

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

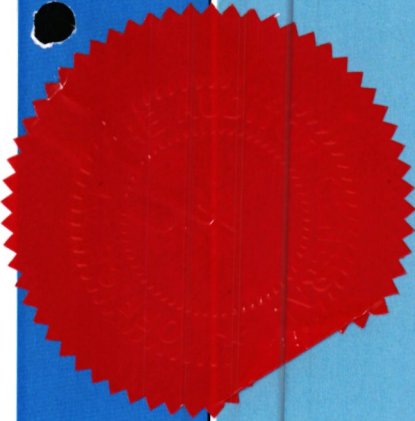
THE AUDITOR-GENERAL

ON

MINISTRY OF ENVIRONMENT AND FORESTRY

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

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MINISTRY OF ENVIRONMENT AND FORESTRY

REPORTS AND FINANCIAL STATEMENTS

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

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

MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The history of the Ministry of Environment and Forestry can be traced back to the Ministry of Lands, Game, Fisheries and Natural Resources which was first established in 1963. Increased attention to environmental matters after the Stockholm Conference of 1972 led to the creation of Ministry of Environment and Natural Resources in 1982. It has been evolving through the years with different naming, the current one being the Ministry of Environment and Forestry vide Executive Order No. 1 of 2018 on the organization of Government of Kenya.

The Ministry is committed to facilitating enabling policies, legal and regulatory reforms for promoting sustainability of the environment and natural resources while at the same time mitigating the effects of climate change. In addition, the Ministry will support and contribute to the country's socio-economic development while meeting the national obligations within the Kenya Vision 2030 framework.

Vision

"A Clean, healthy, safe and sustainably managed Environment and Natural Resources."

Mission

"To promote and facilitate good governance in the protection, restoration, conservation, development and management of environment and natural resources for equitable and sustainable development."

Mandate of the Ministry

The Ministry of Environment and Forestry draws its mandate from the Executive Order No. 1 of June, 2018 (Revised) as follows;

- i. National Environment Policy and Management,
- ii. Forestry Development Policy Management
- iii. Development of forests, re-afforestation and agro-forestry
- iv. Restoration of Strategic Water Towers
- v. Kenya Forestry Services
- vi. Protection and conservation of the natural environment
- vii. Resource Surveys and Remote sensing
- viii. Climate Change policy
- ix. Pollution control
- x. Lake Victoria Environmental Management Programme
- xi. Restoration of Lake Naivasha Basin
- xii. Kenya Meteorological Department
- xiii. Kenya Meteorological Training
- xiv. Conservation and protection of Wetlands

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The functions under this mandate implement the provisions of Article 69 of the Constitution of Kenya. The Ministry also has the mandate to implement the provision of article 69 of the Constitution of Kenya on obligations in respect to the environment.

(b) Key Management

According to the Executive order, the Ministry also provides policy guidance, capacity building, resource mobilization, coordination and oversight for the following statutory institutions:

- 1. National Environment Management Authority (NEMA):** This Authority is established under Environmental Management and Coordination Act (EMCA) No. 8 of 1999 to exercise general supervision and coordination over all matters relating to the environment and to be the principal instrument of Government in the implementation of policies, regulations and standards relating to the environment.
- 2. National Environment Trust Fund (NETFUND)** is established under EMCA 1999 to facilitate research intended to further the requirements of environmental management, capacity development, environmental awards, environmental publications, scholarships and grants.
- 3. Kenya Water Towers Agency (KWTA):** The agency established via Kenya gazette notice No.27 of 2012 is mandated to co-ordinate and oversee the protection, rehabilitation, conservation, and sustainable management of all the critical water towers in Kenya.
- 4. Kenya Forest Service (KFS):** Established under the Forests Act 2005, with the mandate to enhance the development, conservation, and sustainable management of Kenya's forest resources on public, community and private lands for the equitable benefit of the people of Kenya and for socio-economic development of the country.
- 5. Kenya Forestry Research Institute (KEFRI):** The Kenya Forestry Research Institute (KEFRI) was established in 1986 under the Science and Technology Act (Cap. 250) (Amended Science, Technology and Innovation Act of 2013) with the mandate of carrying out research in forestry and allied natural resources
- 6. National Environmental Complaints Committee (NECC)** responsible for investigating any complaints in relation to the condition of the environment.

The Ministry has also the following directorates, departments and units:

1. Directorate of Environment

The Directorate is mandated to: Develop policies and strategies on environment; Environment protection and conservation; Advise Government on environmental legislation and their implications; Monitor compliance to environment standards; Develop proposals for funded programmes and projects for environmental conservation and management; and Monitor pollution.

The Directorate has the following Departments;

- i. Programmes and Strategic Initiatives
- ii. Multilateral Environmental Agreements Department

2. Directorate of Forestry Conservation

The Department is mandated to undertake Forest Policy formulation, Management, Legislation and Regulation; Coordinate the development of Forests through Afforestation, Conservation and Agroforestry; Coordinate the restoration of Kenya Water Towers and Coordinate Forest Research;

The Directorate has the following Departments;

- i. Department of Forest Conservation
- ii. Urban Rivers Ecological Restoration Department

3. Directorate of Climate Change

The Directorate is mandated to provide vision, leadership, guidance and coordination on matters relating to climate change in the country. It is the lead agency of Government on National Climate Change Plans and Actions to deliver operational coordination.

