


**REPORT**

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**SYSTEM FOR LAND BASED EMISSION AND ESTIMATION (SLEEK) PROJECT IN KENYA**

**FOR THE YEAR ENDED  
30 JUNE, 2021**

**MINISTRY OF ENVIRONMENT AND FORESTRY**

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**Project Name: System for Land Based Emissions Estimation (SLEEK)**

**Implementing Entity: Ministry of Environment and Forestry (MEF)**

**PROJECT AGREEMENT DATED 23<sup>rd</sup> February 2018**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2021**

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

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** System for Land-Based Emissions Estimation in Kenya (SLEEK)

**Objective:** The key objective of the project is to aid meet national development goals and international reporting obligations. This will be achieved by developing an independently-verified emissions estimation system for the land sector with rigorous and reliable data that meet international standards.

The related end-of-program outcomes are:

- A national system reporting emissions and removals from the land sector; and
- Land sector information is made available for use in informed decision – making.

**Address:** The project headquarters offices are Nairobi County, Kenya.

The address of its registered office is:

Ministry of Environment and Forestry  
NHIF Building Upper Hill, P.O Box 30126  
Nairobi.

**Contacts:** The following are the project contacts

Telephone: (254) -20-5143200  
E-mail: sleek@environment.go.ke  
Website: sleek.environment.go.ke

### 1.2 Project Information

Project Start Date:	The project start date is 01/04/2013
Project End Date:	The project end date is 31/12/2019
Project Manager:	The Program Co-ordinator is Ali Mwanzei
Project Sponsor:	The project sponsor is Government of Australia

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
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**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry
Project number	Project agreement dated 23 <sup>rd</sup> February 2018
Strategic goals of the project	The strategic goals of the project are as follows: (i) To help the Government of Kenya meet national development goal and international reporting obligations (ii) To make this data available to support informed decision
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Developing an independently-verified emissions estimation system for the land sector (ii) Developing rigorous and reliable data that meet international standards
Other important background information of the project	The project will enable the GoK to quantify and report its land sector emissions. It will also allow Kenya to evaluate different land-use scenarios for sustainable development and inform policy decisions on resources use, including planning for forest restoration, protection of forest resources, improved agricultural productivity, and enhanced water availability. Due to the significant ongoing pressures on forest land being degraded by encroachment and converted for agriculture, their importance to water supply and catchment integrity, the five water towers of Kenya, and the global attention to forest from the United Nations Framework Convention on Climate Change (UNFCCC) and other international processes, the GoK has taken a policy decision to focus first on the land sector in the development of SLEEK.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) To meet international reporting requirements (ii) To support informed decision-making
Project duration	The project started on 1st April 2013 and ended on December 2019

**1.4 Bankers**

The following are the bankers for the current year:

- (i) Kenya Commercial Bank-Capital Hill Branch

Account name	Account number
Sleek Program Management Unit	1174389508

### 1.5 Auditors

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

### 1.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Ali Mwanzei	Program Coordinator	MA	Overall coordination and implementation of the SLEEK program
Anne Ngugi	Program Administrative Assistant	BSc	Responsible for day-to-day operations of the SLEEK program, including staff administration, finance, travel and facilitation
Simon Matiba	Program Accountant	B.com, CPA (K)	Tracking expenditure and maintaining the accounts related to SLEEK program

### 1.7 Funding summary

The Project was for duration of five years from 2013 to 2019 with an approved budget of US\$594,000) equivalent to Kshs 59,400,000 as highlighted in the table below:

Below is the funding summary:

#### A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>th</sup> June 2021)		Undrawn balance to date (30 <sup>th</sup> June 2021)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Government of Australia	594,000	59,400,000	360,576.00	37,700,559	233,424.00	21,699,441
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>594,000</b>	<b>59,400,000</b>	<b>360,576.00</b>	<b>37,700,559</b>	<b>233,424.00</b>	<b>21,699,441</b>

### **1.8 Summary of Overall Project Performance:**

The project has been able to achieve the following results

- Established the Project Management Unit
- Developed version two of a reporting tool to allow users generate UNFCCC reports
- Developed land cover maps and interpolated climate grids to be used in the system
- Developed version three of a data integration tool known as FLINT
- Selected and calibrated a crops, soil and forest models to be used in the system
- Developed a technical manual to guide land cover map production in Kenya
- Supported establishment of a fully equipped GIS laboratory at DRSRS
- Supported digitization of 1.8 million climate records at KMD
- Supported the SLEEK scholarship program which is funding 22 Kenyan students
- Conducted a deployment and training workshop for the data Integration tool, FLINT, in Kenya

We believe we achieved value for money during the project implementation

We experienced implementation challenges as follows;

- One of the main challenges the programme has experienced is getting the SMU staff contracts renewed.
- The office of SMU created permanently at the ME&F by PSC

### **1.9 Summary of Project Compliance:**

There were no issues of non-compliance raised.

