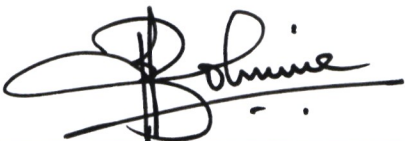
The Trustees are responsible for the preparation and presentation of the Service's financial statements, which give a true and fair view of the state of affairs of the Service for the year and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements 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 Service; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act of 2015) ,Wildlife Conservation & Management Act 2013. The Trustee are of the opinion that the Service's financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2020, and of the its financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

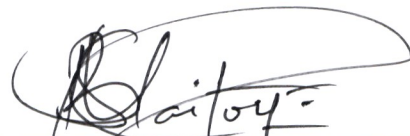
Nothing has come to the attention of the Trustees to indicate that the Service will not remain a going concern in the foreseeable future.

Approval of the financial statements

The entity's financial statements were approved by the Board on 25th Sept 2020 and signed on its behalf by:



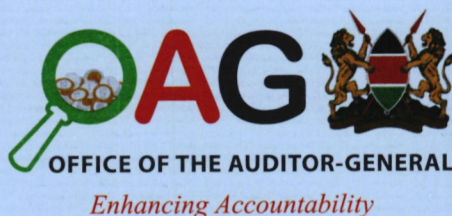
BRIG (Rtd) JOHN WAWERU, EBS
DIRECTOR GENERAL



MS. BEATRICE SEREYA MAITOYO
VICE-CHAIR OF THE BOARD

REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Wildlife Service set out on pages 27 to 56, which comprise the statement of financial position as at 30 June, 2020, and the statement of comprehensive income, statement of changes in net reserves, statement of cash flows and statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Wildlife Service as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards, Wildlife Conservation and Management Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Revenue

The statement of financial performance for the year ended 30 June, 2020 reflects total revenue of Kshs.8,201,587,000 which in turn reflects turnover of Kshs.3,402,921,000, as disclosed in Note 5 to the financial statements. Included in the turnover figure is an amount of Kshs.3,379,790,000 in respect of Park entry fees. However, a review of the records maintained by the Service revealed the following unsatisfactory matters:

1.1 Variance in Park Entry Turnover

The statement of financial performance for the year ended 30 June, 2020 reflects turnover of Kshs.3,402,921,000 as disclosed in Note 5. However, examination of revenue records reflects that a total of Kshs.3,118,250,795 was collected during the year under review in form of Park entry fees using paper tickets and the safaricard system. However, this balance differs with the total revenue banked in the revenue collection accounts during the year amounting to Kshs.3,252,581,297, resulting to an unreconciled and unexplained variance of Kshs.134,330,502.

Consequently, the accuracy and completeness of the revenue of Kshs.3,402,921,000 in the financial statements as at 30 June, 2020 could not be confirmed

1.2 Variance in Revenue Collected

An interrogation of the Safaricard system revealed that the Service collected a total of Kshs.3,145,436,611 through the system in the year under review. However, this figure differs with the amount of Kshs.3,402,921,000 reported in the financial statements, resulting to unexplained/unreconciled variance of Kshs.257,484,389.

Consequently, the accuracy and completeness of the revenue of Kshs.3,402,921,000 in the financial statements as at 30 June, 2020 could not be confirmed.

2. Unsupported Expenditure on Wildlife Compensation

As disclosed in Note 9(a) to the financial statements, the operating and maintenance costs of Kshs.3,075,998,000 includes an expenditure of Kshs.559,313,000 on compensation to victims of human-wildlife conflicts. However, supporting documents including original claim forms from the victims, police reports, medical reports and minutes of deliberations from the County Wildlife Conservation and Compensation Committees (CWCCC) were not availed for audit review.

In this circumstance, the accuracy and validity of the expenditure on wildlife compensation of Kshs.559,313,000 could not be confirmed.

3. Long Outstanding Trade and Other Receivables

Included in the trade and other receivable balance of Kshs.780,749,000 as at 30 June, 2020 is Kshs.198,282,867 which has been long outstanding. This includes balances of Kshs.54,932,102, Kshs.79,967,527 and Kshs.63,383,238 which had not been received for over one year. No evidence was provided to show efforts made by Management to recover these debts.

In the circumstances, the accuracy and recoverability of trade and other receivables balance of Kshs.780,749,000 as at 30 June, 2020 could not be confirmed.

4. Inaccuracies in Bank and Cash Balances

The statement of financial position reflects a balance of Kshs.6,666,635,000 for cash and cash equivalents and as disclosed in Note 13. However, the following anomalies were noted;

4.1 Cash in hand balance of Kshs.60,758,239 as shown below was not supported by board of survey reports to ascertain their correctness.

Code	Details	Kshs.
210800	Petty Cash Account	2,602,468
216501	Mau Operations Petty Cash	2,809
211300	Unbanked Cash	9,024,576
212600	Unreceipted Gate Cash A/C	14,499,117
212601	Unallocated Banking-Paper Tickets	(1,229,846)
214200	Unreceipted Cash (Pos)	(47,642,709)
214201	Unallocated Banking-Poipos	(6,077,902)
214300	Unbanked Cash (Pos)	89,579,727
		60,758,239

4.2 The bank balance includes an amount of Kshs.507,868 which are ledger balances against bank accounts which were already closed. The Management has not explained why these balances have not been written off, from the Service's books of account and whose details are analyzed below;

Sno	Code	Account Name	Kshs.
1	210301	KWS Operating Account - Bank	310
2	217400	Equity Bank-Operating a/c (Kes.)	6,000
3	217400	Equity Bank-Operating a/c (Kes.)	53,469
4	210401	Hells Gate	215,000
5	210402	Tsavo West	2,605
6	215700	Tsavo Conservation a/c	230,485
		Total	507,868

4.3 Included in the cash and cash equivalents balance of Kshs.6,666,635,000 are short term deposits amounting to Kshs.79,351,689 which were not supported by bank statements and certificates of bank balances.

Under this circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,666,635,000 could not be confirmed.

5. Unvalued and Unsupported Property, Plant and Equipment

The property, plant and equipment reflects a balance of Kshs.6,559,565,000 as at 30 June, 2020 while the asset register reflects a balance of Kshs.8,175,430,229 resulting to an unexplained variance of Kshs.1,615,865,229. In addition, the balance of Kshs.6,559,565,000 excludes the value of 222 parcels of land across the country on which the Service has put up various developments including buildings. However, the Service has not yet carried out a valuation of its biological assets which includes wildlife as required under International Public Sector Accounting Standards no. 27. Further, the Service has only forty-nine (49) titles out of the two hundred and twenty two title deeds for most of the parcels of land under its use. Only 49 out of (222) parcels of land allocated to the Service.

Consequently the, accuracy and completeness of the property, plant and equipment balance of Kshs.6,559,565,000 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Wildlife Service 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 qualified opinion.