The Directorate is further organized into the following Departments:-

- i. Climate Change Department
- ii. Climate Change Programme Coordination Department

4. Kenya Meteorological Directorate

The Directorate is responsible for the provision of meteorological and climate information and services to various sectors including agriculture, energy generation, aviation, marine transport, health, disaster management, water resources development and management among others.

The Directorate is organized into two Departments:-

- i. Kenya Meteorological Department
- ii. Institute of Meteorological Training and Research Department

5. Directorate of Administration and Support services

The Directorate is mandated to coordinate and provide support services to facilitate the realization of the strategic objectives of the Ministry. It comprises of the following Departments: Administration, Planning, ICT, Finance, Accounts, Records Management, Human Resource Management and Development, Public Communications.

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(c) **Fiduciary Management**

Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2020 and who had direct fiduciary responsibility were:

- | | |
|--|----------------------------|
| 1. Cabinet Secretary | Mr. Keriako Tobiko CBS, SC |
| 2. Chief Administrative Secretary | Mr. Mohamed Elmi |
| 3. Accounting Officer | Dr. Chris Kiptoo, CBS |
| 4. Secretary Administration | Mr. Joel Kitili |
| 5. Director of Administration | Mr. Rodney Omari |
| 6. Director Human Resource & Dev. | Ms. Rose W. Wamoto |
| 7. Director Urban Rivers Rehab. Prog. | Mr. Erik F. N. Akotisi |
| 8. Deputy Director. MEAs | Mr. Cyrus Mageria |
| 9. Director Planning | Mr. John Olela |
| 10. Director Kenya Meteorological Services | Ms. Stella Aura |
| 11. Head of Internal Audit | Mr. Kyendwa Mitau |
| 12. Senior Chief Finance Officer | Mr. Joseph Mutuma Mutwiri |
| 13. Head of Accounting Unit | Ms. Peninah Njugunah |
| 14. Head of I.C.T. | Mr. E. Kimani Mukiri |
| 15. Head of Public Communication | Mr. Elias Ngare Njeru |
| 16. Head of Supply Chain Management Services | Mr. Richard Yator |
| 17. Director Climate Change Department | Dr. Pacifica Ogolla |

(d) **Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements in the Ministry are as follows:-

1. Audit and finance Committee

a. Audit Committee

The mandate of the audit committee shall include:-

- Assisting the accounting officer/chief executive officer in enhancing internal controls in order to improve efficiency, transparency and accountability.
- Reviewing audit issues raised by both internal and external auditors.
- Resolving unsettled and unimplemented Public Accounts and Public Investments Committees (PAC/PIC) recommendations.
- Enhancing communication between management, internal and external audit and fostering an effective internal audit function.

b. Finance Committee

The Finance Committee in the Ministry is referred to as the Budget Implementation Committee (BIC). BIC is established in the Ministry at the beginning of each financial year. BIC oversees preparation of the Ministry's budget, reviews the utilization of cash limits and donor funds voted in the Ministry including reallocation of expenditures from time to time.

2. FORWARD BY THE CABINET SECRETARY

The Constitution of Kenya, 2010 in Articles 42, 69 and 70 clearly lay out the actions we ought to take in order to protect the environment for the benefit of the present and future generations. This involves encouraging public participation in the management, protection and conservation of the environment; eliminating processes and activities that are likely to endanger the environment and working to achieve and maintain a tree cover of at least ten percent of the land area of Kenya.

The Ministry of Environment and Forestry was established vide Executive Order No. 1 of 2018 on the organization of government of Kenya. It is mandated to undertake National Environment Policy and Management, Forestry Development Policy and Management, Development of re-forestation and agro-forestry, Restoration of strategic water towers, Protection and conservation of Natural environment, Resource Survey and Remote Sensing, Pollution control, Lake Victoria Management Programme, Restoration of Lake Naivasha Basin, Kenya Meteorological Department, Kenya Meteorological training, Conservation and Protection of Wetlands and Climate Change Affairs.

During the 2019/20 Financial Year, the approved budget (allocation) for the Ministry was Kshs.12,574 Million. The Ministry's actual expenditure was Kshs.11,000 Millions of which Kshs.10,682 Million was from GoK and Kshs.318 Million was from donors. This translated to an absorption rate of 87%.

