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**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY PADDU I AID	
DATE: 20 APR 2023	DAY: Thursday
TABLED BY:	Hon Owen Baya, MP Deputy leader, Majority
CLERK-AT THE TABLE:	Moses Lemvna

**THE AUDITOR-GENERAL**

**ON**

**SOUND CHEMICALS MANAGEMENT  
MAINSTREAMING AND UPOPS REDUCTION  
IN KENYA PROJECT (GRANT NO.P0099820)**

**FOR THE YEAR ENDED  
30 JUNE, 2022**

**MINISTRY OF ENVIRONMENT  
AND FORESTRY**



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

03 NOV 2022

**RECEIVED**

**PROJECT NAME: Sound management mainstreaming and UPOPS Reduction in Kenya**

**IMPLEMENTING ENTITY: Ministry of Environment and Forestry**

**PROJECT GRANT/CREDIT NUMBER: P0099820**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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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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## **Table of Contents**

1 Project Information and Overall Performance .....	iii
2 Statement of Performance against Project's Predetermined Objectives .....	xiv
3 Environmental and Sustainability reporting.....	xviii
4. Statement of Project Management responsibilities .....	xx
5.Report of the Independent Auditor on (Upops) .....	xxii
6.Statement of Receipts and Payments for the year ended 30th June 2022.....	1
7 Statement of Financial Assets as at 30 <sup>th</sup> June 2022 .....	3
8 Statement of Cashflow for the year ended 30 <sup>th</sup> June 2022 .....	4
9. Statement of Comparison of Budget and Actual amounts for the year ended 30 <sup>th</sup> June 2022 .....	6
10. Significant Accounting Policies .....	8
11.Notes to the Financial Statements .....	15
12. Other Important Disclosures .....	29
13.Progress on follow up of the prior year auditor's recommendation .....	35
14.Annexes.....	41

## 1 Project Information and Overall Performance

### 1.1 Name and registered office

**Name** The project's official name is **Sound Chemicals Management Mainstreaming and UPOPs Reduction in Kenya,**

#### **Objective**

The key objective of the project is to protect human health and environment

#### **Address**

The project headquarters offices are Nairobi city, Nairobi Country, Kenya.

The address of its registered office is

UPOPS Project unit

Ministry of Environment and Forestry

NHIF Building, Upper Hill,

P.O. Box 30126 - 00100

Nairobi

#### **Contacts:**

The following are the project contacts

Telephone: (254) 20 2730808/09 Ext. 1257,

E-mail: [upops@gmail.com](mailto:upops@gmail.com)/ [psoffice@environment.go.ke](mailto:psoffice@environment.go.ke)

Website: [www.upops.environment.go.ke](http://www.upops.environment.go.ke)

**Project information and overall performance (continued)**

**1.2 Project Information**

<b>Project Start Date:</b>	The project start date is May 2016
<b>Project End Date:</b>	The project end date is 31 <sup>st</sup> December ,2021.
<b>Project Manager:</b>	The project manager is Mr Francis Kihumba
<b>Project Sponsor:</b>	The project sponsor is GEF through UNDP Kenya

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry Environment and Forestry.
Project number	P00099820
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> <li><b>1. Sound Management of Chemicals</b> <ol style="list-style-type: none"> <li>a. Improve the country legislation on chemicals, with the objective to assist the environmentally sound management of hazardous chemical, define quality and technical standards for disposal processes;</li> <li>b. Increase the knowledge and awareness of risks related to chemicals with a life cycle perspective, promoting alternatives to POPs and other hazardous substances, preventing the use of materials that may generate / release POPs as a consequence of their improper disposal, ensuring the proper disposal of chemicals to avoid their release in the environment;</li> <li>c. Ensure that the country has the capacity to monitor the presence of POPs in the relevant environmental media, with specific focus on air quality, atmospheric emissions and specific waste streams.</li> </ol> </li> <li><b>2. Health-care waste management</b> <ol style="list-style-type: none"> <li>a. Increase segregation and minimisation of waste;</li> <li>b. Improvement of HCW disposal technology and increased centralisation of waste disposal.</li> <li>c. Therefore, the strategy of the project is to rank project facilities in 3 categories:                             <ol style="list-style-type: none"> <li>(i) Small facilities where no treatment or disposal plant will be installed under the project. In these facilities, the project assistance aims instead at ensuring minimization of waste production, proper segregation, and safe storage/transportation. Basic waste disposal</li> </ol> </li> </ol> </li> </ol>

	<p>equipment will be provided to these hospitals (bags, bins, carts, sharp boxes).</p> <p>(ii) Large or medium size facilities currently equipped with out of order or sub-standard incinerators, which can be replaced under the project by non-incineration equipment for the treatment of waste, generated by the same facility or by the small facilities in point (1) above. It is envisaged that under the project a maximum number of 4 medium size non-incineration equipment composed by shredders and non-combustion equipment will be deployed to these facilities. In these facilities, the project will provide training and technical assistance, basic waste disposal equipment, and the waste treatment equipment.</p> <p>(iii) A large or medium size HCF currently equipped with a working double-chamber incinerator, which can be used to dispose waste generated by the same facility or by the small facilities in previous point 1. In this facility, after proper technical and financial feasibility study, the incinerator will be upgraded by installing a complete APCM train which may include quencher, bag-filter, neutralizer, and an activated charcoal column. The upgraded incinerator will be used for disposing only the hazardous waste which cannot be processed differently. The incinerator will dispose therefore the hazardous waste generated by the hospital itself or by the HCF listed under the previous point (2) after steam disinfection. Please note that this still synergizes with the activities described below as part of the “Clean Teach East Africa” initiative, as the latter will focus on the Nairobi area and this project can focus on another geographic area</p> <p><b>3. Municipal Waste</b></p> <p>a. Creation of alternative approaches to composting in pilot counties;</p> <p>b. Support to the development of a new stream of recycling for plastics in these counties;</p> <p>c. Development of emergency measures in one priority site, particularly to avoid accidental or voluntary burning of wastes.</p>
<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <p>(i) Streamlining sound management of chemicals and waste into national and county development activities through capacity building of MOEF, MOH, county governments of Nairobi, Kisumu, Nakuru and Mombasa and the NGOs;</p> <p>(ii) Introducing environmentally sound management of health care waste in selected healthcare facilities; policy and strategic plans to prepare them to adopt BAT and BEP disposal;</p>

	<p>(iii) Demonstration of sound healthcare waste disposal technologies in a selected number of healthcare facilities in each the county;</p> <p>(iv) Minimizing releases of unintentionally produced POPs from open burning of waste; and</p> <p>Monitoring, learning, adaptive feedback, outreach and evaluation</p>
Other important background information of the project	<p>Kenya is a party to the Stockholm Convention on Persistent Organic Pollutants (POPs), having ratified the Convention in September 2004. The country subsequently developed its National Implementation Plan (NIP) in 2007. Like other signatories to the Convention, Kenya completed the process of updating the NIP in accordance with the provisions of Article 7 of the Convention and in view of the amendments made to the convention since ratification. Through this process, Kenya developed and amended in a systematic and participatory manner, priority policy and regulatory reforms as well as capacity building needs and required investment programs for POPs since 2004. The process also enabled Kenya to establish inventories of products/articles containing POPs, industrial processes using them and to provide useful information on the concentration levels and distribution of POPs across the country.</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following area</p> <p>(i) Health care Waste</p> <p>(ii) Municipal Waste to reduce open burning of wastes</p>
Project duration	<p>The project started on May 2016 and is expected to run until 31 December 2021</p>

