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**REPORT**

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Thursday

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**THE AUDITOR-GENERAL**

**ON**

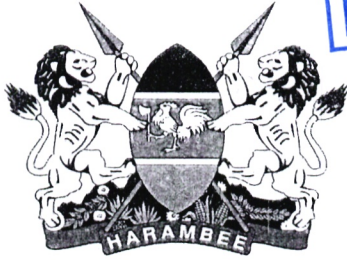
**KENYA WATER TOWER PROJECT**

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

**KENYA FOREST SERVICE**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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Republic of Kenya



European Union



Project Name: KENYA WATER TOWERS PROJECT

Implementing Entity: KENYA FOREST SERVICE

In Partnership With

1. Kenya Wildlife Service
2. Kenya Water Towers Agency
3. Climate Change Directorate

PROJECT GRANT: FED/2016/375-958

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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



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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** The project's official name is Kenya Water Towers Project,

**Objective:** The key objective of the project is to support Kenya eradicate poverty through enhancing the productivity of ecosystem services of Kenya's critical ecosystems and enhance resilience to climate change of her water towers,

**Address:** The project headquarters offices are in Kenya Forest Service Headquarters, Karura, Off Kiambu Road, Nairobi County, Kenya.

The address of its registered office is:

Kenya Water Towers Project  
Kenya Forest Service  
Karura, Off Kiambu Road  
P.O. Box 30513-00100 Nairobi

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

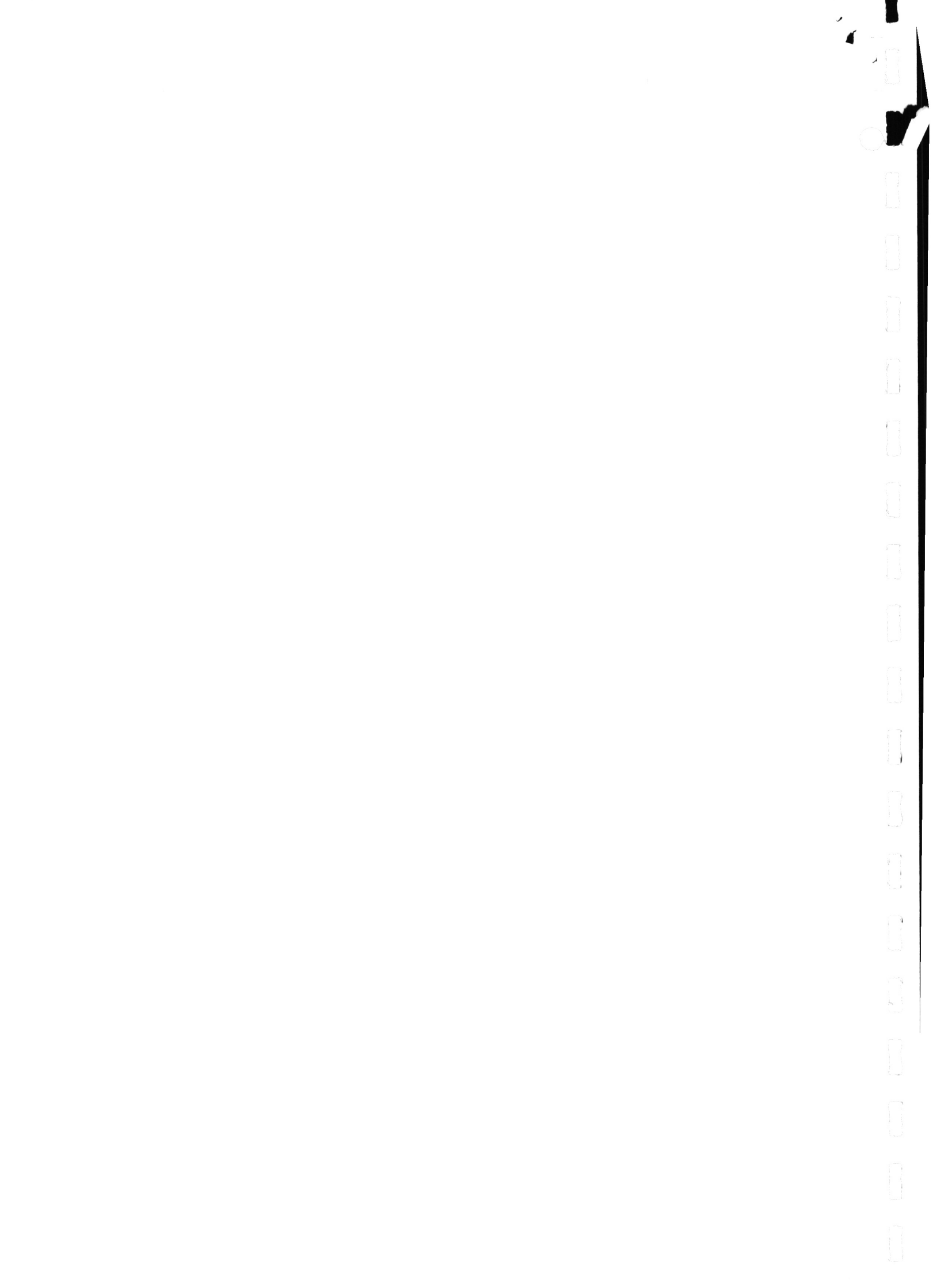
Telephone: (254) 0202020285  
E-mail: watertowers@kenyaforestservice.org  
Website: www.kenyaforestservice.org

### 1.2 Project Information

Project Start Date:	The program start date is 01/08/2016
Project End Date:	The program end date is 31/07/2020
Project Manager:	The Project Manager is Mr. David Chege
Project Sponsor:	The program sponsors are the European Union, which will contribute 100%, Government of Kenya (GOK) which will supplement the activities not covered by the sponsor.