## **2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

### **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) To mobilize land sector data to help Kenya meet national development goals and international reporting obligation.
- b) To strengthen institutional arrangements for greenhouse gas reporting in Kenya.
- c) To build the capacity of participating institutions in greenhouse gas national inventory reporting.
- d) To build IT capability to support a semi-automated system for generating reports for decision making.

### **Progress on attainment of Strategic development objectives**

The project was inactive throughout the financial year.

### **3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

Two-to-three pages

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

**1. Sustainability strategy and profile -**

*The project has ended.*

**2. Environmental performance**

*The project has ended.*

**3. Employee welfare**

*The project has ended.*

**Market place practices-**

*The project has ended.*

**4. Community Engagements-**

*Sleek project used to make community engagement through advising on environmental carbon land emissions for informed decision making to the public, Sleek also offer scholarships for university students.*

#### 4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2021. 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 *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* 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 *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2021, and of the Project's financial position as at that date. The *Principal Secretary* for the Ministry of Environment and Forestry and the *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* 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.

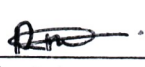
The *Principal Secretary* for the Ministry of Environment and Forestry the *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

#### Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Environment and Forestry and the *Programme Coordinator* for *System for Land Based Emission Estimation in Kenya* on 30<sup>th</sup> September, 2021 and signed by them.

  
Principal Secretary  
Name: Dr. Chris Kiptoo, CBS

  
Project Coordinator  
Name: Stephen King'oo

  
Project Accountant:  
Name: Rebecca Mwangi

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON SYSTEM FOR LAND BASED EMISSIONS AND ESTIMATION (SLEEK) PROJECT IN KENYA FOR THE YEAR ENDED 30 JUNE, 2021 – MINISTRY OF ENVIRONMENT AND FORESTRY**

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### PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of System for Land Based Emissions and Estimation (SLEEK) Project in Kenya set out on pages 1 to 31, which comprise the statement of financial assets as at 30 June, 2021 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of System for Land Based Emissions and Estimation(SLEEK) Project in Kenya as at 30 June, 2021 , 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 Memorandum of Understanding dated 23 February, 2018 between the Commonwealth of Australia and the Government of Kenya, and the Public Finance Management Act, 2012.

### Basis of Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

#### 1. Pending Bills

Note 12.1 to the financial statements reflect pending accounts payables totalling Kshs.1,132,994 relating to unremitted taxes, statutory deductions and gratuity. This balance has been outstanding since year 2019/2020. Although the Management indicates that the bills will be settled during the current year, it is not clear why the bills were not settled during the year under review.

The project is at risk of incurring significant interest costs and penalties with the continued delay in payment.

## **2. Undrawn External Assistance**

Note 12.2 to the financial statements reflects undrawn external assistance of Kshs.21,699,441 with an indication that the project ended before the full amount of the grant was drawn. However, it is not clear, and the Management has not explained why they could not request for extension of the project in order to fully utilize all the projects allocated funds.

Consequently, the objectives of the project may not have been realized.

## **3. Fixed Asset Register**

The fixed assets summary is missing in the financial statements.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

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.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

In preparing the financial statements, Management is responsible for assessing the System for Land Based Emissions and Estimation Project's 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 cease operation.