Key Audit Matters

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

Other Matter

1. Continuity of National Parks Existence and Viability

1.1 Encroachment of the Amboseli National Park

Amboseli National Park is a biosphere reserve and it has three zones namely; Core Zone (National Park), Buffer Zone (Olgulului; North, East, South & West, and Kimana) and Transition Zone (Rombo, Kuku, Eselengei, Mbirikani, Mailua, Osilalei and Meto).

The existence and viability of Amboseli National Park depends on the three zones being intact and the land use remaining unchanged. However, recent developments on the Buffer and Transition Zones of the Park endanger the Park's viability and existence. Community ranches have been subdivided and land use has changed from natural livestock grazing and wildlife dispersal area to farming. Lands that have been converted to farm lands have also been fenced out hence blocking animals' natural migratory routes and feeding grounds.

Consequently, the existence of the park is under threat from the neighbouring community and hence faces uncertainty of continued existence and sustainability.

1.2 Destruction of Lake Nakuru National Park Ecosystem

Audit inspection carried out at the Lake Nakuru National Park in the month of January, 2021 revealed that nearly half of the park was submerged in water. The size of the land is therefore shrinking due to the raising water levels and has reduced the feeding grounds for the animals. Further, important park infrastructure such as Park Headquarter Offices, gate to the park and sections of the park roads have also been submerged in the lake.

Under these circumstances, the existence of the park is under threat and hence faces uncertainty of existence and sustainability.

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 matters described in the Basis for Conclusion on Lawfulness and effectiveness in use of public resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unsupported Procurement of Legal Fees

The Service incurred legal expenses amounting to Kshs.125,656,000 during the year under review.

However, the following anomalies were noted:

- 1.1** Documents on how the advocates were sourced, evaluated and awarded the contracts were not provided for audit review. Further, the signed contracts were not also provided for audit review.
- 1.2** The Management did not provide documentary evidence of cases represented and payments made thereof, to justify and support payments of the fee notes amounting to Kshs.58.6 million.
- 1.3** The legal services were contracted without prior approval or concurrence of the Attorney General contrary to Section 17 of the Office of the Attorney Act No. 49 of 2012 and Article 156 (4) of the Constitution of Kenya, 2010.

Consequently, it was not possible to confirm that the expenditure on the legal services conformed to laws and regulations and that it represented a proper charge on public funds.

2. Unconfirmed Confidential Expenditure

The statement of comprehensive income reflects a figure of Kshs.3,075,998,000 relating to operating and maintenance expenses as disclosed in Note 9. The amount includes other operating and maintenance expenses of Kshs.239,369,000 out of which Kshs.60,390,067 relates to confidential expenditure for the year ended 30 June, 2020. However, a review of this expenditure revealed the following unsatisfactory matters;

- 2.1** The payment for confidential expenditure was not properly supported by certificates signed by the Cabinet Secretary responsible for the Service and the Director-General in accordance with provisions of Regulation 101(5) of the Public Finance Management Regulations, 2015.
- 2.2** The Management did not explain existing control measures that are in place to mitigate against risks of mismanaging confidential expenditure.

Consequently, it was not possible to confirm the validity and completeness of the other operating and maintenance expenditure of Kshs.239,369,000.

3. Endowment Fund

Review of relevant records revealed that the Service has not established an Endowment Fund contrary to the Wildlife Conservation and Management Act, 2013. In addition, the Endowment Fund balance of Kshs.4,120,760,000 as disclosed in Note 6 excludes an amount of Kshs.500 million and Kshs.2,474,710,000.00 which had not been received from the Kenya Railways and the Kenya National Highways Authority respectively due from the two entities for compensation for land hived off for the construction of the Standard Gauge Railway (SGR) and the Southern Bypass as at 30 June, 2020.

The Management is therefore in breach of the law.

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

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Inefficient Revenue Collection System

The Service uses Safaricard Revenue Collection System in eight (8) major parks out of twenty- three (23) National Parks and six (6) Marine Parks. The parks include Nairobi National Park, Tsavo East, Tsavo West, Amboseli National Park, Aberdares,

Malindi Marine Parks, Mombasa Marine Park and Lake Nakuru National Park Point of Sale (POIPOS) Offices. However, in the other parks twenty-three (23) National Parks and six (6) Marine National Parks), the system was not in use and most revenue collection processes were manual.

Further the Safaricard Revenue Collection System was not integrated with the financial system (Sunsystem of Accounting), and revenue data was manually captured in the Sunsystem. The manual process, lack of revenue collection system in some of the parks and unreliability of communication network made it difficult to analyze revenue data used in the preparation of the financial statements.

No plausible explanation was provided by the Management as to why a better revenue management system had not been put in place in order to provide timely, reliable and accurate revenue data.

Consequently, the efficiency and completeness of revenue collection processes could not be confirmed.

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

Responsibilities of Management and the Board of Trustees

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 Service's ability to continue to sustain its services, disclosing, as applicable, matters related to the sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Service 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.

The Board of Trustees is responsible for overseeing the Service's financial reporting process, reviewing the effectiveness of how the 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 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal 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 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 Service's ability to continue to sustain its services . If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

04 February, 2022

XI. STATEMENT OF COMPREHENSIVE INCOME

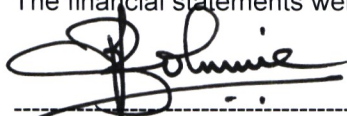
	Notes	2020 Kshs'000'	2019 Kshs'000'
Revenue			
Turnover	5	3,402,921	3,895,058
Grants from National Government	6	2,879,831	2,110,130
Grants, Donations and Compensation	6	1,329,311	1,229,498
Other Income	7	589,524	497,673
Total revenue		8,201,587	7,732,359
Operating expenses			
Salaries, allowances and benefits	8	5,091,476	4,731,280
Operating and maintenance expenses	9	3,075,998	2,873,373
Depreciation of property, plant and equipment	10	832,593	777,906
Total operating expenses		9,000,067	8,382,559
Operating loss before interest income		(798,480)	(650,200)
Net interest income	7	63,470	63,851
Operating Loss		<u>(735,010)</u>	<u>(586,349)</u>

The notes set out on pages 32 to 51 form an integral part of these financial statements

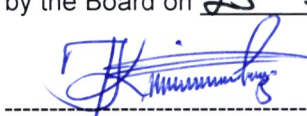
XII. STATEMENT OF FINANCIAL POSITION

	Notes	2020 Kshs'000'	2019 Kshs'000'
ASSETS			
Non-current assets			
Property, plant and equipment	18	6,559,565	6,865,360
Total non-current assets		6,559,565	6,865,360
Current assets			
Inventories	11	308,670	281,266
Trade and other receivables	12	780,749	685,126
Bank and cash balances	13	6,666,635	6,446,416
Total non-current assets		7,756,054	7,412,808
Total Assets		<u>14,315,619</u>	<u>14,278,168</u>
RESERVES AND LIABILITIES			
Reserves			
Capital reserves		1,271,887	1,271,887
Revaluation reserve		2,805,102	2,805,102
Capital grants reserve		12,002,495	11,765,745
Revenue reserve		(8,309,512)	(7,504,177)
Total reserves		7,769,972	8,338,557
Current liabilities			
Trade and other payables	14	1,094,464	1,029,842
Unexpended specific donations	15	1,330,423	996,658
Endowment Fund	16	4,120,760	3,913,111
Total current liabilities		6,545,647	5,939,611
Total net reserves and liabilities		<u>14,315,619</u>	<u>14,278,168</u>

