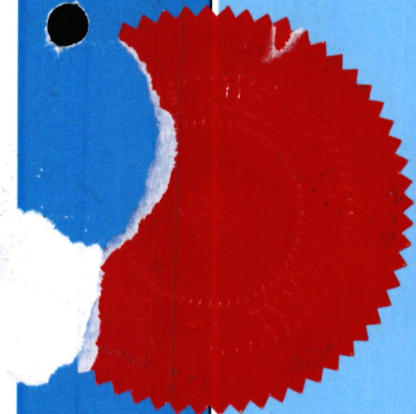
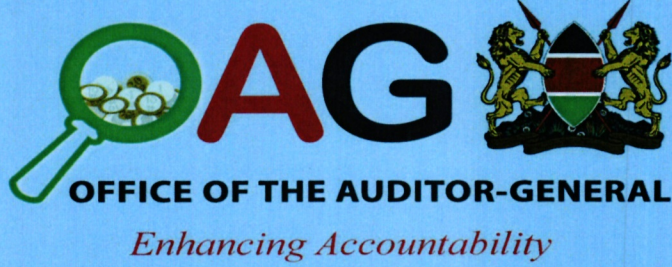



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REPORT

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THE AUDITOR-GENERAL

**LAKE VICTORIA ENVIRONMENTAL
 MANAGEMENT PROJECT PHASE III (LVEMP
 III) PROJECT PREPARATORY ADVANCE
 NO. V1570 – KE)**

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

**MINISTRY OF ENVIRONMENT AND
 FORESTRY**





**LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT PHASE III (LVEMP III)
PROJECT PREPARATORY ADVANCE**

MINISTRY OF ENVIRONMENT & FORESTRY

PROJECT GRANT/CREDIT NUMBER V1570 - KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.10 Name and registered office

Name: *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance*

Objective: The key objective of the project is to strengthen governance and climate resilience in Tran’s boundary environmental and Natural Resource Management in the Lake Victoria Basin and reduce land degradation and pollution as well as livelihood improvements in selected hotspot areas.

Address: The project headquarters offices are in Nyanza Regional Headquarters, 11th Floor; Kisumu – Kenya.

The address of its registered office is: 9220-40100 Kisumu

Contacts: The following are the project contacts

Telephone: (254) 572020563
 E-mail: lvempke@gmail.com
 Website: www.lvempkenya.org

1.2 Project Information

Project Start Date:	The project start date is 01. 01. 2018
Project End Date:	The project end date is 31. 12. 2019
Project Manager:	The project manager is Mr. John Saranga
Project Sponsor:	The project sponsor is World Bank/GoK

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Environment and Forestry Ministry.
Project number	V1570 – KE
Strategic goals of the project	The strategic goals of the project are as follows: a) Strengthening cooperative management of trans- boundary natural resources and Climate Change. b) Promote Climate resilience through Sustainable land and water resource management in selected soil erosion hotspots c) Compliance Enforcement, Monitoring and prevention of pollution
Achievement of strategic goals	The project management aims to achieve the goals through the following means:

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

	<ul style="list-style-type: none"> a) Improve regional information services on water quality and ecosystem health. b) Promotion of Climate Change Mitigation and adaptation measures and resilience strengthening in LVB c) Regional investment planning for improved water quality and eco-system services d) Strengthen LVBC's capacity to deliver on its mandate to coordinate management of water quality in Lake Victoria Basin e) Climate-resilient land and water resource management f) Control of water hyacinth and other invasive weed species g) Monitoring natural resources and Eco-system health h) Water quality and quantity monitoring and assessment i) Strengthening environmental regulatory systems j) Construction, Rehabilitation and improvement of point source pollution using innovative and cost effective technologies infrastructure and wastewater treatment facilities k) Up scaling resource efficient and cleaner production technology in industries
<p>Other important background information of the project</p>	<p>The East Africa Community (EAC) Council of Ministers identified and designated the Lake Victoria Basin as a common economic growth zone in 2003/2004 to be collaboratively managed by the Partner States. EAC Partner States, therefore, established the Lake Victoria Basin Development Programme which spearheaded the Lake Victoria Environmental Management Project (LVEMP) as a long-term regional programme of the EAC regionally coordinated by the Lake Victoria Basin Commission (LVBC). The institution is a specialized institution of the EAC established by the Protocol for Sustainable Development of Lake Victoria Basin signed on 29th November 2003 and implemented by the five EAC Partner States of Burundi, Kenya, Rwanda, Tanzania and Uganda.</p> <p>The 1st Phase of LVEMP involved the Republic of Kenya, United Republic of Tanzania and Republic of Uganda and was implemented from 1997 to 2005. The 2nd phase (LVEMP II) (2009 to 2017) involved the Partner States of Kenya, Tanzania and Uganda under Adjustable Lending Program 1 (APL1) which ended on 31st December 2017. Based on the benefits generated and lessons learnt under the 1st and 2nd phases of LVEMP, Kenya has committed to the implementation of a follow up project namely Lake Victoria Environmental Management Project III (LVEMP III) and subsequently prioritized and committed funds under IDA 18 with a view to addressing the prevailing climate change, emerging environmental and socio-economic development challenges within Lake Victoria Basin.</p>

