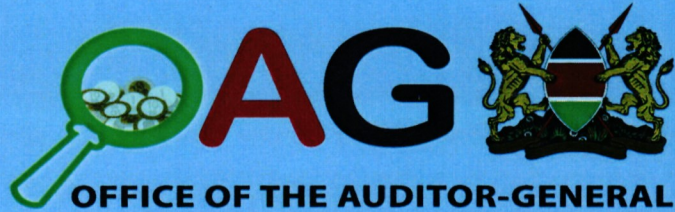


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY

DATE: 05 JUL. 2023

DAY:
Wednesday

PARLIAMENT
OF KENYA
LIBRARY

TABLED
BY:

Hon. Kimani Ichungwah (Leader
of the Majority Party)

OF

CLERK-AT
THE TABLE:

Modo

THE AUDITOR-GENERAL

ON

ROAD MAINTENANCE LEVY FUND

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

KENYA WILDLIFE SERVICE

**KENYA
WILDLIFE
SERVICE**



ANNUAL FINANCIAL STATEMENTS FOR ROAD MAINTENANCE LEVY FUND

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

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

Kenya Wildlife Service
Annual Financial Statements for Road Maintenance Levy Fund
For the year ended June 30, 2022

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1. KEY ENTITY INFORMATION & MANAGEMENT

a) Background Information

Kenya Wildlife Service (KWS) was established by the Wildlife Conservation and Management Act, 1989 (now repealed and replaced by Wildlife Conservation and Management Act, 2013) and subsequent miscellaneous amendments. The overall mandate of KWS is to conserve and manage wildlife in Kenya and to enforce related laws and regulations. It has a sole jurisdiction over national parks and supervises other wildlife management areas, including national reserves, private sanctuaries and conservancies, and all conservation and management activities outside protected areas.

Our Vision

To conserve Kenya's wildlife and its habitats for posterity.

Our Mission

To sustainably manage Kenya's wildlife and its habitats for the benefits of nature and humanity.

Corporate Values

KWS has adopted four main corporate values, which serve as guiding principles in the provision of quality and acceptable services to our customers. These values include;

- i. Passion
- ii. Professionalism
- iii. Innovation
- iv. Quality

b) Principal Activities

The principal activity of KWS is to sustainably conserve, manage and enhance Kenya's wildlife and its habitats, and provides a wide range of public uses in collaboration with stakeholders. In pursuit of this commitment, the strategy is anchored on three pillars;

- i. **Conservation** - Commitment to conservation leadership
- ii. **Collaboration** - Enhance partnerships with stakeholders
- iii. **Enterprise** - Develop mechanisms for financial sustainability

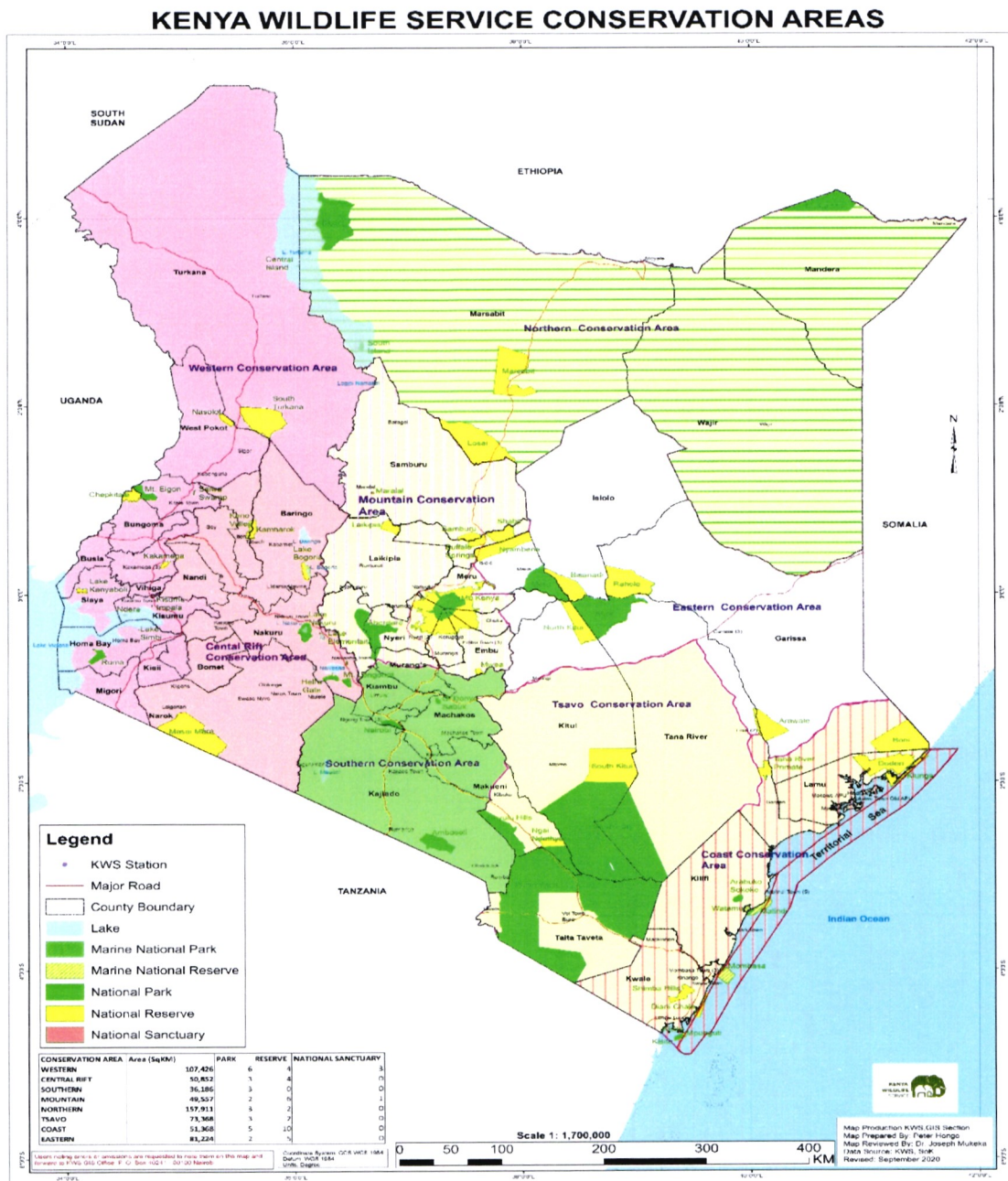
The project is continuously implemented by Kenya Wildlife Service (KWS) as a road's agency under the

KRB Act. As an agency KWS is allocated 1% of roads management levy funds.

Area of operation

The Service operates 22 National Parks, 28 National Reserves, 4 Marine National Parks, 6 Marine National Reserves and 5 National Sanctuaries. KWS is divided into 8 conservation areas (Western conservation, Central Rift conservation, Southern conservation, Mountain conservation, Northern conservation, Tsavo conservation, Coast conservation, and Eastern conservation), Main headquarters and two semi-autonomous institutions; Airwing, and Law Enforcement Academy-LEA (Manyani) for ease of administration.

The figure below shows the location of these conservation areas



c) Key Management

The day-to-day management of the Service is entrusted to the Director General who is the Secretary to the Board and Chief Executive Officer of the Service. The Director General is assisted by a management team of Directors and Deputy Directors. The Service is classified as a State Corporation under PC 3A.

d) Fiduciary Management

KWS is managed by a ten (10) member Board of Trustees, comprising of four (4) Government representatives, five (5) independent members, and the Director General who is the Secretary to the Board and Chief Executive Officer of the Service.

The appointment and the terms of the current membership of the Board of Trustees are shown below;

Board of Trustees

The Trustees of Kenya Wildlife Service Board as at the date of this report are as follows:

1) Gen. (Rtd) Joseph Kibwana	Board Chairman	Appointed on December 14, 2021
2) Ms. Beatrice Sereya Maitoyo	Board Vice Chair	Term expired on July 30, 2021
3) Mr. Ian Hamish Craig	Board Member	Term expired on July 30, 2021
4) Mr. Jochen Zeitz	Board Member	Term expired on July 30, 2021
5) Mr. Fred Ojiambo	Board Member	Term expired on July 30, 2021
6) Prof. Fred. K. Segor	Principal Secretary State Department for Wildlife	
7) Mr. Arthur Nduati	Rep. PS , The National Treasury & Planning	
8) Mr. Jack Wanami Wamboka	Rep. PS , Ministry of Devolution	
9) Mr. Rashid Yakub	Rep. Inspector General, Kenya Police Service	
10) Brig (Rtd). John M. Waweru	CEO/Board Secretary	Resigned on January 3, 2023

The current Board of Trustees Members

1) Lt. Gen. (Rtd) Walter Raria Koipaton	Board Chairman	Appointed on December 23, 2023
2) Ms. Neddy Kilimo	Board Member	Appointed on March 10, 2023
3) Ms. Shadia Munini Faryd	Board Member	Appointed on March 10, 2023
4) Mr. Moses Njenga Chege	Board Member	Appointed on March 10, 2023
5) Ms. Jeniffer Mwangangi	Board Member	Appointed on March 10, 2023
6) Mr. Peter Fredrick Moll	Board Member	Appointed on March 10, 2023
7) Ms. Silvia Museiya Kihoro	Principal Secretary, State Department for Wildlife	
8) Mr. Daniel Ndolo	Rep. Principal Secretary, National Treasury & Planning	
9) Mr. John Mokomoni	Rep. Principal Secretary, Ministry of Devolution	
10) Ms. Rosemary Kuraru	Rep. Inspector General, Kenya Police Service	
11) Mr. James Wang'ombe	Rep. Office of the Prime Cabinet Secretary	
12) Dr. Erustus Kanga, HSC	CEO/Board Secretary,	Appointed on December 1, 2022