### 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	FED/2016/375-958
Strategic goals of the project	The strategic goals of the project are as follows: Improving the quality and quantity of ecosystems services of Kenya's critical water towers through increased forest cover , improved landscape and natural resource management and waste management system leading to



*Kenya Water Towers Project  
 Reports and Financial Statements  
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	increased benefits to rural communities
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Enhanced Landscape management through harmonized development planning processes</li> <li>(ii) Ecosystem rehabilitation and restoration</li> <li>(iii) Opportunities in landscape management developed</li> <li>(iv) Park infrastructure development</li> <li>(v) Improved ecosystem resilience</li> <li>(vi) Green Growth Practices applied in the landscape management</li> </ul> <p>As at the reporting date, a number of achievements had been achieved all at various degree of completion as indicated below;</p> <ul style="list-style-type: none"> <li>i) Enhanced Landscape management through harmonized development planning processes- Development of a harmonised framework for formulating Integrated management plans at 100% complete, Environment Monitoring system at 100% complete, Project web based M&amp; E system at 100% complete</li> <li>ii) Ecosystem rehabilitation and restoration- 260Ha had been planted but are not under protection or maintenance under project funds due to the suspension of the project by the donor, 4 forest blocks are in the process of acquiring title deeds and the process is at 60% complete</li> <li>iii) Opportunities in landscape management developed- Support to forest park development awareness creation undertaken to cover 11 counties, 3 sites covered under participatory sites survey for forest park and infrastructure development, Support development of Arboretum and green spaces (County) 2 forums out of 11 held, Training facilitators /extension staff conducted for 20 staff who started and were running 14 farmer field schools</li> <li>iv) Park infrastructure development; - Consultancy to carry out feasibility studies, and develop concepts for forest parks complete and thus at 100%</li> <li>v) Improved ecosystem resilience; - Capacity building sessions on the identified knowledge gaps on climate change (Counties) conducted covering a total of 100 people from 11 different counties, and Capacity building sessions on the identified knowledge gaps on climate change (Communities) were conducted covering a total 100 people from 4 counties</li> </ul> <p>Green Growth Practices applied in the landscape management;- establishment of 20 energy demo plots in 8 counties done, and consultancy to develop road map to anchor environmental consciousness in schools Completed and at 100%</p>

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Other important background information of the project	<p>Programme Steering Committee (SC) is composed of; PS MENR; EU; Treasury; CoG; CEOs – KFS, KWS, KWTA, CCD, KEFRI</p> <p>Programme Technical Committee (TC) is composed of Coordinator(MENR), EU, KEFRI, KFS, KWS, KWTA, CCD</p> <p>Project Technical Implementation Committee (TIC) is composed of Partners: KFS, KWS, KWTA, CCD</p> <p>Project Coordination is done by the Project Manager and his support team.</p> <p>Project covers Mt Elgon and Cheregany hills ecosystem and 11 counties which include West Pokot Trans-Nzoia, Elgeyo- Marakwet, Nandi Bungoma Kakamega Busia Vihiga Siaya Kisumu</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Enhance resilience to climate change</li> <li>(ii) Increase forest cover</li> <li>(iii) Improved landscape and natural resources management and waste water management systems</li> </ul>
Project duration	The program started on 1 <sup>st</sup> August 2016 and is expected to run until 31 <sup>st</sup> July 2020.

#### 1.4 Bankers

The following are the bankers for the current year:

##### Local Project Accounts

- (i) Kenya Commercial Bank – KWTP Euro Account No. 1181839513 Moi Avenue, P.O. Box 30081 – 00100, Nairobi, Kenya
- (ii) Kenya Commercial Bank – KWTP Kes Account No. 1181839106 Moi Avenue, P.O. Box 30081 – 00100, Nairobi, Kenya
- (iii) Co – operative Bank of Kenya – KWTP Kes Account No. 01141532868702 Stima Plaza Branch, P.O. Box 38764, Nairobi, Kenya

#### 1.5 Auditors

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084

### 1.6 Roles and Responsibilities

The project management Unit (PMU) is based in Nairobi and is responsible for the project management and coordination functions. The PMU comprises of the Project Coordinator and a team of Technical Officers. The PMU is also supported by other administrative staff.