In line with the constitution and the Kenya's development agenda (The Vision 2030 and The Big Four Agenda), various initiatives were implemented through the following four (4) programmes in the review period of 2019/2020. The programmes were Environment Management and Protection; Meteorological Services; Forest and water towers conservation and General Administration, Planning and Support Services. These programmes achieved the following:

To strengthen environmental governance the Ministry implemented plastic ban regulation all over the country; Reviewed Ozone Depleting Substance Regulations; Developed a draft National Chemicals Policy and Kenya Meteorology Bill; Commenced the Process of the review of the Forest Conservation and Management Act 2016 and Environmental Management and Coordination Act; Developed National Wetlands Management Policy and draft Bamboo Policy; Developed a draft Extended Producer Responsibility (EPR) regulations; Developed a draft State of Environment Report for 2016/2019, established the status of waste management and pollution levels and developed actions plans for five (5) towns namely Mombasa, Thika, Nakuru, Eldoret and Kisumu; and 4,560 No. of licenses issued as per regulations on EIA, Effluent Discharge, waste, Registration of EIA/EA

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Experts, ODS and Air quality regulations,

To provide reliable weather and climate information for decision making the Ministry through Kenya Meteorological Department adopted new and innovative approach to the delivery of meteorological and climate services courtesy of the Government's programme on modernization of meteorological services through purchase and installation of modern equipment. This has ensured provision of timely and accurate weather advisories and early warning by the Ministry which has reduced the impacts of the calamities associated with weather. In order to improve this even further, the Meteorology Policy and Bill is currently under development to provide an enabling environment for much more efficient and effective provision of meteorological services.

Under Environment Management and Protection the Ministry is promoting circular economy based approaches to environmental management. Circular economy approach promotes reduction in use of resources and extraction of maximum value from waste through reuse and recycling. The Ministry has developed the Sustainable Waste Management Policy and Bill based on circular economy approach to waste management. An Action Plan based on the policy has been developed for piloting in the Nairobi Metropolitan Area. Also through the National Environment Trust Fund (NETFUND) green Innovations Awards Project supported more than 100 innovations and green businesses aligned to food security, manufacturing, health and housing with 70% of this being youth-led. The initiatives that have been supported have led to creation of 9,700 green jobs and created socio-economic impact to the community where over, 7,659 households are accessing clean energy for lighting and cooking, 7,589 tons of waste recycled and 16,000 households accessing clean water.

To increase tree cover beyond the 10% by 2022, The Ministry adopted three blocks covering 300 ha in Maasai Mau forest for rehabilitation and restoration; Pitted and planted of 300,000 seedlings done through KWTA; Launched the short-rains National Tree Planting Campaigns at Ngong Road Forest Station and implementation of the short and long-rains tree planting campaigns in Marsabit, Kisumu, Kericho, Meru, Kajiado, Taita Taveta, Tana River, Garissa , Wajir; Launched the 10 million tree planting initiative for the restoration of the Maasai Mau forest Water Tower; through KFS the Ministry restored 400.2 Ha of Maasai Mau forest block; Established 778.70 Ha of un-stocked plantation forest areas in 40 forest stations; rehabilitated 800 Ha of degraded mangrove forest ecosystems; rehabilitate 1,270 Ha of natural forest areas and 8,751 Ha of plantation areas; and through KEFRI the Ministry collected 19.5 tons of seeds; carried out aerial seeding of 3600 ha; raised 27,230 seedlings through revision of Facts on Eucalyptus among others.



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Despite these achievements the Ministry faced a number of challenges listed as follows. Pending bills totalling to Kshs 72,000,000 which arose mainly due to none release of exchequer and budget cuts. The Ministry experienced severe budget cuts of up to 50% in the financial year 2019/20 which affected the achievement of its objectives. The Ministry has serious succession management issues. Senior management staffs have exited the service upon retirement and have not been replaced. The ministry has made requests to the National Treasury to allow the Ministry to fill the various positions. With the support of all stakeholders, it is my hope that the Ministry will continue to play its role as articulated in the Executive Order 1/2018.

~~Hon. Keriako Tobiko CBS, SC~~
~~CABINET SECRETARY~~

K. T.
30/9/2020

[Signature]

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3. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETRMINED OBJECTIVES

Introduction

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

The key development objectives of the Ministry's 2018 – 2022 Plan are to:

- Protect and manage the environment for sustainable development
- Protect and restore forest ecosystem for the benefit of the present and future generation
- Create enabling environment for good governance in environment and natural resources management
- Enhance climate change resilience and low emission development pathway in all economic sectors for sustainable development and posterity
- Enhance the generation and dissemination of weather and climate information for early warning, planning and decision support.

Progress on attainment of Strategic Development Objectives

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

Below is the progress on attaining the stated objectives:

MDA Program	Objective	Outcome	Indicator	Performance
General Administration, Planning and Support Services	Improved Environment and Natural Resources services	Sustainably Managed Environment and Natural Resources	Percentage level of support to Sustainably Manage Environment and Natural Resources	100%
Environment Management and Protection	To sustainably manage and conserve environment	Sustainably Managed Environment and Natural Resources	Level of enforcement to environment sustainability	80%
Meteorological Services	To provide reliable weather and climate information for decision making	Reliable weather and climate information for decision making	Level of accuracy in provision of weather and climate information	100%
Forest and water towers conservation	Increased forest and tree cover for improved livelihoods	Well conserved and maintained forests	Percentage forest cover in attainment of the national 10% tree cover	7.2%

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Meteorological Services	To provide reliable weather and climate information for decision making	Reliable weather and climate information for decision making	Level of accuracy in provision of weather and climate information	100%
Forest and water towers conservation	Increased forest and tree cover for improved livelihoods	Well conserved and maintained forests	Percentage forest cover in attainment of the national 10% tree cover	7.2%

4. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The Ministry of Environment and Forestry focuses to provide leadership to ensure that the aspirations of the people of Kenya of having a clean and healthy environment are met. This is through creating an enabling environment for policy legal and regulatory reforms for managing environment and forestry resources.