## **Project Information and Overall Performance (Continued)**

### **1.4 Bankers**

The following are the bankers for the current year:

1. Central Bank of Kenya 1000407867-Special Deposit Account up to date
2. Central Bank of Kenya 1000392387- Project operating account- up to date

### **1.5 Auditors**

The project is audited by the office of the Auditor General and UNDP appointed auditors

### **1.6 Roles and Responsibilities**

The project organization structure has Project Steering Committee as the overall oversight and decision-making body. It is consisted of members from the Ministry of Environment and Forestry, the principle secretary being the executive with a co-chair from UNDP. Other members are The National Treasury and senior beneficiaries of Ministry of Health and NEMA.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Dr. Chris Kiptoo, CBS	Principal Secretary	Doctorate in International Macroeconomics Finance Specialization	Oversight and accounting officer
Mr. Cyrus Mageria	Ag. Director MEAs	Master of Science in Natural Resource Management and Public Resource Management	-National Project Director implementation and oversight
Mr. Francis Kihumba	Ag. Project Manager	Masters of Applied Sciences (BSc), Environmental Chemistry	-Prepare and update project work plans. -Coordinate the Project Management Unit (PMU) quarterly work

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

			<p>planning and progress reporting meetings with the NPC, PMU, and UNDP;</p> <ul style="list-style-type: none"> <li>- Ensure that all agreements with implementing agencies are prepared, negotiated and agreed upon.</li> <li>-TORs Preparations</li> </ul>
Ms. Mercy Kimani	Project Assistant	Bachelor of Arts, Counselling Psychology; Higher Diploma in Public Relations and Personnel Management	<ul style="list-style-type: none"> <li>-Provide necessary assistance in the operational management of the project according to the project document and the NEX procedures.</li> <li>-Draft correspondence on administrative and program matters pertaining to the Project Office responsibilities;</li> <li>-Provide support in preparing project events, including workshops, meetings (monthly, quarterly and annual), study tours, trainings, etc., as required. This also includes preparation of background materials for use in discussions and briefing sessions on project matter;</li> <li>-Logistical arrangements. This includes visa, transportation, hotel bookings for project staff, consultants and invited guests coming for project activities;</li> <li>-Be responsible for project filing system. This includes setting up the filing, numbering of all incoming and outgoing correspondence.</li> <li>-Prepare regular list of events for sharing of information within project staff and outside;</li> <li>vii. Assist with project communication activities, including publications;</li> </ul>

***Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022***

Nancy Narasha	Finance and Administration Officer	Masters of applied economics BCOM Finance	Operation management of the project Procurement TORs Preparations Prepare quarterly advance requests as required to get advance funds from UNDP Handle incoming requests for funds from Responsible Parties and prepare them for input and approval by NPM and NPC Project budget monitoring and project budget revision
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**1.7 Funding summary**

The Project is for duration of 5 years from 2016 to 2021 with an approved budget of US\$ 4,515,000 (use donor currency) equivalent to Kshs 451,500,000 as highlighted in the table below:

Below is the funding summary:

Project information and overall performance (continued)

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency USD	Kshs	Donor currency USD	Kshs
(i) Grant	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
UNDP-KENYA	4,515,000	451,500,000	3,054,161.00	370,317,021	669,550.34	81,182,979
(ii) Counterpart funds	4,515,000	451,500,000	3,054,161.00	370,317,021	669,550.34	81,182,979
Government of Kenya						
Cash	451,500	45,150,000	37,889.78	4,594,136	334,481.35	40,555,864.00
In-kind	8,128,653	812,865,300	-	-	-	-
In-kind private /Bilateral	12,428,650	1,242,865,000	-	-	-	-
<b>Total</b>	<b>21,523,803</b>	<b>2,552,380,300</b>	<b>3,092,050.78</b>	<b>374,911,157</b>	<b>966,141.91</b>	<b>121,738,843</b>

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2022)		Cumulative amount paid to date – (30 <sup>th</sup> June 2022)	Unutilised balance to date (30th June 2022)	
	Donor currency	Kshs		Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
UNDP	3,052,676.46	370,317,021	370,295,814.70		21,206.30
	3,052,676.46	370,317,021	370,295,814.70		21,206.30
					-
					-
(i) Counterpart funds					-
Government of Kenya					-
Cash	37,889.78	4,594,136	4,594,136		-
In-kind					-
In-kind private/Bilateral					-
<b>Total</b>	<b>3,092,050.78</b>	<b>374,911,157</b>	<b>374,889,950.70</b>		<b>21,206.30</b>

**Project information and overall performance (continued)**

**1.5 Summary of Overall Project Performance: Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for current year and for cumulative
- ii) Budget performance against actual amounts for current year and for cumulative to-date,
- iii) Physical progress based on outputs, outcomes, and impacts since project commencement,
- iv) Comment on value-for-money achievements,

The project uses government procedures to incur expenses and due diligence is done before a contract is issued. The goods and services are acquired through competition to obtain better quality of goods or services in more suitable quantities, just in time when needed, from better suppliers at prices that continue to improve.

- v) Indicate the absorption rate for each year since the commencement of the project.

**Absorption rate**

2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
66%	77%	88%	61%	67%	100%

The least performing year was 2019/2020 which the project experienced recurring changes in ministry's executive and in addition, the project was affected by restrictions imposed due to COVID 19 pandemic

- vi) *List the implementation challenges and recommended way forward.*

No	Challenges	Way forward
1	a.Two interruptions of End of Financial Year for the donor and GOK means the project loses 4 months in a year	Proper planning
2	The IFMIS closure of requisition window means that the project is	Donor funded project should not be subjected to IFMIS closure

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

	unable to capture its commitments in good time hence affecting expenditure levels which intern affects funds disbursement and this leads to budget cuts with UNDP	
3	Turnover of employee	Project was allowed to retain interns to enable project implementation to run smoothly
4	High turnover of executive and management within the Ministry of environment	Political goodwill

**Summary of Project Compliance:**

- i) The project has complied with all the relevant laws and procedures.
- ii) Consequences suffered on account of non- compliance or likely to be suffered **Not applicable**
- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance **Not applicable**

## **2 Statement of Performance against Project's Predetermined Objectives**

Sound chemicals Management Mainstreaming and UPOPS Reduction Project is Grant from GEF through UNDP. The project uses Grant Revenue and Grant Appropriation In Aid financed modalities of cash transfer. The project attained 67% absorption rate and met its objectives for the 2020/21FY. The remaining objectives are held up in procurement processes and continuous Monitoring and evaluation is being done to ensure that the project meets all its targets.

### **Background**

Kenya is party to Multilateral Environmental Agreements for instance the Stockholm Convention on Persistent Organic Pollutant which requires Kenya to put in place measures to safeguard the Environmental Health of its people through safe disposal of waste. The Ministry of Environment being the focal point of these MEAs is implementing the Sound Chemicals Management Mainstreaming and UPOPS reduction project to achieve the objective of safe health and environment. In this regard, the project has put in place measures to achieve these objectives.