Corporation Secretary

M/s. Benta Musima
P. O. Box 40241- 00100

NAIROBI

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Brig (Rtd). John M. Waweru
2.	Director Partnership & Enterprise	Mr. Edwin Wanyonyi
3.	Deputy Director Infrastructure Management	Eng. Walter Ochieng Odira
4	Deputy Director Security	Ms. Nancy Kabete
5	Deputy Director Finance & Accounts	CPA Japheth Kilonzo
5.	Director Legal Services	Ms. Doreen Mutung'a
6.	Deputy Director Wildlife & Community Service	Mr. Michael Wanjau
7	Director Internal Audit & Risk Management	CPA Nelson Otieno Agina
8	Senior Accounts Manager	CPA Peter Mathenge
9	Senior Engineer Roads	Eng. Micah Aiyabei

Current team of Key Management

No.	Designation	Name
1	Ag. Director General	Dr. Erustus Kanga, HSC
2	Director Partnership & Enterprise	Mr. Edwin Wanyonyi
3	Ag. Director Infrastructure Management	Eng. Bernard Mbeda
4	Ag. Director Wildlife Security	Ms. Nancy Kabete
5	Ag. Director Finance & Accounts	CPA Japheth Kilonzo
6	Ag. Director Legal Services	Ms. Benta Musima
7	Ag. Director Wildlife & Community Service	Mr. Dickson Ritan
8	Director Internal Audit & Risk Management	CPA Nelson Otieno Agina
10	Senior Engineer Roads	Eng. Micah Aiyabei

e) Fiduciary Oversight Arrangements

The Board of Trustees of KWS is responsible for the governance of the Service and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo and Code of Conduct.

Board of Trustees

The roles and functions of the Chairman and the Director General are distinct and their respective responsibilities clearly defined within the Wildlife Conservation and Management Act 2013.

The Board defines the policy guidelines for effective management of the Service. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Director General.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary.

Committees of the Board

The Board has set up four key Committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

Board Finance and Administration Committee

The Committee has responsibilities for oversight in financial and human capital management. These responsibilities include: -

- a) Policies that maintain and improve the financial sustainability and integrity
- b) Review and recommend a long-term financial plan for the Service
- c) Review and recommend an annual operating budget and annual capital budget consistent with the long-term financial plan and financial policies
- d) Review the financial aspects of major proposed transactions, new programs, projects and services, as well as proposals to discontinue the same and making recommendations to the board
- e) Review and approve financial statements for release to external auditors
- f) Review and approve opening and closing of bank accounts.
- g) Monitor the financial performance of the Service as a whole against approved budgets and long-term trends
- h) Requiring and monitoring corrective actions to bring the organization into compliance with laws, policies and applicable financial principles.
- i) Review of human resource policies.
- j) Deliberation of staff matters.

Board Conservation Committee

This Committee has responsibilities for oversight in Wildlife Conservation and Management. These responsibilities include; -

- a) Review and advise the Board on the development of Protected Area Management Plans, species strategies and conservation policies.
- b) Provide oversight of the organization's programs, projects and activities relating to conservation.
- c) Ensure that programs related to conservation are informed by best practice and leading- edge thinking, incorporating scientific, economic and social trends.
- d) Evaluate and review conservation programs and activities.
- e) Identify and submit risks, including legal, financial and reputational risks, relating to conservation to the Board Audit and Risk Committee.

The Committee also has responsibilities for oversight in mitigation of human wildlife conflict and compensation to communities. These include:

- a) Facilitate mobilization of requisite resources necessary for the department to carry out its mandate as spelt out in sec 7(n) of the WCM Act 2013 which states that "the service shall promote and undertake extension service programs intended to enhance wildlife conservation, education and training".
- b) Provide strategic policy direction to facilitate effective conservation education and awareness programs to enhance wildlife conservation and management.
- c) To determine incentives required for communities to foster effective Collaborative management of wildlife within a specified conservation area.
- d) Addressing human / wildlife conflicts in targeted conservation areas.
- e) Resources required for community mobilization to advocate for and support the development and implementation of enabling policy and Legal environment for wildlife conservation.
- f) Facilitate establishment of the wildlife compensation scheme Sec 24 (b) of WCMA 2013

Board Audit and Risk Committee

This Committee has responsibilities for oversight in audit and risk matters of the Service. These include:

- a) Approving the internal audit charter.
- b) Reviewing of audit reports.
- c) Approving the risk based internal audit plan.
- d) Approving the internal audit budget and resource plans.
- e) Entity wide risk management processes
- f) Receiving communications on the internal audit activity's performance relative to its plan and other matters

Board Enterprise Committee

This Committee has the responsibility of developing sustainable enterprises for the Service for the Service's financial sustainability. These include:

- a) Building a brand this will be done through exploring options for building and leveraging a new and distinct brand for KWS's protected area assets and its related products and services;
- b) Optimizing Traditional Sources of Revenue in order to increase both the revenue and related margin contribution of traditional tourism related revenues for KWS.
- c) Building New Sources of Revenue with a goal to diversify and increase sources of both wider funding and commercially generated revenues for KWS.
- d) To develop a clear strategic framework, disciplined business planning, considering Public-Private partnerships, optimal delegation and optimizing the use of technology among.

e) KWS is implementing Agency of RMLF and information details are as follows:

Registered office,

KWS Complex

Lang'ata Road

P.O. Box 40241 GPO 00100

Nairobi, Kenya

g) KWS Contacts

Tel: +254(20) 2379407/08/09

Email: kws@kws.go.ke

Website: www.kws.go.ke

h) Project information

Project Start Date:	FY 2003-2004
Project End Date:	Continuous
Project Manager:	Eng. Walter Ochieng Odira
Project Sponsor:	The Kenya Roads Board

i) Project overview

The project is under the supervision of Ministry of Transport and Infrastructure. The strategic objectives of the project are to maintain, rehabilitate and develop such categories of roads within the jurisdiction of Kenya Wildlife Service (KWS) as shall be specified in the notice of designation.

Kenya Wildlife Service
Annual Financial Statements for Road Maintenance Levy Fund
For the year ended June 30, 2022

j) Projects Bankers

Standard Chartered Bank Kenya Ltd
P. O. Box 30003
Langata Branch
GPO 00100
NAIROBI



k) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P. O. Box 30084 GPO 00100
NAIROBI, KENYA

l) Principal Legal Advisor

The Attorney General
State Law Office
Harambee Avenue
P. O. Box 40112 City Square 00200
NAIROBI, KENYA

2. THE BOARD OF TRUSTEES

PROFILE	
 <p>Lt. Gen. (Rtd) Walter Raria Koipaton; MGH, CBS, OGW “ndc” (K) ‘psc’ Chair, Board of Trustees</p>	<p>Lieutenant General (Rtd) Walter Raria Koipaton was appointed chairman of Kenya Wildlife Service Board of Trustees on 20th December, 2022 by H.E. President of the Republic of Kenya.</p> <p>Lt. Gen. (Rtd) Koipaton served as the Commander of the Kenya Army following his promotion and appointment on 13 July, 2018. He was enlisted into the Kenya Defence Forces as an Officer Cadet on 14 May, 1982 and Commissioned as an Officer on 14 April, 1983.</p> <p>Lt. Gen. (Rtd) Koipaton holds a Diploma in International Relations from the University of Nairobi, a Bachelor of Science in Peace and Conflict Studies from the African Nazarene University and is a graduate of the National Defence University, Washington, USA</p>
 <p>Mr. Moses Chege Trustee</p>	<p>Mr. Chege holds a Master of Science in Management and Organisational Development from USIU and a bachelor’s degree from the University of Nairobi.</p> <p>He has working experience in the private and non-profit sectors spanning close to 25 years in various senior management positions. He is experienced in governance, financial management, partnership development, project delivery among others.</p> <p>He has passion for conservation and is involved in a number of conservation initiatives.</p>
 <p>Mr. Daniel Ndolo Trustee</p>	<p>Mr. Daniel Ndola is the Alternate Director to the Cabinet Secretary, National Treasury. He has over 20 years’ experience working in the public sector institutions in Kenya.</p> <p>He holds Master’s degree in Development Economics (Williams College, Massachusetts, USA); Bachelors in Economics (University of Nairobi); Certificate in Investment Appraisal and Management (Harvard University), Certificate in Financial risk Management (Global Institute of Risk Management), as well as Certificates in PPP Management (IP3, USA), Leading Teams (Setym, Canada), among other qualifications.</p>





 <p>Mr. James K. Wang'ombe Trustee</p>	<p>Mr. James K. Wang'ombe works as a State Corporations Inspector and represents the Inspector General (Corporations).</p> <p>He is a Graduate in Economics and has Masters in Business Administration among other many short term courses. He is an Economist by Profession, but also embraced Information technology in the 1990s and is a member of the Information Systems Audit and Control Association (ISACA). He has worked in the Civil Service for 33 years.</p>
 <p>Ms. Jeniffer Mwangangi Trustee</p>	<p>Jeniffer is a graduate of Daystar University where she acquired a Master of Arts degree in Counselling Psychology. She also has a Bachelor of Education degree from the University of Nairobi, majoring in linguistics, and is currently pursuing a PhD in Counselling Psychology at the Catholic University of Eastern Africa where she also lectures.</p> <p>Additionally she is a Lecturer/Trainer with CORAT Africa which works in collaboration with Daystar University. Previously she worked as a high school teacher.</p>
 <p>Ms. Neddy Jeruto Kiptoo Trustee</p>	<p>Neddy Kiptoo holds a Bachelor of Education (Arts) degree besides undertaking leadership skills courses. She served as a Member of Country Assembly (MCA) in Elgeyo Marakwet County between years 2013 to 2022.</p> <p>She has been engaged in volunteer work as peace ambassador, and women empowerment promoter, among others</p>




