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**REPORT**

**OF**

THE NATIONAL ASSEMBLY	
DATE: 02 MAR 2022	DAY: WEDNESDAY
TABLED BY:	DEPUTY MAJORITY WHIP HON. MADKA MADRE
CLERK-AT THE-TABLE:	SAMUEL KALAMA

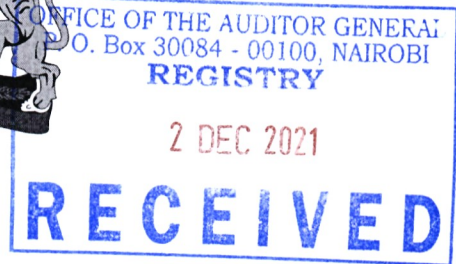
**THE AUDITOR-GENERAL**

**ON**

**KENYA GOLD MERCURY FREE ASGM  
PROJECT GRANT/PROJECT  
NO.GEF/UNDP/GOK-00108253**

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

**MINISTRY OF ENVIRONMENT  
AND FORESTRY**



**Project Name: Kenya GOLD Mercury Free ASGM Project**

**Implementing Entity: Ministry of Environment and Forestry**

**PROJECT GRANT/CREDIT NUMBER: GEF/UNDP/GOK-00108253**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2021**

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

**Kenya GOLD Mercury Free ASGM Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

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## **1. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **1.1 Name and registered office**

The project's official name is Kenya GOLD Mercury Free ASGM Project situated within the Ministry of Environment and Forestry at NHIF Building, Nairobi, Kenya

#### **Objective**

The key objective of the project is to reduce/eliminate mercury releases from the Kenyan Artisanal and Small-scale Gold Mining (ASGM) sector through:

Strengthening institutions and the policy/regulatory framework for mercury-free ASGM;

Increasing the access of mining communities to finance to enable the procurement of mercury-free processing technologies;

Increasing the capacity of mining communities for mercury-free ASGM through the provision of technical assistance, technology transfer and support for formalization; and,

Raising awareness and disseminating best practices and lessons-learned on mercury phase-out in the ASGM sector.

The project intends to introduce and promote best practices and techniques for gold extraction. That means more money for miners and their families and fewer risks to their health, their communities, and the environment.

#### **Address**

The project headquarters offices are at Nairobi City, Nairobi County, Kenya.

The address of its registered office is:

NHIF Building, Ragati Road, Upperhill

P. O. Box 30126-00100

Telephone: 0254-020 – 2730808/9

Fax: 254-020-2734722

Email: [imkagoldproject@gmail.com](mailto:imkagoldproject@gmail.com); [psoffice@environment.go.ke](mailto:psoffice@environment.go.ke)

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

**NAIROBI, KENYA**

The project has no other offices/branches

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.2 Project Information**

<b>Project Start Date:</b>	The project start date is <b>05/07/2019</b>
<b>Project End Date:</b>	The project end date is <b>05/07/2024</b>
<b>Project Manager:</b>	The project manager is Ms <b>Mayiani Saino</b>
<b>Project Sponsor:</b>	The project sponsor is <b>UNDP</b>

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is implemented by the Ministry of Environment and Forestry.
Project number	GEF/UNDP/GOK-00108253
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ol style="list-style-type: none"> <li>I. To strengthen institutions and the policy/regulatory framework for mercury-free ASGM;</li> <li>II. To establish financing lending arrangements that provide loans for mercury free processing equipment;</li> <li>III. To increase capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization; and,</li> <li>IV. Monitor and evaluate, awareness raising, capturing and disseminating experiences, lessons-learned and best practices.</li> </ol>

<p>Achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ol style="list-style-type: none"> <li>I. Strengthening institutions and the policy/regulatory framework for mercury-free ASGM</li> <li>II. Establishing financing lending arrangements to provide loans for mercury free processing equipment</li> <li>III. Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization; and</li> <li>IV. Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices</li> </ol>
<p>Other important background information of the project</p>	<p>In Kenya, the Artisanal and small-scale gold mining (ASGM) sector dates to the 19th century. ASGM is mostly found in the counties of Migori, Narok, Kisumu, Siaya, Vihiga, Kakamega and further up north in Pokot and Turkana. ASGM is a significant source of livelihood for many Kenyans in the gold rich areas. Gold processing by artisanal and small-scale miners is use highly toxic chemicals like mercury to extract their gold from ore presenting serious occupational health and safety hazards.</p> <p>The Ministry of Environment and Forestry received a grant from the Global Environment Facility through UNDP to implement the integrated Sound management of Mercury in Artisanal and small-scale gold mining (ASGM) sector. The project intends to introduce and promote best practices and techniques for gold extraction and demonstrate a pathway to cleaner and more efficient small-scale gold mining practices that benefit everyone, from mine to market.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p>

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	<p>(i) To build/enhance the capacity of government entities in order to improve their capacity to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector;</p> <p>(ii) Development of new/improved financial products/mechanisms (including women friendly financial products) established for the ASGM sector;</p> <p>(iii) Total mercury use/releases from ASGM avoided by 1.5 tonnes; and,</p> <p>(iv) Awareness raised of 54,600 people (16,380 female and 38,220 male) on the dangers of mercury and ways to reduce its use in ASGM.</p>
Project duration	The project started on 5 <sup>th</sup> July, 2019 and is expected to run until 6 <sup>th</sup> July, 2024

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.4 Bankers**

The following are the bankers for the current year:

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**

**1.5 Auditors**

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

## 1.6 Roles and Responsibilities

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

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
<b>Dr Chris Kiptoo, CBS</b>	Principal Secretary	PhD International Macro Economics	Project Executive, Chair project board and approves all the project expenditures
<b>Cyrus Mageria</b>	Ag. Director of Multilateral Environmental Agreements	MSc. Natural Resource Management	Oversight and supervise the project implementation.
<b>Mayiani Saino</b>	Project Manger	MSc. Environmental Engineering	Oversee the day-to-day project implementation
<b>Convine Omondi</b>	Regional Project Officer	MSc Geology	Project coordinator in Kakamega & Vihiga Region
<b>Henry Nyamai</b>	Regional Project Officer	MSc Geology	Project coordinator in Migori & Narok Region
<b>Kiprono Patrick</b>	Finance Officer	C.P.A, Bachelors of Commers in Finance	Project Financial Reporting and Administration
<b>Sharon Chelangat</b>	Project Assistant	Bachelors' degree in Natural Resource Management	Coordination & administration of project Activities
<b>Ruth Epwoka</b>	Communication Officer	M.A Communication & Media	Provide lead role in knowledge management & Communication aspect of the project

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**1.7 Funding summary**

The Project is for duration of 5 years from 2019 to 2024 with an approved budget of **US\$ 4,200,000** (use donor currency) equivalent to **KShs 462,000,000** as highlighted in the table below:

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date 30/06/2021		Undrawn balance to date 30/06/2021	
	<i>Do nor cur ren cy</i>	<i>KS hs</i>	<i>Don or curr ency KSh s</i>	<i>KSh s</i>	<i>Donor curren cy KShs</i>	<i>KSh s</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A)- (B)</i>
<b>(i) Grant</b>						
UNDP (1USD=KES 110)	4,200,000	462,000, 000	272,900	30,019,00 0	3,927,100	431,981,0 00
<b>Total</b>	<b>4,200,000</b>	<b>462,000, 000</b>	<b>272,900</b>	<b>30,019,00 0</b>	<b>3,927,100</b>	<b>431,981,0 00</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2021)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2021)	Unutilised balance to date (30/06/2021)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
UNDP (1USD=KES 110)	272,900	30,019,000	21,984,572.00	73,040	8,034,428
<b>Total</b>	<b>272,900</b>	<b>30,019,000</b>		<b>73,040</b>	<b>8,034,428</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**1.8 Summary of Overall Project Performance:**

Integrated Sound Management of Mercury in Kenya's ASGM (IMKA) GOLD project is a five-year project with a grant of USD 4,200,000.00. The project during the period received a total of KES 30,019,000 and utilized KES 21,984,572 (equivalent to 73% absorption) to implement the project activities including county engagements, project inceptions, field visits, procurements of office supplies and equipment to set up the project office. Despite COVID 19 restrictions on movements and meetings the project was able to attain the following goals:

- Recruited and inducted the project staff;
- Developed work plan, budgets and procurement plan;
- Conducted a national inception workshop;
- Constituted steering committee and technical advisory committee;
- Developed the terms of reference for consultancies to carry out the baseline studies;
- Developed a stakeholder engagement plan and conducted a stakeholder consultation and engagements in all the six project areas;

- Carried out the Identifications and mobilizations of miners and mining groups including mapping and site verifications in all the project sites;
- Developed and reviewed the draft communication plan; and,
- Set up the project office and procurement of the office equipment, office supplies and IEC materials for project visibility.

The emergence of COVID 19 and government restrictions on movement and meetings affects the operations of the project and hence new ways of operations are now being embraced by the project which include online meetings, digital signing of the documents among others.

Some of the risk management strategies employed by the project includes the following:

- Entrusting project partners to run some of the project activities;
- Constant review of the project progress reports against the set targets; and,
- The internal controls put in place by the ministry to ensure transactions conforms to the ministry SOPs.

Implementation challenges and recommended way forward.

- The project has been operating without 3 critical project staff. (Gender expert, Chief Technical Advisor and Governance Policy Expert). The ministry has been in the process of recruiting the personnel and there is need to fast track the process;
- The differences in the donor and government financial years makes synchronization of operations a little difficult. Delays in processing advances in grant revenue affects project absorptions. To overcome this the ministry will continuously engage the donor and national treasury to ensure efficiency in funds disbursement and exchequer processing; and,
- The frequent closure of IFMIS system affects project procurements delaying the delivery of the project targets. To address this, the project would request that system closure should consider donor timelines and targets to support the project achieve its objectives in the given timelines.

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

The implementation of the project has been smooth and no cases of noncompliance with applicable laws and regulations and essential external financing agreements/covenants reported during the period under review.

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

The Kenya project, being a part of the Global Opportunities for Long-term Development of the ASGM sector – GEF GOLD programme, will also be able to benefit from the efforts of the UNEP-implemented GEF GOLD global child project that will unify and coordinate efforts among all the GEF GOLD child projects, focusing on the capturing of experiences and lessons-learned and subsequently disseminating knowledge generated to a wider ASGM audience to help Parties to the Minamata Convention meet their obligations to reduce and where feasible eliminate mercury use in ASGM. The project is based on the components/outcome outlined below and the degree to which such outcome has been achieved:

- Component 1/outcome 1: strengthening institutions and the policy/ regulatory framework for mercury-free ASGM.

So far, three (3) county committees (Kakamega, Migori and Vihiga) have been gazette by the Ministry of Mining and Petroleum. The project is working on the establishment of the mining committees for Narok county. The committee is expected to be gazetted by December 2021. The project has developed a draft stakeholder engagement strategy to fast-track project deliverables.

The project advertised a tender to recruit a consultant to carry out capacity needs assessments and develop training material to support project implementation. The request for proposal was terminated due to unresponsive bidders and set to be readvertised in September 2021.

Estimated process: 40%

- Component 2/outcome 2: Establishing financing lending arrangements to provide loans for mercury free processing equipment.

Against the mid-term goal, no financial product has been developed. The project started late in mid-September 2020 and has recruited a consultant to carryout baseline assessment to ascertain the financial institutions and products available for small scale gold miners. This will inform the nature, type of products the project will develop for the project beneficiaries.

Estimated process is: 20%

- Component 3/outcome 3: Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization;

The project is yet to introduce mercury free technology and mercury reduction to small scale miners and is in the process of carrying out an assessment to determine the mercury releases from ASGM.

There has been no record of gold produced without mercury.