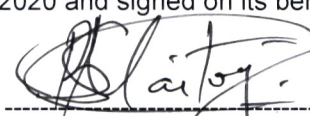
The financial statements were approved by the Board on 25th Sept 2020 and signed on its behalf by:



BRIG (Rtd) JOHN WAWERU, EBS
DIRECTOR GENERAL



CPA JAPHETH KILONZO
Ag. DDF&A
ICPAK M/NO: 9174



MS. BEATRICE SEREYA MAITOYO
VICE CHAIR BOARD OF TRUSTEES

The notes set out on pages 32 to 51 form an integral part of these financial statements

XIII. STATEMENT OF CHANGES IN NET RESERVES

	CAPITAL	REVALUATION	GRANTS	REVENUE	TOTAL
	KSHS	KSHS	KSHS	KSHS	KSHS
At July 1, 2018	1,271,887	2,805,102	10,919,745	(6,866,836)	8,129,898
OTHER INCOME ADJUSTMENT				(50,992)	(50,992)
CAPITAL DONOR FUNDS RECEIVED			846,000		846,000
NET DEFICIT FOR THE YEAR				(586,349)	(586,349)
At June 30, 2019	1,271,887	2,805,102	11,765,745	(7,504,177)	8,338,557
At July 1, 2019	1,271,887	2,805,102	11,765,745	(7,504,177)	8,338,557
INVENTORY ADJUSTMENTS				(70,325)	(70,325)
CAPITAL DONOR FUNDS RECEIVED			236,750		236,750
NET DEFICIT FOR THE YEAR				(735,010)	(735,010)
At June 30, 2020	1,271,887	2,805,102	12,002,495	(8,309,512)	7,769,972

Capital reserve represents the aggregate value of the property, plant and equipment taken over from the Wildlife Conservation and Management Department (WCMD) of the Ministry of Tourism and Wildlife (MTW) at the value agreed at that time.

Revaluation reserves represent the surplus on the subsequent revaluation of buildings, aircrafts, boats and other assets

The notes set out on pages 32 to 51 form an integral part of these financial statements

XIV. STATEMENT OF CASH FLOWS

	Notes	2020 Kshs'000'	2019 Kshs'000'
Operating activities			
Cash generated from/(used in) operations	17	(3,762,345)	(1,487,954)
Interest received		63,470	63,851
Net cash generated from/(used in) operating activities		(3,698,875)	(1,424,103)
Investing activities			
Purchase of property, plant and equipment	18	(526,798)	(818,007)
Proceeds from disposal of property, plant and equipment		-	51,991
Purchase of intangible assets			
Net cash generated from/(used in) investing activities		(526,798)	(766,016)
Financing activities			
Grants for recurrent expenditure	6	4,209,142	3,339,628
Capital donor funds received		236,750	846,000
Net cash generated from/(used in) financing activities		4,445,892	4,185,628
Increase/(decrease) in cash and cash equivalents		220,219	1,995,509
Cash and cash equivalents at beginning of year		6,446,416	4,450,907
Increase in cash and cash Equivalent		220,219	1,995,509
Cash and cash equivalents at end of the year	13	6,666,635	6,446,416

The notes set out on pages 32 to 51 form an integral part of these financial statements

Kenya Wildlife Service
Annual Report and financial Statements.
For the year ended June 30, 2020

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED JUNE 30, 2020

Description	Approved budget	Revised budget	Actual on comparable basis	Performance Difference	% Variance	Comments
	2019- 2020	2019- 2020	2019- 2020	2019- 2020	2019- 2020	
	a	b	c	d	e=(d/b)	
Revenue	Kshs '000'	Kshs '000'	Kshs '000'	Kshs '000'		
Turnover	4,184,169	4,334,169	3,992,445	(341,724)	-7.884	1
Transfers from the Government	2,634,832	2,879,831	2,879,831	-	0.000	2
Grants and donations	727,557	1,673,829	1,329,311	(344,518)	-20.583	3
Other Funds(Endowment Interest)	-	-	-	-		
Net interest income	-	-	63,470	63,470		
Total income	7,546,558	8,887,829	8,265,057	(622,772)		
Expenses						
Compensation of employees	5,225,494	5,247,739	5,091,476	156,263	2.98	
Operation and Maintenance	2,321,064	3,732,909	3,075,998	656,911	17.60	4
Depreciation of plant, property and equipment	700,000	700,000	832,593	(132,593)	-18.94	5
Total expenditure	8,246,558	9,680,648	9,000,067	680,581		
Deficit for the period	(700,000)	(792,819)	(735,010)	(1,303,353)		

COMMENTS

- a) Internal revenues which incorporates park entry fees was budgeted at Kshs.4.3 billion but the actual revenue collected was Kshs.4 billion. Resulting to a negative variance of -7.8% compared to budget. This was occasioned by reduced number of visitation in our various parks as a result of covid19 pandemic.
- b) Grants and donations are funds expected from various conservation well-wishers and usually an estimate based on the previous year's receipts and also projections. During financial year 2019/2020 we had projected to receive Kshs.1.6 billion but managed to receive Kshs.1.3 billion leading to Kshs.345 million shortfall.
- c) Operations and maintenance costs for the year had been budgeted for Kshs. 3.7 billion. The actual expenditure for the year was Kshs. 3.1 billion resulting to a variance of Kshs.657 million. These funds mostly related to roads maintenance funds from The National Treasury that were received during the last quarter and due to procurement process had not been absorbed by the close of the financial year but were utilized during the first quarter of 2019/2020 financial year.
- d) Depreciation expense had been budgeted to cost Kshs.700 million but the actual expenditures were Kshs.832 million. The cause being increased funding of roads projects by Kenya Roads Board leading to more roads being done which, as per organization policy are capitalized.
- e) The overall performance for the year was a deficit of Kshs.735 million as compared to the budget deficit of Kshs.792 million. KWS overall mandate as per the Wildlife and Management Act, 2013 is on conservation sustainability of both wildlife and its habitat within the protected areas and also outside which include reserves and private conservancies. Out of the total 66 Parks and Reserves, only the major seven (7) parks generate meaningful revenues. These include; Nairobi Park, Amboseli, Lake Nakuru, Tsavo East, Tsavo West, Aberdare and Mt. Kenya. All the other Parks and Stations are cost centres and due to the increased human wildlife conflicts, a lot of costs are incurred. Thus it hasn't been possible to breakeven leading to continued poor performance from financial perspective. However, the management is exploring avenues of diversification of revenue streams and also creation of an Endowment Funds that is geared towards long term sustainability of the organization.