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

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

Those charged with governance are responsible for overseeing System for Land Based Emissions and Estimation 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 audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 going concern 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 System for Land Based Emissions and Estimation Projects ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**


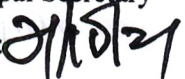
**30 November, 2021**

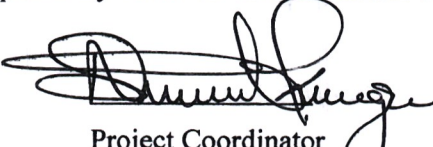
*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*


**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2021.**

	Note	2020/2021			2019/2020			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KShs	KShs		KShs	KShs	KShs	
<b>RECEIPTS</b>								
Transfer from Government entities	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	-	-	-	3,655,156	-	3,655,156	34,701,483
<b>TOTAL RECEIPTS</b>		-	-	-	<b>3,655,156</b>		<b>3,655,156</b>	<b>34,701,483</b>
<b>PAYMENTS</b>								
Compensation of employees	3	-	-	-	2,677,600	-	2,677,600	33,666,826
Purchase of goods and services	4	-	-	-	304,795	-	304,795	5,996,679
Social security benefits	5	-	-	-	7,560	-	7,560	132,160
<b>TOTAL PAYMENTS</b>		-	-	-	<b>2,989,955</b>	-	<b>2,989,955</b>	<b>39,795,665</b>
<b>SURPLUS/ (DEFICIT)</b>		-	-	-	<b>665,201</b>	-	<b>665,201</b>	<b>(5,094,182)</b>

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

  
Principal Secretary  
Name: 

  
Project Coordinator  
Name: Stephen N. King'wa


  
Project Accountant  
Name: Rebecca M. Nwongi  
ICPAK Member Number: 24486

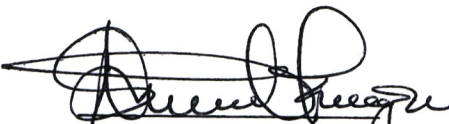
*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*


**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021**

	Note	2020-2021	2019-2020
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	6.A	638,197.10	638,197.10
Cash Balances	6.B	-	-
Cash Equivalents (short-term deposits)	6.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>638,197.10</b>	<b>638,197.10</b>
Accounts Receivables	7	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>638,197.10</b>	<b>638,197.10</b>
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions	8	-	-
<b>NET ASSETS</b>		-	-
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9	638,197.10	(728,434)
Prior year adjustments	10	-	701,430.10
Surplus/(Deficit) for the year		-	665,201
<b>NET FINANCIAL POSITION</b>		<b>638,197.10</b>	<b>638,197.10</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/10/21 2021 and signed by:

  
Principal Secretary  
Date 21/10/21

  
Project Coordinator  
Date 21/10/21

  
Project Accountant  
Date 21/10/2021  
ICPAK Member No. 24486


**System for Land – Based Emissions Estimation in Kenya (SLEEK)  
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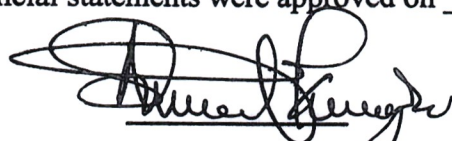
**8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021**


		2020-2021	2019-2020
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	3,655,156
			3,655,156
<b>Payments from operating activities</b>			
Compensation of employees	3	-	2,677,600
Purchase of goods and services	4	-	304,795
Social security benefits	5	-	7,560
<b>Adjustments during the year</b>			
Prior Year Adjustments	10	-	701,430.10
Decrease/(Increase) in Accounts Receivable	11	-	96,769
<b>Net cash flow from operating activities</b>			<b>1,463,400.10</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			<b>1,463,400.10</b>
Cash and cash equivalent at BEGINNING of the year	6	638,197.10	(825,203)
Cash and cash equivalent at END of the year	6	638,197.10	638,197.10

The project did not have a budgetary allocation during the financial year 2020/2021. There were no receipts into the project account. In addition, there were no payments made.

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 21/10/2021 and signed by:

  
Principal Secretary  
Date 21/10/21

  
Project Coordinator  
Date 21/10/2021

  
Project Accountant  
Date 21/10/2021  
ICPAK Member No: 24486


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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
<b>Total Receipts</b>	-	-	-	-	-	-
<b>Payments</b>						
Compensation of employees	-	-	-	-	-	-
Purchase of goods and services	-	-	-	-	-	-
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	-	-	-	-	-	-

Note: The project did not have a budgetary allocation during the financial year 2020/2021.

  
 Principal Secretary  
 Date 21/10/2021

  
 Project Coordinator  
 Date 21/10/2021

  
 Project Accountant  
 Date 21/10/2021  
 ICPAK Member No: 24486

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Basis of Preparation**

#### **10.2 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.

### **10.3 Reporting entity**

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

#### **10.3.1 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.

### **10.4 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.

#### **i. 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.

#### **ii. External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b. 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.