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

Current situation that the project was formed to intervene	<p>The Lake Victoria Basin (LVB) is an important and strategic ecological and economic zone for the country. The Basin carries about 30% (about 14.5 million) of the country's total population who depend on the lake and other natural resources within the basin for their livelihoods. Agriculture remains the backbone of the economy supporting over 80% of the population. The basin is rich in natural and social capital with the main primary productive sectors being; water, agriculture (crops and livestock) fisheries, forestry, mining, energy (hydroelectric production at Sondu Miriu at 60 MW and Sangoro at 20 MW), tourism, trade and industry. It is worth noting that Sondu Miriu operates at 50% capacity as a result of land degradation in the Mau catchment. The LVB tree cover for lakeshore counties varies between 0.4-2.5percent which is far below the constitutional requirement of at least 10% tree cover. This makes the basin a net importer of forest/tree product and also vulnerable to agents of degradation. Lake Victoria Basin and its major catchments are among the most threatened habitat types in the world. Over the coming decades, biodiversity loss, climate change, environmental degradation and water shortages are expected to be among the world's greatest</p>
Project duration	<p>The project started on 1st January 2018 and was expected to run until 31 December 2019 but The World Bank terminated the Financing Agreement on 2nd October 2019 before the project preparations were completed</p>

1.4 Bankers

The following are the bankers for the current year:

- (i) Cooperative Bank of Kenya
- (ii) Standard Chartered Bank

1.5 Auditors

The project is audited by the Office of Auditor General

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

1.6 Roles and Responsibilities

List of people working on the project.

Names	Title designation	Key qualification	Responsibilities
John Saranga	Ag. National Project Coordinator	Bsc –Water Engineering.	In charge of the project
Joshua Galoro (Left the project in February 2020 after contract expired)	Project Accountant	Masters - Finance	Financial Management
Humphrey Okusimba (Left the project in February 2020)	Monitoring and Evaluation Officer	Masters – Economics	Monitoring and Evaluation
Rodrick Kundu (Left the project in February 2020)	Fisheries Specialist	Masters- Fisheries Management	Technical experts: Fisheries activities
Engineer Isaac Ngugi	Agriculture Specialist	BSc-Agricultural Engineering	Technical experts: Agriculture and Livestock activities
Maurice Wanyiri (Left the project in May 2020)	Natural Resource Management specialist	Masters -Environmental Planning Management	Technical experts: Forestry
Solomon Kihui (Left the project in January 2020)	Environment Specialist	Masters – Environmental Science	Technical experts: Environmental management
Florence Nyangau'	Procurement Officer	Diploma - Supplies Management.	In charge of Supplies Chain Management
Evans Kweyu	Accounts Assistant	Diploma- Management	Accounts
Elisha Nduga	Procurement Officer	Diploma – Supply Chain Management	Supply chain management
Evelyn Mwikali	Administrative Assistant	Diploma – Business administration	Supports NPCT
Stephen Oketch	Senior Lab Technologist	Higher National Diploma – Applied biology	Water quality and pollution monitoring
Reuben Kuto	Senior Lab Technologist	Higher National Diploma – Analytical Chemistry.	Water quality and pollution monitoring
John Okere (Left the project in February 2020)	Chief Hydrologist Assistant	Diploma – Surface water	Metrological and water quantity assessment.

**Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020**

1.7 Funding summary

The Project was for duration of 2 years from 2018 to 2019 with an approved budget of US\$ 2,428,000 (use donor currency) equivalent to Kshs 242,800,000 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 06 2020)		Undrawn balance to date (30 06 2020)	
	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>	<i>Donor currency USD</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Loan						
IDA – World Bank	1,900,000	190,000,000	395,232	39,891,145	1,504,768	150,108,855
(ii) Counterpart funds						
Government of Kenya	528,000	52,800,000	336,720	33,942,000	191,280	18,858,000
Total	2,428,000	242,800,000	731,952	73,563,145	1,696,048	168,966,855

1.8 Summary of Overall Project Performance:

The project was formulated to prepare for the third phase of LVEMP; activities undertaken include Baseline surveys, hydromet assessments as well as hotspots identification and mapping. The project was cancelled on 2nd October 2019 by The World Bank

1.9 Summary of Project Compliance:

No cases of non-compliance

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

The Project Development Objective (PDO) is to strengthen governance and climate resilience in environmental and Natural Resource Management in Kenya's LVB and reduce land degradation and pollution as well as livelihood improvements in selected hot spots. The PDO makes advancement in the focal area by supporting and promoting watershed management approach and climate resilience of the Lake Victoria water system through the implementation of policy, legal, and institutional reforms and investments that contribute to sustainable use and maintenance of Kenya's LVB's ecosystem services

The Project Preparatory Advance (PPA) for LVEMP III was cancelled on 2nd October 2019 by the World Bank. Prior to the cancellation, the Bank called for a temporary pause in the preparations and therefore the activities which required input from the Bank were shelved. The objective of the project were therefore not met except some preparatory activities which were done before the World Bank Pause and subsequently termination.