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Service is classified as a State Corporation under PC 3A and the registered office is;

KWS Complex
Langata Road
P.O. Box 40241-00100
NAIROBI

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with international Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS) recommended by The National Treasury and in accordance with the requirements of the PFM Act 2012, the State Corporations Act and the Wildlife Conservation and Management Act 2013. The accounting policies adopted have been consistently applied to all the years presented. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. The financial statements are presented in Kenya Shillings (Kshs.), rounded to the nearest thousand

The preparation of financial statements is in conformity with IFRS which requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Service's accounting policies. The areas involving a higher degree of judgment or complexity, or assumptions and estimates are significant to the financial statements, are disclosed in Note 3

Going Concern

The trustees believe that the Service will continue in operational existence for at least 12 months from the date of these financial statements. The trustees believe that it is appropriate to prepare the Service's financial statements on a going concern basis, which assumes that the Service will continue to meet its obligations as they fall due for the foreseeable future. Section 14 a, b & c of Wildlife Conservation and Management Act 2013 provides financial guarantees by the government.

(i) New and amended standards adopted by the Service

The following standards and amendments have been applied by the Service for the first time for the financial year beginning July 1, 2015:

Annual Improvements to IFRSs 2012-2014 cycles. The following amendments are effective July 1, 2015:

IFRS 13- confirms that short –term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial.

IFRS 7 – specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute “continuing involvement” and therefore, whether the asset qualifies for DE recognition.

IAS 19 – that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

The amendments to IAS 1 Presentation of Financial Statements are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including:

Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.

Notes – confirmation that the notes do not need to be presented in a particular order.

(ii) New standards, amendments and interpretations not yet effective and not early adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2015, and have not been applied in preparing this financial statement. None of these is expected to have a significant effect of the financial statements of the Service, except the following set out below.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. The complete version of IFRS 9 was issued in July 2015. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurements model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to changes in fair value in OCI without recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to the classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required by is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Service is yet to assess the full impact of IFRS 9.

IFRS 15 – Revenue from contracts with customers (effective for financial periods beginning on/after January 1, 2018) – Early application is permitted. The core principle of the new revenue recognition standard is that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. The most significant changes that flow from that principle are:

- a) Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- b) Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal

- c) The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may now be recognised over the contract term and vice versa.

IFRS 15 was intended to become effective on January 1, 2017. On 22 July 2015, the IASB confirmed the deferral of the effective date of IFRS 15 to January 1, 2018.

IFRS 16, "Leases". After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortized in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's financial leverage and capital employed.

One of the implications of the new standard is that there will be a change to key financial ratios derived from lessees and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'determining whether and arrangement contains a Lease SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions involving the Legal Form of a Lease'. The amendments are effective for annual periods beginning on or after January 1, 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Service.

(b) Functional currency and Translation of foreign currencies

i. Functional and presentation currency

Items included in the financial statements of the Service are measured using the currency of the primary economic environment in which the organization operates ('the functional currency'). The financial statements are presented in 'Kenyan Shillings (Kshs), which is the Service's presentation currency.

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Service's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The Service recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Service and when specific criteria have been met for each of the Service's activities as described below:

Revenue is recognized as follows;

Sales of services is recognized on an accrual basis in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

Park entry fees are recognized when assessing the National Parks by cash payment or use of smart cards where the amount is deducted at the point of access.

Rental income is recognized in the income statement as it accrues using the effective lease agreement.

Aircraft sales are usually aircraft hire services and income is usually recognized immediately the services are offered.

Interest income is recognized on a time proportion basis using the effective interest method.

(d) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost and subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Service and cost of the item can be measured reliably, the carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment's are credited to other comprehensive income and shown as revaluation reserve. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve; all other decreases are charged in profit or loss.

Freehold land	Nil
Fences and Barriers	10%
Machinery and Water Supplies	10%
Furniture and Equipment	10%
Motor Vehicles and Tractors	20%
Computer and Accessories	20%
Aircraft	7.5%
Boats and Boats engines	10%
Roads and Bridges	10% (No residual value)
Building on long leasehold and freehold land	2%
Building on short leasehold land	Over the lease period

Depreciation on Property Plant and Equipment is computed based on the remaining useful life of the asset to reduce the values to a 5% residual value, subsequent additions are depreciated on straight line basis at the applicable rates until they are reduced to their residual value of 5%.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in other reserves relating to that asset are transferred to retained earnings.

Freehold land has not been included in property plant and equipment due to the fact that the valuation has not been completed for the titled land to establish reliable figures to attach to that category of asset in the financial statements.

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair less costs to sell and value in use.

(f) Inventories

Inventories are carried at historical cost of acquisition plus any incidental costs incurred to bring them at their present location and condition. Obsolete stocks are segregated and not included in the valuation of stocks. Inventories are stated at the FIFO or Weighted Average cost whichever is lower.

(g) Trade Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Service will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is determined by assessment of the debtor and it's based on specific amount as opposed to percentage. The amount of the provision is recognized in the income statement.

(h) Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(i) Provisions

Provisions are recognized when: the Service has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments.

(k) Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Service provides money, goods or services directly to a debtor with no intention of trading the receivables and are measured at amortized cost.

At the end of each reporting period, the Service reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the asset's recoverable

amount is estimated and an impairment loss is recognized in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

(l) Accounting for leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Service as a lessee. All other leases are classified as operating leases.

The Service as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss account on a straight line basis over the period of the lease

The Service as a lessor:

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position. Leased assets are recorded at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of leased assets to their residual values over their estimated useful life using annual rates consistent with the normal depreciation policies for similar assets under property, plant and equipment.

(m) Reserves

The Service creates and maintains reserves in terms of specific requirements. The Service has a Revenue Reserve which consists of the accumulated surplus and Capital reserve which represents the aggregate value of the assets taken over by the Service.

(n) Grants

(i) Capital grants

Grants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Service will comply with all attached conditions.

In addition to an annual subvention, the Government of Kenya (GoK) has negotiated financing packages with various donors to fund the Service. This finance is in the form of loans and grants to GoK, all of which are passed on to the Service in the form of government grants. Grants received from and through GoK have been treated as Capital Grants whether in respect of either development expenditure or acquisition of fixed assets. The Service has no share capital and the Principle Form of Funding is capital grants from the Government which is in effect capital contribution. Assets acquired from these grants are capitalized and then depreciated in accordance with the depreciation policy. The computed depreciation charge is expensed in profit or loss.

(ii) Grants for recurrent expenditure

Grants received from and through the GoK have been treated as revenue receipts when in respect of funding recurrent expenditure. Related operating and maintenance expenses are charged to revenue expenditure.