These key staffs, who form the project coordinating team that is involved in the day to day management of the project and its implementation are:

Name	Title designation	Key Qualifications	Responsibilities
David Chege 0722678033 dchege@kenyaforest.org	Program Coordinator	B.Sc Forestry (Hons) , MSC Diplomacy and International studies	Coordination of the day to day activities of the Program.
Eric Nahama 0722354290 enahama@gmail.com	Assistant Program Coordinator	B.Sc Forestry (Hons)	Coordination of the day to day activities of the Program.
CPA Anthony Kiumbuku 0723449481 Kiumkam@gmail.com	Project Accountant	CPA(K), BCOM (Accounts), MBA(Strategic Management) ICPAK Member	Management of the Finance function of the program
Alex Kathuku 0724530363 lexthuku2012@gmail.com	Program Officer	B.Sc Forestry (Hons)	Coordination of the day to day activities of the Program.
John Mburu 071775523 mburujm@kenyaforestservice.org	Ag. Principal Procurement Officer	MBA (Procurement & Logistics) Member of Kenya Institute of Supplies Management (KISM).	Responsible for the management of the procurement process of goods and services and safety of assets

### 1.7 Funding summary

The Project is for duration of four (4) years from 2016 to 2020 with an approved budget of Euros 4 Million equivalent to Kes 400 Million as highlighted in the table below:

Below is the funding summary:



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Sources of Funds	Donor Commitment		Amounts Received to date – (30th June,2020)		Undrawn balances to date - (30th June,2020)	
	Donor Currency EUR (A)	Kes (A)	Donor Currency EUR (B)		Donor Currency EUR (A)	Kes (A)
<b>GRANT SUMMARY</b>						
EU	4,000,000	440,000,000	1,531,189	174,031,114	2,468,811	265,968,886
<b>Counter Part Funding</b>						
Other Transfers from Government of Kenya (GOK)	900,000	99,000,000	321,140	36,500,000	578,860	62,500,000
<b>Total Funding Summary</b>	<b>4,900,000</b>	<b>539,000,000</b>	<b>1,852,329</b>	<b>210,531,114</b>	<b>3,047,671</b>	<b>328,468,886</b>

**1.8 Summary of Overall Project Performance:**

During the year under review, the Project did not receive any funds but incurred a cumulative expenditure of Kes 52,238.

The project had a budget of Kes 133,000,000 and expended Kes 52,238 during the current year (Kes 143,966,280 accumulated expenditure). This translated to 68% absorption level of the overall funds received since the inception of the project.

The project was suspended by the donor in January 2018 and thus did not implement any of the lined up activities. The expenditure for the year relates to pending bills paid after approval by the donor.

**Challenges Encountered**

The table below summarizes the challenges encountered and recommends way forward:

	Challenges	Recommendation/Way Forward
1	Suspension of the project by the donor	Liaising with the donor to lift the Suspension
2	Negative publicity by CBOs representing indigenous people resulting to the suspension of the project	Ministry to deal with the issues as they are beyond project scope

**1.9 Summary of Project Compliance:**

The Project has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. In cases of inconsistency between the GOK Regulations and those of the donors, the latter have been applied.

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<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
		Opportunities for human-nature interaction enhanced	No of arboreta and green spaces strategies developed  No of forest park plans developed  No of parks supported	

## 2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED 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 2016-2020 plan are to: Reduce poverty through enhanced landscape productivity and resilience to climate change effect.

### Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Kenya Water Towers Project	To support Kenya eradicate poverty through enhancing the productivity of ecosystem services of Kenya's critical ecosystems and enhance resilience to climate change	Strengthened capacity of the implementing institutions for effective service delivery	No of counties using the developed harmonised planning framework  Number of institutional frameworks integrated into the harmonised planning framework	The project remained suspended the financial year 2019/2020 and therefore there was no achievement
		Sustained provision of ecosystem goods and services in the landscape	Area protected for rehabilitation and restoration  No. of hectares of bamboo on-farm and in the forest. Established  Hectares of forest secured	
		Improved landscape productivity and house hold incomes	Improvement in Quality of housing % increase in Literacy levels Access to health care	
		Increased private sector participation in natural resource management	No of investment opportunities sourced  No of investment opportunities availed	

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

The project remained suspended in the year under review and therefore did not undertake any corporate social responsibility.

#### 4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year 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.

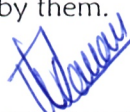
The Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project accept responsibility for the Project's financial statements, which have been prepared on the accrual Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2020, and of the Project's financial position as at that date. The Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