**c. 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.

**d. 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

**iii. Other receipts**

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

**e. Recognition of payments**

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

**i. Compensation of employees**

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

**ii. Use of goods and services**

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

**iii. Interest on borrowing**

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

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **i. 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.

### **ii. Acquisition of fixed assets**

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

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

### **f. In-kind donations**

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

### **g. Cash and cash equivalents**

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

#### **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)**

**h. 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.

**i. 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.

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

**j. 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.

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **k. 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.

### **l. 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.

### **m. 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 no loan disbursements were received in form of direct payments from third parties.

### **n. 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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**o. 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.

**p. 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, 2021.

**q. 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.

**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

	<b>2020/21</b>	<b>2019/20</b>	
	<b>KShs</b>	<b>KShs</b>	<b>Cumulative to-date (from inception)</b>
<i>Counterpart funding through Ministry of Environment and Forestry</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b>Total (See Annex 1)</b>	<b>=</b>	<b>=</b>	<b>=</b>
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>

*There was no GOK part funding or transfers from other government entities during the financial year.*

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

During the 12 months to 30 June 2021 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	
						2020/21	2019/20
		AUD	KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
Government of Australia -AUD	-	-	-	-	-	-	3,655,156
<b>Total</b>	-	-	-	-	-	-	<b>3,655,156</b>

There was no donor funding received by the project during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**3. COMPENSATION OF EMPLOYEES**

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payme nts	
	KShs	KShs	KShs	KShs	
Basic salaries of permanent employees	-	-	-	1,045,000	15,719,786
Basic wages of temporary employees	-	-	-	-	150,000
Personal allowances paid as part of salary	-	-	-	1,018,800	12,325,000
Compulsory national social security schemes	-	-	-	-	59,400
Other personnel payments	-	-	-	613,800	3,360,268
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>2,677,600</b>	<b>31,614,454</b>

There were no payments made during the financial year since the project has ended.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. PURCHASE OF GOODS AND SERVICES**

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	
Utilities, supplies and services	-	-	-	89,283	681,689
Communication, supplies and services	-	-	-	19,000	390,000
Domestic travel and subsistence	-	-	-	45,522	866,126
Hospitality supplies and services	-	-	-	-	959,125
Other operating payments	-	-	-	150,990	3,099,739
<b>Total</b>	=	=	=	<b>304,795</b>	<b>5,996,679</b>

NOTE: There were no purchases during the financial year since the project has ended.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**5. SOCIAL SECURITY BENEFITS**

	2020/21			2019/20	Cumulative to- date KShs
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	7,560	132,160
<b>Total</b>	-	-	-	<b>7,560</b>	<b>132,160</b>

**6. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2020/21	2019/20
	KShs	KShs
Bank accounts (Note 6A)	638,197.10	638,197.10
Cash in hand (Note 6B)	-	-
Cash equivalents (short-term deposits) (Note 6C)	-	-
<b>Total</b>	<b>638,197.10</b>	<b>638,197.10</b>

The project has one number of project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

**6A. Bank Accounts**

**Project Bank Accounts**

	2020/21	2019/20
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No.....]		-
Kenya Commercial Bank [A/c No.....]		-
Co-operative Bank of Kenya [A/c No.....]		-
Others ( <i>specify</i> )		-
<b>Total Foreign Currency balances</b>	-	-
<b><u>Local Currency Accounts</u></b>		
Kenya Commercial Bank [A/c No.1174389508]	638,197.10	638,197.10
Others ( <i>specify</i> )		-
<b>Total local currency balances</b>	<b>638,197.10</b>	<b>638,197.10</b>
<b>Total bank account balances</b>	<b>638,197.10</b>	<b>638,197.10</b>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2021 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**

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached to support these closing balances.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7. ACCOUNTS RECEIVABLES**

<i>Description</i>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Salary advances	-	-
<b>Total</b>	-	-

**8. ACCOUNTS PAYABLES**

<b>Description</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Retention	-	-
Deposits	-	-
<b>Total</b>	-	-

There were no accounts payables during the financial year 2020/2021

**9. FUND BALANCE BROUGHT FORWARD**

	<b>2020/2021</b>	<b>2019/2020</b>
	<b>KShs</b>	<b>KShs</b>
Bank accounts	638,197.10	(825,203)
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	96,769
<b>Total</b>	<b>638,197.10</b>	<b>(728,434)</b>