(o) Employee benefits

(i) Retirement benefits obligations

The Service employees are eligible for retirement benefits under defined and defined contribution schemes. The funds are administered independently of the Service's assets.

(a) Defined Benefit Scheme – KWS Staff Superannuation Scheme

The Scheme operates a defined benefits basis and has been closed to new entrants and to future accrual of benefits with effect from December 31, 2006.

The closure of the scheme to new entrants and to future accruals benefits followed a fundamental review of Kenya Wildlife Service of its retirement benefits arrangement. As part of this review, KWS also set up a new defined contribution scheme with effect from January 1, 2007 in which all the pensionable employees participate in with effect from January 1, 2007

KWS discontinued contributions to the old Scheme with effect from December 31, 2006.

The amount in the balance sheet is determined as the present value of the defined past service benefits obligation net of value placed on existing scheme assets as computed by an independent actuary. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in other comprehensive income in the period in which they arise.

Past-service costs are recognized immediately in income.

(b) Defined Contribution Scheme – KWS Staff Retirement Benefits Scheme 2006

The service operates a defined contribution scheme whereby it matches contributions to the scheme made by the employees up to 11% of the employee's gross salary which the employees contribute 5% of their pensionable salaries. The Service's contributions to the fund are charged in the income statement in the year to which it relate.

The Service also contributes to the National Social Security Fund for its employees. The Service's obligation is limited to a specified contribution per employee per month. Currently, the contribution is limited to a maximum of Shs.1,808 per employee per month. The Service's contributions are charged to the profit or loss in the year to which they relate. The Service has no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all the employees benefits relating to employee service in the current and prior periods.

(ii) Termination benefits

Termination benefits are payable when employee is terminated by the Service before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The service recognizes termination benefits at the earlier of the following dates: (a) when the service can no longer withdraw the offer of those benefits; and (b) when the service recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense on accrual basis.

(p) Comparatives

Where necessary the comparative figures have been restated to conform to current period presentation.

(q) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions.

The Service makes estimates and assumptions concerning the future. The resulting accounting estimate will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Impairment Losses

At the end of each reporting period, the Service reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate and recoverable amount of an individual asset, the Service estimates the recoverable amount of the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

The Service's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Retirement benefits obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

4. FINANCIAL RISK MANAGEMENT

The activities of KWS expose it to a variety of financial risks which include market risk, credit risk and the effects of changes in foreign currency exchange rates. The Service's overall risk management focuses on the unpredictability of the tourism market and seeks to minimize potential adverse effect on the organization's performance.

Market risk

(i) Foreign exchange risk

The service is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

As at June 30, 2020, if the Kenyan Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, deficit for the year would have been based on turnover, donation, grants and other incomes figures Kshs. 2,965,093 (2019: Kshs. 2,440,000,000) higher/lower.

(ii) Price risk

The Service does not hold any financial instruments subject to price risk

(iii) Cash flows and fair value interest rate risk

As at June 30, 2020, the Service did not have interest bearing financial liabilities. It doesn't have short term deposits which earn a fixed rate of interest. However, it has current accounts designated as interest earning accounts. The Service is therefore not exposed to cash flow interest risk.

Credit Risk

Credit risk arises from deposits with banks and trade and other receivables. Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the Service. Credit risk is managed by the finance department. The treasury manager is responsible for managing and analysing credit risk for each new client before standard payment and delivery terms are offered. Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Service has no significant concentrations of credit risk.

For banks and financial institutions, only reputable well established financial institutions and officially approved by the National Treasury are accepted. For trade receivables, the Service's finance department assesses the credit quality of each customer, taking into account its financial position, past experience and others factors. Individual risk limits are set based on limits set by the Board. The utilization of credit limits is regularly monitored.

The amount that best represents the Service's maximum exposure to credit risk as at June 30, 2019 are made up as follows:

	2020	2019
	Kshs'000	Kshs'000
Cash and cash equivalents – Note 13	6,666,635	6,443,416
Trade receivables – Note 12	393,052	266,344
Other receivables – Note 12	387,697	418,782
	<u>7,447,384</u>	<u>7,128,542</u>

No Collateral is held in respect of the above assets. All receivables that are neither past due nor impaired are within their approved credit limit, and no receivables have had their terms renegotiated, and management does not expect any losses from non-performance by these parties.

The amount of trade receivables that was impaired amounted to Kshs.278 million. The trade receivables which were past due but not impaired relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows.

	2020 Shs'000	2019 Shs'000
Past due but not impaired:		
- by up to 90 days	386,672	447,342
- by 91 – 180 days	609,770	191,162
- above 181 days	62,288	46,622
	<u>1,058,730</u>	<u>685,126</u>
Total receivables:		
Carrying amount before provision for impairment loss	1,058,730	942,900
Provision for impairment loss	(277,981)	(257,774)
Net carrying amount	<u>780,749</u>	<u>685,126</u>

All receivables past due by more than 90 days are considered to be impaired, and are carried at their estimated recoverable value.

Liquidity Risk

Liquidity risk is the risk that the Service will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management and the Board maintains flexibility in funding by maintaining availability under committed credit lines.

Management performs cash flow forecasting and monitors rolling forecasts of the Service's liquidity requirements to ensure it has sufficient cash to meet its operational needs.

The Service's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Service's reputation.

Surplus cash held by the Service, over and above the amounts required for working capital management are invested in interest bearing short deposit accounts.

Below is an analysis of the Service's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contract date. The amounts disclosed in the table below are the contractual undiscounted cash flows:

	Shs'000
At 30 June 2020:	
Liabilities	
- Trade and other payables	1,094,464
	<u>1,094,464</u>
Total financial liabilities (contractual maturity dates)	<u>1,094,464</u>
At 30 June 2019:	
Liabilities	
- Trade and other payables	1,029,842
	<u>1,029,842</u>
Total financial liabilities (contractual maturity dates)	<u>1,029,842</u>

Capital Management

The Service is governed by the Wildlife Conservation and Management Act 2013, Laws of Kenya which does not provide for a specific capital structure.

5. TURNOVER

	2020 Shs'000	2019 Shs'000
Analysis of revenue by category:		
Park entry fees	3,379,790	3,857,483
Accommodation	23,131	37,575
Total	<u>3,402,921</u>	<u>3,895,058</u>

These are total revenues generated through collections from the visitors entering various gates to the national parks and accommodation charges at various facilities inside the parks and campsites.

6. DONATIONA AND GRANTS FROM NATIONAL GOVERNMENT

	2020 Shs'000	2019 Shs'000
Donations and Compensation	1,329,311	1,229,498
GoK Subvention	2,879,831	2,110,130
Total	<u>4,209,142</u>	<u>3,339,628</u>

The Service received Kshs. 2.8 billion from the National Treasury being recurrent budget and Kshs.236 million development funds for the year under review. The Parent Ministry released funds for Wildlife compensation amounting to Kshs.559 million.