Introduction

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

The key development objectives of the *project's 2018-2022* plan are to:

- a) Strengthening management of natural resources and climate change in the basin
- b) Promote climate resilience through sustainable land and water resource management in selected soil erosion hotspots
- c) Compliance Enforcement and prevention of pollution

Progress on attainment of Strategic development objectives

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

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

Project	Objective	Outcome	Indicator	Performance
Lake Victoria Environmental Management Project	To strengthen governance and climate resilience in environmental and Natural Resource Management in Kenya's LVB and reduce land degradation and pollution as well as livelihood improvements in selected hotspot areas	Population benefited from ENRM practices supported by the Project Reduction in discharge of untreated effluents into Lake Victoria Share of targeted beneficiary adopting improved livelihood and climate resilient land linked practices	% population benefiting No. of functional infrastructure No. of hectares of land under ENRM	The World Bank cancelled the project at the preparatory phase

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Lake Victoria Environmental Management Program (LVEMP) was a regional phased program implemented in selected sub-catchments and hotspots in the five Partner states within the Lake Victoria Basin.

The program was implemented with the technical and financial Support of the World Bank, Swedish International Development Agency (SIDA), Global Environment fund (GEF), East African Community (EAC) and its Partner States.

The first phase (LVEMP I, 1996-2005) greatly improved the understanding of the environmental challenges faced by the Lake and its basin, and piloted watershed rehabilitation and reducing water hyacinth infestation

Building on these results, the second phase (LVEMP II, 2009- 2017) prioritized the environmental threats in the Lake, tested a variety of interventions in pollution and watershed management (including municipal and industrial river basins) and strengthened regional collaboration for improved management of the basin.

Some of the achievements of LVEMP II include:- (i) Investments aimed at addressing non-point sources of pollution that include soil and water conservation on farms, wetland rehabilitations, and forest rehabilitation; (ii) Investments aimed at addressing point sources of pollution that include expansion/rehabilitation/construction of waste water treatment facilities in Kisumu, Homa Bay and Bomet towns respectively; provision of 12No. waste water exhauster trucks donated to Busia, Siaya, Nandi, Kisumu, Kericho, Homa Bay, Migori and Kisii Counties; construction of 30 bio-toilets in public institutions; preparatrion of feasibility studies and detailed designs for new waste water treatment facilities for Oyugis and Londiani towns; and for artificial wetlands for Kisat and Homa Bay waste water treatment facilities and special sewer lines to offload waste water from vessels in Kisumu and Homa Bay Ports; and engagement with industries in the basin to embrace resource efficient cleaner production (RECP).

LVEMP II closed on 31st December, 2017. The Government of Kenya and The World Bank agreed to a possible LVEMP III and signed a Financing Agreement for a Project Preparatory Advance (PPA). A project preparation road map was developed but its implementation was not successfully done.

Initially, The World Bank called for a temporary pause in the preparation of several World Bank regional projects, among them LVEMP III, to give them time to take stock of the Bank projects in the region. During the period of the pause which lasted for almost a year, some activities in the road map could not be implemented because The Bank was not giving the technical support as per the obligations in the Financing Agreement. Further, The World Bank cancelled the LVEMP III preparations in October 2019 and advised against further use of donor funds.

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial period ended on *June 30, 2020*. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

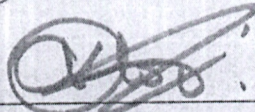
The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

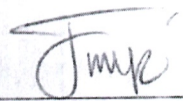
The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended *June 30, 2020*, and of the Project's financial position as at that date. The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

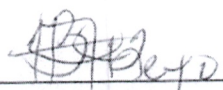
The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The *Principal Secretary* for the Ministry of Environment and Forestry and the *National Project Coordinator* for *Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance* on 30/11/2020 2020 and signed by them.