### **The key development objectives of the project's 2016-2021 plan are to:**

- a) Streamlining sound management of chemicals and waste into national and county development activities through capacity building of institutions and county governments of Nairobi, Kisumu, Nakuru and Mombasa.

This objective involves developing chemical laws for example policies and regulations on safe management of chemicals in the country.

- b) Introduce environmentally sound management of health care waste in selected healthcare facilities; policy and strategic plans to prepare them to adopt best alternative Technologies and Best Environmental Practices disposal.
- c) Personnel of hospital facilities and control authorities at central and county levels have enough capacity guidance and equipment to manage healthcare waste in an Environmental Sound Manner
- d) Demonstration of sound healthcare waste disposal technologies in a selected number of healthcare facilities in each county

- e) Minimizing releases of unintentionally produced persistent organic Pollutants from open burning of waste.

**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 measure

Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Sound Chemicals Management Mainstreaming and UPOPS reduction	The project intends to protect human health and the environment by managing the risks posed by production, use, import and export of chemicals and reducing / preventing the release of U-POPs and toxic compounds originating from the unsafe management of waste in Health Care Waste and Municipal Waste.	-Policy and legal framework -Institution strengthening -Medical Waste - Management -Municipal Waste Management	Number of Policy and regulations put in place Number of trainings done Consultancy and Medical Waste commodities purchased 3Rs upscaling and Awareness creation	In FY 19/20 we developed a Chemicals Regulations Policy, Revised Hazardous Medicals Waste Policy and Reviewed the Pest Control Products Act. Training of Ministry of Health staff on IRAT tool. Best Environmental Practices encouraged and Health care Waste Commodities

*Sound chemicals management mainstreaming and UOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

				for 13 facilities were purchased. -100 metric tonnes of POPS eliminated due to the concerted efforts done.
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### **3 Environmental and Sustainability reporting**

#### **1. Sustainability strategy and profile**

Institutions were identified for strengthening in terms of hardware and software, the WRA Central Water Testing Laboratory elevated and equipped to provide referral services to other regional laboratories on water.

The project has involved and supported the Universities to develop a curriculum that teaches Multilateral Environmental Agreements to students. This will help in knowledge transfers and development on short courses.

The project also supported the development and validation of the Environment Management and Coordination Regulations 2018. The regulation provides for proper chemicals management through its life-cycle which shall be enforced. The regulation will support - Environment, Safety and Health, Hazard and Toxic Chemicals, Ecotoxicology of chemicals used, Management, safety, handling and storage, Obsolete chemicals and Chemicals banned in other countries.

#### **2. Environmental performance**

. In the last 4 years, the project has trained officers from different institution, Water Resources Authority officers, NEMA, CBO's, County Government and Health Care Waste Management workers on their core skills when it comes to MEAs, waste management and sound disposal. The knowledge transfer will go a long way in developing the institution memory.

#### **3. Employee welfare**

In the last 4 years, the project has trained officers from different institution, Water Resources Authority officers, NEMA, CBO's, County Government and Health Care Waste Management workers on their core skills when it comes to MEAs, waste management and sound disposal. The knowledge transfer will go a long way in developing the institution memory

#### **4. Market place practices-**

The project in the procurement of goods and services

- a) Uses the Ministry's procedures in procurement fully and in compliance with public procurement and Asset Disposal Act 2015. This ensures that proper guidelines and processes have been followed to enable smooth operations of the project, competitiveness and value for money is achieved.
- b) Vulnerable groups of Youth, Women and Disables have been incorporated in the quotations and tendering processes of the project.

## **5. Community Engagements**

The Sound Chemicals Management Mainstreaming and UPOPS Reduction project objectives is on development of policies in waste management that will help the country in Managing the wastes coming out from Medical wastes as well as Municipal waste in a sound manner. The project has put in place the following measures to ensure continuity of the objectives.

#### **4. Statement of Project Management responsibilities**

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator for Ag. Project Manager for Sound Chemicals Management Mainstreaming and UPOPS Reduction 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 (period) ended on June 30, 2022.

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 (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator for Ag. Project Manager for Sound Chemicals Management Mainstreaming and UPOPS Reduction project* accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator for Ag. Project Manager for Sound Chemicals Management Mainstreaming and UPOPS Reduction 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/period ended June 30, 2022, and of the Project's financial position as at that date. The *Principal Secretary* for Environment and Forestry and the *Project Coordinator for Ag. Project Manager for Sound Chemicals Management Mainstreaming and UPOPS Reduction project* further confirm the completeness of the accounting records maintained for the

***Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022***

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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 for Environment and Forestry and the *Project Coordinator* for ***Ag. Project Manager*** for ***Sound Chemicals Management Mainstreaming and UPOPS Reduction 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/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the *Principal Secretary* for the Ministry of. Environment and Forestry and the *Project Coordinator* for ***Ag. Project Manager*** for ***Sound Chemicals Management Mainstreaming and UPOPS Reduction project*** on

28/10/ 2022 and signed by them.



Dr. Chris Kiptoo  
Principal Secretary

30/9/22



Francis kihumba  
Project Coordinator



Enock Maticha  
Project Accountant

ICPAK Member No: 2330

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Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

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

## **REPORT OF THE AUDITOR-GENERAL ON SOUND CHEMICALS MANAGEMENT MAINSTREAMING AND UPOPS REDUCTION IN KENYA PROJECT (GRANT NO.P0099820) FOR THE YEAR ENDED 30 JUNE, 2022 - 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, gazette 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 controls, 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 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

### Qualified Opinion

I have audited the accompanying financial statements of Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project set out on pages 1 to 39, which comprise of the statement of financial assets as at 30 June, 2022, and the 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya Project as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.0099820 dated 21 July, 2016 between the United Nations Development Programme (UNDP) and the Government of Kenya (GOK) and the Public Finance Management Act, 2012.

In addition, the special accounts statement presents fairly the special accounts transactions, and the closing balance has been reconciled with the books of accounts.

### Basis for Qualified Opinion

#### Variations between the Statement of Receipts and Payments and Statement of Comparison of Budget and Actual Amounts

The following inaccuracies were noted in the statements as shown below:

Item	Statement of Receipts and Payments (Kshs.)	Statement of Comparison of Budget and Actuals (Kshs.)	Variance (Kshs.)
Transfer from Government Entities	4,763,200	-	4,763,200
Compensation of Employees	7,588,275	3,898,276	3,689,999
Purchase of Goods and Services	86,817,409	85,744,208	1,073,201
Total Payments	94,405,684	89,642,484	4,763,200

In addition, the statement of comparison of budget and actual amounts has a casting error of Kshs.6,240,000 on the final expenditure budget column.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sound Chemicals Management Mainstreaming and UPOPS Reduction in Kenya 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 qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

The statement of comparison of budget and actual amounts reflects final budget and actual on comparable basis of Kshs.137,000,000 and Kshs.89,661,416 respectively resulting to under-funding of Kshs.27,338,584 or 23% of the budget. Similarly, the Project spent Kshs.89,642,484 against an approved budget of Kshs.137,000,000 resulting to an under-expenditure of Kshs.53,597,516 or 34% of the budget.