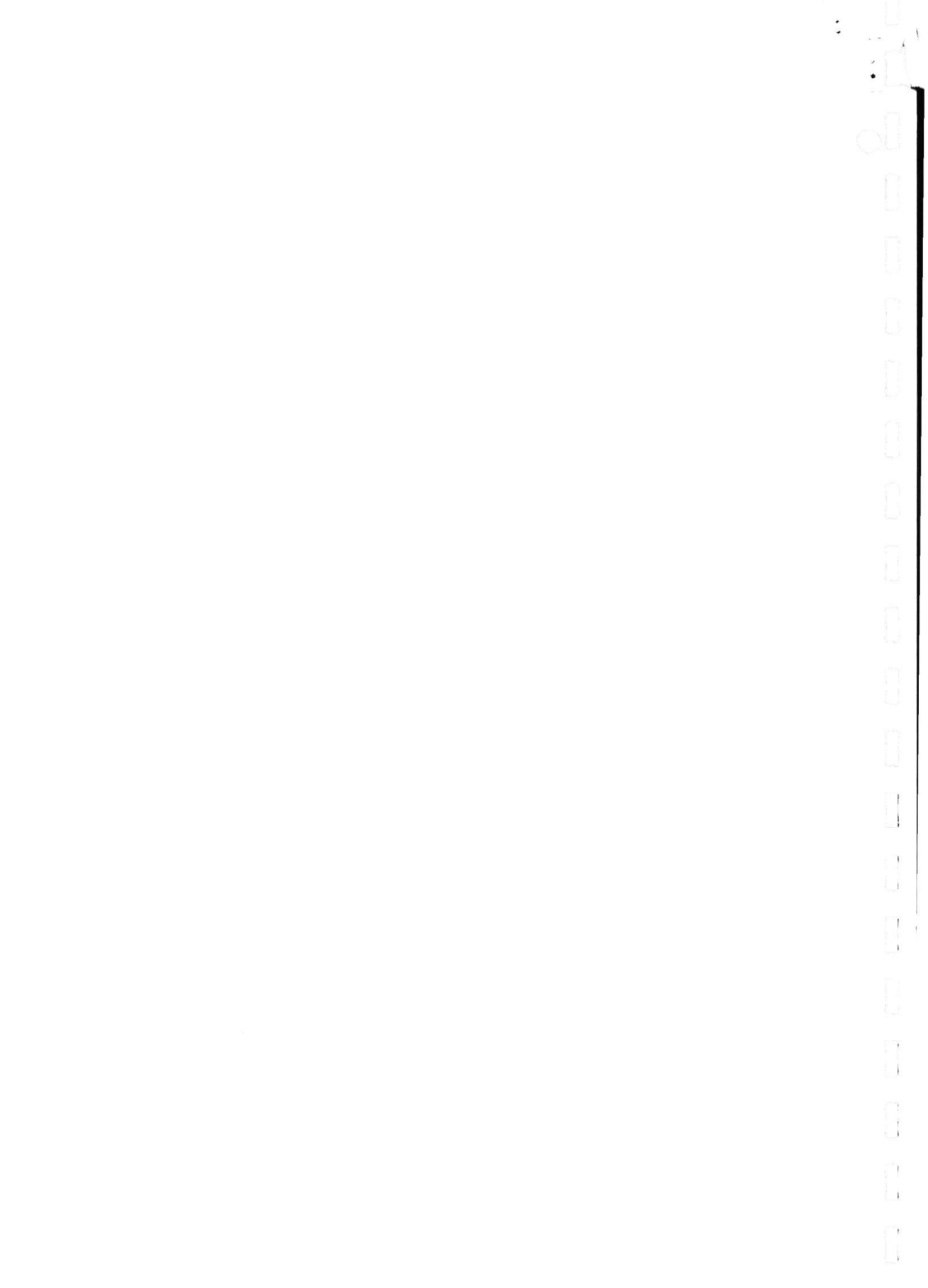
#### Approval of the Project financial statements

The Project financial statements were approved by the Chief Conservator of Forests of Kenya Forest Service and the Project Coordinator of Kenya Water Towers Project on 14th September 2020 and signed by them.

  
.....  
Chief Conservator of Forests  
Name: Julius Kamau

  
.....  
Project Coordinator  
Name: David Chege

  
.....  
Project Accountant:  
Name: Anthony Kiumbuku  
ICPAK Member Number:9107



# REPUBLIC OF KENYA

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*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA WATER TOWER PROJECT FOR THE YEAR ENDED 30 JUNE, 2020 - KENYA FOREST SERVICE**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Water Tower Project set out on pages 1 to 21, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the 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 the Kenya Water Tower Project as at 30 June, 2020 and of its financial performance and its cash flows for the year ended in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.FED/2016/375-958 dated 28 July, 2016 between European Union and the Republic of Kenya and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

##### **1. Material Uncertainty Relating to Sustainability of Services**

As previously reported, the Project was suspended in January, 2018 by the Donor, European Union, citing violation of the rights of the people living in forests by Kenya Forest Service while implementing the Project in one of the Kenya Water Towers. As the

Project was being implemented in Cheregany, an incident in relation to violation of human rights of Sengwer community who inhabited the Embobut Forest and who claimed the land to be their ancestral land occurred.

Further, the United Nation Committee on the Elimination of Racial Discrimination, expressed concern about reports on evictions in Embobut Forest. The Committee called on Kenya to acknowledge the rights of the Sengwer, Endorois, Ogiek and all other indigenous peoples.

In addition, continued habitation of the communities in the affected forest may adversely affect the ecosystem and projected value for money may not be realized by the earmarked communities. As at the time of audit, the suspension had not been lifted.

It was concluded that Kenya ought to carry out effective consultations between relevant parties and communities likely to be affected by the Project with a view to obtaining prior and informed consent from the indigenous communities before implementing future projects. A material uncertainty exists with regard to sustainability of services as no funding has been forthcoming and the implementation of the Project to its conclusion is doubtful.