1. Sustainability strategy and profile

The Ministry practiced several sustainability strategies through encouragement of collaboration with the county Governments in funding and implementing Environmental activities. Communities were also encouraged to take tree growing as an enterprise for improving their livelihoods.

2. Environmental performance

The Constitution of Kenya, 2010 in Articles 42, 69 and 70 clearly lay out the actions we ought to take in order to protect the environment for the benefit of the present and future generations. This involves encouraging public participation in the management, protection and conservation of the environment; eliminating processes and activities that are likely to endanger the environment and working to achieve and maintain a tree cover of at least ten per cent of the land area of Kenya. The Ministry strived to achieve the ten percent tree cover by adopting three blocks covering 300 ha in Maasai Mau forest for rehabilitation and restoration; Pitting and planting of 300,000 seedlings done through KWTA; Launched the short-rains National Tree Planting Campaigns at Ngong Road Forest Station and implementation of the short and long-rains tree planting campaigns in Marsabit, Kisumu, Kericho, Meru, Kajiado, Taita Taveta, Tana River, Garissa , Wajir; Launched the 10 million tree planting initiative for the restoration of the Maasai Mau forest Water Tower; through KFS the Ministry restored 400.2 Ha of Maasai Mau Forest block; Established 778.70 Ha of un-stocked plantation forest areas in 40 forest stations; rehabilitated 800 Ha of degraded Mangrove Forest Ecosystems; Rehabilitate 1,270 Ha of natural forest areas and 8,751 Ha of plantation areas; and through KEFRI the Ministry collected 19.5 tons of seeds; carried out aerial seeding of 3600 ha; raised 27,230 seedlings through revision of Facts on Eucalyptus among others.

3. Employee welfare

The Ministry didn't have any recruitment during the reporting period. However, all interns that were engaged were selected taking account of the gender ratio. All staffs were put on appraisal as required by the performance management systems while complying with the values and principle of public service. Staffs were taken for trainings relevant to their schemes to improve their skills and management of their careers. The Ministry engaged stakeholder continuously in the planning and budgeting, implementation of the plans, monitoring and evaluation of the agreed targets.

4. Market place practices

The Ministry continued to implement the presidential directive on procurement by reserving at least 30% of all procurement budgets to youth, women and PWDs with emphasis on promotion of local content. All contracts executed were paid promptly and a report on the summary of the

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procurement opportunities allocated to this target group submitted to PPRA. All tenders were advertised in the local dailies and on the Ministry's website so as to ensure that the information reaches to all interested parties.

5. Community engagements

The Ministry engaged communities in tree planting by purchasing their seedlings to improve their livelihoods. Most tree cover target aims at community's land therefore most of the investment is to focus on family land to improve the tree cover by 2022.

ANNEX 5: LIST OF PROJECTS IMPLEMENTED BY THE ENTITY

S/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
1.	Nairobi River Rehabilitation and Restoration Programme	Nairobi	Enhance the ecological integrity and socio-economic value of the river basin.	PS/Erick F. N. Akotsi	Yes
2.	Urban Rivers Rehabilitation and Restoration programme	Nairobi, Uasin Gichu, Baringo Busia, Kisumu, Kisii, Migori, Laikipia, Kilifi	Improving the ecological and aesthetic values of urban rivers in the country which are being threatened by the degradation as a result of the poor solid waste management, sewer overflows into the rivers and encroachment	PS/Erick F. N. Akotsi	Yes
3.	Low Emission Climate Resilient Development Project (LECRD)	Nation wide (Winding up)	The project aims to reduce carbon emissions through the promotion of the use of renewable energy especially solar	PS/Augustine Kenduiwo	Yes
4.	Imarisha Lake Naivasha Catchment Management	Nakuru, Narok and Nyandarua	Restoration of Lake Naivasha and its catchment	PS/Mr. Mbogo Kamau	Yes

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S/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
5.	Phasing Out Ozone Depleting substances (ODS) operationalized	Nation wide	lead the country in phase out of Ozone Depleting Substances (ODS), strengthen capacity both institutional and human for the implementation of the Montreal Protocol and its requirements	PS/Kirui Marindany	Yes
6.	Support to Kenya for the Revision of NBSAPs	Nation Wide	Enhance conservation and sustainable utilization of biological diversity and ecosystem services.	PS/Cyrus Mageria	Yes
7.	Sound Chemicals Management Mainstreaming and UPOPs Reduction in Kenya	Nairobi, Kisumu, Nakuru, Mombasa	Streamline sound management of chemicals and waste into national and county activities. Introducing sound management of health care waste in selected healthcare facilities and reinforce the 3R on municipal waste	PS/Mayiani Saino	Yes
8.	Kenya Enabling Activities for hydrofluorocarbon (HFC) Phase-down	Nairobi	Compliance with chlorofluorocarbon (CFC) phase out obligation and HCFC 10% reduction obligation	PS/Kirui Marindany	Yes
9.	Lake Victoria Environmental Management Project Phase III	Kisumu, Kericho, Nandi, Bomet, Kisii, Migoi, Homabay, Siaya, Busia	Improve the collaborative management of trans-boundary natural resources of Lake Victoria Basin for the shared benefit of EAC partner states	PS/John Saranga	Yes
10.	Integrated Health and Environment Observatories and Legal and Institutional Strengthening for the sound Management of Chemicals in Africa, Chemobs	Nairobi	Strengthen capacity of relevant national government departments and institutions to monitor pollution, prioritize areas for intervention as well as plan and implement solutions	PS/Cyrus Mageria	Yes