Principal Secretary
Name


Project Coordinator
Name

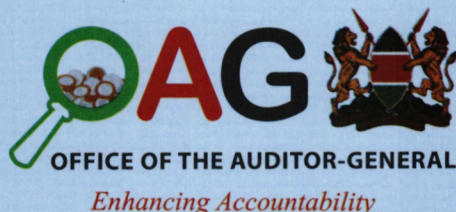

Project Accountant:
Name: Bibiana A. Onyango
ICPAK Member Number: 5419

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

5. REPORT OF THE INDEPENDENT AUDITORS ON THE LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT PHASE III (LVEMP III) PROJECT PREPARATORY ADVANCE

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA ENVIRONMENTAL MANAGEMENT PROJECT PHASE III (LVEMP III) PROJECT PREPARATORY ADVANCE NO. V1570 – KE) FOR THE YEAR ENDED 30 JUNE, 2020 – MINISTRY OF ENVIRONMENT AND FORESTRY

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance No. V1570 – KE) set out on pages 1 to 33, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Lake Victoria Environmental Management Project – (Phase III) as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. V1570 dated 27 June, 2018 between the International Development Agency and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements availed for audit review contained the following anomalies:

- i. The statement of financial assets as at 30 June, 2020 reflects a prior year adjustment of Kshs.6,576,690 which was not supported with documentary evidence.
- ii. The statement of receipts and payments does not reflect the deficit under the cumulative to date amount of Kshs.7,388,575.

- iii. Other Appendices required as per the approved Public Sector Accounting Standard Board reporting templates such as bank reconciliations, confirmations, and cash count have not been attached to these financial statements. The amounts in the statement of financial assets and other sections of the financial statements are also not rounded to the nearest shilling contrary to the recommended reporting templates.

Consequently, the accuracy and validity of the financial statements for the year ended 30 June, 2020 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial assets as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.603,621 while the bank reconciliation statements submitted for audit review had payments in the cash books not yet recorded in the bank statements totalling Kshs.2,247,458. However, the payments could not be confirmed as at the time of the audit in November, 2020 as the bank statements and cash survey certificate were not availed for audit verification. In the absence of the necessary cash survey documentation, the accuracy of cash in hand balance of Kshs.1,241 as at 30 June, 2020 could not be confirmed.

In the circumstance, the accuracy and completeness of the cash and cash equivalents balance of Kshs.603,621 as at 30 June, 2020 could not be confirmed.

3. Unsupported Compensation of Employees

The statement of receipts and payments reflects an amount of Kshs.6,522,795 compensation of employees. However, the supporting schedules and other documentary evidence were not availed for audit review.

Consequently, the accuracy of compensation of employees' expenditure of Kshs.6,522,795 for the year ended 30 June, 2020 could not be confirmed.

4. Unsupported Purchase of Goods and Services

The statement of receipts and payments reflects a balance of Kshs.22,828,508 under purchase of goods and services. However, the documentary evidence availed for audit review reflected payments totalling Kshs.15,419,614 resulting to an unsupported variance of Kshs.7,408,894.

Consequently, the validity and accuracy of the purchase of goods and services figure of Kshs.22,828,508 for the year ended 30 June, 2020 could not be confirmed.

5. Pending Bills

Note 10.1 and Note 10.2 to the financial statements reflects pending bills totalling Kshs.24,867,363 as at 30 June, 2020 comprising of Kshs.10,335,363 and Kshs.14,532,000 due to suppliers of goods and services and staff respectively.

Management has not provided reasons for non-payment of the bills even though the Project is at risk of incurring significant interest costs and penalties with the continued delay in making payments. Further, failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

Further, Annex 2B on analysis of pending staff bills reflects a nil balance while Note 10.2 to the financial statements reflects pending staff payables of Kshs.14,532,000. In addition, the supporting schedules for staff payables had an amount of Kshs.16,660,000 leading to an unexplained variance of Kshs.2,128,000.

Under the circumstances, the accuracy of the pending bills balance of Kshs.24,867,363 as at 30 June, 2020 could not be confirmed.

6. Sustainability of Phase III of the Project

As reflected in the statement of receipts and payments, the project received Kshs.13,000,000 being the GOK counterpart funding. The International Development Agency (IDA) vide its letter dated 2 October, 2019 addressed to The National Treasury and the Ministry of Environment and Forestry had communicated its decision to stop the Project activities and funding as it reviews its regional integration strategy in Sub-Saharan Africa.

Under the circumstances, the ability of the Project to continue to sustain services is in doubt.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lake Victoria Environmental Management Project Phase III 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 that, in our professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT 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 matter 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

Non-Remittance of Statutory Deductions

Records maintained by the Project indicates that statutory deductions totalling Kshs.6,576,305 had not been remitted to the relevant statutory authorities some dating back over two years as shown below:

Details	Amount Kshs.	Outstanding Effective Date
PAYE	6,414,522	30 June 2017
NHIF	8,500	15 January 2019
VAT	153,283	20 April 2018
	6,576,305	

Non-remittance of statutory deductions within the due dates attracts penalties and interest.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by International Development Association (IDA), I report based on my audit, that: -

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Projects ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease 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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 Project's ability 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 Project to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

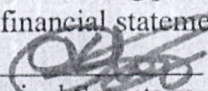
31 December, 2020

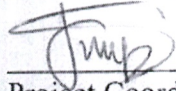
*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