My opinion is however not modified in respect of these matter.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There were no key audit matters 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

## **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project 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 of the Project and 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**


**04 January, 2021**

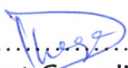
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**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		Kes	Kes	Kes	Kes	Kes
<b>RECEIPTS</b>						
Transfer from Government entities	10.3	0	0	0	0	36,500,000
Proceeds from domestic and foreign grants	10.4	0	0	0	0	174,031,114
<b>TOTAL RECEIPTS</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>210,531,114</b>
<b>PAYMENTS</b>						
Compensation of employees	10.5	0	0	265,710	0	8,190,364
Purchase of goods and services	10.6	52,238	0	3,885,766	0	100,356,636
Acquisition of non-financial assets	10.7	0	0	316,000	0	33,875,780
Transfers to other government entities	10.8	0	0	336,500	0	1,543,500
<b>TOTAL PAYMENTS</b>		<b>52,238</b>	<b>0</b>	<b>4,803,976</b>	<b>0</b>	<b>143,966,280</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(52,238)</b>	<b>0</b>	<b>(4,803,976)</b>	<b>0</b>	<b>66,564,834</b>

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

.....  
  
 Chief Conservator of Forests  
 Name: Julius Kamau

.....  
  
 Project Coordinator  
 Name: David Chege


.....  
  
 Project Accountant:  
 Name: Anthony Kiumbuku  
 ICPAK Member Number:9107

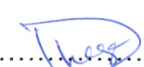
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Reports and Financial Statements  
For the financial year ended June 30, 2020*

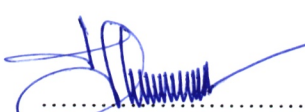
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020**

	Note	2019-2020	2018-2019
		Kes	Kes
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	10.9	66,548,377	66,534,931
<b>Total Cash and Cash Equivalents</b>		<b>66,548,377</b>	<b>66,534,931</b>
Accounts receivables – Imprest and Advances	10.10	16,458	82,140
<b>TOTAL FINANCIAL ASSETS</b>		<b>66,564,834</b>	<b>66,617,071</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	10.11	66,617,071	71,421,047
Surplus/(Deficit) for the year		(52,238)	(4,803,976)
<b>NET FINANCIAL POSITION</b>		<b>66,564,834</b>	<b>66,617,071</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 14/9 2020 and signed by:

  
.....  
Chief Conservator of Forests  
Name: Julius Kamau

  
.....  
Project Coordinator  
Name: David Chege

  
.....  
Project Accountant:  
Name: Anthony Kiumbuku  
ICPAK Member Number:9107

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

		2019-2020	2018-2019
	Note	Kes	Kes
<b>Receipts from operating activities</b>			
Transfer from Government entities	10.3	0	0
Proceeds from domestic and foreign grants	10.4	0	0
<b>Payments from operating activities</b>			
Compensation of employees	10.5	0	(265,710)
Purchase of goods and services	10.6	(52,238)	(3,885,766)
Transfers to other government entities	10.8	0	(336,500)
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	10.12	65,684	7,968,527
<b>Net cash flow from operating activities</b>		<b>13,446</b>	<b>3,480,551</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	10.7	0	(316,000)
<b>Net cash flows from Investing Activities</b>		<b>0</b>	<b>(316,000)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings		0	0
<b>Net cash flow from financing activities</b>		<b>0</b>	<b>0</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>13,446</b>	<b>3,164,551</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>66,534,931</b>	<b>63,370,380</b>
<b>Cash and cash equivalent at END of the year</b>		<b>66,548,377</b>	<b>66,534,931</b>

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 14<sup>th</sup> September 2020 and signed by:

.....  
 Chief Conservator of Forests  
 Name: Julius Kamau

.....  
 Project Coordinator  
 Name: David Chege

.....  
 Project Accountant:  
 Name: Anthony Kiumbuku  
 ICPAK Member Number:9107

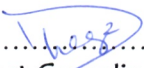
*Kenya Water Towers Project  
Reports and Financial Statements  
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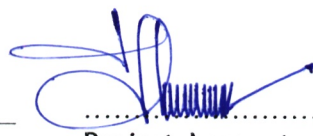
**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	0	0	0	0	0	0
Proceeds from domestic and foreign grants	0	0	0	0	0	0
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payments</b>						
Compensation of employees	0	0	0	0	0	0
Purchase of goods and services	52,238	0	52,238	52,238	0	100%
Acquisition of non-financial assets	0	0	0	0	0	0
Transfers to other government entities	0	0	0	0	0	0
<b>Total Payments</b>	<b>52,238</b>	<b>0</b>	<b>52,238</b>	<b>52,238</b>	<b>0</b>	<b>100%</b>

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

  
.....  
Chief Conservator of Forests  
Name: Julius Kamau

  
.....  
Project Coordinator  
Name: David Chege

  
.....  
Project Accountant:  
Name: Anthony Kiumbuku  
ICPAK Member Number:9107



## **10. NOTES TO THE FINANCIAL STATEMENTS**

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

### **10.1. Basis of Preparation**

#### **10.1.1. 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.

#### **10.1.2. Reporting entity**

The financial statements are for the Kenya Water Towers Project under Kenya Forest Service. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **10.1.3. Reporting currency**

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

### **10.2. 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.

**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.

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 no amount was received as loan disbursements in form of direct payments from third parties.