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**10. PRIOR YEAR ADJUSTMENT**

	<b>Balance b/f FY 2020/2021 as per Financial statements</b>	<b>Adjustments</b>	<b>Adjusted Balance b/f FY 2019/2020</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances	-	-	123,508
Cash in hand	-	-	264.90
Accounts Payables	-	-	(825,203)
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
<b>Total</b>	-	-	<b>(701,430.10)</b>

*(The prior year adjustment of kshs 701,430.10 is as a result of clearing the overdrawn cashbook balance at the beginning of the year and cash at hand(Imprests) adjustments of the kshs 264.90 against the opening bank balance for the year.)*

**11. CHANGES IN RECEIVABLE**

<b>Description of the error</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>KShs</b>	<b>KShs</b>
Opening Receivables as at 1 <sup>st</sup> July 2020	-	-
Closing account receivables as at 30 <sup>th</sup> June 2021	-	-
<b>Change in Receivables</b>	-	<b>96,769</b>

**12. OTHER IMPORTANT DISCLOSURES**

**1. PENDING STAFF PAYABLES (See Annex 2)**

	<b>Balance b/f FY 2019/2020</b>	<b>Additions for the period</b>	<b>Paid during the year</b>	<b>Balance c/f FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Senior management	711,394	-	-	711,394
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others-Gratuity	421,600	-	-	421,600
<b>Total</b>	<b>1,132,994</b>	<b>-</b>	<b>-</b>	<b>1,132,994</b>

**2. EXTERNAL ASSISTANCE**

*a) Undrawn external assistance*

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance - grants		21,699,441	21,699,441
<b>Total</b>		<b>21,699,441</b>	<b>21,699,441</b>

*The project ended before the full amount of the grant was drawn.*

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**9. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1002	<p><b>Inaccuracies of Cash and Cash Equivalents</b></p> <p>The statement of assets reflects a balance of Kshs. 638,197.10 at 30 June, 2020. However, the certificates of bank balances were not availed for audit verification. Further, <del>my</del> pending staff payables under Note 11.1 is an amount of Kshs.711,394 representing various unrepresented cheques that were written back in the Cash Book. Outof the Kshs. 711,394, the Project Management was able to support Kshs. 591,516. In the circumstances, it was not</p>	<p>The statement of assets reflects a balance of Kshs. 638,197.10 as at 30<sup>th</sup> June 2020. At the time of audit, certificate of bank balance was not provided to the auditors since it had not been received from the bank. However, the same was later received and presented for audit review <b>Appendix 1002 (i).</b></p>	Not Resolved	Awaiting to appear before PAC at a future date

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	possible to confirm the accuracy of the balance on cashand cash equivalents of Kshs. 638,197 as at 30 June, 2020.	Further, pending staff payables were recognized under Note 11.1 totaling Kshs. 711,394.00. These were several unrepresented cheques. Copies of the same have been forwarded to the auditors for audit review. <b>Appendix 1002 (ii)</b>		
1003	<b>Lack of Trial Balance</b> The project management did not avail the projects trial balance. It was, therefore, not clear and the Management did not explain how the figures in	The Trial Balance was not availed at the time of audit. This was an omission. The same has since been presented for	Not Resolved	Awaiting to appear before PAC at a future date

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the financial statements were generated. The financial statements may be unreliable and their accuracy could not be confirmed.	audit review. <b>Appendix 1003</b>		
1004	<p><b>Delay in Payment of Statutory Deductions</b></p> <p>The statement of receipts and payments reflects payments of Kshs. 2,677,600 in respect of compensation of employees. Scrutiny of the documents presented for audit revealed that cheques for various statutory deductions drawn between the month of July and October 2019 amounting to Kshs. 711,394 were not presented to the bank for payment as at the time of</p>	<p>The delay in payment of statutory deductions was due to: -</p> <ul style="list-style-type: none"> <li>• Inadequate exchequer funding</li> <li>• KRA system blocking the Ministry PIN which the project was using to file its returns. The cheques became stale</li> </ul>	Not Resolved	Awaiting to appear before PAC at a future date