 <p>Mr. Peter Moll Trustee</p>	<p>Peter is the chairman, (CEO) and founder of world leaders of today (Stand Up Shout Out) based in 39 counties and Lead Coordinator for APAC youth based in 20 plus African Countries.</p> <p>He was ranked top 35 under 35 in the national award youth of the year, 2020. He serves as an honorary warden of KWS for the southern conservation area besides being a Nairobi National Park Management Committee Board member.</p> <p>He is an astute conservationist with 11 years' experience and has accomplished many feats, including being the youth representative for UN</p>
 <p>Ms. Rosemary Kararu Trustee</p>	<p>Ms Kuraru is a Senior Assistant Inspector General of police and represents the Inspector General of the National Police Service in KWS Board.</p> <p>She is an alumnus of the prestigious National Defence College of Kenya. She holds an MBA (International Relations & Diplomacy) from the University of Nairobi, a Bachelor of Science in Counselling Psychology from Mt. Kenya University and a Higher Diploma in Psychological Counselling from Kenya Methodist University.</p>
 <p>Ms. Shadia Munini Faryd Trustee</p>	<p>Shadia is an administrator who has spearheaded service delivery in several institutions in the Public Sector. These include Parliamentary Service Commission, Public Service Commission, Ministry of Environment and Natural Resources, and Ministry of Water.</p> <p>She holds a Bachelor of Arts degree in Political Science and Kiswahili from the University of Nairobi</p>



3. MANAGEMENT TEAM

 <p>Dr. Erustus Kanga, HSC Ag. Director General</p>	<p>Dr. Erustus Kanga is the Acting Director General of Kenya Wildlife Service (KWS). He has over 20 years' experience in biodiversity conservation, climate change vulnerability assessment and mapping, bio-enterprises, and community livelihood support. He has a long trajectory in biodiversity conservation, including (five) 5 years of service as the Secretary for Wildlife at the Ministry of Tourism, Wildlife & Heritage, and 16 years of extensive work experience with the Kenya Wildlife Service, where he was responsible for Biodiversity Research and Monitoring across the Protected Areas.</p> <p>He holds a PhD in Natural Resources Conservation from the University of Groningen in the Netherlands in the year 2011. He has authored over 30 publications, and is driven by the passion to work towards the core purpose of biodiversity conservation.</p>
 <p>Mr. Edwin Wanjala Wanyonyi Director Partnership & Enterprise</p>	<p>Mr. Edwin Wanyonyi is the Director Strategy & Change. He holds an MBA in Strategic Management and a Bachelor of Business Administration. He is a member of the Kenya Institute of Supplies Management, Kenya Institute of Management, a postgraduate diploma in resource mobilization and a member of Kenya Association of Fundraising Professionals. He is currently pursuing PhD in Management.</p> <p>He has served the Service for seventeen (17) years</p>

	<p>Nancy Kabete is the head of Security Division. Previously she has worked in Investigation and Intelligence Departments in Senior positions. She holds BSc in Chemistry from Moi University, An MBA in Strategic Management from Kenya Methodist University and an MA in International Studies from the University of Nairobi. She is a graduate of National Defence College and a Board member at Firearms Licensing Board. She has the Honour of Head of State Commendation (HSC) for her contribution to wildlife conservation in Kenya. She has 22 years of experience in the Service</p>
<p>Ms. Nancy Kabete, HSC, ndc (K) Deputy Director Security</p>	
	<p>Mr. Dickson Ritan is the Head of Wildlife and Community service Directorate. He has served the Service for 22 years in various capacities.</p> <p>He is a graduate of University of Florida – Gainesville (USA) in MSC-Wildlife Ecology and Conservation, Kenyatta University, Degree in B.ED (Science - Botany and Zoology) and a Paramilitary training at Kenya Wildlife Service Law Enforcement Academy (KWS-LEA) 2001</p>
<p>Mr. Dickson Ritan Ag. Director Wildlife & Community Service</p>	
	<p>Eng. Benard O. Mbeda holds a Bachelor of Science degree in Civil/Structural Engineering from JKUAT, a Bachelor of Industrial Technology (Industrial Plant and Building Services Engineering) from Egerton University and a Master of Business Administration (Executive) in Strategic Management from Moi University.</p> <p>He is a member of the Engineers Board of Kenya (EBK) and Institution of Engineers of Kenya (IEK), with 25 years of experience in engineering design, construction and projects management</p>
<p>Eng. Benard Ochieng Mbeda Ag. Director Infrastructure and Facilities Management</p>	

 <p>CPA Japheth Kilonzo Ag. Director Finance & Accounts</p>	<p>Mr. Japheth K. Kilonzo holds a Master of Business Administration (Strategic Management) from Kenyatta University, a Bachelor of Science in International Business Administration (Accounting) from USIU-A, a graduate of SLDP from Kenya School of Government.</p> <p>He is a Certified Public Accountant of Kenya (CPA, K) and Member of the Institute of Certified Public Accountants of Kenya (ICPAK), He is also a Certified Credit Professional (CCP, K) and a member of Institute of Credit Management of Kenya (ICM-K).</p> <p>He has fifteen (15) years' experience in the Service</p>
 <p>Ms. Benta Musima Ag. Corporation Secretary</p>	<p>Ms. Benta Musima is currently finalizing her Masters in Law with the University of East London, she holds a post graduate Diploma in Law from the Kenya School of Law, a Bachelor's degree in Law (Hons) from Uganda Christian University. She is a Certified Public Secretary, a certified professional mediator and a member of the Chartered Institute of Arbitrators, Kenya.</p> <p>She has three (3) years' experience in the Service</p>
 <p>CPA Nelson Otieno Agina Director Internal Audit & Risk Management</p>	<p>Mr. Nelson Agina is the Head of Internal Audit & Risk Management. He holds a Bachelor of Commerce degree (Accounting) and he is a Certified Public Accountant - CPA (K). he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK)</p> <p>He has had a long career in public service having served as a Senior internal Auditor in the Ministry of Finance.</p> <p>He has over twenty-five (25) years' experience in the Service both in Finance and internal Audit.</p>

4. CHAIRMAN'S STATEMENT

It is a great honour for me to present to you the Kenya Wildlife Service (KWS) annual report and financial statements for the year ended 30th June 2022 for Roads Maintenance Levy Fund (RMLF). KWS mandate is to conserve and manage wildlife across this great nation.

Kenya Roads Board Act of Parliament, 1999, amended by Kenya Roads Act of 2007, Schedule III, recognizes KWS as implementing Road Agency. As per the Act, KWS is allocated 1% of the Roads Management Levy Funds (RMLF) collection for the maintenance of roads leading to and within the national parks and game reserves. This constitute major access and park roads that are "classified" by the Ministry of Transport Infrastructure Housing Urban Development, Public Works and Housing (MoTIHUDPW&H). The other network comprises of arterial roads, tourist circuits, and security patrol roads.

Due to COVID 19 pandemic, revenue accrued from foreign tourism declined and hence KWS refocused the marketing strategy on the domestic market. This is aimed at establishing a sustainable revenue base by shifting reliance on traditional international markets to the citizen market. Although there are indications of recovery, the revenues are still low and as such the Service continue to experience inadequate funding for conservation activities including road infrastructure.

KWS has significant road network spread across the country which requires sustained development and maintenance so as to effectively support tourism, wildlife protection and operations across the parks. We have witnessed efficient park operations, reduced vehicle operating cost and above all an increase in customer experience and satisfaction with improved roads. This calls for adequate deployment of resources to road infrastructure.

In the wake of increasingly scarce resources, from the competing core mandate activities in KWS, infrastructure has continued to suffer inadequate resources allocation. Road Maintenance Levy Fund (RMLF) has become a major reliable source of funding in road infrastructure development and Maintenance programmes in KWS. We therefore acknowledge the Government through Kenya Roads Board for the great support and collaboration we continue to receive in this area.



Lt. Gen. (Rtd) Walter Raria Koipaton MGH, CBS, OGW "ndc" (K) 'psc'

CHAIR - BOARD OF TRUSTEES



5. REPORT OF THE DIRECTOR GENERAL

Kenya Wildlife Service (KWS) as one of the Road Agency, appreciates the support it has continued to receive from Kenya Roads Board (KRB) towards maintenance of not only the major access roads towards the parks, but also tourist circuits within the national parks and reserves.

KWS has road network of approximately 10,000Km out of which 2500Km are under regular maintenance through RMLF whereas the remaining 7,500Km are maintained through internal capacity

The support and collaboration between KRB and KWS dates back to the FY 2003/2004 when KWS received first tranche of **KES 60 million**, and has gradually grown to **KES 651 million** at the end of FY 2021/2022. This has seen the length of our network under maintenance through the funding grow from 904 Km to the current network of approximately 2500 Km. Through RMLF, KWS maintained classified roads in the following parks, Ruma, Mt Elgon, Lake. Nakuru, Nairobi, Aberdare, Mt. Kenya, Meru, Kora, Ol Donyo Sabuk, Amboseli, Tsavo East, Tsavo West, Chyulu, Saiwa, Marsabit and Shimba Hills National Parks.