The under-funding and under-expenditure affected the planned activities of the Project and may have impacted negatively on service delivery to the public.

## **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 governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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**

The 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 controls 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 controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes

and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 controls 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 controls.
- 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 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 controls 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**

**18 November, 2022**

6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	Receipts and payments controlled by the entity		Payments made by third parties		Receipts and payment controlled by the entity		Payments made by third parties		Total	Cumulative to-date (From inception)
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.		
		2021-2022		2020-2021							
<b>Receipts</b>											
Transfer from Government entities	1	4,763,200.00	-	4,763,200.00	875,500	-	875,500	-	875,500	4,594,136	
Proceeds from domestic and foreign grants	2	71,711,016	17,950,400	89,661,416	31,280,297	59,057,955	90,338,252		90,338,252	370,317,021	
Loan from external development partners	3	-	-	-	-	-	-	-	-	-	
Miscellaneous receipts	4	-	-	-	-	-	-	-	-	-	
Total receipts		76,474,216	17,950,400	94,424,616	32,155,797	59,057,955	91,213,752		91,213,752	374,911,157	
<b>Payments</b>											
Compensation to employees	5	7,588,275.10	-	7,588,275.10	8,917,117	1,037,450	9,954,567		9,954,567	59,647,341.10	
Purchase of goods and services	6	68,867,009.60	17,950,400	86,817,409.60	23,874,427	17,757,105	41,631,532		41,631,532	264,271,044.60	
Social security benefits	7	-	-	-	-	-	-	-	-	3,124,800	
Acquisition of non-financial assets	8	-	-	-	-	40,263,400	40,263,400		40,263,400	47,846,765	

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

	Note	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	Cumulative to-date (From inception)
Transfers to other government entities	9	-	-	-	-	-	-	-
Other grants and transfers /payments	10	-	-	-	-	-	-	-
<b>Total payments</b>		<b>76,455,284.70</b>	<b>17,950,400</b>	<b>94,405,684.70</b>	<b>32,791,545</b>	<b>58,655,055</b>	<b>91,849,502</b>	<b>374,889,950.70</b>
<b>Surplus/ (deficit)</b>		<b>18,931.30</b>	<b>0</b>	<b>18,931.30</b>	<b>(635,748)</b>	<b>-</b>	<b>(635,748)</b>	<b>21,206.30</b>

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

  
.....  
Dr. Chris Kiptoo, CBS  
Principal Secretary

  
.....  
Francis Kihumba  
A.g Project Coordinator

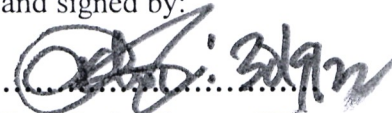
  
.....  
Enock Maticha  
Project Accountant  
ICPAK Member No: 23317


*Sound Chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**7 Statement of Financial Assets as at 30<sup>th</sup> June 2022**

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	11.A	21,206.30	2,275
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
<b>Total Cash and Cash equivalents</b>		<b>21,206.30</b>	<b>2,275</b>
Imprests and Advances	12	-	-
<b>Total Financial Assets</b>		<b>21,206.30</b>	<b>2,275</b>
<b>Financial Liabilities</b>			
Deposits and Retention monies	13	-	-
<b>Net Assets</b>		<b>21,206.30</b>	<b>-</b>
<b>Represented By</b>			
Fund Balance B/fwd.	14	2,275	638,022
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		18,931.30	(638,022)
<b>Net Financial Position</b>		<b>21,206.30</b>	<b>2,275</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 28/10/2022 and signed by:

  
.....  
**Dr. Chris Kiptoo ,CBS**  
Principal Secretary

  
.....  
**Francis Kihumba**  
A.g Project Coordinator

  
.....  
**Enock Maticha**  
Project Accountant  
ICPAK Member No: 29310

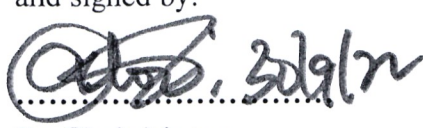
**8 Statement of Cashflow for the year ended 30<sup>th</sup> June 2022**

<b>Description</b>	<b>Notes</b>	<b>2021-2022</b>	<b>2020-2021</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from government entities	1	4,763,200.00	875,500
Proceeds from domestic and foreign grants	2	89,661,416	89,935,352
Miscellaneous receipts	4	-	-
<b>Total receipts</b>		<b>94,424,616</b>	<b>90,810,852</b>
<b>Payments</b>			
Compensation of employees	5	7,588,275.10	9,954,567
Purchase of goods and services	6	86,817,409.60	41,228,632
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
<b>Total Payments</b>		<b>94,405,684.70</b>	<b>51,183,199</b>
<b>Adjustments during the year</b>			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
<b>Net cash flow from operating activities</b>		<b>18,931.30</b>	<b>39,627,652</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	8	-	40,263,400
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>(40,263,400)</b>
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings	3	-	-

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Net cash flow from financing activities		-	
Net increase in cash and cash equivalents		18,931.30	(635,747)
<b>Cash and cash equivalent at beginning of the year</b>	<b>11</b>	<b>2,275</b>	<b>638,022</b>
<b>Cash and cash equivalent at end of the year</b>	<b>11</b>	<b>21,206.30</b>	<b>2,275</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 28/10/2022 and signed by:



Dr. Chris Kiptoo  
Principal Secretary



Francis Kihumba  
Project Coordinator



Enock Maticha  
Project Accountant

ICPAK Member No: 23310

9. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2022

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	20,000,000	-	20,000,000	-	-	0%
Proceeds from domestic and foreign grants	117,000,000	-	117,000,000	89,661,416	27,338,584	77%
Proceeds from borrowings						
Miscellaneous receipts						
<b>Total Receipts</b>	<b>137,000,000</b>	<b>-</b>	<b>137,000,000</b>	<b>89,661,416</b>	<b>27,338,584</b>	<b>77%</b>
<b>Payments</b>						
Compensation to employees	12,480,000	-	12,480,000	3,898,275.10	8,581,724.90	31%
Purchase of goods and services	130,760,000	-	130,760,000	85,744,208.60	45,015,791.40	66%
Social security benefits		-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>137,000,000</b>	<b>-</b>	<b>137,000,000</b>	<b>89,642,483.70</b>	<b>53,597,516.30</b>	<b>66%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,932.30</b>		

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

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

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.....  
Dr. Chris Kiptoo  
Principal Secretary



.....  
Francis Kihumba  
Project Coordinator



.....  
Enock Maticha  
Project Accountant  
ICPAK Member No: 28310

## **10. Significant Accounting Policies**

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

### **10.1 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.

### **10.2 Reporting entity**

The financial statements are for the project sound chemicals management mainstreaming and UPOPS Reduction under Ministry of Environment and Forestry. The financial statements are for the project sound chemicals management mainstreaming and UPOPS Reduction reporting entity as required by Section 81 of the PFM Act, 2012 .

### **10.3 Reporting currency**

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

### **10.4 Recognition of receipts**

project sound chemicals management mainstreaming and UPOPS Reduction recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

#### **i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**10. Significant Accounting Policies (Continued)**

**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 recognized in the financial statements at the time associated cash is received.