Detailed analysis of grants received from the Government

Name of the Entity sending the grant	Amount recognized in Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2018-2019
	Kshs000	Kshs000	Kshs000	Kshs 000	Kshs000
State Department for Wildlife	2,879,831	-	-	2,879,831	2,110,130
State Department for Wildlife	559,313	-	236,750	796,063	846,000
Total	3,439,144	-	236,750	3,675,894	2,956,130

7. OTHER INCOME

	2020	2019
	Shs'000	Shs'000
Rental income	235,641	188,722
Hire of aircrafts and vehicles	1,136	362
Air wing sales	43,916	50,556
Telecommunication facilities	16,990	1,501
Insurance compensation	5,718	1,273
Training services	70,957	17,613
Tuition fees – KWSTI	98,035	91,217
KWS Officers' Mess	17,408	16,412
Accommodation and Training	19,469	36,039
KWS Shops	16,610	21,852
Other miscellaneous income	63,644	72,126
Total	<u>589,524</u>	<u>497,673</u>
Interest income	<u>63,470</u>	<u>63,851</u>

The interest income was realized from current accounts designated as interest earning accounts.

8. SALARIES, ALLOWANCES AND BENEFITS

	2020 Shs'000	2019 Shs'000
Salaries and allowances	4,353,732	4,037,840
Leave pay & Gratuity accrual	0	0
	<u>4,353,732</u>	<u>4,037,840</u>
Gratuity contributions, pension and NSSF	321,021	324,247
Passage and leave expenses	72,054	111,578
Medical expenses	344,669	257,615
Total	<u>5,091,476</u>	<u>4,731,280</u>

These are costs related to personnel both permanent and temporary that were engaged by the organization during the year

The average number of employees at the end of the year was:	2020	2019
Permanent employees – Management	4,608	4,747
Temporary and contract employees	1,331	1,346
Total Employees	<u>5,939</u>	<u>6,093</u>

9 (a). OPERATING AND MAINTENANCE COSTS

	2020 Shs'000	2019 Shs'000
Food and rations	97,698	136,851
Office and other related expenses	24,507	12,225
Motor vehicle running expenses	197,794	181,276
Animal feeds	51,817	34,054
Uniform and clothing	25,793	36,867
Specimens veterinary supplies	4,902	5,174
Fence running expenses	454	172
Insurance	125,754	133,839
Legal and professional fee	58,614	129,170
Legal Damages	58,207	0
Cleaning and sanitary expenses	16,221	11,745
Radio licenses	3,872	3,872
Estates maintenance expenses	8,681	10,698
Motor vehicle maintenance	141,863	117,969

**9. Operating and maintenance expenses
(continued)**

Maintenance of computer software	11,694	17,763
Maintenance of water supplies	1,655	1,825
Maintenance of game proof defenses	10,618	8,051
Maintenance of bandas and camp sites	5,795	5,161
Speed governors and Road safety	18	-
External training – MFTS	6,699	516
Purchase of tyres	38,351	18,937
Travel and accommodation	150,905	181,912
External travel	22,753	26,000
Hospital referral expenses	561	713
Transfer expenses	5,969	1,623
Court case expenses	8,835	9,110
Entertainment	10,935	10,399
Advertising and publicity	8,886	4,335
Sports and recreation expenses	494	390
Special events / public affairs	27,274	30,914
Signage and display	1,488	967
Staff tea	10,633	11,432
Subscriptions	4,189	3,516
Printing and publishing	11,100	6,593
DSTV subscription	1,072	955
Bank charges	27,407	31,188
Income Tax returns	47,048	-
Wildlife compensation	559,313	444,000
Plant and machinery maintenance	19,179	8,318
Aircraft running expenses	51,513	64,372
Equipment's, Boats & Furniture	21,413	28,687
Shop merchandise	19,843	19,449
Maintenance of buildings	88,430	38,911
Roads maintenance	400,374	428,816
Telephone and postage	49,054	38,662
Electricity and water	81,824	71,508
Stationery expenses	23,602	22,859
Consultancy and professional fees	15,675	24,894
BOT allowances & expenses	6,336	10,805
Food and drinks	29,301	24,683
Other operating and maintenance Expenses	239,369	157,464
Sub Total	<u>2,835,782</u>	<u>2,569,640</u>

9 (b) COMMUNITY SERVICES COSTS

	2020	2019
	Shs'000	Shs'000
Community projects' support	65,213	111,444
County compensation expenses	250	25,959
Tree nurseries and other support	89,066	35,721
Sub Total	<u>154,529</u>	<u>173,124</u>

9 (c) TRAINING AND DEVELOPMENT COSTS

	2020	2019
	Shs'000	Shs'000
In – service training	3,418	23,108
Seminars, conferences and meetings	30,996	57,742
Other trainings	42,074	44,759
Sub Total	<u>76,488</u>	<u>125,609</u>

Audit Fees	<u>9,199</u>	<u>5,000</u>
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TOTAL OPERATING & MAINTENANCE	<u>3,075,998</u>	<u>2,873,373</u>
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10. DEPRECIATION COSTS

	2020	2019
	Shs'000'	Shs'000'
Buildings – Residential and Non-Residential	71,615	71,199
Computers and Accessories	7,964	4,091
Furniture, fittings, machinery & water supplies	144,470	133,249
Motor Vehicles and Tractors	75,094	63,558
Aircrafts	31,831	31,831
Boats and Boat Engines	2,319	2,319
Roads, bridges and airstrips (Note 21)	428,585	415,253
Fences and Barriers	70,715	56,406
Total	<u>832,593</u>	<u>777,906</u>

11. INVENTORIES

	2020	2019
	Shs'000	Shs'000
Spare parts and tools	47,230	38,800
Aircraft spares	74,301	48,085
Ammunition	124,902	133,792
Stationery	3,143	7,305
Telecommunication equipment spares	1,119	595
Building, water and fencing materials	6,906	4,789
Uniforms and compositions	76,558	39,151
Shop items	5,925	6,081
Fuel and oils	7,293	81,385
General stores and tools	3,402	3,797
	350,779	363,779
Less: Provision for slow moving and obsolete items	(42,109)	(82,515)
Total	<u>308,670</u>	<u>281,265</u>

12. TRADE AND OTHER RECEIVABLES

	2020	2019
	Shs'000	Shs'000
Trade receivables	641,163	494,197
Less: provision for impairment losses	(248,111)	(227,853)
Net trade receivables	<u>393,052</u>	<u>266,344</u>
Net staff receivables	61,980	95,621
Other receivables	325,717	323,161
Gok Grants Receivable	0	0
Net trade and other receivables	<u>780,749</u>	<u>685,126</u>

Receivables represent outstanding balances from the various hotels and facilities in the park and balances held by staff at the closure of the financial year