KWS received **KES.651,338,776** being normal 1% RMLF allocation and earned interest of **KES 25,007,750** from money held in the bank. The total expenditure for the same period amounted to **KES 830,231,819** which represents payments for the current FY and previous financial year works which rolled over to the FY under review. This resulted into over expenditure of **KES 153,885,293** which was financed by the carry over budget from previous financial years.

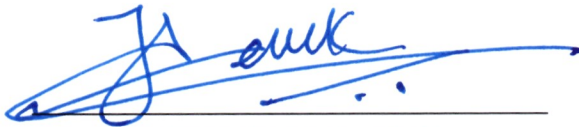
During the year, the services was able to complete rehabilitation of 28Km of roads and routine maintenance of 2259 Km and 268km of Performance based maintenance of roads across various parks and reserves. This achievement has seen improvement in accessibility and mobility of the public, tourists including KWS personnel, enhanced security patrol and responses, significant increase in revenue collection, creation of employment, economic wellbeing and conservation buy in from the public.

Notwithstanding the above achievements, the service continues to face the following implementation challenges.

1. Adverse Weather patterns experienced in all over the country greatly affected the progress of works especially in the wet parks such as Ruma, Mt. Kenya, Aberdare and Mt. Elgon.
2. Fuel scarcity and escalation of price experienced in the month of April, May and June 2022, slowed down productivity, and cash flow of contractor hence delay in completion periods for some contractors.

3. Some contractors especially those who were awarded the tenders reserved for special category had challenges of technical and financial capacity hence affecting, implementation of works;
4. Inadequate funding i.e., the funding received could not meet all the maintenance needs of the entire classified network.
5. Stiff competition from suppliers has led to some of the contractors struggling to complete works due to low cash flow level.
6. Low staffing levels; loss of staff through resignations/retirements without replacements.
7. Inadequate machinery to carry out emergency works and supervision vehicle

In spite of the above encounters, KWS is putting in place measures which include, lobbying for more funds for infrastructure development, filling of the existing gaps through the restructuring process, acquisition of supervision vehicles including machinery to address emergencies, and continuous engagement with Kenya Roads Board with other stakeholders. Lastly, I would like to extend my gratitude to the Government of Kenya, development partners and other stakeholders for continued support. In addition, much appreciation goes to the highly dedicated staff with whom we have come this far.



DR. ERUSTUS KANGA, HSC
AG. DIRECTOR GENERAL

6. STATEMENT OF PERFORMANCE AGAINST PROJECT 'S PREDETERMINED OBJECTIVES

INTRODUCTION

Kenya Wildlife Service (KWS) was established by an Act of Parliament, the Wildlife Conservation and Management Act (CAP 376) No. 16 of 1989, with the overall mandate to conserve and manage wildlife in Kenya, now repealed to Wildlife Conservation and Management Act, 2013.

The KRB Act (amended) recognizes Kenya Wildlife Services (KWS) as a road agency with the responsibility of maintaining approach roads and roads within National Parks and Game reserves. KWS is allocated 1% of the RMLF funding.

The road agency is expected to carry out maintenance (routine and periodic) and utilize some of the funds for administrative purposes. The 1 % RMLF fund received have been instrumental in making the parks and reserves accessible.

The overall goal of the funds is to maintain the roads accessing the parks and those within the parks and reserves with an aim of preserving the existing roads assets. Since the inception of the 1% RMLF funding, the number of passable roads has increased over the years with state of the roads in parks and reserves maintained in good and fair condition. Roads support the wildlife conservation activities, enhancement of security and the tourist experience within the parks improving the efficiency and effectiveness of KWS. Communities around the parks benefit from the passable roads accessing the parks which allow for easy transportation of people and goods in and out of the areas. Increase in tourism activities improve the income of the neighboring communities who are part of the conservation activities.

Project components

- I. **Road maintenance** -The expected outcome of this component is to maintain the status of the park roads and roads accessing the park in good condition thereby improving the tourist experience. Attainment of this objective ensures that the exist road assets are preserved, road users have an acceptable level of service, minimizes the road user costs and minimizes the road agency costs.
- II. **Rehabilitation and routine maintenance of various roads within Nairobi Park** – Nairobi National Park is strategically positioned at the heart of the city and is easily accessible to local, international and business tourist. Roads drive tourism by providing connectivity and accessibility to the different parts of the parks. The expected outcome of this component is to improve the levels of service of the existing roads over a long period of time.

III. Research and Development-The expected outcome of this component is to carry out research on eco-friendly products which do not interfere with the ecological system yet increase the durability of the roads. Maintenance of road will thus require reduced amount of gravel which is more sustainable and reduces ecological disruptions.

IV. Capacity building of staff- Our performance development principles are anchored on the belief reskilling and upskilling of the employees enable them to be fit for their present and future roles. In FY2021/2022 we focused on contract management skill development which will drive better management and delivery of projects.

Progress on attainment of 2021/2022 annual plan

For purposes of implementing and cascading the above development objectives to specific components, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
KWS RMLF FUNDED PROJECTS	Road Maintenance	Maintaining of the roads within the parks	<ul style="list-style-type: none"> • Maintenance of the roads as per the Annual Work Plan 2021-2022 • Inclusion of PBC within the works to ensure the contractors are responsible of the quality of works they deliver • Completion of the roads under previous financial years • Better drainage within the park roads • Use of local 	Twenty-Nine (29) contracts were awarded during the FY 2021/2022 Annual Public Roads (APRP). Of these, 16 contracts were completed and paid in full within the year and the remainder is as detailed below; <ul style="list-style-type: none"> • One (1) contract was under one (1) year Performance Based Contract (PBC) in Tsavo West National Park. • Five (5) contracts of routine maintenance crossed over to the next Fy due to implementation challenges ranging from adverse weather, scarcity and price escalation of fuel. • Six (6) contracts were

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Project	Objective	Outcome	Indicator	Performance
			contractors in the works	awarded in August 2022 for rehabilitation of roads in Ruma, Aberdare, Tsavo East and Ol-Donyo National Parks. This was financed from savings realized during the year and additional funding of KES. 163 million from surplus collection allocation. In addition, three (3) contracts from the year FY 2020/2021 that were under PBC were also completed and successfully handed over
	Rehabilitation of various tourist circuits within Nairobi National Park	Serviceability levels of the roads are improved with long maintenance cycles Maintenance of the road in Nairobi National Park	<ul style="list-style-type: none"> • Maintenance Cycle • Better level of service by road users • Promote increased tourist travel 	<ul style="list-style-type: none"> • Rehabilitation of Club House-Junct. 1-Junct 4- Junct 5-Junct 6-Junct 7- East Gate (15km) - was completed and handed over during the period. This was financed from FY 2020-2021 savings. • Routine Maintenance of Junct 27A-Junct 27B- Kingfisher-Junct 28A (5Km)- was completed and handed over during the period. This was financed from FY 2020-2021 savings. • Routine Of Junct 24C- 25D-Nairobi Tented Camp-Junct 26D/Junct 26C-26D-Banda Gate- Sheldrick Orphanage Gate (7.3Km)- was completed and handed over during the period.

Project	Objective	Outcome	Indicator	Performance
				This was financed from FY 2020-2021 savings
	Research and Development	Better technology used on the roads to increase the lifetime of the road and reduce maintenance cost	<ul style="list-style-type: none"> •Research on alternative road construction materials which do not affect the ecosystems in the parks •Capacity building sessions for the staff •Pitching of new technologies that can be used in the parks 	<ul style="list-style-type: none"> • ETB (Emulsion Treated Base) was sampled in the Nairobi National Park and a sample done on 5KM to observe its behavior. It was found to be good and thus adopted for the rehabilitation of the roads listed below in Nairobi Park <ul style="list-style-type: none"> i. Rehabilitation Works on Club House – Junct.1 - Junct.4 - Junct.5 - Junct.6 - Junct. 7 - East Gate (15km) In Nairobi National Park under RMLF ii. Rehabilitation Works on Junct.7 – Junct.8 - Junct.9 - Junct.10a- Hippo Pools - Junct.11a - Junct. 10b - Junct.10a In Nairobi National Park under TPF iii. Rehabilitation works on Junct. 5- Junct 18- Junct 19- Junct. 18A- Junct. 18B – Junct. 28B- Masai Gate/ Junct. 28B- Junct. 28A- Junct. 29A-Junct 21- Junct 22/Junct.23A- Langata Gate under TPF

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Project	Objective	Outcome	Indicator	Performance
				<ul style="list-style-type: none">Other technologies are being looked into such as use of STEIN and CLAY CRETE to improve condition of roads in wet and clay soil areas

In summary, the objectives of the FY 2021/2022 have been achieved.

7. CORPORATE GOVERNANCE STATEMENT

The Board of Trustees of KWS is responsible for the governance of the Service and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo Code of Conduct.

Board of Trustees

The roles and functions of the Chairman and the Director General are distinct and their respective responsibilities clearly defined within the Wildlife Conservation and Management Act 2013.

The Board defines the policy guidelines for effective management of the Service. Except for direction and guidance on general policy, the Board delegates authority of its day-to-day business to the Management through the Director General.

Board Meetings

The Board holds meetings on a regular basis while special meetings are called when it is deemed necessary.