**iv) 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.

**v) Proceeds from borrowing**

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

**vi) 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.

**10.5 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 to employees**

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

**Significant Accounting Policies (Continued)**

**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 incur and paid for.

**iv) 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.

**v) 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.

**10.6 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.

## **10. Significant Accounting Policies (Continued)**

### **10.7 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.

### **10.8 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.

### **10.9 Imprests and Advances**

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.

### **10.10 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:

### **Significant Accounting Policies (Continued)**

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

#### **10.11 Contingent Assets**

Sound chemicals management mainstreaming and UPOPS Reduction project 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 Sound chemicals management mainstreaming and UPOPS Reduction project 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.

#### **10.12 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' 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.

### **Significant Accounting Policies (Continued)**

#### **10.13 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*.

#### **10.14 Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, Kshs 17,950,400.00 being loan disbursements were received in form of direct payments from third parties.

#### **10.15 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)**

**10.16 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.

**10.17 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, 2022.

**10.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note* 15 of these financial statements

## 11. Notes to the Financial Statements

### 1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
<i>Counterpart funding through Ministry xxx</i>			
Counterpart funds Quarter 1	46,200	-	88,400
Counterpart funds Quarter 2		775,500	1,075,300
Counterpart funds Quarter 3	609,000	-	3,330,436
Counterpart funds Quarter 4	4,108,000	100,000	100,000
<b>Total</b>	<b>4,763,200.00</b>	<b>875,500</b>	<b>4,594,136</b>
<i>Other transfers from government entities</i>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	-	-	-
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>

#### Note

The funds that were credited to the project bank Account totaling Kshs 4,763,200.00 during the year have not been added to the cumulative to date. These Credits were refund for payments earlier erroneously made from the project account and not new transfers from the Government into the account. Cumulative expenditure have also been reduced by the same amount.

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, 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 2021-2022	Grants received as direct payment* 2021-2022	Grants received in kind	Total amount in Kshs	
						2021-2022	2020-2021
			Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Multilateral Donors (International Organizations)							
UNDP	23/09/2020	-	-	-	-	-	15,923,134
UNDP	30/11/2020	-	-	-	-	-	23,866,300
UNDP	3/03/2021	-	-	-	-	-	15,357,163
UNDP	30/6/2021	-	-	-	-	-	-
UNDP	19/08/2021	-	7,933,316	-	-	7,933,316	-
UNDP	14/12/2021	-	5,845,040	-	-	5,845,040	-
UNDP	11/02/2022	-	33,221,644	-	-	33,221,644	-
UNDP	26/5/2022	-	24,711,016	-	-	24,711,016	-
UNDP	2021/2022	-	-	17,950,400	-	17,950,400	-
Total			71,711,016	17,950,400	-	89,661,416	90,338,252

**Notes to the Financial Statements (Continued)**

**3. Loan from External Development Partners**

During the financial period to 30 June 2022, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Kshs	
					2021-2022	2020-2021
Loans received from bilateral Donors (Foreign Governments)			Kshs	Kshs		
Insert name of foreign Government						
Insert name of foreign Government						
Loans received from Multilateral Donors (International Organizations)						
Insert name of international organization						
Insert name of international organization						
<b>Total</b>						

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

	2021-2022			2020/2021	Cumulative to- date (from inception) Kshs
	Receipts controlled by the entity in Cash Kshs	Receipts controlled by third parties Kshs	Total receipts Kshs	Total receipts Kshs	
Property income					
Sales of goods and services					
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere					
<b>Total</b>					

Note: There were no miscellaneous receipts during the financial year

*Sound chemicals management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

5. Compensation to Employees

	2021/2022			2020/2021		Cumulative to-date Kshs
	Payments made by the Entity in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs	Total payments Kshs		
Basic salaries of permanent employees	4,474,632.90	-	4,474,632.90	6,850,090	6,850,090	51,208,053.45
Basic wages of temporary employees	734,700	-	734,700	1,137,840	1,137,840	1,914,404.00
Personal allowances paid as part of salary	-	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-	-
PAYE, NSSF, NHIF	2,378,942.20	-	2,378,942.20	1,966,638	1,966,638	6,524,883.65
<b>Total</b>	<b>7,588,275.10</b>	<b>-</b>	<b>7,588,275.10</b>	<b>9,954,567</b>	<b>9,954,567</b>	<b>59,647,341.10</b>

Note

Compensation by employees totalling 3,690,000.00 earlier paid by the project which was refunded by Government have not been included in the cumulative emolument to date. These salaries were to be met from Government recurrent vote and not by the project.

**Notes to the Financial Statements (Continued)**

**6. Purchase of Goods and Services**

	2021/2022			2020/2021	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	-	-	-	-	1,093,532
Communication, supplies and services	-	-	-	204,000	675,200
Domestic travel and subsistence	2,686,980	-	2,686,980	6,832,002	28,875,130
Foreign travel and subsistence	-	-	-	1,564,496	8,166,164
Printing, advertising, and information supplies	-	-	-	2,032,000	2,032,000
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	4,921,153	36,563,003
Hospitality supplies and services	1,576,305	-	1,576,305	3,309,803	14,130,564.00
Insurance costs	-	-	-	-	-
Specialized materials and services	64,341,539.60	17,950,400	82,291,939.60	13,222,024	97,395,605.6
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	262,185.00	-	262,185.00	50,000	3,932,439
Routine maintenance- other assets	-	-	-	599,902	599,902
Paye special force	-	-	-	369,100	369,100
Refund to development	-	-	-	6,336,243	6,336,243
Monitoring and Evaluation	-	-	-	23,854,141	23,854,141
HCWM Commodities	-	-	-	10,931,708	10,931,708
AIA DSA regularization	-	-	-	29,316,313	29,316,313
Exchange rate losses/gains (net)	-	-	-	--	-
<b>Total</b>	<b><u>68,867,009.90</u></b>	<b><u>17,950,400</u></b>	<b><u>86,817,409.60</u></b>	<b><u>178,526,835</u></b>	<b><u>264,271,044.60</u></b>

**Note**

The receipt of cash Kshs 1,073,200.00 that Government refunded to the project has been excluded from the cumulative to date. These expenses were to be funded by Government and not the project hence the refund.

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Notes to the Financial Statements (Continued)

7. Social Security Benefits

	2021-2022			2020-2021	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Government pension and retirement benefits	-	-	-	3,124,800	3,124,800
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2022			2020-2021	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	3,961,800	3,961,800
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	3,621,565	3,621,565
Purchase of specialised plant, equipment and machinery	-	-	-	23,463,400	23,463,400
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	<u>47,846,765</u>	<u>47,846,765</u>
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b><u>47,846,765</u></b>	<b><u>47,846,765</u></b>

**Notes to the Financial Statements (Continued)**

**9. Transfers to other Government Entities**

During the financial period to 30 June 2022, we transferred funds to reporting government entities as shown below:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2021			2021-2020	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
Transfers to County Governments	-	-	-	-	-
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

Note: There were no transfers to other Government entities

**10. Other Grants, Transfers and Payments**

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2022-2021			2020-2021	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Note:** There were no other grants ,transfers and payments during the financial year

**11. Cash And Cash equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts (Note 8.13A)	21,206.30	2,275
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
<b>Total</b>	21,206.30	<u>2,275</u>