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>the audit. Further, the Project Management failed to deduct the Pay As You Earn (PAYE) deductions for months of November and December 2019. The Project Management netted of the entire pay without deducting and remitting PAYE amounting to Kshs. 33,130.</p> <p>Consequently, it has not been possible to confirm the accuracy of the balance on compensation of employees of Kshs. 2,677,600.</p>	<p>before the issue was sorted out.</p>		
1005	<p><b>Budgetary Control and Performance</b></p> <p>The statement of comparative budget and actual amounts for the year ended 30 June, 2020 reflects actual receipts of</p>	<p>The statement of comparative budget and actual amounts for the year ended 30<sup>th</sup> June 2020 reflects</p>	<p>Not Resolved</p>	<p>Awaiting to appear before PAC at a future date</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Kshs. 3,655,156 against budgeted receipts of Kshs. 18,594,000 resulting in a shortfall of Kshs. 14,938,844 or 80% of the total budget. The shortfall was mainly recorded under proceeds from domestic and foreign grants. Further, actual expenditure for the year amounted to Kshs. 2,989,995 against the final budgeted expenditure of Kshs. 18,594,000 resulting to under absorption of Kshs. 15,504,045, for which management attributed to staff reduction and lapse of Projecttime.</p>	<p>actual receipts of Kshs. 3,655,156 against budget receipts of Kshs. 18,594,000.00 resulting in a short fall of Kshs. 14,938,844.00 or 80% of the total budget. The short fall was mainly recorded under proceeds from domestic and foreign grant. Further, actual expenditure for the year amounted to Kshs. 2,989,995.00 against a budgeted expenditure of Kshs. 18,594,000.00 resulting to under</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		absorption of Kshs. 15,504,045.00.  The reasons for under absorption are: - <ul style="list-style-type: none"> <li>• Staff reduction. Employee contract expired</li> <li>• Lapse of the project. Project ended in December 2019.</li> <li>• Donor delayed in release of the funds</li> </ul>		

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1006	<p><b>Pending Bills</b></p> <p>Note 11.1 to the financial statements indicate that the Project had pending accounts payables totalling Kshs. 1,132,994 (2019: Kshs. 974,003) as at 30 June, 2020 relating to unremitted statutory deductions and gratuity. During the year under review, the Project Management made payments totalling Kshs.974,003, while accumulating bills totalling Kshs.1,132,994. Management has not explained why the bills were not settled during the year when they occurred. The Project is at risk of incurring significant interest costs and penalties</p>	<p>Note 11.1 to the financial statements indicate that the project had pending accounts payables totaling Kshs. 1,132,994.00 and made payments totaling Kshs. 974,003.00. The bills were not paid due to: -</p> <ul style="list-style-type: none"> <li>• Employee contracts had not been renewed as at 30<sup>th</sup> June 2020</li> <li>• Lapse of the Project. Project ended in</li> </ul>	Not Resolved	Awaiting to appear before PAC at a future date

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
 Reports and Financial Statements  
 For the financial year ended June 30, 2021*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>with the continued delay in payment.</p> <p>Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.</p>	<p>December 2019.</p>		

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1007	<p><b>Statement of Performance against Project's Predetermined Objectives</b></p> <p>The Management did not prepare the statement of performance against the Project's predetermined objectives in the financial statements. This was contrary to the requirements under Section 81(2)(f) of the Public Finance Management Act, 2012 which requires that, at the end of each financial year, the Accounting Officer prepare financial statements for each national government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board. This should include a statement of the national government entity's performance against</p>	<p>The Management did not prepare statement of performance against the project's predetermined objectives in the financial statement.</p> <p>This is because the project had no operations taking place during the year after the departure of the project coordinator in October, 2019.</p>	Not Resolved	Awaiting to appear before PAC at a future date

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
 Reports and Financial Statements  
 For the financial year ended June 30, 2021*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	predetermined objectives. Lack of the statement of performance raises uncertainties as to whether the project achieved its mandate and objectives. In the circumstances, it has not been possible to establish the status of the Project and any milestones achieved thereof			