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S/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
11.	Support to produce the sixth National Report to the Convention on Biological Diversity	Nairobi	National report on the convention on biological diversity (CBD)	PS/Cyrus Mageria	Yes
12.	Kenya GOLD Mercury Free ASGM Project	Nairobi	Reduce /eliminate mercury releases from the Kenya Artisanal and Small scale Gold Mining	PS/Cyrus Mageria	Yes
13.	National Action Plan for Artisanal Small Scale Gold Mine	Nairobi	Develop and disseminate National Action Plan for Artisanal Small Scale Gold Mine	PS/Cyrus Mageria	Yes
14.	Support to the Chemicals and Waste MEAs and SAICM implementation in Kenya	Nation Wide	Strengthen national Institution to enhance Minamata & SAICM	PS/Cyrus Mageria	Yes
15.	Capacity Building for Control of Movement of hazardous Waste and Chemicals	Nation Wide	Dissemination of import quotas of hydrochlorofluorocarbon (HCFC) to the main importers	PS/Cyrus Mageria	Yes
16.	Implementation Of Forest Carbon Partnership Facility REDD+ Readiness Grant	Nationwide Elgeyo Marakwet County Nyeri County	Stakeholder engagement and technical working group meetings on analytical studies and strategy options	PS/Harun Warui	Yes
17.	Implementation of national Climate Change Action plan	Nation wide	Coordinated and coherent actions for climate change resilience and low greenhouse gas emission development	PS/Dr. Pacifica Ogolla	Yes

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S/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
18.	Suswa Lake Magadi-Migori Environment Restoration	Nation wide	Restoration and rehabilitation of Lake Magadi and Migori river catchment to enhance environmental sustainability and quality of exported Trona from Lake Magadi	PS/Erick F. N. Akotsi	Yes
19.	National Solid Waste Management	Nation wide	Build and strengthen institutional capacity for monitoring and ensuring compliance and enforcement of Solid Waste Management Regulations in Kenya	PS/Ayub Macharia	Yes
20.	System for Land Based Emissions Estimation in Kenya (SLEEK)	Nation wide	Aims to build a robust measurement, reporting and verification (MRV) system to track land-based emissions. Once complete, SLEEK will enable Kenya to meet its national and international (including UNFCCC) Reporting Requirements based on credible data sets collected and analyzed from various government institutions.	PS/Ann Ngugi	Yes
21.	Green Growth and Employment Programme	Nation wide	Improved public policy environment for the private sector's engagement in green growth and sustainable environment and natural resources management	PS/Augustine Kenduiwo	Yes
22.	Purchase of Digital Equipment	Nation wide	To phase out mercury instruments as per Minamata Convention	PS/Stella Aura, MBS	Yes
23.	Upper Wind Observation	Nation Wide	Provide wind observations from the surface to about 5 km and are key to mapping wind power potential	PS/Stella Aura, MBS	Yes

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/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
24.	High Performance Computing	Nation Wide	Improve capacity for computing and modelling systems for weather data processing, analysis and product generation	PS/Stella Aura, MBS	Yes
25.	Climate Data Management System	Nation Wide	Acquire and install high capacity data storage capability to enable archival of huge volumes of observational data collected from land	PS/Stella Aura, MBS	Yes
26.	Tidal Gauges Network	Nation Wide	Establish the Tsunami early Warning System under an Integrated Marine Multi-Hazard Warning System that requires monitoring of significant wave heights and tidal movements	PS/Stella Aura, MBS	Yes
27.	Acquisition of CAT3 Automatic Weather Stations	Nation Wide	Increase the spatial density and temporal resolution of observation stations for improved weather forecasting products and climate database	PS/Stella Aura, MBS	Yes
28.	Acquisition of CAT3 Airport Weather Observing system (AWOS) Phase III	Nation Wide	Acquired three (3) Airport Weather Observing Systems and install at the major international airports and well as the military airbases	PS/Stella Aura, MBS	Yes
29.	Integrated Hydro-Meteorological Information & Decision Support System	Nation Wide	Integrate data, generate and disseminate hydro-meteorological information and products for river basins in real-time in support of water resources assessment and management, flood and drought early warning	PS/Stella Aura, MBS	Yes
30.	Urban Pollution Monitoring Station Network	Nation Wide	Establish Urban Pollution Monitoring Stations in Ngong, Thika, Webuye, Nakuru,	PS/Stella Aura, MBS	Yes