*Sound Chemicals Management mainstreaming and UPOPS Reduction project*

has 3 number of project accounts spread within the project implementation area and 2 number of foreign currency designated accounts managed by the National Treasury as listed below:

**Project Bank Accounts**

1. Central Bank of Kenya 1000288547-Special Deposit Account ( not active)
2. Central Bank of Kenya 1000288547-Special Deposit Account
3. Central Bank of Kenya 1000288547-Project Operating Account

**11. A Bank Accounts**

**Project Bank Accounts**

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No 1000288547		1000
Kenya Commercial Bank [A/c No 1000407867]	-	0.80
Co-operative Bank of Kenya [A/c No.....]	--	1000.80
Others ( <i>specify</i> )	-	-
Total Foreign Currency balances	-	=
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No 1000392387]	21,206.30	2,275
Kenya Commercial Bank [A/c No.....]		2,275
Co-operative Bank of Kenya [A/c No.....]		
Others ( <i>specify</i> )		
Total local currency balances	21,206.30	<u>2,275</u>
Total bank account balances	<b>21,206.30</b>	<u>2,275</u>

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2022 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**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>(i) A/c Name : UNDP support to country program [A/c No 10002885470]</b>		1000.00
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	-	1000.00
<b>(ii) A/c Name Sound chemicals management mainstreaming and UPOPS Reduction project in Kenya [A/c No 1000407867]</b>	-	-
Opening balance (as per the SDA reconciliation)	-	0.80
Total amount deposited in the account	-	31,280,296.90
Total amount withdrawn (as per Statement of Receipts & Payments)	-	31,280,296.90
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	-	<b>0.80</b>

**Notes to the Financial Statements (Continued)**

**11 B Cash in hand**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations ( <i>specify</i> )	-	-
<b>Total cash in hand balances</b>	<b>=</b>	<b>=</b>

**11 C Cash equivalents (short-term deposits)**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	<b>=</b>	<b>=</b>

**12. Imprests and Advances**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests	-	-
Salary advances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Notes to the Financial Statements (Continued)**

**12b: Breakdown of Imprests and Advances**

<b>Name of Officer or Institution</b>	<b>Amount Taken</b>	<b>Due Date of Surrender</b>	<b>Amount Surrendered</b>	<b>Balance 2022</b>	<b>Balance 2021</b>
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>Officer 1</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

Note: There were no imprests or advances during the financial year

**13. Deposits and Retention Monies**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Retention	-	-
Deposits	-	-
<b>Total</b>	-	-

Note: There were no Deposits and Retention monies

**14. Fund Balance Brought Forward**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	Kshs	Kshs
Bank accounts	2,275	638,022
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
<b>Total</b>	<b>2,275</b>	<b>638,022</b>

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY (2020/2021 audited financial statements)	Adjustments	Adjusted balance b/f FY 2020/2021
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-
Total	-	-	-

16. Changes in Receivable

Description	2020-2021	2019-2020
	Kshs	Kshs
Opening Receivables as at 1 <sup>st</sup> July 2021	-	-
Closing account receivables as at 30 <sup>th</sup> June 2022	-	-
Change in Receivables	-	-

17. Changes in Accounts Payable

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 <sup>st</sup> July 2021	-	-
Closing accounts payables as at 30 <sup>th</sup> June 2022	-	-
Change in payables	-	-

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	4,161,550	-	4,161,550	-
<b>Total</b>	<b>4,161,550</b>	<b>-</b>	<b>4,161,550</b>	<b>-</b>

Note: This information is from page 8 of 20200/2021 financial statement

2. Pending Staff Payables (See Annex 3b)

	Balance b/f FY 2020/20 21	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	
Senior management		-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Other Important Disclosures (Continued)**

**3. Other Pending Payables (See Annex 3c)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
<b>Total</b>	-	-	-	-

**4. External Assistance**

	2021-2022	2020-2021
Description	Kshs	Kshs
External assistance received as grants	89,661,416	31,280,297
External assistance received as loans	-	00
External assistance received in kind- as payment by third parties	-	59,057,955
<b>Total</b>	<b>89,661,416</b>	<b>90,338,252</b>

*a). External assistance relating loans and grants*

	FY 2021/2022	FY 2020/2021
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Other Important Disclosures (Continued)**

*b) Undrawn external assistance*

	<b>Purpose for which the undrawn external assistance may be used</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>		Kshs	Kshs
Undrawn external assistance - loans		0	0
Undrawn external assistance - grants		81,182,979	170,844,395
<b>Total</b>		<b>81,182,979</b>	<b>170,844,395</b>

*c) Classes of providers of external assistance*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors	89,661,416	90,338,252
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	<b>89,661,016</b>	<b>90,338,252</b>

**Other Important Disclosures (Continued)**

*d. Non-monetary external assistance*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*e Purpose and use of external assistance*

<b>Payments made by third parties</b>	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation to employees	-	1,037,450
Use of goods and services	1,795,400	17,757,105
Subsidies	-	-
Transfers to other Government entities	-	-
Other grants and transfers	-	-
Social Security benefits	-	-
Acquisition of assets	-	40,263,400
Finance Costs including loan interest	-	-
Repayment of principal on domestic and foreign borrowing	-	-
Other payments	-	-
<b>Total</b>	<b>17,950,400</b>	<b>58,655,055</b>

***Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022***

**Other Important Disclosures (Continued)**

***f. External Assistance paid by third parties on behalf of Sound Chemicals Management mainstreaming and UPOPS Reduction project by Source***

*This relates to external assistance paid directly by third parties to settle obligations on behalf of Sound Chemicals Management mainstreaming and UPOPS Reduction project.*

	<b>FY 2021/2022</b>	<b>FY 2020/2021</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government	-	-
Multilateral donors	-	58,655,055
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	<b>58,655,055</b>

13.Prior

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**13. Progress on follow up of the prior year auditor's recommendation**

Reference No.on the external audit Report	Issue/observation fro Auditors	Management comments	Status (resolved/not resolved)	Time frame (put a date when you expect the issue to be resolved)
Para 13.	<p><b>Budget Control and Performance</b> The statement of comparative budget and actual amounts for the year ended 30 June, 2021 reflects actual receipts of Kshs.91,213,752 against budgeted receipts of Kshs.137,000,000 resulting in a short fall of Kshs.45,786,248 or 33% of the total budget. Further, actual expenditure for the year amounted to Kshs.91,849,502 against the final budgeted expenditure of Kshs.137,000,000 resulting to under absorption of Kshs.45,150,498 for which the management attributed to</p>	<p>It is true the statement of comparative budget and actual amounts for the year ended 30 June 2021 reflects actual receipts of Kshs.91,213,752 against budgeted receipts of Kshs.137,000,000 resulting to a short fall of Kshs.45,786,248 or 33% of the total budget. Further, actual expenditure for the year amounted to Kshs.91,849,502 against final budget expenditure of Kshs.137,000,000 resulting to under absorption of Kshs.45,150,498.</p> <p>The reasons for the short fall in the receipts and under absorption are:-</p> <p>i. Some contracts that would have been paid by</p>	<p>Appeared before the Parliamentary committee (PAC) and we are waiting for the PAC recommendation report.</p>	<p>Within six (6) months</p>