**k) Exchange rate differences**

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

denominated in foreign currencies are recognized in the statements of receipts and payments.

**l) Comparative figures**

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

**m) Subsequent events**

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

**n) Errors**

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

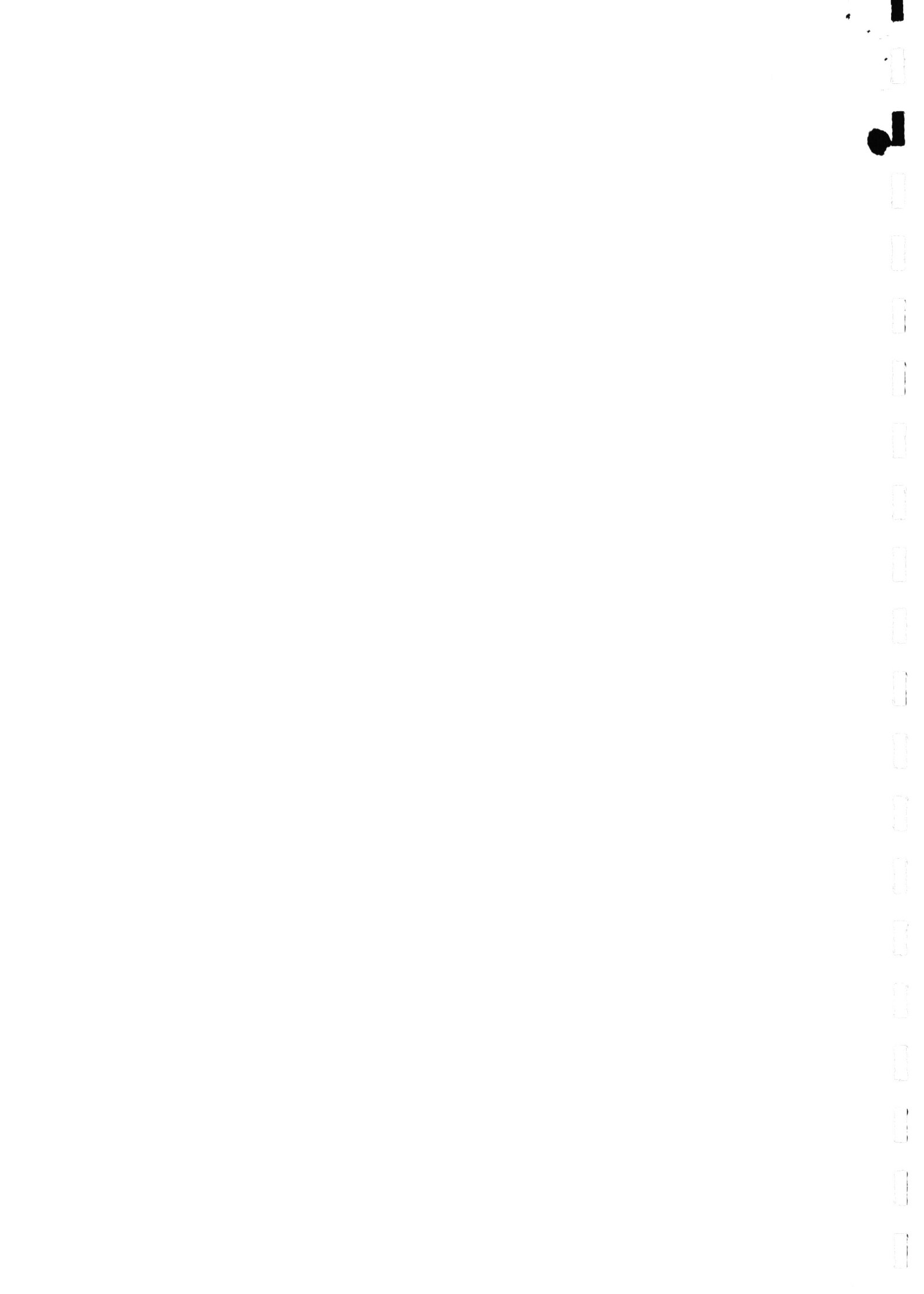


**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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)
	Kes	Kes	
<i>Counterpart funding through Ministry of Environment and Forestry</i>			
Counterpart funds Quarter 1	0	0	36,500,000
Counterpart funds Quarter 2	0	0	0
Counterpart funds Quarter 3	0	0	0
Counterpart funds Quarter 4	0	0	0
Total	<u>0</u>	<u>0</u>	<u>36,500,000</u>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

10.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 20xx 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 Kes	
						2019/20	2018/19
			Kes	Kes	Kes	Kes	Kes
<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
European Union	01-Aug-16	1,531,189	174,031,114	0	0	0	0
<b>Grants Received from Multilateral Donors (International Organisations)</b>							
Insert name of international organization	0					0	0
<b>Grants Received from Local Individuals and organisations</b>							
Insert name of individual or local organization	0					0	0
<b>Total</b>						<b>0</b>	<b>0</b>

\* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project.