Committees of the Board

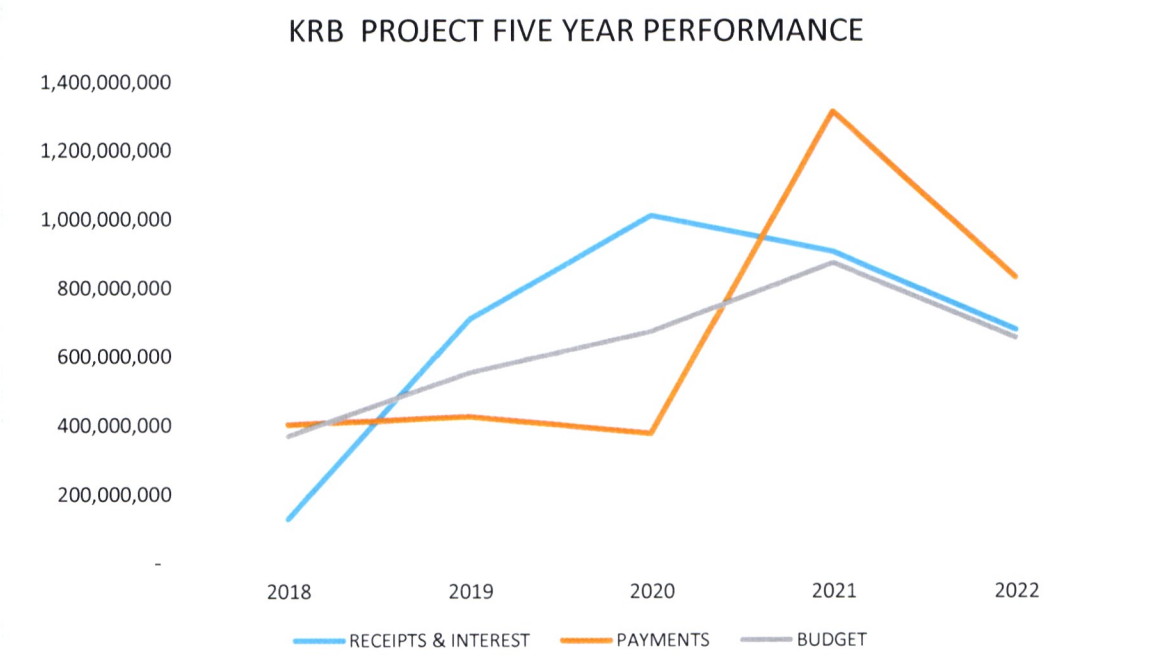
The Board has set up four key Committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

During the year under review management paid for road works for the prior financial year that spilled over to the current financial year under audit. The work plan for FY2021/2022 was procured and awarded on 6th January 2022 and the contracts signed on 14th January 2022. The implementation was ending on 28th May 2022. The project achieved value for money on goods and services through sourcing services competitively i.e., open tendering.

The financial and operational performance of KWS with regard to RMLF in the last five (5) years is shown below.



The challenges which affected the implementation of the RMLF included the following;

- a) Adverse Weather patterns experienced in all over the country greatly affected the progress of works especially in the wet parks e.g., Ruma, Mt. Kenya, Aberdare and Mt. Elgon.
- b) Fuel scarcity and escalation of price experienced in the month of April, May and June 2022, slowed down productivity, and cash flow of contractor hence delay in completion periods for some contractors.
- c) Some contractors especially those who were awarded the tenders reserved for special category had challenges of technical and financial capacity hence affecting, implementation of works.
- d) Inadequate funding i.e., the funding received could not cover the entire classified network forcing KWS to maintain 40% of her classified network alone. The classified

network covered under the funding source is 2500Km out of the total classified network of approximately 6,500Km.

- e) Low staffing levels; loss of staff through resignations/retirements without replacements.
- f) Inadequate machinery to carry out emergency works and supervision vehicles.

However, during the period, the entity experienced implementation challenges which included the following;

Challenges faced

- a) Limited financial resources to cater for all the roads in poor conditions in all parks.
- b) Few supervision personnel who get strained leading to delayed supervision of works
- c) Wet climatic conditions and steep terrain in Mt. Elgon and the Aberdare
- d) Rise in water levels in L. Nakuru National Park where some roads have been submerged
- e) Huge maintenance backlog for the unclassified roads which constitute the highest percentage within the parks

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Service's compliance with statutory requirements

During the period under review, the Service complied with all statutory requirements in line with the PFM Act and The National Treasury circulars with regards to the following reports, budget estimates, quarterly financial statements and annual financial statements. In addition, all statutory deductions to the government authorities were paid on time within the timelines (to KRA, NHIF, NSSF HELB and NITA).

SECTION D: Material arrears in statutory / financial obligations

The Service during the period under review did not have any material statutory arrears and financial obligation except for the numerous compensation cases relating to human wildlife conflicts being analyzed for settlement.

SECTION E: The Service's financial probity and serious governance issues.

The Service did not have any financial probity and governance issues at the preparation of this report.

Way forward

Kenya Wildlife Service Management is of the view that KRB should consider allocating more money say 3% in order, to effectively carry out its mandate. In addition, KWS should be allowed to recruit supervision staff to replace those who have left the service.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Kenya Wildlife Service (KWS) has over the years engaged communities who coexist with wildlife through various projects as a way of giving back and gaining their goodwill in conservation efforts.

Through Road Maintenance Levy Fuel (RMLF), KWS has carried out CSR projects through Roads 2000 Strategy, and improvement of access roads passing through communities and leading to the parks/reserves.

Roads 2000 Strategy entails utilization of local resources that are technically and economically feasible. The local resources include labour and equipment which are the basic inputs to road construction. Through acquisition of local resources from communities living around the Parks/Reserves, jobs have been created, and skills transferred to the locality and also at the national level. This has seen youth and women getting employment and thereby improving their livelihood.

Through RMLF allocation to KWS, various classified roads passing through the surrounding communities and accessing the Parks/Reserves have been regularly maintained to good service levels leading to all year-round mobility. This has facilitated efficient movement of goods and people to markets, health centres, and other social facilities.

This CSR activities together with the commitment by the organization has contributed to economic development, improved quality of life of the local communities as well as building social trust towards the mandate of KWS and Kenya Roads Board (KRB).

KWS continue to work to conserve the environment by protecting indigenous forests and animal habitats. Environmental mitigation in the parks continue to be prioritized during the execution of road projects through the reinstatements of borrow pits and planting of trees.

KWS has zero tolerance on corruption matters. The Service has put in place structures in to detect, prevent and investigate corruption. This includes;

- Appointment of a corruption prevention committee.
- Established structures for staff and other stakeholders to report corruption matters.
- The Service has a corruption prevention policy, which provides commitment of ensuring all KWS activities are conducted in an honest and ethical manner.

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- KWS has a Code of Conduct (CoC) which provides a framework within which all employees are expected to conduct themselves. All employees have signed a copy as evidence that they have read, understood it and will adhere to it.

KWS has developed a corruption risk register, which is regularly reviewed and updated. The Service endeavors to eradicate all forms of discrimination and harassment in order to promote inclusiveness and representation of Kenya's diverse communities and ethnic groups. No employee shall discriminate against: -

Another person in any way that segregates that person on ethnic, religious, political, gender or any other adverse grounds; or

Another person by way of victimization through any act that is injurious to the person's well-being and esteem by treating the person less favorably.

Employees are not permitted to be active members of any associations of which the objects and functions are in any way political. While it is the constitutional right of any employee to be involved in political party activities, an employee shall not use her/his office held to: -

- i) Act as an agent for, or further the interest of a political party
- ii) Indicate support, for or opposition, to any political party or candidate in an election
- iii) Engage in political activities that may compromise or be seen to compromise the political neutrality of the office held.

10. REPORT OF DIRECTORS

The Directors submit their report together with the audited Financial Statements for the year ended June 30th June, 2022, which show the state of the entity's affairs.

i) Principal activities

The principal activity of KWS is to sustainably conserve, manage and enhance Kenya's wildlife and its habitats, and provides a wide range of public uses in collaboration with stakeholders

ii) Results

The results of the RMLF for the year ended 30th June 2022, are set out on page 35

iii) Directors

The members of the Board of Directors who served during the year are shown on page 11 - 13.

iv) Auditors

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Benta Musima
Ag. Corporation Secretary/ Secretary to the Board
Nairobi

Date.....

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and State Corporation Act 2015, & Wildlife Conservation & Management Act 2013, requires the Trustees to prepare financial statements which give a true and fair view of the state of affairs of the Service at the end of the financial year and the operating results of the Service for that year.

The Trustees are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the Service. The Trustees are also responsible for safeguarding the assets of the Service.

The Trustees are responsible for the preparation and presentation of the Service's financial statements, which give a true and fair view of the state of affairs of the Service for the year and as at the end of the financial year ended on 30th June, 2022.

This responsibility includes: (i) maintaining adequate financial management arrangements 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 Service; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Service; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

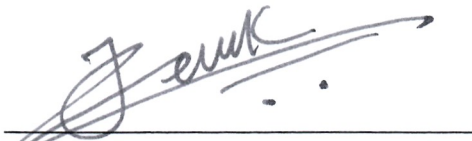
The Trustees accept responsibility for the Service's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) and in the manner required by the PFM Act, 2012 and (the State Corporations Act of 2015), Wildlife Conservation & Management Act 2013.

The Trustees are of the opinion that the Service's financial statements give a true and fair view of the state of its transactions during the financial year ended 30th June 2022, and of its financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Trustees to indicate that the Service will not remain a going concern in the foreseeable future.

Approval of the financial statements

The entity's financial statements were approved and signed by:



Dr. Erustus Kanga, HSC
AG. DIRECTOR GENERAL



Lt. Gen. (Rtd) Walter Raria Koipaton
CHAIR - BOARD OF TRUSTEES

REPUBLIC OF KENYA



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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON ROAD MAINTENANCE LEVY FUND FOR THE YEAR ENDED 30 JUNE, 2022 - KENYA WILDLIFE SERVICE

PREAMBLE

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

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

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, 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

Qualified Opinion

I have audited the accompanying financial statements of Road Maintenance Levy Fund-KWS set out on pages 35 to 55, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Road Maintenance Levy Fund - KWS as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Wildlife Conservation and Management Act, 2013.