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

	<p><b>IFMIS disruptions, non-responsive tenders and Covid-19 pandemic.</b></p>	<p>UNDP through Appropriation-In-Aid disbursement mode had not been completed at the closure of the financial year hence payments were not made;</p> <p>ii. Delayed disbursement of funds budgeted as revenue from the donor (UNDP). Kshs.7,933,316 that was for financial year 2020/2021 was received by the project during financial year 2021/2022;</p> <p>iii. Delays in procurement due to non responsiveness of bidders to tenders advertised. These were for:</p> <p>a. The supply,</p>		
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		<p>waste treatment system with integrated shredding and steam decontamination cycle at Likoni and Kajiado Hospital;</p> <p>b. The supply, delivery and commissioning of biomedical waste transport truck for Nakuru County as per specifications;</p> <p>c. A proposed construction of waste management pits in Jaramogi Oginga Odinga and Kisumu East County Hospitals;</p>		
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*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

		<p>iv. The Covid 19 pandemic affected some planned activities due to restriction in movement and social distance requirement;</p> <p>v. IFMIS disruptions during the months of February and March, 2021 delayed issuance of contract purchase orders.</p>		
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**Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022**

<p><b>Para. 14.</b></p>	<p><b>Pending Bills</b></p> <p><b>Note 12(1) and (2) to the financial statements reflects pending bills amounting to Kshs.4,161,550 for supply of goods and services and a further Kshs.631,875 for unremitted statutory deductions relating to PAYE, NHIF and NSSF as at 30 June, 2021.</b></p> <p><b>The project is at risk of incurring significant interest costs and penalties with the continued delay in payments</b></p>	<p>It is true that Note 12(1) and (2) to the financial statements reflect pending bills amounting to Kshs.4,161,550 for supply of goods and services and a further Kshs.631,875 for unremitted statutory deductions relating to PAYE, NHIF and NSSF as at 30<sup>th</sup> June 2021.</p> <p>These bills resulted from delayed disbursement of funds from the donor (UNDP). During the financial year the project received Kshs.31,280,297 from the donor. Funding of Kshs. 7,933,316 that was for financial year 2020/2021 delayed and was received by the project on 16<sup>th</sup> August, 2021 of financial year 2021/2022 <b>Appendix 14(i).</b></p> <p>All these pending bills have since been settled. <b>Appendix 14(ii)</b></p>	<p>Appeared before the Parliamentary committee (PAC) and we are waiting for the PAC recommendation report.</p>	<p>resolved</p>
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*Sound Chemicals Management mainstreaming and UOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

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.....  
Principal Secretary  
Dr. Chris Kiptoo, CBS



.....  
Ag. Project Manager  
Francis Kihumba

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**14. Annexes**

**Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	20,000,000	-	-	0 %	In adequate exchequer funding
Proceeds from domestic and foreign grants	117,000,000	89,661,416	27,338,584	77 %	Contract ended December 2021.
Proceeds from borrowings	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-
<b>Total Receipts</b>	<b>137,000,000</b>	<b>89,661,416</b>	<b>27,338,584</b>	<b>77%</b>	<b>-</b>
<b>Payments</b>					
Compensation of employees	12,480,000	3,898,275.10	8,581,724.90	31%	Contract ended December 2021
Purchase of goods and services	130,760,000	85,744,209.60	53,597,516.30	66%	-
Social security benefits	-	-	-	-	-
Acquisition of non-financial assets					
Transfers to other government entities	-	-	-	-	-

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
Other grants and transfers	-	-	-	-	-
<b>Total payments</b>	<b>137,000,000</b>	<b>89,642,484.70</b>	<b>53,597,516.30</b>	<b>66%</b>	<b>-</b>

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex 2: Reconciliation of inter-entity transfers**

Project Name:		UPOPS	
Break down of transfers from the State Department of Environment and Forestry			
a.	Government Counterpart funding	Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
			-
			-
			-
	<b>Total</b>		-
B. Direct payments			
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
			-
	<b>Total</b>		-
		Bank Statement Date	Amount (Kshs)
			Indicate the FY to which the amounts relate
			-
	<b>Total (A+B+C)</b>		-

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

A.g Project Coordinator  
UPOPS project

*CFA. G. K. Guchuma*  
Head of Accounting Unit  
Ministry of Environment and Forestry

Sign-----  


Sign -----

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex 3a - Analysis of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
Sub-Total						
Construction of civil works						
3.						
4.						
Sub-Total						
Supply of goods						
5.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
Grand Total						

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex 3b - Analysis of Pending: Staff Bills**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020-2021	Outstanding Balance 2019/20	Comments
Permanent Employees - Management							
1.							
2.							
Sub-Total							
Permanent Employees - Others							
3.							
4.							
Sub-Total							
Temporary employees							
5.							
6.							
Sub-Total							
Others ( <i>specify</i> )							
7.							
8.							
Sub-Total							
Grand Total							

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex 3c - Analysis of other Pending Payables**

Name	Brief Description	Original Amount	Date Contracted	Payable Amount Paid To-Date	Outstanding Balance 2022	Outstanding Balance 2022	Comments
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
Reports and Financial Statements  
For the financial year ended June 30, 2022*

**Annex 4 – Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 2021/22	Donations in form of assets (KShs) 2021/22	*Purchases/ Additions in the Year (KShs) 2021/22	**Disposals in the Year (KShs) 2021/22	Transfers in/(out) Kshs 2021/22	Closing Cost (KShs) 2022
	(a)	(b)	(c)	(d)	(d)	(e)=(a)+(b)+c)-(d)+(-)d
Land						-
Buildings and structures						-
Transport equipment						1,055,965
Office equipment, furniture and fittings	1,055,965					2,565,600
ICT Equipment,	2,565,600					-
Other Machinery and Equipment	3,961,800					-
Lab Equipment	-		23,463,400			23,463,400
Heritage and cultural assets	-					-
Waste management shredder			16,800,000			16,800,000
Biological assets	-					
Infrastructure assets roads, rails	-					
Intangible assets	-					
Work in Progress	-					
<b>Total</b>	<b>7,583,365</b>		<b>40,263,400</b>			<b>47,846,765</b>

*Sound Chemicals Management mainstreaming and UOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex 5 – Contingent Liabilities Register**

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

*Sound Chemicals Management mainstreaming and UOPS Reduction project  
Annual Report and Financial Statements for the financial year ended June 30, 2022*

**Annex: 6 Reporting of Climate Relevant Expenditures**

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Source of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

*Sound Chemicals Management mainstreaming and UPOPS Reduction project  
 Reports and Financial Statements  
 For the financial year ended June 30, 2022*

**Annex 7 Disaster Expenditure Reporting Template**

Date:

Entity:

Period to which this report refers (FY)	Year			Quarter
Name of Reporting Officer				
Contact details of the reporting officer:	Email			Telephone
Column I	Column II	Column III	Column IV	Column V
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item

**Annex 8: Other Support Documents**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2022
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance

SOUND CHEMICALS MANAGEMENT AND MAINSTREAMING UPOS PROJECTS  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2022  
PART B: ACCOUNT RECONCILIATION