- Component 4/outcome 4: Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices

The project has raised awareness and engaged a total of 1022 persons (287 persons: 112 female and 175 males in the period (Oct-Dec 2020), 266 persons 79 female and 187 males in quarter (Jan-March 2021), and 469 190 female and 279 male persons in quarter (April-June 2021) in various awareness creation sessions in its first 9 months of operation despite the difficult conditions occasioned by COVID 19 restrictions and the short project implementation period.

### **Introduction**

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

The Kenya project, being a part of the Global Opportunities for Long-term Development of the ASGM sector – GEF GOLD programme, will also be able to benefit from the efforts of the UNEP-implemented GEF GOLD global child project that will unify and coordinate efforts among all the GEF GOLD child projects, focusing on the capturing of experiences and lessons-learned and subsequently disseminating knowledge generated to a wider ASGM audience to help Parties to the Minamata Convention meet their obligations to reduce and where feasible eliminate mercury use in ASGM. The project is based on the components outlined below:

- Component 1/outcome 1: strengthening institutions and the policy/ regulatory framework for mercury-free ASGM.
- Component 2/outcome 2: Establishing financing lending arrangements to provide loans for mercury free processing equipment.
- Component 3/outcome 3: Increasing capacity for mercury-free ASGM through provision of technical assistance, technology transfer and support for formalization; and,
- Component 4/outcome 4: Monitoring and Evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices

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

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

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Strengthening institutions and the policy/regulatory framework for Mercury-free ASGM</b>	To increase the capacity National and local systems to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector.	Capacity of 4 government entities increased to improve their capacity to assess, plan, and implement sustainable and mercury-free interventions in the ASGM sector	% Level of the capacity increased on the government entities to assess, plan and implement sustainable and mercury free interventions in the ASGM sector	Three (3) county committees (Kakamega, Migori and Vihiga) have been gazette by the Ministry of Mining and Petroleum. The project is working on the establishment of the mining committees for Narok county. The committee is expected to be gazetted by December 2021. The project has developed a draft stakeholder engagement strategy to fast-track project deliverables. The project advertised a tender to recruit a consultant to carry out capacity needs assessments and develop training material to support project implementation. The request for proposal was terminated due to unresponsive bidders and set to be readvertised in September 2021. Estimated process: 40%
<b>Establishing financing lending arrangements to provide loans for mercury free processing equipment.</b>	To established 2 new financial product/mechanism (including women friendly financial products) for the ASGM sector.	2 new/improved financial products/mechanisms (including women friendly financial products) established for the ASGM sector.	The number of financial products/mechanisms improved (including women friendly financial products)	Against the mid-term goal, no financial product has been developed. The project started late in mid-September 2020 and has recruited a consultant to carryout baseline assessment to ascertain the financial institutions and products available for small scale gold miners. This will inform the

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			for the ASGM sector.	nature, type of products the project will develop for the project beneficiaries. The midterm target for this output will be reported in the next PIR. Estimated process on the: 20%
<b>Increasing capacity for mercury-free ASGM through provision of technical assistance and technology transfer.</b>	To reduce 1.5 tonnes of mercury through the introduction of BEP, BAT and socially and environmentally sound ASGM practices.	Total mercury use/releases from ASGM avoided by 1.5 tonnes.	Number of tonnes of mercury use/releases from ASGM avoided.	The project is yet to introduce mercury free technology and mercury reduction to small scale miners. The project has not yet carried out an assessment to determine the mercury releases from ASGM. There has been no record of gold produced without mercury.
<b>Monitoring and evaluation, awareness raising, capturing and disseminating experiences, lessons-learned and best practices.</b>	To raise awareness to 54,600 people (16,380 female and 38,220 male) on the dangers of mercury and ways to reduce its use in ASGM	Awareness raised of 54,600 people (16,380 female and 38,220 male) on the dangers of mercury and ways to reduce its use in ASGM	Number of people who are aware of the dangers of mercury and ways to reduce its use in ASGM sector	The project has raised awareness and engaged a total of 1022 persons (287 persons: 112 female and 175 male in quarter 4 (Oct-Dec 2020), 266 persons 79 female and 187 male in quarter 1 (Jan-March 2021), and 469 190 female and 279 male persons in quarter 2(April-June 2021) in various awareness creation sessions in its first 9 months of operation despite the difficult conditions occasioned by COVID 19 restrictions and the short project implementation period.

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

The Ministry of Environment and Forestry mission is to promote and facilitate good governance in the protection, restoration, conservation, development and management of environment and forestry resources for equitable and sustainable development''

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

The project aims to increase the capacity of government and private sector and improve regulatory frameworks so as to enable formalization of the ASGM sector and the development of responsible mining. This will improve access to, and adequacy of financial and technical services for the ASGM sector for the uptake of chemical-free ore processing, and to pilot and train miners in the use of best practice technologies that eliminate mercury.

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

The right to a clean and healthy environment is enshrined in Article 42 of the Constitution of Kenya, and Article 70 on the Enforcement of Environmental Rights. The sound management of mercury to prevent acts or emissions that affect the health and wellbeing, not only of people but of the environment, is therefore an obligation of the State. Kenya lacks a dedicated law on mercury, which makes it difficult to control the handling and movement of the chemical. Nevertheless, it is a signatory to the Minamata Convention on Mercury since 10th October 2013 and is working towards its ratification. In addition to the Minamata Convention, Kenya is a signatory to the Basel Convention on the Transboundary Movement of Hazardous Waste Disposal, which it ratified on 1st June, 2000, and the Rotterdam Convention which it ratified on 3rd February, 2005, as a demonstration of its commitment to address threats posed by pollutants such as mercury.

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

The Ministry continuously ensures that the hiring process is guided by the employment Act of Kenya which takes into account the gender ratio and stakeholder engagement. The amendments of the employment Act of 2007 by the employment (amendment) Act 2021 which come into force on 15<sup>th</sup> April, 2021 takes into consideration changes in the employment sector including provision on pre-

adoptive leave. Training programs are also arranged by the Ministry through the project to build and enhance capacity for the staff while the Ministry also ensures compliance with Occupational Safety and Health Act of 2007, (OSHA)

#### **Market place practices-**

The organisation should outline its efforts to:

**a) Responsible competition practice.**

The Ministry through the project ensures responsible political involvement, fair competition, respect for competitors and responsible competition practices when engaging third parties to provide services and/or goods while also ensuring that the staff do not engage in corrupt and an ethical behaviour.