Basis for Qualified Opinion

Unsupported Projects' Expenditure

As previously reported Annex 1 to the financial statements for 2020/2021 reflected schedule of unexecuted works and ongoing works totalling to Kshs.181,683,632. Included in this balance is Kshs.66,170,333 or 36% for two (2) ongoing projects awarded in 2015/2016 financial year. However, Annex 1 to the financial statements for 2021/2022 does not reflect the projects status and no project completion certificates were provided for audit. Further Annex 1 to the financial statements for 2021/2022 contains six (6) projects awarded in 2020/2021 totalling to Kshs.114,658,008 or 35% of the total outstanding uncertified projects with completion percentages of between 40% and 92%. The Management has not provided reasons for non-completion of the projects.

In the circumstances, the accuracy and completeness of the ongoing and unexecuted projects balance of Kshs.330,397,532 could not be confirmed.

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management had not resolved the issues or given any explanation for failure to implement the recommendations.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Unapproved Payment of Contingencies

Review of Bill of Quantities for tenders awarded and paid during the 2021/2022 financial year revealed that contractors made provisions for contingencies amounting to Kshs.40,821,578 which were paid during the year under review. However, the contract variation and amendments emanated from the procuring Entity and were neither reviewed by an evaluation committee, nor submitted through the Head of Procurement function to the Accounting Officer for approval.

This is contrary to Regulation 132.(1) and (2) of the Public Procurement and Asset Disposal Regulations, 2020 which states that Contract variations or amendments envisaged under Section 139(1)(b) of the Act for goods, works and services may either emanate from Procuring Entity on its own volition or from the contractor, and (2) Any variation request shall be reviewed. Payment of contract variations and amendments without review by an evaluation committee may result in misappropriations of funds.

In the circumstances, the Management was in breach of the law.

2. Irregular Evaluation of Tender

As disclosed in Note 3 to the financial statements, the statement of financial performance reflects certified works amount of Kshs.801,351,143. Included in the amount is a payment of Kshs.22,852,288 to a contractor for routine maintenance of certain roads in Ruma National Park. The tender for purchase of routine maintenance of certain roads in Ruma National Park was advertised on MyGov publication on 28 September, 2021. Four (4) bidders submitted their bids, two (2) bidder proceeded to technical and financial evaluation stages and a construction company was recommended for the award vide letter of notification of award dated 21 December, 2021 at a winning bid price of Kshs.22,852,287. The contractor accepted the offer and a contract signed on 14 January, 2022. However, the following anomalies were noted:

- i. The winning bidder did not give the correct information with regards to litigation history in his bid documents which was a requirement. The bidder had an active court case at the Tax Appeals Tribunal under Appeal Number 132 of 2021 with regards to a tax arrears dispute with the Kenya Revenue Authority. In addition, the bidder submitted a bid document that was not well paginated which was a

preliminary criterion. These two observations would have rendered the bidder non-responsive at the preliminary evaluation stage.

- ii. The contract awarded was not reported to the Authority as required under Regulation 60 of the Public Procurement and Asset Disposal Regulations, 2020. neither was the contract details uploaded into the Public Authority website as required under Section 138(1-3) of the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, Management was in breach of the law.

3. Non-Rotation of the Ad Hoc Evaluation Committees

Review of the various procurement processes for the certified works undertaken by the Fund during the year revealed that, the members of the Ad Hoc Evaluation Committees were not appointed on rotational basis since the same members evaluated very many tenders relating to the Fund over the course of the two (2) financial years without being rotated as summarized below:

Tender Number	Evaluation Committee	Date of Appointment
KWS/OT/RMLF/06-30/2020-2021	Edwin Wanyonyi-Chair, Walter Ochieng-Member, Micah Aiyabei-Member and Peter Mathenge-Member	4 December, 2020
KWS/OT/RMLF/42,43&44/2020-2021	Edwin Wanyonyi-Chair, Walter Ochieng-Member, Micah Aiyabei-Member and Peter Mathenge-Member	8 March, 2021
KWS/OT/RMLF/50,51,52/2020-2021	Edwin Wanyonyi-Chair, Walter Ochieng-Member, Micah Aiyabei-Member and Peter Mathenge-Member	15 June, 2021
KWS/OT/RMLF/04-21/2021-2022	Edwin Wanyonyi-Chair, Walter Ochieng-Member, Micah Aiyabei-Member and Peter Mathenge-Member	28 October, 2021

This is contrary to Regulation 29(1)(a) of the Public Procurement and Asset Disposal Regulations, 2020 which states that, the ad hoc evaluation committee established and appointed under Regulation 28 of these Regulations shall consists of at least three (3) members appointed on rotational basis comprising heads of user departments or their representatives.

In the circumstances, the Management was in breach of the law.

4. Anomalies in Tarmacking of 22 Kilometres Road at Amboseli National Park

The Management awarded two (2) Contracts to carry out road works on twenty-two (22) kilometers Tarmac Road where each contractor was awarded 11kms. The first Contract agreement was entered into between Kenya Wildlife Service and a construction firm on 17 September, 2021 for rehabilitation of Kimana Gate-Ngong VEG Farm (Road

C103)/Kimana Gate-Amboseli Headquarters 11kms Road at a contract sum of Kshs.105,283,708 with a contract period of six (6) months. The second contract agreement was entered into between Kenya Wildlife Service and a Construction Company on 7 October, 2021 to carry out rehabilitation of 11km of Ngong VEG Farm Gate Kimana JUNCT (Road C103) at a contract sum of Kshs.72,554,632 with a contract period of six (6) month.

However, the following anomalies were noted:

- i. Although the two sections of the roads are equal (11Km), the contract sum for each section was different. However, the Management has not explained the reasons for the variance of Kshs.32,729,076 in the contract sums for the roads.

Audit inspection carried out during the month of July, 2022 observed that the construction works were not yet completed despite the expiry of six (6) months period stipulated in the contract.

- ii. Further, the road diversions had a lot of dust as there was either very little or no water poured on the diversions, hence posing healthy risks to the tourists using the road to visit the park.
- iii. The Management did not provide approval documents to confirm contract extension.

In the circumstances, value for money may not be have been derived from the two projects.

5. Budget Over-Expenditure

The statement of comparative budget and actual amounts reflects total budgeted expenditure of Kshs.651,338,776 against actual expenditure of Kshs.830,231,819 resulting in over- expenditure of Kshs.178,893,043 or 127% of the total budget. The Fund operated over and above the approved budget for the year contrary to the Appropriation Act, 2018, the Supplementary Appropriation Act, 2018 and Regulation 43(b) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Non-Maintenance of Imprest Register

The statement of financial performance reflects amount of Kshs.28,880,676 in respect of other roadworks expenses as disclosed in Note 4 to the financial statements. Included in the expenditure is an amount of Kshs.10,105,175 which was incurred on domestic travel and subsistence. However, no imprest register was provided for audit review. This is contrary to Regulation 93(4, c) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the applicant of the temporary imprest has been recorded in the imprest register including the amount applied for.

In the circumstances, effective management of imprest register could not be confirmed.

2. Irregularities in the Management of Temporary Imprest

The statement of financial performance reflects amount of Kshs.28,880,676 in respect of other roadworks expenses as disclosed in Note 4 to the financial statements which includes domestic travel and subsistence amount of Kshs.10,105,175.

Included in the expenditure is an amount of Kshs.5,042,380 irregularly paid out to officers in form of group temporary imprest. This is contrary to Regulation 91(2) of Public Finance Management (National Government) Regulations, 2015 on Management of imprest which provides for issue of imprest to individual and not to a group.

Further, it was also not possible to confirm whether each officer individually accounted for the imprests received as required by Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015. In addition, there was no evidence to show that the officers received the imprests as some officers did not sign on the payment schedules attached to the vouchers.

In the circumstances, efficient and effective controls in management of temporary imprest could not be confirmed.

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

Responsibilities of Management and Board of Trustees

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

The Board of Trustees is responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

the internal controls would not necessarily disclose all matters in the internal controls 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund'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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

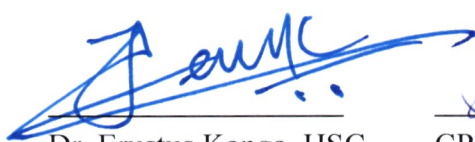
02 June, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH
JUNE 2022

Description	Note	2021/2022	2020/2021
		KES	KES
Revenue			
Road Maintenance Levy Fund	1	651,338,776	871,051,487
Finance Income (Interest on RMLF Funds)	2	25,007,750	32,429,423
Total Revenue		676,346,526	903,480,910
Expenditure			
Certified Works	3	801,351,143	1,295,070,104
Other Roadworks Expenses	4	28,880,676	17,017,909
Total Expenditure		830,231,819	1,312,088,013
Surplus/(Deficit) for the year		(153,885,293)	(408,607,103)

The notes on pages 49 to 52 form an integral part of these Financial Statements.