  
 Principal Secretary

21/10/2021  
 Date

  
 Project Coordinator

21/10/2021  
 Date

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

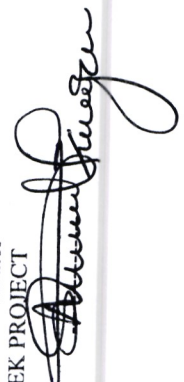
13. ANNEXES


ANNEX 1: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME: System for Land-Based Emissions Estimation in Kenya (SLEEK)			
<b>Break down of Transfers from the Ministry of Environment and Forestry to SLEEK Project</b>	<b>a. Government Counterpart Funding</b>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			2020/2021
			-
<b>b. Direct Payments</b>	<b>Total</b>		-
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
		2020/2021	-
<b>c. Others</b>	<b>Total</b>		-
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	
		2020/2021	-
<b>TOTAL(a+b+c)</b>			-

The above amounts have been communicated to and reconciled with the parent Ministry/ state department

Project Coordinator  
SLEEK PROJECT

Sign 

Head of Accounting Unit  
Ministry of Environment & Forestry  
Sign- 

ANNEX 2 - 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		
<b>Permanent Employees - Management</b>							
1. Ali Mwanzei	P.C.	310,000	31-Dec 2019	-	310,000	-	Employee Contracts not yet finalised
2. Ann Wambui	O.A.	111,600	30-Sep 2019	-	111,600	-	Employee Contracts not yet finalised
3. Others		711,394	31-dec 2019	-	711,394	-	Budget Constraints
<b>Total</b>		<b>1,132,994</b>			<b>1,132,994</b>	<b>-</b>	

NOTE: Breakdown of No. 3


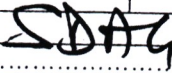
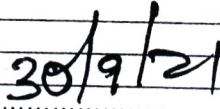
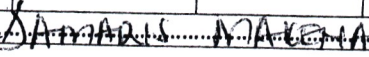

DATE	PAYEE	CHQ NO	AMOUNT
12/7/2019	COMMISSIONER OF DOMESTIC TAXES	000651	119,878.00
22/8/2019	COMMISSIONER OF DOMESTIC TAXES	000653	304,018.00
13/09/2019	COMMISSIONER OF DOMESTIC TAXES	000670	119,878.00
13/07/2019	ALI MWENZU MWEU	000680	5,000.00
25/10/2019	COMMISSIONER OF DOMESTIC TAXES	000683	98,922.00
25/10/2019	NSSF	000684	2,160.00
25/10/2019	NHIF	000685	1,700.00
25/10/2019	OLD MUTUAL ASSURANCE	000686	17,000.00
25/10/2019	PRUDENTIAL ASSURANCE	000687	3,340.00
25/10/2019	ZAMARA VUNA PENSION PLAN	000689	20,243.00
25/10/2019	ASILI SACCO	000690	14,255.00
25/10/2019	ALI MWANZEI MWEU	000691	5,000.00
	<b>TOTAL</b>		<b>711,394.00</b>

*System for Land – Based Emissions Estimation in Kenya (SLEEK)  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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**APPENDICES**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2021
- ii. Board of Survey Report
- iii. GOK IFMIS comparison Trial Balance

		REPUBLIC OF KENYA		F.O 30
		MINISTRY OF ENVIRONMENT AND FORESTRY		
		SLEEK-1108 (ME&F) 2020/2021		
		Account number : 1174389508		
		BANK RECONCILIATION STATEMENT AS AT 30.06.2021		
				Kshs.
Balance as per bank certificate				637,006.10
Less				-
1. Payments in cashbook not yet recorded in bank statement				-
2. Receipts in bank statement not yet recorded in cashbook				-
Add				
3. Payments in bank statement not yet recorded in casbook				1,191.00
4. Receipts in cashbook not yet recorded in bank statement.				-
Balance as per the cashbook.....				638,197.10
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct				
				
Signature		Designation		Date
(All schedules are attached herewith)				
Prepared by: 			Signature: 	

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C SLEEK-1108( ME&F) 2020/2021			
<b>Account number : 1174389508</b>			
BANK RECONCILIATION STATEMENT AS AT 30.06.2021			
<b>PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 3)</b>			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
25.08.2020	Bank charges	21.00	
25.08.2020	Bank charges	105.00	
27.01.2021	Bank charges	1,065.00	
	<b>TOTAL</b>	<b>1,191.00</b>	

Results 1 - 1 of 1

1218 CA 41 BRANCHES  
CERTIFICATE OF BALANCE

KCB Bank Limited  
(Incorporated in Kenya)

CERT2127976924

KCB CAPITAL HILL  
.....