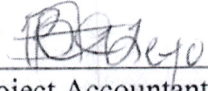
**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED
30TH JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity KShs	Payments made by third parties KShs	Receipts and payment controlled by the entity KShs	Payments made by third parties KShs	
RECEIPTS						
Transfer from Government entities	9.3	13,000,000		20,672,000	-	33,672,000
Proceeds from domestic and foreign grants	9.4	-		-	-	-
Loan from external development partners	9.5	-		39,891,146	-	39,891,146
Miscellaneous receipts	9.6			-	-	
TOTAL RECEIPTS		13,000,000		60,563,146	-	73,563,146
PAYMENTS						
Compensation of employees	9.7	6,522,795		17,782,519	-	24,305,314
Purchase of goods and services	9.8	22,828,508.50		33,129,298	-	55,957,806.50
Social security benefits	9.9	-			-	
Acquisition of non- financial assets	9.10	-		688,600	-	688,600
Transfers to other government entities	9.11	-		-	-	
Other grants and transfers and payments	9.12	-		-	-	
TOTAL PAYMENTS		29,351,303.50		51,600,417	-	80,951,720.50
SURPLUS/(DEFICIT)		(16,351,303.50)	-	8,962,729	-	

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


Principal Secretary
Name:


Project Coordinator
Name:


Project Accountant
Name *Bibiana A. Anyango*
ICPAK Member Number: *EM19*

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

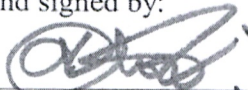
*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
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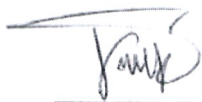
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020

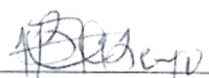
	Note	2019-2020	2018-2019
			Audited amt
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.13.A	602,380.50	10,316,996
Cash Balances	9.13.B	1,241.00	61,239
Cash Equivalents (short-term deposits)	9.13.C	-	
Total Cash and Cash Equivalents		603,621.50	10,378,235
Accounts receivables – Imprest and Advances	9.14	-	
TOTAL FINANCIAL ASSETS		603,621.50	10,378,235
REPRESENTED BY			
Fund balance b/fwd	9.15	10,378,235.00	1,415,506
Prior year adjustments	9.16	6,576,690.00	
Surplus/(Deficit) for the year		(16,351,303.50)	8,962,729
NET FINANCIAL POSITION		603,621.50	10,378,235

Note: The Restated amount for 2018/19 Financial year are explained in annex 1 of this statement.

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/11/2020 2020 and signed by:


Principal Secretary
Date 30/11/2020


Project Coordinator
Date 30/11/2020



Project Accountant
Date
ICPAK Member Number 5419

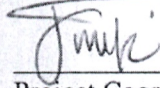
*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

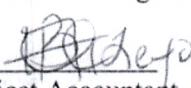
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	9.3	13,000,000	20,672,000
Proceeds from domestic and foreign grants	9.4		
Miscellaneous receipts	9.6		
Payments from operating activities			
Compensation of employees	9.7	(6,522,795.00)	(17,782,519)
Purchase of goods and services	9.8	(22,828,508.50)	(33,129,519)
Social security benefits	8.9		
Transfers to other government entities	9.11		
Other grants and transfers	9.12		
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17		
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18		
Prior Year Adjustments	9.16	6,576,690.00	
Net cash flow from operating activities		(9,774,613.50)	(30,239,817)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.10	-	(688,600)
Net cash flows from Investing Activities		-	(688,600)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	39,891,146
Net cash flow from financing activities		-	39,891,146
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(9,774,613.50)	8,962,729
Cash and cash equivalent at BEGINNING of the year		10,378,235	1,415,506
Cash and cash equivalent at END of the year		603,621.50	10,378,235

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 35/11/2020 and signed by:


Principal Secretary
Date


Project Coordinator
Date 35/11/2020

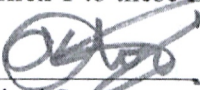

Project Accountant
Date
ICPAK Member No: 5419

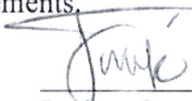
Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
 Preparatory Advance
 Reports and Financial Statements for the Financial Year Ended June 30, 2020


9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget (Kshs)	Adjustments	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	26,000,000	-	26,000,000	13,000,000	13,000,000	50%
Proceeds from domestic and foreign grants	4,000,000	-	4,000,000	-	4,000,000	0%
Proceeds from borrowings						
Miscellaneous receipts						
Total Receipts	30,000,000		30,000,000	13,000,000	17,000,000	43.3%
Payments						
Compensation of employees	6,700,000		6,700,000	6,522,795	177,205	97.4%
Purchase of goods and services	23,300,000		23,300,000	22,828,508	471,491.5	97.9%
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
Total Payments	30,000,000	-	30,000,000	29,351,303.5	648,696.5	97.8%

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


 Principal Secretary
 Date


 Project Coordinator
 Date 3/21/2020


 Project Accountant
 Date
 ICPAK Member No: 5419

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

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

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

9.1.2. Reporting entity

The financial statements are for the Lake Victoria Environmental Management Program (LVEMP III, PPA) under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

• **Other receipts**

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

b) Recognition of payments

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

• **Compensation of employees**

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

• **Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

• **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

• **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

f) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 4** of this financial statement is a register of the contingent liabilities in the year.