**b) Responsible Supply chain and supplier relations-**

The Public Procurement and Disposals Act of 2015 guides the project in the engagement of suppliers of goods and services which ensures that the terms of engagement are adhered to.

**c) Responsible marketing and advertisement-**

The Ministry through the project is committed to maintain high ethical marketing practices in the implementation of the project activities.

**d) Product stewardship-**

Integrated Sound Management of Mercury in Kenya's ASGM Project is geared towards improving the production practices and work environment of artisanal and small-scale gold mines which is aimed at demonstrating a pathway to cleaner and more efficient small-scale gold mining practices that benefit everyone, from mine to market.

#### **4. Community Engagements**

The project works with a multitude of partners and communities to achieve the project's objective. The project developed a summary/overview of all the project's stakeholders and partner initiatives, what these stakeholders/initiatives are currently doing to address the project objectives, what the role of the partner/initiative will be in the project's implementation, as well as the assumptions and expected results that will be achieved by the project's partners that are critical for the achievement of the results of this project.

#### 4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Manager* for the *Kenya GOLD Mercury Free ASGM 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, 2021.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) Selecting and applying appropriate accounting policies; and (v) Making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Manager* for *Kenya GOLD Mercury Free ASGM 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 Manager* for *Kenya GOLD Mercury Free ASGM 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, 2021, and of the Project's financial position as at that date. The *Principal Secretary* for Ministry of Environment and Forestry and the *Project Manager* for *Kenya GOLD Mercury Free ASGM project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

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The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Manager* for **Kenya GOLD Mercury Free ASGM 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 Manager* for **Kenya GOLD Mercury Free ASGM project** on 19/11 2021 and signed by them.



Principal Secretary

Name: **Dr. Chris Kiptoo, CBS**



Project Manager

Name **Mayiani Saino**



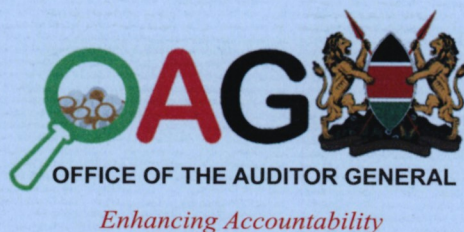
Project Accountant:

Name: **Kiprono Patrick**

ICPAK Member Number: **12541**

# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON KENYA GOLD MERCURY FREE ASGM PROJECT GRANT/PROJECT NO.GEF/UNDP/GOK-00108253 FOR THE YEAR ENDED 30 JUNE, 2021 - MINISTRY OF ENVIRONMENT AND FORESTRY**

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### PREAMBLE

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

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

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

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

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Kenya Gold Mercury Free ASGM Project set out on pages 1 to 32, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended 30 June, 2021, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Gold Mercury Free ASGM Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement between United Nations Development Programme (UNDP) and the Government of the Republic of Kenya and Public Finance Management Act, 2012.

### Basis of Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of financial statements. I have determined that there were no key audit matters to report in the year under review.

### Other Matter

### Budgetary Control and Performance

The statement of comparative budget and actual amounts for the year ended 30 June, 2021 reflects actual receipts of Kshs.30,019,000 against budgeted receipts of Kshs.50,000,000 resulting in a short fall of Kshs.19,981,000 or 40% of the total budget.

In addition, actual expenditure for the year amounted to Kshs.21,984,572 against the final budgeted expenditure of Kshs.50,000,000 resulting to under absorption of

Kshs.28,015,428 for which Management attributed to delay in constituting the project management unit and delay in consultancies and recruitment of staff.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources has 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 review so as to obtain limited assurance as to whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

### **Basis of Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or cease 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 Projects activities, financial transactions and information reflected in the financial statements are 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 process, reviewing the effectiveness of how the Project monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, are in place, and ensuring the adequacy and effectiveness of the control environment.

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

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion 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.

Further, in planning and performing the audit of the financial statements and review of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the sustainability of services basis and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

25 November, 2021

*Kenya GOLD Mercury Free ASGM Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021*

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

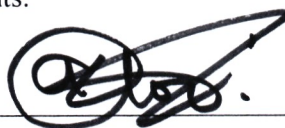
	Note	2020/2021			2019/2020			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
		KShs	KShs		KShs	KShs		KShs
<b>RECEIPTS</b>								
Transfer from Government entities	1	-	-	-	-	-	-	-
Proceeds from domestic and foreign grants	2	30,019,000	-	30,019,000	-	-	-	30,019,000
Loan from external development partners	3	-	-	-	-	-	-	-
Miscellaneous receipts	4	-	-	-	-	-	-	-
<b>TOTAL RECEIPTS</b>		<b>30,019,000</b>		<b>30,019,000</b>				<b>30,019,000</b>
<b>PAYMENTS</b>								
Compensation of employees	5	12,836,406	-	12,836,406	-	-	-	12,836,406
Purchase of goods and services	6	9,148,166	-	9,148,166	-	-	-	9,148,166
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets	8	-	-	-	-	-	-	-
Transfers to other government entities	9	-	-	-	-	-	-	-

**Kenya GOLD Mercury Free ASGM Project  
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For the financial year ended June 30, 2021**

	Note	2020/2021			2019/2020			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
Other grants and transfers and payments	10	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS</b>		<b>21,984,572</b>		<b>21,984,572</b>				<b>21,984,572</b>
<b>SURPLUS/ (DEFICIT)</b>		<b>8,034,428</b>		<b>8,034,428</b>				<b>8,034,428</b>

**Note: The project started in the F/Y 2020/2021 and hence no comparative figures.**

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



Principal Secretary

Name: **Dr. Chris Kiptoo, CBS**



Project Manager

Name **Mayiani Saino**



Project Accountant:

Name: **Kiprono Patrick**

ICPAK Member Number: **12541**

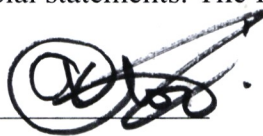
**Kenya GOLD Mercury Free ASGM Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

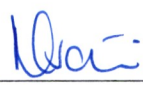
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021**

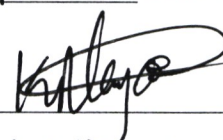
	Note	2020-2021	2019-2020
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.A	8,034,428	-
Cash Balances	11. B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>8,034,428</b>	-
Accounts Receivables	12	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>8,034,428</b>	-
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions	13	-	-
<b>NET ASSETS</b>		-	-
<b>REPRESENTED BY</b>			
Fund balance b/fwd	14	-	-
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		8,034,428	-
<b>NET FINANCIAL POSITION</b>		<b>8,034,428</b>	-

**Note: The project started in the F/Y 2020/2021 and hence no comparative figures.**

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 19/11 2021 and signed by:

  
Principal Secretary  
Date 19/11/21

  
Project Manager  
Date 19/11/2021

  
Project Accountant  
Date 19/11/2021  
ICPAK Member No. 12541

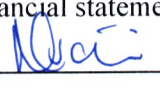
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities	1	-	-
Proceeds from domestic and foreign grants	2	30,019,000	-
Miscellaneous receipts	4	-	-
<b>Payments from operating activities</b>			
Compensation of employees	5	12,836,406	-
Purchase of goods and services	6	9,148,166	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
<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>8,034,428</b>	-
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	-	-
<b>Net cash flows from Investing Activities</b>			
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	-	-
<b>Net cash flow from financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalent at BEGINNING of the year	11	-	-
Cash and cash equivalent at END of the year	11	<b>8,034,428</b>	-

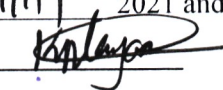
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 19/11/2021 and signed



Principal Secretary  
 Date 19/11/21



Project Manager  
 Date 19/11/2021



Project Accountant  
 Date 19/11/2021

ICPAK Member No: 12541

**Kenya GOLD Mercury Free ASGM Project  
Reports and Financial Statements  
For the financial year ended June 30, 2021**

**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	A	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities						
Proceeds from domestic and foreign grants	50,000,000	NIL	50,000,000	30,019,000	19,981,000	60%
Proceeds from borrowings						
Miscellaneous receipts						
<b>Total Receipts</b>	<b>50,000,000</b>	<b>NIL</b>	<b>50,000,000</b>	<b>30,019,000</b>	<b>0</b>	<b>100 %</b>
<b>Payments</b>						
Compensation of employees	20,112,000		20,112,000	12,836,406	7,275,594	64%
Purchase of goods and services	29,888,000		29,888,000	9,148,166	20,739,834	31%
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
<b>Total Payments</b>	<b>50,000,000</b>	<b>NIL</b>	<b>50,000,000</b>	<b>21,984,572</b>	<b>28,015,428</b>	<b>44%</b>

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



Principal Secretary

Date 19/11/21



Project Manager

Date 19/11/2021



Project Accountant

Date 19/11/2021

ICPAK Member No:12541

## **10. SIGNIFICANT ACCOUNTING POLICIES**

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

### **10.1 Basis of Preparation**

### **10.2 Statement of compliance and basis of preparation**

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

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

### **10.3 Reporting entity**

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

#### **10.3.1 Reporting currency**

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

#### **10.4 Significant Accounting Policies**

##### **a) Recognition of receipts**

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

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

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

##### **ii) External Assistance**

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

##### **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 the time associated cash is received.

##### **b) Donations and grants**

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

**Significant Accounting Policies (Continued)**

**c) Proceeds from borrowing**

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

**d) Undrawn external assistance**

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

**e) Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**Significant Accounting Policies (Continued)**

**iii) Interest on borrowing**

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

**f) In-kind donations**

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

**Significant Accounting Policies (Continued)**

**g) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank

account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Restriction on cash**

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

**h) Accounts receivable**

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

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

#### **i)Contingent Liabilities**

A contingent liability is:

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

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

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

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

#### **j) Contingent Assets**

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

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

**k) Pending bills**

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

**l) Budget**

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

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

**m) Third party payments**

There were no third-party payments and receipts made during the year.

**Significant Accounting Policies (Continued)**

**n) Exchange rate differences**

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

**o) Comparative figures**

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

**p) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021.

**q) Errors**

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

**11. NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM GOVERNMENT OF KENYA**

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

	2020/21	2019/20	Cumulative to-date (from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
<b>Total (See Annex 2)</b>	-	-	-
<i>Other transfers from government entities</i>	-	-	-
Ministry	-	-	-
Ministry	-	-	-
Project	-	-	-
Agency	-	-	-
Appropriations-in-Aid	-	-	-
<b>Total</b>	-	-	-

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

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

During the 12 months to 30 June 2021, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21	2019/20
			KShs	KShs	KShs	KShs	KShs
<b>Grants Received from Multilateral Donors (International Organizations)</b>							-
	15/12/2021		5,088,700			5,088,700	
UNDP	3/03/2021		9,555,100			9,555,100	-
UNDP	15/06/2021		15,375,200			15,375,200	-
<b>Total</b>						<b>30,019,000</b>	-

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

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

**3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 20xx we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2020/21	2019/20
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
Insert name of foreign Government	-	-	-	-	-	-
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
Insert name of international organization	-	-	-	-	-	-
<b>Total</b>					-	-

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

**4. MISCELLANEOUS RECEIPTS**

	2020/21			20/19/2020	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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

**5. COMPENSATION OF EMPLOYEES**

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	10,212,206	-	10,212,206	-	10,212,206
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	2,624,200	-	2,624,200	-	2,624,200
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b>12,836,406</b>	<b>-</b>	<b>12,836,406</b>	<b>-</b>	<b>12,836,406</b>