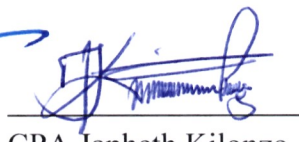
The Financial Statements set out on pages 35 to 39 were signed on behalf of the Board of Trustees by:



Dr. Erustus Kanga, HSC
AG. DIRECTOR GENERAL

16.05.2023

Date



CPA Japheth Kilonzo
AG. DIRECTOR FINANCE

ICPAK NO. 9174
15.05.2023

Date



Lt. Gen. (Rtd) Walter Raria Koipaton
CHAIR – BOARD OF TRUSTEE

20.06.23

Date

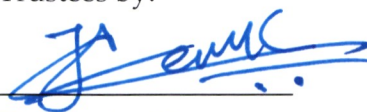


14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

		2022/2021	2020/2021
ASSETS	Note	KES	KES
CURRENT ASSETS			
Cash and Cash Equivalents	5	756,467,755	738,524,084
Receivables	6		149,544,110
TOTAL ASSETS		756,467,755	888,068,194
LIABILITIES			
CURRENT LIABILITIES			
Certificates Payable	7	30,469,552	7,598,209
Other Payables	8	27,717,308	28,303,797
TOTAL		58,186,860	35,902,006
NON-CURRENT LIABILITIES			
		-	-
TOTAL LIABILITIES		58,186,860	35,902,006
TOTAL NET ASSETS		698,280,895	852,166,188
NET ASSETS			
Accumulated Surplus/deficit	9	698,280,895	852,166,188
TOTAL NET ASSETS		698,280,895	852,166,188

The notes on pages 49 to 52 form an integral part of these Financial Statements.

The Financial Statements set out on pages 35 to 39 were signed on behalf of the Board of Trustees by:


Dr. Erustus Kanga

AG. DIRECTOR GENERAL

16.05.2023

Date


Japheth Kilonzo

AG. DIRECTOR FINANCE

ICPAK M/No 9174

15.05.2023

Date


Lt. Gen. (Rtd) Walter Raria Koipaton

CHAIR – BOARD OF TRUSTEES

20.06.23

Date

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE
2022

Description	Accumulated surplus
	KES
Prior Year	
Balance as at 1 July 2020	1,260,773,291
Surplus/(deficit) for the period	(408,607,103)
Balance as at 30 June 2021	852,166,188
Current Year	
Balance as at 1 July 2021	852,166,188
Surplus/(deficit) for the period	(153,885,293)
Balance as at 30 June 2022	698,280,895

The notes on pages 49 to 52 form an integral part of these Financial Statements.

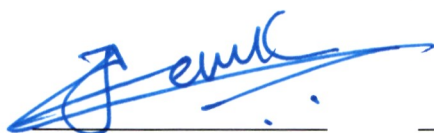
JK

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

	Note	2021/2022 KES	2020/2021 KES
CASH FLOWS FROM OPERATIONS			
Surplus for the year		-153,885,293	-408,607,103
<i>Adjustments for:</i>			
Finance Income	2	-25,007,750	-32,429,423
Operating income before Working Capital Changes		-178,893,043	-441,036,526
<i>Changes in working capital balances:</i>			
(Decrease)/Increase in Receivables	6	149,544,110	-149,544,110
<i>(Decrease)/Increase in Payables:</i>			
Certificates Payable	7	22,871,343	7,598,209
Other Payables	8	-586,489	20,427,044
Net Cash flows (to)/from Operating Activities (A)		-7,064,079	-562,555,383
CASH FLOWS FROM INVESTMENTS			
Finance Income	2	25,007,750	32,429,423
Net Cash flows (to)/from Investing Activities (B)		25,007,750	32,429,423
CASH FLOWS FROM FINANCING			
<i>(Include as appropriate)</i>			
Net Cash flows (to)/from Financing Activities (C)		-	-
MOVEMENT IN CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents at the Beginning of the Year		738,524,084	1,268,650,044
Net Increase/ Decrease in Cash and Cash Equivalents (D) = (A) + (B) +(C)		17,943,671	-530,125,960
Cash and Cash Equivalents at the End of the Year		756,467,755	738,524,084

The notes on pages 49 to 52 form an integral part of these Financial Statements.

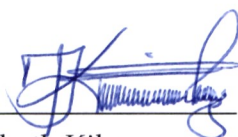
The Financial Statements on pages 35 to 39 were signed on behalf of the board by:



Dr. Erustus Kanga
AG. DIRECTOR GENERAL

16.05.2023

Date



Japheth Kilonzo
AG. DIRECTOR FINANCE
ICPAK M/No 9174

15.05.2023

Date



Lt. Gen. (Rtd) Walter Raria Koipaton
CHAIR – BOARD OF TRUSTEES

20.06.23

Date

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30TH JUNE 2022

	APRP BUDGET	ACTUAL	VARIANCE	VARIANCE
	2021/22	2021/22		
	KES	KES	KES	%
Revenue				
Road Maintenance Levy	651,338,776	651,338,776	NIL	NIL
Finance Income	-	25,007,750	25,007,750	
Other	-	-	-	
Total Receipts	651,338,776	676,346,526	25,007,750	
Expenditure				
Other Road works	28,300,131	28,880,676	(580,545)	2 %
Certified Works	623,038,645	801,351,143	(178,312,498)	29 %
Total Expenditure	651,338,776	830,231,819	(178,893,043)	
Surplus/deficit	-	(153,885,293)	(153,885,293)	

Comments

- Certified works and operating costs for the year had been budgeted for **KES.651, 338,776**. The total expenditure for the year was **KES.830, 231,819** resulting to a variance of **KES.178,893,043**. The high expenditure is as a result of payments done which relates to previous years.
- The actual received from KRB amounted to **KES 651,338,776** and interest for the year amounted to **KES 25,007,750**. Certified works and Operating costs for the year had been budgeted for **KES.651, 338,776** which was received in the financial year 2021/2022.
- The actual expenditure for the year amounted to **KES 830,231,819** against the total revenue of **KES 676,346,526** resulting to overall performance deficit of **KES 153,885,293**.

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18. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance and basis of preparation

The RMLF Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Kenya shillings, which is the functional and reporting currency of the Fund. The accounting policies have been consistently applied to all the years presented.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method. The Financial Statements are prepared on accrual basis.

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

The financial statements comply with and conform to the form of presentation prescribed by the Public Sector Accounting Standards Board (PSASB).

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

2. Adoption of new and revised standards

a) Relevant new standards and amendments to published standards effective for the year ended 30th June 2022

Standard/ Amendments: Applicable: 1 st January 2021:	Impact
a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks	There was no impact of the amendment to IPSAS 13 with respect to the current financial report
b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved	There was no impact of the amendment to IPSAS 13 and IPSAS 17 with respect to the current financial report as the entity did not apply any of the transitional provisions in the FY 2020/2021
c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.	There was no impact of the amendment to IPSAS 21 and IPSAS 26 with respect to the current financial report as the entity does not have Non-Cash Generating Assets and neither did it have impaired cash generating assets.
d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard	

b) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of Financial Statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of Financial Statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its Financial Statements about social benefits. The information provided should help users of the Financial Statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS</p>	<p>Applicable: 1st January 2022: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were</p>

Kenya Wildlife Service
 Annual Financial Statements for Road Maintenance Levy Fund
 For the year ended June 30, 2022

Standard	Effective date and impact:
resulting from IPSAS 41, Financial Instruments	<p>inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

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c) Early adoption of standards

KWS roads project adopted new standards in Financial Year 2021/2022.

3. Revenue Recognition

i) Revenue From Non-Exchange Transactions

Transfers from Other Government Entities/ Transfer of RMLF from KRB

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. In particular, revenue from non-exchange transactions relates to the transfer of funds from KRB to RMLF for the Road Authorities.

ii) Revenue from exchange transactions (Finance income (from RMLF funds))

Finance income (from RMLF funds) is accrued using the effective yield method. Finance income (from RMLF funds) is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine finance income (from RMLF funds) each period.

This relates to interests earned on the RMLF Accounts as held in Commercial Banks. Finance income (from RMLF funds) is reported at gross as received in the bank statement of the Road Authority.

4. Certified Works

Certified works are recognized when the works can be measured reliably and/ or when certificates of work done are received by KWS.

5. Roadwork Commitments

Roadwork commitments arise from contracts entered into with contractors for road maintenance and development. These commitments are disclosed in annex 1 of these financial statements.

6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at Standard chartered bank and KCB Bank. For the purposes of these Financial Statements, cash and cash equivalents relates to bank balances in commercial banks for the RMLF as at the end of the financial year.

7. Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

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Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

8. Budget information

The Annual Public Roads Programme APRP (Original budget) for FY 2021/2022 was approved on 26/5/2021. Subsequent revisions or additional appropriations were made to the approved budget (APRP) in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget (APRP) by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared based on work plans from the Roads Authorities which is on cash basis. The Financial Statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 16 of these Financial Statements.²

9. Changes in accounting policies and estimates

KWS recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

10. Comparative figures

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

11. Events after the reporting period

There were no material adjusting and non- adjusting events after the reporting period.

12. Ultimate and Holding Entity

KWS is a Road Maintenance Levy Fund agency established by Road Act under the State Department of Wildlife. Its ultimate parent is the ministry of Tourism and Wildlife.

13. Currency

The Financial Statements are presented in Kenya Shillings (KES).

14. Significant judgments and sources of estimation uncertainty

The preparation of the Entity's Financial Statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Financial risk management

The Fund's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Fund's overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Fund does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Fund's financial risk management objectives and policies are detailed below:

a) Credit risk

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated

by the entity's management based on prior experience and their assessment of the current economic environment.

b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the RMLF Administrator/ Head of Finance, who has built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

c) Capital risk management

The objective of the RMLF's capital risk management is to safeguard the RMLF's ability to continue as a going concern.