Credit No. UNEP GRANT

Bank Account No.1000401877 Held with CENTRAL BANK OF KENYA

	NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by UNEP - Opening Bal.		-
	Amount advanced by UNEP - Adv YR 2022		-
	Less:		
2	Total amount recovered by UNEP		-
3	<b>Outstanding amount to be documented</b>		-
	<b>Represented by:</b>		
4	Ending Special Account Balance as as 30 June 2022		-
5	Amounts claimed but not credited as at 30th June 2022		-
6	Amounts withdrawn and not claimed		-
7	Service Charges (if not included in lines 5 and 6 above)		-
8	Interest earned (if included in Special Account)		-
9	<b>Total advance to Special Account Year ended 30 June 2022</b>		-

Discrepancy between total appearing on line 3 and 9

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by SWEDEN and provide reasons for not claiming the expenditures

*Signature*

AUTHORISED REPRESENTATIVE  
 RESOURCE MOBILISATION DEPARTMENT  
 THE NATIONAL TREASURY

DATE: 02-08-2022

**SPECIAL ACCOUNT STATEMENT**

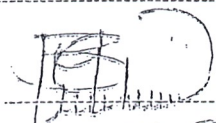
For period ending	<b>30th JUNE, 2022</b>
Account No.	<b>1000401877</b>
Depository Bank	<b>CENTRAL BANK OF KENYA.</b>
Address	<b>CENTRAL BANK OF KENYA.</b>
Related Loan	<b>SOUND CHEMICALS MGT AND MSTM. UPOPS</b>
Credit Agreement	
Currency	<b>USD</b>

Part A - Account Activity

Beginning balance of 1st July, 2021 as per C.B.K. Ledger Account	0.00
<b>Add:</b>	
Total Amount deposited by World Bank	0.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
<b>Deduct:</b>	
Total amount withdrawn	0.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2022	0.00

**AUTHORISED REPRESENTATIVE  
CENTRAL BANK OF KENYA**

SIGNATURE:

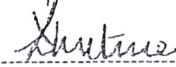


DATE

14.07.2022

**AUTHORISED REPRESENTATIVE  
EXTERNAL RESOURCES  
DEPARTMENT-TREASURY**

SIGNATURE:



DATE

02-08-2022

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2022 have been reconciled and a copy of the supporting Reconciliation Statement is attached.

Results 1 - 1 of 1

Branch: **CENTRAL BANK OF KENYA**  
**BANKI KUU YA KENYA**  
 P.O.BOX 60000-0200  
 NAIROBI  
 STATEMENT PERIOD: From 01/07/2021 To

STATEMENT OF ACCOUNT

PAGE 001

ACCOUNT NUMBER:

ACCOUNT TITLE: SOUND CHEMICALS MGT AND MSTAL UPOPS  
 30/04/2022

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL:				0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
				0.00	0.00
CLOSING BALANCE:					0

END OF ACCOUNT STATEMENT

Favourites TAM.E.STMT.OF.ACCT.EPRM

Account  1000401877  
 Statement From  20210701  
 Statement To  20220630

TAM.E.STMT.OF.ACCT.EPRM

Report of the Board of Survey on the Cash and Bank Balances of MINISTRY OF ENVIRONMENT AND FORESTRY(UPOPS 1108) AS AT THE CLOSE OF BUSINESS ON 30<sup>TH</sup> JUNE, 2022.

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

RODNEY OMARI	-	CHAIRMAN
CAROLINE WAMBUA	-	MEMBER
	-	MEMBER

Assembled at the Cash office Ministry HQS.  
At.....10.00 A.M. ....(time) on the 1<sup>ST</sup> JULY..., 2022

And the following cash was produced:

Notes	.. .. .	Sh .NIL
Silver	.. .. .	Sh NIL
Copper	.. .. .	Sh. NIL
Cheques (as per details on reverse)	.. .. .	NIL

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 .2022

Cash on hand	.. .. .	Sh. ...NIL
Bank balance	.. .. .	Sh 21,206.30
		<u>NIL</u>

The Bank Certificate of Balance showed a sum of Sh..THIRTY ONE MILLION,THREE HUNDRED AND SEVENTY NINE THOUSAND, NINE HUNDRED SIXTY NINE Cts. 00 only.....THIRTY CENTS..... (Sh 31,169,827.30...Cts. 00...)

Standing to the credit of the account on .....30<sup>th</sup> June, 2022.....

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 :.....*Rodney Omari*.....  
CHAIRMAN

CAROLINE WAMBUA :.....*Caroline Wambua*.....

JIMMY MUCHEKE :.....*Jimmy Mucheke*.....  
MEMBER OF THE BOARD

1<sup>ST</sup> JULY 2022

Date .....

SOUND CHEMICALS MANAGEMENT MAINSTREAMING AND UPOPS REDUCTION IN KENYA

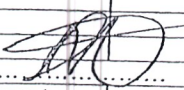
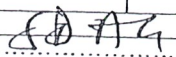
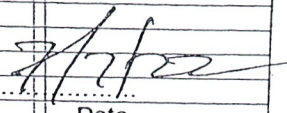
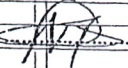
TRIAL BALANCE FOR THE YEAR ENDED 30 JUNE 2022

SNO	PARTICULARS	DR	CR
1.	Bal b/d		2,275
2.	Compensation to employees	7,588,275.10	
3.	Domestic travel and subsistence	2,686,980	
4.	Hospitality supplies and services	1,576,305	
5.	Specialized materials and services	64,341,539.60	
6.	Routine maintenance – vehicles and other transport equipment	262,185.00	
7.	Utilities, supplies and services	17,950,400	
8.	Exchequer		-
9.	Grants		89,661,416
10.	Bal c/d	21,206.30	
	<b>TOTAL</b>	<b>94,426,891.00</b>	<b>94,426,891.00</b>

Prepared by: Eunice Mbithe

Signature.....

Date.....28/10/2022

		REPUBLIC OF KENYA		F.O 30
		MINISTRY OF ENVIRONMENT AND FORESTRY		
		UPOPS-1108 (ME&F) 2021/2022		
		Account number : 1000392387		
		BANK RECONCILIATION STATEMENT AS AT 30.06.2022		
Balance as per bank certificate				Kshs. 31,379,969.30
Less				
1. Payments in cashbook not yet recorded in bank statement				35,466,763.00
2. Receipts in bank statement not yet recorded in cashbook				-
Add				
3. Payments in bank statement not yet recorded in casbook				-
4. Receipts in cashbook not yet recorded in bank statement.				4,108,000.00
Balance as per the cashbook.....				21,206.30
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: <u>DMARIS MAREGA</u>			Signature: 	



REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C UPOPS-1108 (ME&F) 2021/2022			
Account number : 1000392387			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 2)			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
		-	
	<b>TOTAL</b>	<b>NIL</b>	

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C UOPS-1108( ME&F) 2021/2022			
Account number : 1000392387			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 3)			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	

REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C UOPS-1108 (ME&F) 2021/2022			
Account number : 1000392387			
BANK RECONCILIATION STATEMENT AS AT 30.06.2022			
RECEIPTS IN CASHBOOK NOT RECORDED IN BANK STATEMENT(SCHEDULE 4)			
C B DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
27-Apr-22	Funds from Dev	418,000.00	
20-May-22	Funds from Dev	1,350,000.00	
29-Jun-22	Funds from rec	2,340,000.00	
	<b>TOTAL</b>	<b>4,108,000.00</b>	