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

g) Contingent Assets

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

h) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

i) Budget

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

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

j) Third party payments

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

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

k) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Comparative figures

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

m) Subsequent events

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

n) Errors

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

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project
Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.3 RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to-date(from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry xxx</i>			
Counterpart funds Quarter 1	-	-	
Counterpart funds Quarter 2	-		
Counterpart funds Quarter 3	-	7,472,000	7,472,000
Counterpart funds Quarter 4	13,000,000	13,200,000	26,200,000
<i>Other transfers from government entities</i>			
Ministry xx	-	-	
Ministry xy	-	-	
Project zxy	-	-	
Agency xz	-	-	
Appropriations-in-Aid	-	-	
Total	<u>13,000,000</u>	<u>20,672,000</u>	<u>33,672,000</u>

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

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

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

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment *	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Insert name of foreign Government	xxx					-	-
Grants Received from Multilateral Donors (International Organisations)							
Insert name of international organization	xxx					-	-
Grants Received from Local Individuals and organisations							
Insert name of individual or local organization	xxx					-	-
Total						-	-

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

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

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

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)						
Insert name of foreign Government						
Loans Received from Multilateral Donors (International Organisations)					-	
IDA-World Bank					-	39,891,146
Total						39,891,146

9.6. MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to- date
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		(from inception)
	KShs	KShs	KShs		
Property income	-	-	-	--	
Sales of goods and services	-	-	-	-	
Administrative fees and charges	-	-	-	-	
Fines, penalties and forfeitures	-	-	-	-	
Voluntary transfers other than grants	-	-	-	-	
Other receipts not classified elsewhere	-	-	-	-	

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
Reports and Financial Statements for the Financial Year Ended June 30, 2020*

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	6,522,795			5,400,000	11,922,795
Basic wages of temporary employees	-			396,919	396,919
Personal allowances paid as part of salary	-			11,985,600	11,985,600
Personal allowances paid as reimbursements	-			-	-
Personal allowances provided in kind	-			-	-
Pension and other social security contributions	-			-	-
Compulsory national social security schemes	-			-	-
Compulsory national health insurance schemes	-			-	-
Social benefit schemes outside government	-			-	-
Other personnel payments	-			-	-
Total	6,522,795			<u>17,782,519</u>	<u>24,305,314</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-			2,320,761	2,320,761
Communication, supplies and services	1,529,980.00			3,322,387	4,852,367
Domestic travel and subsistence	10,468,017.00			21,881,242	32,349,259
Foreign travel and subsistence	-			1,383,967	1,383,967
Printing, advertising and – information supplies & services	3,643,940.00			-	3,643,940
Rentals of produced assets	-			5,000	5,000
Training payments	-			508,660	508,660
Hospitality supplies and services	1,958,953.40			1,629,683	3,588,636
Insurance costs	-				
Specialised Materials and Services	-			-	-
Other Operating Payments	806,051.20			825,504	1,631,555.2
Routine Maintenance – Vehicles and other transport equipment	1,036,916.90			1,024,144	2,061,060.9
Routine Maintenance- – Other assets	3,384,650.00			227,950	3,612,600.00
Exchange rate losses/gains (net)	-				
Total	22,828,508.50			33,129,298	55,957,806.5

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9. SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
Total	-	-	-	-	-

[Provide explanation as necessary]

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
	-	-	-	-	-

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	KShs	KShs
Purchase of office furniture & general equipment	-	-	-	688,600	688,600
Purchase of specialised plant, equipment and machinery	-	-	-	-	
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	
Research, studies, project preparation, design & supervision	-	-	-	-	
Rehabilitation of civil works	-	-	-	-	
Acquisition of strategic stocks	-	-	-	-	
Acquisition of land	-	-	-	-	
Acquisition of other intangible assets	-	-	-	-	
Total	=	=	=	688,600	688,600

[Provide explanation as necessary]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

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

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
Transfers to County Government					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
TOTAL	=	=	=	=	=

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

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

[Provide explanation as necessary]

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
		Audited Amt
	KShs	KShs
Bank accounts (Note 9.13A)	602,380.50	10,316,996
Cash in hand (Note 9. 13B)	1,241.00	61,239
Cash equivalents (short-term deposits) (Note 9.13C)	-	-
Total	603,621.50	<u>10,378,235</u>

Note: The Restated amount for 2018/19 Financial year are explained in annex 1 of this statement