**Note:** The project started in the F/Y 2020/2021 and hence no comparative figures.

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

**6. PURCHASE OF GOODS AND SERVICES**

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	627,872	-	627,872	-	627,872
Communication, supplies and services	-	-	-	-	-

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	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
Domestic travel and subsistence	5,036,900	5,036,900	-	-	5,036,900
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies	242,036.10	-	242,036.10	-	242,036.10
Rentals of produced assets	-	-	-	-	-
Training/conference payments	3,241,358.60	-	3,241,358.60	-	3,241,358.60
Hospitality supplies and services	-	-	-	-	-
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
<b>Total</b>	<b>9,148,166</b>	<b>-</b>	<b>9,148,166</b>	<b>-</b>	<b>9,148,166</b>

**Note: The project started in the F/Y 2020/2021 and hence no comparative figures.**

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

**7. SOCIAL SECURITY BENEFITS**

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

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

**8. ACQUISITION OF NON-FINANCIAL ASSETS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	-	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	-	-
Acquisition of other intangible assets	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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

**9. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
<b>Transfers to National Government entities</b>					
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
	-	-	-	-	-
<b>Transfers to County Governments</b>					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

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

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

**10. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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

**11. CASH AND CASH EQUIVALENTS**

	2020/21	2019/20
	KShs	KShs
Bank accounts (Note 11A)	8,034,428	-
Cash in hand (Note 11 B)	-	-
Cash equivalents (short-term deposits) (Note 11 C)	-	-
<b>Total</b>	<b>8,034,428</b>	-

The project has a single number of project accounts within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

**11. A Bank Accounts**

**Project Bank Accounts**

	2020/21	2019/20
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total Foreign Currency balances</b>	-	-
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya [ A/c No. 1000434252 KES]	8,034,428	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total local currency balances</b>	<b>8,034,428</b>	-
<b>Total bank account balances</b>	<b>8,034,428</b>	-

**Note: The project started in the F/Y 2020/2021 and hence no comparative figures.**

**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 2021 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

	2020/21	2019/20
	KShs	KShs
<b>(i) A/c Name [A/c No 1000425307]</b>		
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>	-	-
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)	-	-
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>	-	-

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

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

**11 B Cash In Hand**

Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations ( <i>specify</i> )	-	-
<b>Total cash balances</b>	-	-

[Provide a cash count certificate for each location above]

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

Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others ( <i>Specify</i> )	-	-
<b>Total</b>	-	-

[Provide short appropriate explanations as necessary]

**12. ACCOUNTS RECEIVABLES**

Accounts Receivable	-	-
<b>Total</b>	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12B: BREAKDOWN OF IMPRESTS AND ADVANCES

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2021	Balance 2020
Officer 1	-	-	-	-	-
institution	-	-	-	-	-
Officer 2	-	-	-	-	-
Officer 3	-	-	-	-	-
Officer 4	-	-	-	-	-
Officer 5	-	-	-	-	-
Programme 1	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

13. ACCOUNTS PAYABLES

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

14. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	-	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	-	-

15. PRIOR YEAR ADJUSTMENT

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

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

**16. CHANGES IN RECEIVABLE**

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

**17. CHANGES IN ACCOUNTS PAYABLE**

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

**12. OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 3A)**

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
<b>Total</b>	-	-	-	-

**2. PENDING STAFF PAYABLES (See Annex 3B)**

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
<b>Total</b>	-	-	-	-

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**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 2020/2021
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**

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as grants	-	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	-	-

**OTHER IMPORTANT DISCLOSURES (Continued)**

*a). External assistance relating loans and grants*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

*b) Undrawn external assistance*

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

*c) classes of providers of external assistance*

Description	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

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**OTHER IMPORTANT DISCLOSURES (Continued)**

*d. non-monetary external assistance*

	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods	-	-
Services	-	-
<b>Total</b>	-	-

*This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc N/B : Disclose the basis on which the value of goods and services were determined ( This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.*

*e Purpose and use of external assistance*

<b>Payments Made by Third Parties</b>	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
	<b>Kshs</b>	<b>Kshs</b>
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
<b>TOTAL</b>	-	-

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

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


	<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
<i>National government</i>	-	-
<i>Multilateral donors</i>	-	-
<i>Bilateral donors</i>	-	-
<i>International assistance organization</i>	-	-
<i>NGOs</i>	-	-
<i>National Assistance Organization</i>	-	-
<b>Total</b>	-	-

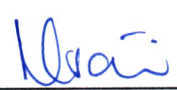
**OTHER IMPORTANT DISCLOSURES (Continued)**

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

  
 \_\_\_\_\_  
**Principal Secretary**  
 \_\_\_\_\_  
 19/11/21  
 \_\_\_\_\_  
**Date**

  
 \_\_\_\_\_  
**Project Manager**  
 \_\_\_\_\_  
 19/11/2021  
 \_\_\_\_\_  
**Date**

**14. ANNEXES**

**ANNEX1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>A</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities	-	-	-	-	
Proceeds from domestic and foreign grants	50,000,000	30,019,000	19,981,000	60%	The project commences operations late as the PMU was brought on board mid-September 2020 and the first disbursement was on December 15 <sup>th</sup> 2020.
<b>Total Receipts</b>	<b>50,000,000</b>	<b>30,019,000</b>	<b>19,981,000</b>	<b>60%</b>	
<b>Payments</b>					
Compensation of employees	20,112,000	12,836,406	7,275,594	64%	The Ministry is in the process of recruiting 3 vacant positions in the project
Purchase of goods and services	29,888,000	9,148,166	20,739,834	31%	There was a delay in procurement of consultancies to carry out baseline surveys
<b>Total payments</b>	<b>50,000,000</b>	<b>21,984,572</b>	<b>28,015,428</b>	<b>44%</b>	There was a delay in procurement of consultancies to carry out baseline surveys and recruitment of other project staff


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**ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS**