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

**10.5. COMPENSATION OF EMPLOYEES**

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kes	Kes	Kes	Kes	Kes
Basic salaries of permanent employees	0	0	0	0	0
Basic wages of temporary employees	0	0	0	265,710	8,190,364
<b>Total</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>265,710</u></b>	<b><u>8,190,364</u></b>

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

**10.6. 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		
	Kes	Kes	Kes	Kes	Kes
Telephone, Computer Internet	0	0	0	(27,775)	686,736
Travel Costs(airlines, bus, railway)	0	0	0	-	348,425
Accommodation - Domestic Travel	0	0	0	(49,800)	15,816,707
Daily Subsistence Allowance	0	0	0	(144,496)	24,816,554
Publishing and Printing Services	0	0	0	-	0
Advertising, Awareness and Publicity	0	0	0	-	369,788
Training	0	0	0	-	132,900
Remuneration of Instructors	0	0	0	(28,820)	1,109,214
Production and Printing of Training Materials	0	0	0	60,994	993,269
Hire of Training Facilities and Equipment	0	0	0	4,542	77,778
Motor Vehicle Insurance	0	0	0	-	1,465,351
Workshop Tools, Spares and Small Equipment	0	0	0	-	491,000
General Office Supplies (e.g : papers)	29,210	0	29,210	22,900	866,059
Cleaning Materials, Supplies and Services	0	0	0	-	25,000
Catering services	0	0	0	37,161	885,746
Refined Fuels and Lubricants	0	0	0	-	3,932,390
Bank Charges	23,028	0	23,028	19,787	208,622
Contracted Professional Services	0	0	0	3,444,384	9,739,960
Boards and Committees	0	0	0	-	18,200
Events and Celebrations	0	0	0	74,050	642,289

*Kenya Water Towers Project  
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	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Tree seeds and seedlings.	0	0	0	-	17,320,336
Supplies for production	0	0	0	-	81,336
Seminars and Conferences	0	0	0	396,638	9,517,913
Tree Planting	0	0	0	(3,508)	8,931,725
Land Levies	0	0	0	-	750,000
Maintenance - Motor Vehicles	0	0	0	79,709	1,000,789
Maintenance of Buildings and Stations	0	0	0	-	43,550
Maintenance of Computers, Networks	0	0	0	-	85,000
<b>Total</b>	<b><u>52,238</u></b>	<b><u>0</u></b>	<b><u>52,238</u></b>	<b><u>3,885,766</u></b>	<b><u>100,356,636</u></b>

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

**10.7. 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		
	Kes	Kes	Kes	Kes	Kes
Purchase of Motor Vehicles	0	0	0	0	26,959,400
Purchase of Motor Cycles	0	0	0	0	4,125,000
Purchase of Computers	0	0	0	0	2,294,880
Purchase of ICT and Communication equipment	0	0	0	260,000	260,000
Purchase of Office equipment	0	0	0	56,000	225,500
Purchase of Household Equipment	0	0	0	0	11,000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>316,000</b>	<b>33,875,780</b>

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

**10.8. 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		
	Kes	Kes	Kes	Kes	Kes
<b>Transfers to National Government entities</b>					
Kenya Water Towers Agency	0	0	0	0	240,000
Kenya Wildlife Services	0	0	0	0	240,000
Climate Change Directorate	0	0	0	0	240,000
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>720,000</b>
<b>Transfers to Others</b>					
CFAs	0	0	0	336,500	823,500
	<b>0</b>	<b>0</b>	<b>0</b>	<b>336,500</b>	<b>823,500</b>
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>336,500</b>	<b>1,543,500</b>

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



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

**10.9. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	<b>2019/20</b>	<b>2018/19</b>
	<b>Kes</b>	<b>Kes</b>
Bank accounts (Note 10.9A)	66,548,376.56	66,534,930.56
<b>Total</b>	<b><u>66,548,376.56</u></b>	<b><u>66,534,930.56</u></b>

The project has two project accounts maintained at the project headquarters and one foreign currency designated accounts managed by Kenya Forest Service as listed below:

**10.9. A Bank Accounts**

**Project Bank Accounts**

	<b>2019/20</b>	<b>2018/19</b>
	<b>Kes</b>	<b>Kes</b>
<b><u>Foreign Currency Accounts</u></b>		
Kenya Commercial Bank EUR [A/c No:1181839513]	3,329,026.64	3,329,026.64
<b>Total Foreign Currency balances</b>	<b><u>3,329,026.64</u></b>	<b><u>3,329,026.64</u></b>
<b><u>Local Currency Accounts</u></b>		
Kenya Commercial Bank Kes [A/c No: 1181839106]	63,116,034.17	63,102,588.17
Co-operative Bank of Kenya Kes [A/c No. 01141532868702]	103,315.75	103,315.75
<b>Total local currency balances</b>	<b><u>63,219,349.92</u></b>	<b><u>63,205,903.92</u></b>
<b>Total bank account balances</b>	<b><u>66,548,376.56</u></b>	<b><u>66,534,930.56</u></b>