19. NOTES TO THE FINANCIAL STATEMENTS

1.0 Road Maintenance Levy Fund

Description	2021/22 KES	2020/21 KES
1% RMLF Allocations	676,346,526	871,051,488
Total	676,346,526	871,051,488

2.0 Finance Income (Interest on RMLF Funds)

Description	2021/22 KES	2020/21 KES
Finance Income (Interest on RMLF Funds)	25,007,750	32,429,423
Total	25,007,750	32,429,423

3.0 Certified Works

Description	2021/22 KES	2020/21 KES
Certified works during the year	801,351,143	1,295,070,104
Total Expenditure	801,351,143	1,295,070,104

4.0 Other Roadworks Expenses

Description	2021/22 KES	2020/21 KES
Domestic travel and subsistence	10,105,175	13,961,408
Routine maintenance	2,430,157	1,235,327
Advertising	626,327	328,979
Hospitality supplies	2,291,616	121,360
Communication, supplies & services	6,323,863	334,217
Training payments	7,091,749	886,928
Other operating payments	11,789	148,790
Total	28,880,676	17,017,009

5.0 Cash and Cash Equivalents

(a) Analysis of Bank and Cash balances:

These represent cash held at various banks, as follows:

Kenya Wildlife Service
Annual Financial Statements for Road Maintenance Levy Fund
For the year ended June 30, 2022

Description

	2021/22	2020/21
	KES	KES
Amounts held in local currency:		
Standard Chartered Bank-KWS HQS A/c No. 0104033037413	756,467,755	738,524,027
Kenya Commercial Bank- Amboseli A/c No. 1103871358	0	0
Kenya Commercial Bank- Meru A/c No. 1154211576	0	0
Total	<u>756,467,755</u>	<u>738,524,084</u>

The Authority is not exposed to credit risk on cash and bank balances as the funds are held with sound financial institutions approved by the Central Bank of Kenya.

(b) Cash and cash equivalents

For purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months.

Analysis of cash and cash equivalents is as set out below: -

Description	2021/22	2020/21
	KES	KES
Cash Balances	<u>756,467,755</u>	<u>738,524,084</u>

6.0 Receivables

Description	Note	2021/22	2020/21
		KES	KES
Receivable from KRB (1% RMLF Allocations)			149,544,110
Contractors' Advances		-	-
GoK Receivables		-	-
Other Receivables		-	-
Total		=	<u>149,544,110-</u>

7.0 Certificates Payable

Description	Note	2021/22 KES	2020/21 KES
Opening Balance as at 1 st July 2021		7,598,209	-
Add: Total Certified Works during the year		801,351,143	1,274,643,060
Less: Certificates Paid within the year		(778,479,800)	(1,267,044,851)
Closing Balance as at 30th June 2022		30,469,552	7,598,209

8.0 Other Payables

Description	Note	2021/22 KES	2020/21 KES
Other operating costs		27,717,308	28,303,797
Total		27,717,308	28,303,797

9.0 Accumulated Surplus

Description		2021/22 KES	2020/21 KES
Accumulated surpluses as at 1 st July 2021 (from prior years)		852,166,188	1,260,773,291
Add: Surplus for the year (as per statement of financial performance)		(153,885,293)	(408,607,103)
<u>Accumulated surpluses as at 30th June 2022</u>		<u>698,280,895</u>	<u>852,166,188</u>

10.0 Cash Generated from Operations

Reconciliation of Net Cash Flows from Operating Activities to Surplus for the year:

Description	Note	2021/22 KES	2020/21 KES
Surplus for the year		(153,885,293)	(408,607,103)
<i>Adjustments for:</i>			
Finance Income	2	(25,007,750)	(32,429,423)
Operating income before Working Capital Changes		(178,893,043)	(441,036,526)
<i>Changes in working capital balances:</i>			
(Decrease)/Increase in Receivables	6	149,544,110	(149,544,110)
(Decrease)/Increase in Payables	8	22,285,624	28,025,253
Net Cash flows (to)/from Operating Activities		(7,064,079)	(562,555,383)

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11.0 Disclosure note on unexecuted contracts and ongoing contracts yet to be certified.
(Annex1)

Description		2021/2022	2020/2021
	Note	Kshs.	Kshs
Balance of unexecuted /ongoing contracts at the beginning of the year		181,683,632	60,704,280
ADD: Road contracts awarded in the current year		720,979,147.70	468,090,165.88
Brought forward contracts		229,085,895.30	947,959,290.12
Less: Certified works during the year		801,351,143.47	1,295,070,104
Closing Balance of Contract commitment		330,397,531.97	181,683,632

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Annex 1: **LIST OF OUTSTANDING PAYABLES AS AT 30TH JUNE 2022**

	CONTRACT NUMBER	PARK/STATION	COMPANY	CONTRACT PERIOD	STATUS IN %	AMOUNT OUTSTANDING AS 30.6.2022
1	KWS/OT/RML F/05/2021-2022	TSAVO EAST N PARK.	MUNDO VERDE LTD	2021-2022	68	25,004,148.00
2	KWS/OT/RML F/07/2021-2022	TSAVO EAST	FORTIS KENYA LTD	2021-2022	96	807,841.35
3	KWS/OT/RML F/08/2021-2022	TSAVO EAST	HOLIDAY ASSETS LTD	2021-2022	94	2,436,282.05
4	KWS/OT/RML F/09/2021-2022	TSAVO EAST	EDUNA EAST AFRICA	2021-2022	97	9,550,860.00
5	KWS/OT/RML F/10/2021-2022	TSAVO WEST	NUHDRA LTD	2021-2022	95	7,134,870.00
6	KWS/OT/RML F/12/2021-2022	TSAVO WEST	GUBA INVESTMENT LIMITED	2021-2022	60	16,997,282.80
7	KWS/OT/RML F/13/2021-2022	CHYULU/TSAVO WEST	RAPHLINK CONSTRUCTION LTD	2021-2022	95	7,513,320.00
8	KWS/OT/RML F/17/2021-2022	ABERDARES	KAXPAR TECHNICAL WORKS LIMITED	2021-2022	60	22,533,154.86
9	KWS/OT/RML F/18/2021-2022	ABERDARES	ONSITE DEVELOPERS LIMITED	2021-2022	100	236,843.00
10	KWS/OT/RML F/19/2021-2022	MT KENYA N.PARK	GOLD WATER LOGISTICS LIMITED	2021-2022	80	2,055,520.00
12	KWS/OT/RML F/20/2021-2022	MERU N PARK	MAC SISTERS	2021-2022	100	9,415,309.01
13	KWS/OT/RML F/22/2021-2022	RUMA NATIONAL PARK	WORCESTER ENG LTD	2021-2022	100	8,188,440.00

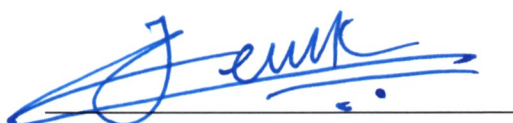
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14	KWS/OT/RML F/24/2021- 2022	MT ELGON N.PARK	ROYALE CONSTRUCTIO N LTD	2021- 2022	100	2,530,868.92
15	KWS/OT/RML F/23/2020- 2021	MT KENYA	WAYWEST	2020- 2021	92	1,608,411.00
16	KWS/OT/RML F/28/2020- 2021	MT ELGON N. PARK	DIGITALEGE (K) LIMITED	2020- 2021	40	17,778,078.00
17	KWS/OT/RML F/43/2020- 2021	NAIROBI N. PARK	ARCHIPILLAR CONTRACTOR S LTD	2020- 2021	88	10,928,182.67
18	KWS/OT/RML F/50/2020- 2021	AMBOSELI N.PARK	MACHINE BAST LIMITED	2020- 2021	70	42,414,540.29
19	KWS/OT/RML F/51/2020- 2021	AMBOSELI N. PARK	ZAM ZAM CONSTRUCTIO N COMPANY LTD	2020- 2021	57	34,943,740.66
20	KWS/OT/RML F/22/2020- 2021	MT KENYA N. PARK	CHOGIS GARAGE LIMITED	2020- 2021	100	6,985,054.81
21	KWS/OT/RML F/48/2021- 2022	RUMA N. PARK	Engiplus Infrastructure s Ltd	2021- 2022	0	40,588,226.00
22	KWS/OT/RML F/49/2021- 2022	RUMA N. PARK	KASUMO ENTERPRISE LIMITED	2021- 2022	0	33,277,768.34
23	KWS/OT/RML F/50/2021- 2022	RUMA N. PARK	HEDGE LIMITED	2021- 2022	0	27,468,790.20
						330,397,531.97

20. PROGRESS ON FOLLOW UP OF AUDITOR'S RECOMENDATIONS

The following is a summary of issues raised by external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit report	Issues / Observations from auditor	Management comments	Status:(Resolve/ Not resolved)	Time frame: Date when you expect the issue to be resolved.
1.1	Budgetary Control and Performance	Backlog cleared	Resolved	Resolved 2021/2022
1.2	Delay in completion of Works	Management following up on completion of works	Ongoing	Pending
1.3	Pending Accounts Payables	Payments were made in FY 2021/2022	Resolved	2021/2022 FY
1.4	Retention Monies not held in a separate Account	Board paper submitted to the Board awaiting guidance.	Under review	2022/2023 FY
1.5	Variance in Road Maintenance levy fund	Amount accrued as receivable and received on 7 th July 2021	Resolved	2021/2022 FY
1.6	Lack of Disaster Recovery Plan	Implementation of offsite backup solution done	Resolved	2022/2023 FY



Dr. Erustus Kanga, Hsc
AG. DIRECTOR GENERAL



Lt. Gen. (Rtd) Walter Raria Koipaton
CHAIR - BOARD OF TRUSTEES