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

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
Foreign Currency Accounts	-	-
Central Bank of Kenya [A/c No.....]	-	-
Standard Chartered Bank [A/c No]	-	-
Co-operative Bank of Kenya [A/c No]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	-	-
Local Currency Accounts		
Central Bank of Kenya [A/c NO...]		-
Standard Chartered Bank [A/c No 0108093570904]	97,795.00	3,344,997
Co-operative Bank of Kenya [A/c No 01141294300200]	504,585.50	6,971,999
Others (<i>specify</i>)		
Total local currency balances	<u>602,380.50</u>	<u>10,316,996</u>
Total bank account balances	<u>602,380.50</u>	<u>10,316,996</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

Special Deposit Accounts Movement Schedule

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

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

9.13B Cash In Hand

	2019/20	2018/19
	KShs	KShs
GOK	1,241	61,239
IDA	-	
Total cash balances	<u>1,241</u>	<u>61,239</u>

[Provide a cash count certificate for each location above]

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

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

9.14 OUTSTANDING IMPRESTS AND ADVANCES

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

9.15 FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	10,316,996	1,412,219
Cash in hand	61,239	3,287
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	10,378,235	1,415,506

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2019/2020
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables (Outstanding VAT & P.A.Y.E Deductions)	-	-	6,576,690.00
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-
	-	-	6,576,690.00

Note: The prior year adjustment relates to unrepresented cheques for VAT and PAYE payments for 2017/18, 2018/19 and 2019/20 Financial year not paid in bank and now reversed in the cash book. (See annex 5)

9.17. CHANGES IN RECEIVABLE

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

9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

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

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10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	10,335,363.35	-	10,335,363.35
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	10,335,363.35	-	10,335,363.35

10.2 PENDING STAFF PAYABLES (See Annex 2B)

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	14,532,000	-	-	14,532,000
Others	-	-	-	-
Total	14,532,000	-	-	14,532,000

10.3 OTHER PENDING PAYABLES (See Annex 2C)

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

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OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants		39,891,146
External assistance received in kind- as payment by third parties	-	
Total	-	39,891,146

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	39,891,146
External assistance received as grants	-	
Total	-	39,891,146

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans		-	150,108,854
Undrawn external assistance - grants		-	
Total		-	150,108,854

c. Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	-	398,91,146
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	39,891,146

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

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OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

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

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

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

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	--
TOTAL	-	-

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

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OTHER IMPORTANT DISCLOSURES (Continued)

f. External Assistance paid by Third Parties on behalf of the Entity by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of the entity

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

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

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

Referen ce 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	Purchase of Water Hyacinth Weed Harvester	The harvester had defects which had not been corrected	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)	The defect was corrected and equipment inspected and accepted by IAC	The procurement is expected to be concluded by end of February 2021
2	Unexplained budgetary variances	Explanations for the material differences between the budgets and actual amounts were not provided	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)		
3	Cessation of LVEMP III funding and project performance	It was not possible to confirm whether value for money on the total expenditure incurred by the project was	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry)	LVEMP II ended in December, 2017. There was a mutual understandi	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		obtained. The ability of the project to continue to sustain services is in doubt	John Saranga (Ag. NPC)	ng between MEF and the World Bank for a possible LVEMP III. Funds disbursed after closure of LVEMP II were for preparation for LVEMP III under the financing agreement Project Preparatory Advance(PP A). Further clarifications and documents have been provided in the audit for the FY 2019/2020. Project PrThe Minsitry of Environment and Forestry ahs prepared a Cabinet	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
				Memorandum and a Project Concept Paper and forwarded the same to The National Treasury.	
4	Closure of LVEMP II	The relationship between LVEMP II and III not established.	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)	During the audit exercise for the FY 2019/2020, details have been provided on the relationship between LVEMP II and LVEMP III preparatory phase. It is noted that the preparatory phase was terminated in October, 2019. Phase III was therefore not realized.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		Provision of expenditure details to establish eligibility KES 47,354,059 funds utilized in LVEMP II	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)	Supporting documents for LVEMP II are available for verification. However, the audit was specifically for the FU 2018/2018. During this period, the project was implementing the PPA	
		Lack of clarity regarding pending payables to merchants and staff totalling KES 16,262,056 as at end of FY 2017/2018 as these were not reflected in pending bills in the FY 2018/2019	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)	The Financial Statement for the FY 2018/2019 required amendments to remove some of the errors pointed out by the audit. However, after termination of LVEMP III PPA, the Project Accountant left the	

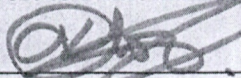
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
				project. The implications of the Covid pandemic meant that it was not possible to immediately get a replacement for the accountant. The Financial Statement for FY 2019/2020 has corrected omission of the 2018/2019 financial statement	
5	Non remittance of statutory deductions	Statutory deductions totalling KES 1,888,526 had not been remitted to the relevant authorities as of 30 th June, 2019	Dr. Chris Kiptoo (Principal Secretary, Ministry of Environment and Forestry) John Saranga (Ag. NPC)	The MEF is planning to address the pending statutory deductions during the revised estimates of supplementary I	

Guidance Notes:

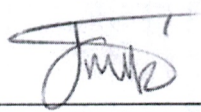
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- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving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