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S/No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
31.	Weather Radar Surveillance Network	Nation Wide	Rehabilitate and operationalize two radars in Nairobi and Msabaha (Kilifi County)	PS/Stella Aura, MBS	Yes
32.	RANET- Kenya Community Radio (Phase III)	Nation Wide	Dissemination of forecasts, alerts, warnings and advisories to rural communities in vernacular	PS/Stella Aura, MBS	Yes
33.	Green Innovation Award Project	Nation Wide	Promote green growth through recognition and adoption of innovations that reduce the effects of climate change	PS/Andrew Machora	Yes
34.	Implementation of National Green Economy Strategy through Low Carbon	Nation Wide	Develop full bankable proposals to support climate change actions, pollution reduction and ecosystems restoration Donor Engagement; Green innovations and best practices recognized and rewarded and Document and disseminate best practices on green	PS/Michael Okok	Yes
35.	Integrated Programme to Build Resilience to Climate Change and Adaptive Capacity of vulnerable communities in Kenya (Adaption Fund)	Kitui, Laikipia, Nyeri, Kwale, Kilifi, Taita Taveta, Garrisa, Wajir Machakos, homa bay, Kajiado, Machakos, Muranga	Improve livelihoods and ecosystem Resilience Building to Climate Change	PS/Wangare Kirumba	Yes

MINISTRY OF ENVIRONMENT AND FORESTRY

Reports and Financial Statements

For the year ended June 30, 2020

No.	Name of project	Project Location (County/ Constituency)	Principal Activity of the Project	Accounting Officer/Project Manager	Project Consolidated In These Financial Statements (Yes/No)
36.	Plastic Waste Management and Pollution Control	All 47 counties	<ul style="list-style-type: none"> • Formulating Plastic Management Regulations, • Create awareness on ban of plastic bags to stakeholders • Enforcement of compliance to Plastic ban gazette Notice. • Monitoring compliance of the ban and data management 	PS/Mamo B. Mamo	Yes
37.	Water Towers protection and climate change mitigation and Adaptation (WaTER)	Nation Wide	To strengthen the capacity of the MEF in the coordination, conservation and management of water towers; Improve landscape engagement with county Governments	PS/Beatrice Atemo/Julius Kamau	Yes
38.	National Tree Planting Campaign	Nation Wide	Coordinate national tree planting campaign; Procurement of seedlings to undertake afforestation program during the national tree planting events; and Finalize the national strategy to attain 10% by 2022	PS/Julius Kamau	Yes

MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

5. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.


The Accounting Officer in charge of the Ministry of Environment and Forestry is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. 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 Ministry's; (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 Ministry's; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Accounting Officer in charge of the Ministry of Environment and Forestry accepts responsibility for the Ministry's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the Ministry's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the Ministry of Environment and Forestry further confirms the completeness of the accounting records maintained for the Ministry's, 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.

The Accounting Officer in charge of the Ministry of Environment and Forestry confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Ministry's financial statements were approved and signed by the Accounting Officer on

11/2/2020

Principal Secretary
Name:


Senior Deputy Accountant General
Name: George K. Gichimu
ICPAK Member Number: 9262

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REPORT OF THE AUDITOR-GENERAL ON MINISTRY OF ENVIRONMENT AND FORESTRY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ministry of Environment and Forestry set out on pages 20 to 78, which comprise the statement of assets and liabilities as at 30 June, 2020 and the statement of receipts and payments, statement of cash flows and summary statements of appropriation – recurrent and development combined 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ministry of Environment and Forestry as at 30 June, 2020 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Fixed Assets Register

1.1 Incomplete Assets Register

As previously reported, the Ministry did not have an updated fixed assets register showing all the assets owned by the Ministry and their value as at 30 June, 2020. Further, a summary of the fixed assets register was not included as an annex to the financial statements as required by the Public Sector Accounting Standards Board (PSASB). In addition, the Ministry did not adhere to the requirement of Treasury Circular No. 5/2020 dated 25 February, 2020 on preparation of assets and liabilities registers.

In the absence of an updated fixed assets register, it was not possible to confirm that assets acquired and owned by the Ministry are fairly stated.

1.2 Loss of Government Vehicle

As previously reported, a Ministry vehicle registration No. GK A152Q (civilian number plate KAY 953F) valued at Kshs.5,460,000 was lost at Mlolongo area in Machakos County under unclear circumstances on 24 August, 2013. The vehicle was at the time of loss being driven by an unauthorized person.

Management has not initiated any measures to recover the loss of Kshs.5.460,000 from the responsible parties.

1.3 Un-Surveyed Land without Ownership Documents

As previously reported, records maintained by the Ministry revealed that the Ministry owns forty-nine (49) parcels of land spread throughout the Country which had not been valued. Further, ownership documents of these parcels of land were not availed for audit review. In addition, physical verification of selected parcels of land revealed ongoing encroachment by informal settlers.

Consequently, it was not possible to confirm whether the Ministry owns the parcels of land.