06 OCT 2021  
.....

Certified that the balance at the CREDIT Of SLEEK PROGRAM MANAGEM  
.....

A/C 1174389508  
.....

at the close of business on 30 JUN 2021 Was KES  
.....

SIX HUNDRED AND THIRTY SEVEN THOUSAND AND SIX CENTS TEN  
.....

KES 637,006.10

Examined by For: KCB BANK KENYA LTD.  
*[Signature]*

SERVICE QUALITY & COMPLIANCE  
CAPITAL HILL BRANCH  
Manager Service Quality & Compliance

For: KCB BANK KENYA LTD.  
*[Signature]*  
BRANCH MANAGER  
CAPITAL HILL BRANCH  
Branch Manager

Date: ...23<sup>RD</sup> JULY, 2018

Report of the Board of Survey on the Cash and Bank Balances of **MINISTRY OF ENVIRONMENT AND FOREST**  
 (SLEEK 1108 A/C NO. 1171280502) on the state of business on 30<sup>TH</sup> JUNE 2021

The Board, consisting of – (Names and official titles).

**RODNEY OMARI -CHAIRMAN**

**CAROLINE WAMBUA-MEMBER**

**JIMMY MUCHEKE -MEMBER**

Assembled at the **CASH OFFICE- MINISTRY HQs**

At.....10 a.m. (time) on the 23<sup>RD</sup> JULY 2021

and the following cash was produced

Notes	.. .. .	NIL
Silver	.. .. .	NIL
Copper	.. .. .	NIL
Cheques (as per details on reverse)	.. .. .	NIL
		<hr/>
		NIL

It was observed that cheques amounting to Sh..... **NIL**..... cts.....  
 had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes

The Cash Book reflected the following balances as at the close of business on  
 the .....30<sup>TH</sup> JUNE 2021

Cash on hand	.. .. .	ShNIL
Bank balance	.. .. .	Sh: 638,197.10
		<hr/>
		638,197.10

The Bank Certificate of Balance showed a sum of Sh...**SIX HUNDRED THIRTY EIGHT THOUSAND, ONE HUNDRED NINETY SEVEN**  
 .Cts: **TEN ONLY**..... (Sh. 638,197.cts10.....)

Standing to the credit of the account on 30<sup>th</sup> June, 2021

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank reconciliation Statement  
 (F.O.30) attached.

RODNEY OMARI.....  
**CHAIRMAN**

CAROLINE WAMBUA.....

JIMMY MUCHEKE.....

**MEMBERS OF THE BOARD**

Date 23<sup>RD</sup> JULY 2021

ACCOUNT STATEMENT

Customer: 1174389508 SLEEK PROGRAM MANAGEMENT UNIT  
Product Name: Public Sector  
Statement Period: 01 JUN 2020

TXN DATE	DESCRIPTION	VALUE DATE	MONEY OUT	MONEY IN	LEDGER BALANCE
01 JUN 2020	BALANCE B/FWD	01 JUN 2020			638,197.10
25 AUG 2020	Tax Amount Due AT-DPC CHG20238CPRRT CHG 20238CPR	25 AUG 2020	-21		638,176.10
25 AUG 2020	Interim Stmt Charge AT-D PC CHG20238CPRRT C HG202	25 AUG 2020	-105		638,071.10
27 JAN 2021	Certificate Of Balance Charge AT-DPC CERT2102 759	27 JAN 2021	-1,065.00		637,006.10
06 OCT 2021	Certificate Of Balance Charge AT-DPC CERT2127 976	06 OCT 2021	-1,065.00		635,941.10
BALANCE AT PERIOD END:			-2,256.00	0.00	635,941.10

For: KCB BANK KENYA LTD.  
*[Signature]*  
Customer Service Manager  
CAPITAL HILL



**MINISTRY OF ENVIRONMENT AND FORESTRY**

**SLEEK TRIAL BALANCE FOR THE YEAR ENDED 30TH JUNE 2021**

S/No	PARTICULARS	AMOUNT	
		DR	CR
1	Balance brought forward (2020/21 Fy)	-	638,197.10
2	Balance carried forward (2020/21 Fy)	638,197.10	-
	<b>Total</b>	<b>638,197.10</b>	<b>638,197.10</b>

Prepared by Enock Maticha

Signature 

Date 30 | 09 | 2021