<b>PROJECT NAME:</b>		<b>Break down of Transfers from the Ministry of Environment &amp; Forestry to the Project</b>	
<b>a. Donor Receipts</b>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	15/12/2021	5,088,700	FY 2020/2021
	3/03/2021	9,555,100	FY 2020/2021
	15/06/2021	15,375,200	FY 2020/2021
	<b>Total</b>	<b>30,019,000</b>	
<b>b. Direct Payments</b>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
		-	
		-	
	<b>Total</b>	-	
<b>c. Others</b>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
		-	
		-	
	<b>TOTAL(a+b+c)</b>	<b>30,019,000</b>	

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

Project Manager  
Kenya GOLD Mercury free Project

Sign:   
Mayiani Saino

Head of Accounting Unit  
Ministry of Environment & Forestry

Sign:   
George Gichuru

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**ANNEX 3A - ANALYSIS OF PENDING BILLS**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
<b>Construction of buildings</b>	a	b	c	d=a-c		
1.						
2.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
3.						
4.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
7.						
8.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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**ANNEX 3B - ANALYSIS OF PENDING STAFF BILLS**

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020/21	Outstanding Balance 2019/20	Comments
<b>Permanent Employees - Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**ANNEX 3C - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20xx	Outstanding Balance 20xx	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>							

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Name	Brief Description	Original Amount	Date Payable Contract	Amount Paid To-D	Outstanding Balance 20xx	Outstanding Balance 20xx	Comments
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**ANNEX 4 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost (KShs) 2020/2021	Donations in form of assets (KShs) 2020/2021	*Purchases/ Additions in the Year (KShs) 2020/2021	**Disposals in the Year (KShs) 2020/2021	Transfers in/(out) (Kshs) 2020/2021	Closing Cost (KShs) 2021
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and structures						
Transport equipment						
Office equipment, furniture and fittings						
ICT Equipment,						
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
<b>Total</b>						

**Notes**

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

\*\* The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold. The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets. Ensure the complete fixed asset register is separately prepared as per circular number 5/2020 and follow up reminder of circular No. 23/2020 of The National Treasury

**ANNEX 5 – CONTINGENT LIABILITIES REGISTER**

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

## **APPENDICES**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2021
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. **GOK IFMIS comparison Trial Balance**

	<b>REPUBLIC OF KENYA</b>			<b>F.O 30</b>
	MINISTRY OF ENVIRONMENT AND FORESTRY			
	KENYA GOLD MERCURY FREE ASGM PROJECT			
	<b>ACCOUNT NUMBER 1000434252</b>			
	BANK RECONCILIATION AS AT 30TH JUNE, 2021			
				<b>Kshs</b>
	<b>BALANCE AS PER BANK CERTIFICATE</b>			<b>13,553,272.00</b>
<b>LESS</b>	<b>1. PAYMENT IN CASH BOOK NOT YET RECORDED IN BANK STATEMENT</b>			
	Mustral Gen Traders Ltd-Purchase of tyres	3,570.00		
	Naivasha Country Club(Sawela)-VAT conference charges	3,758.60		
	Taqeph Office technologies-purchase of kitchen utensils	2,306.05		
	Susan Wambugu-tea and snacks shortlisting exercise	50,000.00		
	Mayiani Saino-payment of lunches -county engagement	60,000.00		
	Mayiani Saino-payment of lunches -county engagement Kakamega & Vihiga	84,000.00		
	Mayiani Saino-payment of lunches -county engagement Narok & Migori	84,000.00		
	Mustral Gen Traders Ltd-Purchase of tyres	203,490.00		
	Sharon Chelangat-payment of DSA to TCM meeting	498,400.00		
	Kiprono Patrick-payment of DSA to TCM meeting	542,800.00		
	Kenya Forest Research Institute-VAT conference charges	8,189.65		
	Juma Wekesa-payment of DSA to TCM meeting	19,600.00		
	Sharon Chelangat-payment of DSA to TCM meeting	33,600.00		
	Ruth Epwoka-payment of DSA to TCM meeting	33,600.00		
	Meshack Ledama-payment of DSA to TCM meeting	33,600.00		
	Henry Ngilu-payment of DSA to TCM meeting	33,600.00		
	Kiprono Patrick-lunches for the TCM	40,000.00		
	Lucy Nganga-payment of DSA to TCM meeting	42,000.00		
	Embrace the world Travel Agency Ltd-payment for airticket	43,500.00		
	Ruth Epwoka-meals for communication strategy meeting	60,000.00		
	Ruth Epwoka -June PAYE	31,383.35		
	Ruth Epwoka-June NSSF	200.00		
	Ruth Epwoka-June NHIF	1,700.00		
	Ruth Epwoka- June Net pay	46,716.65		
	Ruth Epwoka-June SACCO deductions	50,000.00		
	Sharon chelangat-June PAYE	42,183.35		
	Sharon chelangat-JuneNSSF	200.00		
	Sharon chelangat-June NHIF	1,700.00		
	Sharon chelangat-June Net pay	61,916.65		
	Sharon chelangat-June SACCO deductions	60,000.00		
	kiprono Patrick-June PAYE	61,383.35		
	kiprono Patrick-June NSSF	200.00		
	kiprono Patrick-June NHIF	1,700.00		
	kiprono Patrick-June Net Pay	166,716.65		
	Henry Nyamai-June PAYE	64,383.35		
	Henry Nyamai-June NSSF	200.00		
	Henry Nyamai-June NHIF	1,700.00		
	Henry Nyamai-June net pay	173,716.65		
	Julia Mayiani-June PAYE	97,383.35		
	Julia Mayiani-June NSSF	200.00		
	Julia Mayiani-June NHIF	1,700.00		
	Julia Mayiani-June Net pay	250,716.65		
	Taqeph Office technologies-purchase of kitchen utensils	131,443.95		
	Mins of Information, commn & Tech-vat tender advert for consultancies	1,529.75		
	Koigi Nderitu-Field allowance	9,800.00		
	Lucy Kaari-purchase of office stationeries	30,000.00		
	Mins of Information, commn & Tech- tender advert for consultancies	87,196.00		
	Kenya Forest Research Institute-conference charges	466,810.35		