1.4 Encroachment on Ministry's Land on Enterprise Road

The Ministry through the Kenya Meteorological Department (KMD) owns land Block/209/24794/81 situated in Industrial Area on Road B off Enterprise Road measuring approximately 21.04 hectares. The land houses a meteorological station with a station building housing, the transmitter and generator rooms, an office for the Officer-in-Charge and staff quarters. The Ministry awarded a contract for fencing of the land at a contract sum of Kshs.5,662,122. The Ministry further awarded a contract for fencing the portions not covered by the earlier contract and for the part of the land that had not been encroached to a local Company at a contract sum of Kshs.33,763,270 on 29 May, 2020.

Physical verification of the land revealed that the land was partially fenced making it an easy target for private developers to grab or encroach. In addition, a private developer during the year under review erected a concrete fence on a portion of the unfenced land. Scrutiny of the land boundary along Road A revealed that unknown people had encroached, fenced and hived off five parcels of land of unknown acreage from the Department's land. Moreover, a storey building was illegally under construction on one parcel of land. However, the Ministry does not appear to have raised the issue or obtained an injunction to stop encroachment and construction on the land.

In addition, Information obtained from the Ministry revealed that the government has identified the land for implementation of the Mukuru Renewal Project, which includes a housing project by the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works. The Kenya Meteorological Department (KMD) land will be in exchanged with 5 acres of land at Jomo Kenyatta International Airport owned by the Kenya Airport Authority. As at the time of audit, the fencing of the land was still

going on and the State Department for Housing and Urban Development had started excavation works. It is, however, not clear, whether the State Department for Housing and Urban Development will reimburse fencing cost incurred by the Ministry.

Under the circumstances, it was not possible to confirm the total acreage of the Department's land and its value.

1.5 Land Hived off Ngong Meteorological Station

The Kenya Meteorological Department owns a station located near Ngong Town along Kibiku road, Kajiado County measuring 44.32 hectares on parcel registration No. LR /24302. However, twelve (12) acres of the land were hived off to pave way for the recently constructed Standard Gauge Railway (SGR) to Naivasha that traverses through the parcel of land. The Chinese company constructing the SGR has also set a construction site within the said property. Management has not indicated whether the land had been gazetted for compensation.

1.6 Encroachment on Ministry's Land in Mombasa

As previously reported, a private developer has encroached on two (2) plots in Mombasa, serial No.MN/VI3746 and No. MN/VI/3747, next to the Mombasa International Airport. Further, four (4) parcels of land owned by the Kenya Meteorological Department (KMD) in Bamburi with allotment letters numbers MN/1/2405, MN/1/2407, MN/1/2409 and MN/1/2411 all dated 16 February, 2011 have on-going court cases being prosecuted by the Ethics and Anti-Corruption Commission (EACC) at the High Court of Mombasa. The Ministry's Legal Department seemed unaware of these court cases since no communication relating to the court cases was available at the Headquarters. In the circumstances, it was not possible to confirm ownership of the above parcels of land.

1.7 Lack of Ownership Documents for Embu Meteorological Station

The Ministry through Kenya Gazette Notices No.8781 and No.8782 dated 3 November, 2005 gave notice of intention to acquire the following parcels of land; Ngandori/Kirigi 2708, 2709, 2710, 2723, 2728, 2729, 2730 and 2745 for the construction of Embu Meteorological Station, the registered owner of the land being Samuel Mbugua (deceased). Thereafter, the Ministry through the Kenya Meteorological Department contracted a construction company to construct a Model Office in Embu in 2009 at a contract sum of Kshs.11,532,396 which was later revised upwards in 2012 to Kshs.14,548,499. However, the process of succession and formalization of ownership of the said property where the building was constructed had not been completed as at the time of completion of audit.

In the circumstances, the Ministry risks losing the land and the building due to lack of ownership documents.

2. Disclosure of a Contingent Liability in the Financial Statements

As previously reported, Note 28.4 to the financial statements for the year ended 30 June, 2019 indicated that the Ministry had a court petition Ref. ELC No.22 of 2018. The petition is in respect to seven (7) acres medical and hazardous waste land situated in Ruai, Nairobi valued at Kshs.245,000,000 purchased on 26 October, 2016.

The petitioner cited breach of contract by the Ministry after the Ministry cancelled the above land purchase contract on 13 February, 2017, three months after both parties had signed it. In the legal suit, the petitioner claimed for the retention of Kshs.24.5 million which was 10% advance payment by the Ministry (buyer), balance of the purchase price amounting to Kshs.220.5 million, costs of the suit and a further Kshs.15 million compensation for the breach of contract. The Ministry, on the other hand, was claiming for the refund of Kshs.24.5 million advance paid to the petitioner (seller) plus interest and cost of the suit.