13. CASH AND CASH EQUIVALENTS

	2020 Shs'000	2019 Shs'000
For the purpose of the statement of cash flows, cash and cash equivalents include the following:		
Bank balances – KWS Operations	952,510	1,433,631
Bank balances – Projects	5,653,367	5,000,533
Cash In Hand-KWS Operations	60,758	12,252
Total	<u>6,666,635</u>	<u>6,446,416</u>

Cash and Cash equivalent represent the organization money held petty cash and in the various banks in KES and USD

14. TRADE PAYABLES AND ACCRUALS

	2020 Shs'000	2019 Shs'000
Trade payables	572,645	354,351
Accruals	231,107	317,224
Payroll deductions	116,058	179,490
Contract retention payable	81,623	79,128
Other payables	93,030	99,649
Total	<u>1,094,464</u>	<u>1,029,842</u>

15. UNEXPENDED SPECIFIC PROJECTS

	2020 Shs'000	2019 Shs'000
Balance at the beginning of the year	996,658	743,625
Additions	1,107,120	1,109,878
Utilized in the year	(773,355)	(856,845)
Balance at the end of the year	<u>1,330,423</u>	<u>996,658</u>

These are donor funds unutilised at the close of the financial year

	2020	2019
	Kshs '000'	Kshs '000'
16. ENDOWMENT FUND	<u>4,120,760</u>	<u>3,913,111</u>

The Wildlife Conservation and Management Bill 2013 has provided that the Service shall establish a Wildlife Endowment Fund and which shall be vested in the Board of Trustees. Some of the functions of the Fund will include; development of wildlife conservation initiatives, management and restoration of protected areas and conservancies, protection of endangered species, habitats and ecosystems as well as support of wildlife security operations. The fund has not been fully set up but the process is still ongoing.

17. CASH FLOW WORKINGS

	Kshs.'000'
Operating deficit for the year	(4,944,152)
Adjustments for:	
Depreciation charge	832,593
Gain on disposal of assets	-
Interest income	(63,470)
Inventory Adjustments	(70,325)
Changes in working capital:	
Inventories	(27,404)
Trade and other receivables	(95,623)
Trade and other payables	64,622
Unexpended specific donations	333,765
Endowment Funds	207,649
Cash Used in Operations	<u>(3,762,345)</u>
 Operating Deficit for the year Workings	
Total Internally Generated Incomes.	3,992,445
Total Recurrent Expenditures	<u>(9,000,067)</u>
Operating Deficit for the year	<u>(5,007,622)</u>

Kenya Wildlife Service
Annual Report and financial Statements.
For the year ended June 30, 2020

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Computers & Accessories	Machinery, Water Supplies, furniture & Equipment	Motor Vehicles & Tractors	Aircraft	Boats and Boat Engines	Roads & Bridges	Airstrips	Fences & Barriers	Work-in-Progress	Total
	Non-Residential	Residential										
COST	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Year ended June 30 2018	1,398,100	2,266,796	285,818	2,154,284	2,312,463	698,274	39,234	3,735,872	384,225	921,773	598,268	14,795,107
Additions	-	-	21,568	203,854	137,143	-	-	125,610	-	226,669	103,163	818,007
Transfers/Disposals	-	-	-	-	(202,314)	-	-	-	-	-	-	(202,314)
At 30th June 2019	1,398,100	2,266,796	307,386	2,358,138	2,247,292	698,274	39,234	3,861,482	384,225	1,148,442	701,431	15,410,800
At 1st July 2019	1,398,100	2,266,796	307,386	2,358,138	2,247,292	698,274	39,234	3,861,482	384,225	1,148,442	701,431	15,410,800
Additions	-	29,301	19,704	55,041	125,920	-	-	121,229	-	263,075	-	614,270
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-	(87,472)	(87,472)
At 30th June 2020	1,398,100	2,296,097	327,090	2,413,179	2,373,212	698,274	39,234	3,982,711	384,225	1,411,517	613,959	15,937,598
DEPRECIATION												
Accumulated Depreciation as At 1 July 2018	(930,464)	(543,508)	(271,458)	(1,615,370)	(2,102,046)	(302,911)	(27,654)	(1,494,347)	(153,693)	(518,282)	-	(7,959,733)
Depreciation overcharge adjustments	-	-	-	-	192,198	-	-	-	-	-	-	192,198
Charge for the year	(49,058)	(22,140)	(4,091)	(133,250)	(63,558)	(31,831)	(2,319)	(376,830)	(38,422)	(56,406)	-	(777,905)
Accumulated depreciation as at June 30, 2019	(979,522)	(565,648)	(275,549)	(1,748,620)	(1,973,406)	(334,742)	(29,973)	(1,871,177)	(192,115)	(574,688)	-	(8,545,440)
Accumulated depreciation as At 1 July 2019	(979,522)	(565,648)	(275,549)	(1,748,620)	(1,973,406)	(334,742)	(29,973)	(1,871,177)	(192,115)	(574,688)	-	(8,545,440)
Depreciation adjustments On Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	(49,058)	(22,557)	(7,965)	(144,467)	(75,095)	(31,831)	(2,319)	(390,163)	(38,422)	(70,716)	-	(832,593)
Accumulated Depreciation as At June 30th 2020	(1,028,580)	(588,205)	(283,514)	(1,893,087)	(2,048,501)	(366,573)	(32,292)	(2,261,340)	(230,537)	(645,404)	-	(9,378,033)
NBV as at June 30, 2020	369,520	1,707,892	43,576	520,092	324,711	331,701	6,942	1,721,371	153,688	766,113	613,959	6,559,565

19. RELATED PARTY DISCLOSURES

i. Government of Kenya

The Service is fully owned by the Government of Kenya. The Government of Kenya provides grants to KWS to finance its operations. It also provides full guarantees to all long-term lenders of the Service, both domestic and external. The relevant balances are shown in appendix 2.

ii. Key management compensation

Key management includes the salaries and benefits of the Director General and Deputy Directors. The compensation paid or payable to key management for employee services is shown below:

	2020 Shs'000	2019 Shs'000
Salaries and other short-term employment benefits	62,863	56,700
iii. Trustees' remuneration		
Fees for services as a Trustee	6,336	10,805
Other emoluments included in employee benefits	0	0
Total remuneration of Trustees of the Service	<u>6,336</u>	<u>10,805</u>

20. CONTINGENT LIABILITIES

The Service has contingent liabilities in respect of legal claims arising in the ordinary course of business as listed below:

A summary of the pending cases and claims against the Service is as follows

	2020 Kshs000
Unlawful Employee termination case pending at Court of Appeal	1,200,000
Human Wildlife Conflict-Death Cases -47 with estimated judgement of 5 million	235,000
Human Wildlife Injury claims 360 cases with estimated judgement of up to Kshs 3 million	1,080,000
Sea Star vs KWS. Service Appealing court award	120,000
Lake Jipe vs KWS. The Service Appealing Court Award	31,000
Total Estimated Liabilities	<u>2,666,000</u>

Numerous Human Wildlife Conflict cases;

There are currently 880 cases filed across the country against KWS resulting out of human death, human injury and property damage. About 50 will be completed in the current year and KWS will be liable to at least Kshs. 150,000,000 in damages should judgement be entered against the Service.