Juma Wekesa-DSA to attend Evaluation meeting	26,600.00		
Benson Miriti-DSA to attend Evaluation meeting	26,600.00		
Sharon Chelangat-DSA to attend Evaluation meeting	33,600.00		
Lydia ndungu-DSA to attend Evaluation meeting	33,600.00		
Susan Waweru-DSA to attend Evaluation meeting	33,600.00		
Henry Ngilu-DSA to attend Evaluation meeting	33,600.00		
Gladys Onkangi-DSA to attend Evaluation meeting	33,600.00		
Patrick Ndongu-DSA to attend Evaluation meeting	33,600.00		
Faith Chirchir-DSA to attend Evaluation meeting	42,000.00		
Cyrus Mageria-DSA to attend Evaluation meeting	42,000.00		
Tom Mirasi-DSA to attend Evaluation meeting	42,000.00		
Grace Owiti-DSA county engagement exercise	50,400.00		
Juma Wekesa-field allowance-identification & mobilization of miners	53,900.00		
Sharon Chelangat-field allowance-identification & mobilization of miners	92,400.00		
Kiprono Patrick-field allowance-identification & mobilization of miners	92,400.00		
Ruth Epwoka-field allowance-identification & mobilization of miners	92,400.00		
Kiprono Patrick-field allowance-identification & mobilization of miners	117,600.00		
Henry Ngilu-field allowance-identification & mobilization of miners	155,400.00		
Safaricom Ltd-purchase of airtime	153,310.35		
Convine Omondi-PAYE Nov 2020	51,450.00		
John Mumbo-PAYE Oct 2020	71,449.85		
Ruth Epwoka-PV 5504-Hazina SACCO	50,000.00		
Sharon Chelangat-PV Hazina SACCO	60,000.00		
Safaricom Ltd-VAT purchase of airtime	2,689.65		
PAYE Dec 2020-PV 4654	359,149.85		
NSSF Dec 2020-PV 4654	1,400.00		
NHIF Dec 2020-PV 4654	11,300.00		
	<b>5,518,844.05</b>	<b>5,518,844.05</b>	
			<b>8,034,427.95</b>
2. RECEIPT IN BANK STATEMENT NOT IN CASHBOOK			
<b>ADD</b> 3. PAYMENT IN BANK STATEMENT NOT YET RECORDED IN CASH BOOK			
4. RECEIPTS IN THE CASHBOOK NOT YET RECORDED IN THE BANK STATEMENT			
	0.00	0.00	
<b>BALANCE AS PER CASHBOOK</b>			<b>8,034,427.95</b>

I certified 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)

Kiprono Patrick

Finana Officer

30/9/2021

Prepared By

Designation

Date

REPUBLIC OF KENYA

Date: 23<sup>TH</sup> JULY 2021

Report of the Board of Survey on the Cash and Bank Balances of **MINISTRY OF ENVIROMENT FORESTRY (GOLD 1108) A/c 1000392387** as at the close of business on 30<sup>th</sup> June, 2021

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

- RODNEY OMARI ----- - CHAIRMAN
- JIMMY MUCHEKE ---- - MEMBER
- CAROLINE WAMBUA --- - MEMBER

Assembled at the CASH OFFICE- MINISTRY HQs

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

and the following cash was produced

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

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

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

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

Cash on hand	Sh: NIL
Bank balance	Sh: 8,034,427.90
	<hr/>
	8,034,427.90

The Bank Certificate of Balance showed a sum of Sh..NIL

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

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

: RODNEY OMARI .....  
CHAIRMAN

: JIMMY MUCHEKE.....

CAROLINE WAMBUA .....

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

MEMBERS OF THE BOARD

WELFARE  
KENYA



CENTRAL  
BANK OF  
KENYA

July 13, 2021

Haile Selassie Avenue  
P.O. Box 60000 - 00200 Nairobi, Kenya  
Telephone: 2860000, Fax: 340192

*Handwritten signature and date: 14/7/2021*

## CERTIFICATE OF BALANCES

Customer : 138667 MINISTRY OF ENVIRON AND FORESTRY  
Balance  
Date: 30-Jun-21

Account No	Account Name	Currency	Balance
1000383957	REC-MIN OF ENVIRONMENT AND FORESTRY	KES	35,947,525.25
1000383968	DEV-MIN OF ENVIRONMENT AND FORESTRY	KES	81,245,104.50
1000383976	DEP-MIN OF ENVIRONMENT AND FORESTRY	KES	27,105,390.55
1000383984	CBK165-MIN OF ENVIRON AND FORESTRY	KES	0.00
1000392387	SOUND CHEM MNGNT MAINSTR UPOPS RED	KES	2,874.90
1000392398	NAT. ACT. PLAN PRI No.AFR/NAP ASGM	KES	38,541.45
1000410353	KENYA METEOROLOGICAL DEPT(KCSAP)	KES	152,248,092.00
1000410817	KENYA SPECIAL PRJ FOR BRSM, SAICM P	KES	4,411,934.05
1000411716	MIN. OF ENVIR. FORES.-GREEN GROWTH	KES	26,707,147.00
1000434236	INSTITUTIONAL STRENGTHENING PRJ -XI	KES	2,899,585.50
1000434252	KENYA GOLD MERCURY FREE ASGM PROJ	KES	13,553,272.00
1000455519	KENYA GOLD MERCURY FREE ASGM PROJEC	KES	0.00
1000490098	THE AFRICAN INST AFRICA CHEMOBS MEF	KES	4,458,230.00
1000495898	STENGHTH.DROUGHT RESILIENCE IGAD RE	KES	0.00

*Handwritten signature of Lawrence Rweria*

LAWRENCE RWERIA  
AUTHORISED SIGNATORY  
BANKING SERVICES DIVISION

*Handwritten signature of Joyce Nasieku*

JOYCE NASIEKU (Ms)  
AUTHORISED SIGNATORY  
BANKING SERVICES DIVISION