Principal Secretary

Date 30/11/2020



Project Coordinator

30/11/2020
Date

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	26,000,000	13,000,000	13,000,000	50%	Underfunding/Exchequer issue
Proceeds from domestic and foreign grants	4,000,000	0	4,000,000	0%	Non release of funds by Donor
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	30,000,000	13,000,000	17,000,000	43.3%	
Payments					
Compensation of employees	6,700,000	6,522,795	177,205	97.4%	
Purchase of goods and services	23,300,000	22,828,508	471,492	97.9%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	30,000,000	29,351,303	648,697	97.8%	

Explain all variance below 90% and above 100%

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

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ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10. Riley Falcon Security Services Ltd	188,838.24			188,838.24	188,838.24	Provision of security services from January to June, 2020
11. Golf Hotel Kakamega	40,000.00			40,000.00	40,000.00	Provision of catering services during workshop to develop TOR for technical working groups to carry out

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
						baseline studies for LVEMP III project sites
12. Sovereign Hotel Ltd	120,000			120,000	120,000	Provision of catering services during a multi-sectoral consultative meeting on the cleaning of Lake Victoria
13. Joelaban Concepts	69,600			69,600	69,600	Supply of business cards to LVEMP staff
14. Bechy Tours and Travel Ltd	227,405			227,405	227,405	Provision of air tickets to project staff travelling to attend meetings
15. Green Bay Travel Ltd	71,730			71,730	71,730	Provision of air tickets to project staff travelling to attend meetings
16. Iway Africa Kenya Ltd	919,391.60			919,391.60	919,391.60	Provision of internet services
17. DT Dobbie	198,398.51			198,398.51	198,398.51	Major service carried out on project vehicle GK 143Y
18. Unit Export Ltd	8,500,000	18/07/2014		8,500,000	8,500,000	10% balance of payment for

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
						supplier and delivery of water hyacinth harvester
Sub-Total	10,335,363.35			10,335,363.35	10,335,363.35	
Contingent Liability						
19						
20						
Sub-Total						
Grand Total	10,335,363.35			10,335,363.35	10,335,363.35	

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

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

*Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements
For the Financial Year Ended June 30, 2020*

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

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

*Xxxxx Project
Reports and Financial Statements
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ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 2019/20	*Purchases/Additions in the Year (KShs) 2019/20	**Disposals in the Year (KShs) 2019/20	Transfers in/(out) Kshs 2019/20	Closing Cost (KShs) 2019/20
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c)+(-)d
Land					
Buildings and structures (Office Partitioning)	31,471,774				31,471,774
Transport equipment	236,075,284				236,075,284
Office equipment, furniture and fittings	42,799,076				42,799,076
ICT Equipment,	-				-
Other Machinery and Equipment (Water Hyacinth harvester)	-				-
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
Total	310,346,134				310,346,134

Notes

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

Lake Victoria Environmental Management Project Phase III (LVEMP III) Project Preparatory Advance Reports and Financial Statements for the Financial Year Ended June 30, 2020

ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						



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ANNEX 5**UNPRESENTED PAYE/VAT CHEQUES**

05/03/2018	Commissioner of Income Tax	53,307.00
20/04/2018	Commissioner of VAT	10,087.00
20/04/2018	Commissioner of VAT	1,087.00
20/04/2018	Commissioner of VAT	10,707.00
26/04/2018	Commissioner of Income Tax	8,535.00
26/04/2018	Commissioner of Income Tax	2,845.00
11/2/2019	Commissioner of VAT	91,386.00
11/2/2019	Commissioner of Income Tax	840,642.50
22/02/2019	Commissioner of VAT	16,846.00
06/03/2019	Commissioner of Income Tax	84,064.25
07/03/2019	Commissioner of VAT	14,142.00
03/05/2019	Commissioner of Income Tax	84,064.25
31/05/2019	Commissioner of Income Tax	84,064.25
04/06/2019	Postal Corp of Kenya	8,883.00
28/06/2019	Commissioner of Income Tax	82,656.30
30/06/2017	Commissioner of Income Tax	259,789.60
30/06/2017	Commissioner of Income Tax	779,368.80
30/06/2017	Commissioner of Income Tax	254,780.00
30/06/2017	Commissioner of Income Tax	84,064.25
30/6/2017	Commissioner of Income Tax	8,670.00
30/06/2017	Commissioner of Income Tax	981,000.00
30/6/2017	Commissioner of Income Tax	168,128.50
30/06/2017	Commissioner of Income Tax	30,000.00
05/03/2019	Commissioner of Income Tax	605,800.05
25/03/2019	Commissioner of VAT	5,520.00
03/04/2019	Commissioner of VAT	1,637.00
04/04/2019	Commissioner of VAT	1,871.00
04/04/2019	Commissioner of Income Tax	84,064.25
28/06/2019	Commissioner of Income Tax	1,918,680.00
	Total	<u>6,576,690.00</u>