21. CAPITAL COMMITMENTS	2020	2019
	Shs'000	Shs'000
Authorized and contracted for	990,835	302,631
Less: Amounts incurred and included in work-in-progress		
Authorized but not contracted for	-	-
	<u>990,835</u>	<u>302,631</u>

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is a 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)
1.1	Physical verification of fixed assets across the regions to be carried out.	To carry out the physical assets verification exercise and update the assets register.	H-Finance	On Going	December 2020
1.2	Disposed assets to be removed from the assets register	To carry out assets verification and update the assets register	H-Finance	Resolved	June 2019
1.3	Misstatement of Depreciation charge	To reconcile the assets register to the GL and adjustment to be effected	H-Finance	Not resolved. to be done after assets valuation	December 2020
1.4	Regular assessment of WIP	To carry out regular assessment of the WIP to ascertain the completed projects for transfer to respective assets accounts.	H-Finance, Head of Fleet & buildings	continuous	Annually
1.5	Impairment of assets	The Service to carry out impairment of assets on annual basis to comply with IFRS.	H-Finance	Not resolved	December 2020
1.6	Title deeds processing	To continue engaging the lands ministry and other stake holders to secure all title deeds for the Service land.	J. Makena-Head lands & H-Finance	On Going	Continuous
2.1	Adequate provisions of receivables	To assess the Service receivables and make provisions accordingly	H-Finance	Resolved	Quarterly
2.2.1	Medical receivables from employees	To provide ex-gratia budget allocation to cover excess medical for staff who have left the Service or have	CS Lynette Muganda-Deputy Director Human	Resolved	June 2020

Kenya Wildlife Service
Annual Report and financial Statements.
for the year ended June 30, 2020

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)
		passed on.	Capital& H-Finance		
2.2.2	Leave allowance monitoring	Regularly monitor leave allowances paid and reconcile payroll to GL	H-Finance	Resolved	Continuous
2.2.3	Mortgage scheme reconciliation regularly	Regular reconciliations will be carried out on the mortgage account to bring up to date.	H-Finance	Resolved	Monthly
3.1	Inventories module	To adopt an inventory module on its financial system during the system upgrade	H-Finance	Not resolved	June 2021
3.2	Inventories aging analysis	To work out aging analysis of the Service inventories to ensure obsolete stock are adjusted in the GL	H-Finance	Not resolved	June 2021
4.1-2	Cash & Bank reconciliations	To reconcile the cash & bank balances to bring them up to date	H-Finance	Continuous	Monthly
4.3	Updating of signatories	To review all bank signatories and delete those who have left the Service	H-Finance	Resolved	Continuous
5.0	Manual ticketing	To fast track an automated revenue system to replace the manual ticketing at the Park gates.	H-Finance	Not Resolved	December 2020
6.1	Reconciliation of Endowment Fund account	To reconcile the endowment Fund account to bring it up to date	H-Finance	Resolved	Quarterly
7.0	Kenha & SGR funds utilized on recurrent expenditure	To follow up with the parent Ministry and The National Treasury for a possible reimbursement	H-Finance	Not resolved	Continuous
8.0	Supplier reconciliations	To reconcile all supplier accounts in the Ledger.	H-Finance	Continuous	Monthly

Kenya Wildlife Service
Annual Report and financial Statements.
For the year ended June 30, 2020

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)
10.1	Fast tracking the NSSF case	KWS believes that no liability will arise from this case and is fast tracking the same with the court.	CS Leonard Maingi - Corporation Secretary & Head Finance	Resolved	29 th March 2019
10.2	Actuarial valuation of the DBS-Pension	Management appreciated this requirement and will annually undertake a valuation.	H-Finance	Resolved	Bi-Annually
10.3	Timely remittance of statutory deductions	A few instances were noted where statutory deductions were remitted a few days later due to unavailability of the ITMS system.	H-Finance	Resolved	Monthly
10.4	Management of leave days	To assess leave days on regular basis to ensure staff take their leave in accordance to policy.	Deputy Director Human Capital & Head Finance	Resolved	Quarterly
10.5	Payroll to GL reconciliations	To carry out monthly reconciliations on payroll to GL	H-Finance	Resolved	Monthly
10.6	Regularizing the recruitment of temporary staff	To review the contracts of long serving employees to consider them for permanent employment.	Deputy Director Human Capital & H-Finance	Not resolved	On going

Head Finance

Date:  30/09/2020

Director General

Date: 

APPENDICES

(a) APPENDIX 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Conservation of Biodiversity in Northern Kenya – FRANCE	1106101500	AFD	6 years	Yes	Yes	Yes

Status of Projects Completion

(Summarise the status of project completion at the end of each quarter, if total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Conservation of Biodiversity in Northern Kenya – FRANCE	1,145,100	886,404,062	90%	377,488,000	56,935,101	AFD Gok

(b) APPENDIX 2: INTER-ENTITY TRANSFERS

	ENTITY NAME:	KENYA WILDLIFE SERVICE		
Break down of Transfers from the State Department for Wildlife				
Financial year 2019/2020				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
1	Ministry of Tourism and Wildlife	30/09/2019	658,707,825	2019-2020 FY
2	State Department for Wildlife	10/12/2019	658,707,825	2019-2020 FY
3	State Department for Wildlife	31/03/2020	658,707,825	2019-2020 FY
4	State Department for Wildlife	30/06/2020	903,707,825	2019-2020 FY
		Total	2,879,831,300	

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

Head of Finance
 Kenya Wildlife Service

Head of Accounting Unit
 Tourism and Wildlife Ministry

Sign -----

Sign-----

(c) APPENDIX 3: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/Others	Total Amount – Kshs	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance Kshs.	Capital Fund Kshs.	Deferred Income	Receivables	
Ministry of Tourism and Wildlife	30/09/2019	Recurrent Grants	658,707,825					658,707,825
Ministry of Tourism and Wildlife	13/11/2019	Development Grants	236,750,000		236,750,000			236,750,000
Ministry of Tourism and Wildlife	10/12/2019	Recurrent Grants	658,707,825					658,707,825
State Department for Wildlife	20/01/2020	Compensation funds	417,000,000	417,000,000				417,000,000
State Department for Wildlife	31/03/2020	Recurrent Grants	658,707,825					658,707,825
State Department for Wildlife	30/04/2020	Compensation funds	142,313,000	142,313,000				142,313,000
State Department for Wildlife	30/06/2020	Recurrent Grants	903,707,825					903,707,825
Total			3,675,894,000	559,313,000	236,750,000			3,675,894,000