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

**10.10. 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>
Ecosystem Conservator Bungoma	4,214,982	02-Dec-16	4,214,982	-	32,849.00
Ecosystem Conservator Busia	2,787,930	02-Dec-16	2,785,501	2,429.50	2,429.50
Ecosystem Conservator Elgeyo Maraket	4,917,812	02-Dec-16	4,916,201	1,611.10	1,989.10
Ecosystem Conservator Kakamega	1,382,500	02-Dec-16	1,380,112	2,388.50	2,388.50
Ecosystem Conservator Kisumu	1,198,797	02-Dec-16	1,197,580	1,217.00	2,603.00
Ecosystem Conservator Nandi	2,085,215	02-Dec-16	2,083,215	2,000.00	2,000.00
Ecosystem Conservator Siaya	1,382,500	02-Dec-16	1,381,604	896.00	2,717.00
Ecosystem Conservator Trans Nzoia	5,090,663	02-Dec-16	5,088,738	1,925.00	1,925.00
Ecosystem Conservator Uasin Gishu	1,584,495	02-Dec-16	1,582,677	1,818.00	1,818.00
Ecosystem Conservator Vihiga	2,085,215	02-Dec-16	2,085,036	179.00	2,000.00
Ecosystem Conservator West Pokot	2,084,772	02-Dec-16	2,083,654	1,118.00	2,000.00
Kenya Water Towers Agency	9,479,540	16-Mar-17	9,478,666	874.50	27,421.00
<b>Total</b>	<b>38,294,421</b>		<b>38,277,964.40</b>	<b>16,456.60</b>	<b>82,140</b>

*\*The balance of Kes 16,457 was retained at the field offices to take care of the bank charges.*

**10.11. FUND BALANCE BROUGHT FORWARD**

	<b>2019/20</b>	<b>2018/19</b>
	<b>Kes</b>	<b>Kes</b>
Fund Balance	66,617,071	71,421,047
<b>Total</b>	<b>66,617,071</b>	<b>71,421,047</b>

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

**10.12. CHANGES IN RECEIVABLE**

<b>Description of the error</b>	<b>2019 - 2020</b>	<b>2018 – 2019</b>
	<b>Kes</b>	<b>Kes</b>
Outstanding Imprest as at 1 <sup>st</sup> July (A)	82,140	8,050,667
Imprest issued during the year (B)	0	0
Imprest surrendered during the Year (C)	(65,684)	(7,968,527)
Net changes in account receivables D= A+B-C	<b>16,456</b>	<b>82,140</b>

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


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal 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	Outstanding Imprest: As at the time of the final audit Kshs. 82,140 had not been surrendered or accounted for. The balance of Kshs.82,140 of the total sum remained outstanding as at 30 June 2019. Of this outstanding amount Kenya Water Towers Agency holds Kshs.27,421.00 and Bungoma Ecosystem conservator Of Kshs.32,849.00	The amounts have since been surrendered substantially and the few balances will take care of the bank charges as the project is being closed	David Chege Project manager	Resolved	31-Dec-2020

  
Chief Conservator of Forests

Date

14/9/2020

  
Project Manager

Date

14/9/2020

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**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance</b>
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	0	0	0	0	
Proceeds from domestic and foreign grants	0	0	0	0	
Proceeds from borrowings	0	0	0	0	
Miscellaneous receipts	0	0	0	0	
<b>Total Receipts</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Payments</b>					
Compensation of employees	0	0	0	0	
Purchase of goods and services	52,238	52,238	0	100%	The project was suspended by the Donor
Social security benefits	0	0	0	0	
Acquisition of non-financial assets	0	0	0	0	
Transfers to other government entities	0	0	0	0	
Other grants and transfers	0	0	0	0	
<b>Total payments</b>	<b>52,238</b>	<b>52,238</b>	<b>0</b>	<b>100%</b>	

*Explain all variance below 90% and above 100%*

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**ANNEX 2 – SUMMARY OF FIXED ASSET REGISTER**

<b>Asset class</b>	<b>Opening Cost (Kes) 2019/20 (a)</b>	<b>*Purchases/Additions in the Year (Kes) 2019/20 (b)</b>	<b>**Disposals in the Year (Kes) 20xx/xx (c)</b>	<b>Transfers in/(out) Kes 20xx/xx (d)</b>	<b>Closing Cost (Kes) 20xx (e)= (a)+ (b)-(c)+(-)d</b>
Motor Vehicles	26,959,400	0	0	0	26,959,400
Motor Cycles	4,125,000	0	0	0	4,125,000
Computers and ICT Equipments	2,554,880	0	0	0	2,554,880
Office and Household Equipments	236,500	0	0	0	236,500
<b>Total</b>	<b>33,875,780</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,875,780</b>

*Notes*

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

*\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.*



**APPENDICES**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations
- iii. Cash Count Certificate



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