Examination of the documents availed for audit review revealed the following: -

- (i) The Ministry had advertised for the purchase of the above land in January, 2016 upon which a law firm representing the petitioner and two others was awarded the contract.
- (ii) In the month of June, 2016, the Ministry sought for due diligence from the National Land Commission (NLC) and a response on the same was served in October, 2016. The National Land Commission raised several issues among them, the land size being less than seven (7) acres and the parcel being made up of seven (7) separate parcels of land.
- (iii) The Ministry disregarded the National Land Commission's advice and signed the agreement in November, 2016 followed by payment of 10% deposit amounting to Kshs.24.5 million on 24 November, 2016. In February, 2017, the Ministry cancelled the contract and in March of the same year demanded refund of the deposit which was not honored by the seller.
- (iv) In October, 2017, the Principal Secretary to the National Treasury raised salient questions on the land among them the cost of contract cancellation, budget allocation and efforts for recovery of the deposit paid to the seller. These were not addressed by the Ministry.
- (v) An independent valuation dated 7 February, 2018 conducted by the Office of the Director, Land Valuation at the Ministry of Lands and Physical Planning put the total value of the land at Kshs.166 million (Kshs.23.7 million per acre) resulting to unexplained variance of Kshs.79 million.

Management did not avail the valuation report for the piece of land. Further, Management has not explained why due diligence on the above matter was not done, why advice from the National Land Commission was ignored and whether the officers who negligently signed and subsequently cancelled the contract without taking into

consideration expert opinion from the National Land Commission were held accountable.

In the circumstances, the government risks losing over Kshs.39.5 million in terms of the deposit paid of Kshs.24.5 million and compensation costs of Kshs.15 million that the petitioner is claiming together with unknown costs.

3. Inaccuracies in Accounts Payables – Deposits and Retentions

Note 24 to the financial statements reflects a balance of Kshs.26,044,355 being deposits and retention monies for the Ministry. However, supporting schedules availed for audit reflected a balance of Kshs.40,117,272 resulting to an unexplained variance of Kshs.14,072,917. Review of the retentions schedule availed for audit revealed that there were long outstanding retention monies amounting to Kshs.15,816,816 which were not disclosed in the prior year's financial statements. Further, the contracts and support documentations were not availed for audit review.

In the circumstances, it was not possible to confirm the accuracy of the retention money and the deposits balances of Kshs.26,044,355 as at 30 June, 2020.

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

Key Audit Matters

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

Other Matter

1. Budget Control and Performance

1.1 Deficit in Revenue and Late Exchequer Releases

During the year under review, the Ministry received Exchequer/domestic and foreign borrowing/other receipts amounting to Kshs.11,949,286,214 against an approved budget of Kshs.14,013,157,777 resulting in unexplained deficit budget receipts of Kshs.2,063,871,563. In addition, the National Treasury released Exchequer issues to the Ministry amounting to Kshs.1,136,969,115.20 for both Development and Recurrent in the month of June, 2020 of which Kshs.68,038,671.90 was not spent but subsequently surrendered to The National Treasury. The fall in revenue and return of

unspent monies to The National Treasury resulted in the Ministry not being able to offer the required services during the year under review.

1.2 Expenditure Budget Analysis

During the year under review, the Ministry had low absorption rate of the approved budget in the following items as shown below: -

Expenditure Item	Approved Budget Kshs.	Actual Expenditure Kshs.	Under Expenditure Kshs.
Use of Goods and Services	360,216,779	334,553,894	25,662,885
Transfers to Other Government Units	12,007,390,900	10,381,050,773	1,626,340,127
Social Security Benefits	16,764,968	10,914,019	5,850,949
Acquisition of Assets	516,182,290	123,255,209	392,927,081
Total	12,900,554,937	10,849,773,895	2,050,781,042

Consequently, due to the deficit in revenue and late exchequer releases, the Ministry did not achieve its planned objectives for the year under review.

2. Unsupported Acquisition of Assets

As previously reported and as disclosed in Note 18 to the financial statements, the statement of receipts and payments for the period ended 30 June, 2019 reflected a balance of Kshs.632,108,885 under acquisition of assets which included an amount of Kshs.459,373,093 against purchase of specialized plant, equipment and machinery. Included in the latter balance was an expenditure of Kshs.90,536,342 being part payment for an Airborne Lidar Photographic System procured for the Department of Remote Survey and Remote Sensing (DRSRS). Information available indicated that the Airborne Lidar Photographic System was procured at a total cost of Kshs.224,896,833. The procurement of the equipment was initiated in August, 2016 when the Department was domiciled at the Ministry of Mining and concluded in November, 2018 when the Department had been transferred and domiciled at the Ministry of Environment and Forestry. It was not possible to properly verify the expenditure as the original bid document indicating the specifications of the equipment, the contract and systems were not availed for audit verification.

In the circumstances, it was not possible to verify the propriety of the expenditure on purchase of Airborne Lidar Photographic System of Kshs.90,536,342.

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 effect of the matter 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

RANET-Kenya Community Radio

As previously reported, the Ministry established the RANET radio networks as a flagship project under the Kenya Meteorological Department (KMD) of the Ministry of Environment and Forestry. This was meant to be a source of information on early warning system for communities affected by climate and weather-related phenomena. The radio station aimed at delivering and disseminating climate knowledge to the local community to encourage them to foster climate action. The Climate Resource Centre also serves as a learning institution for students on environmental and climate related studies. The stations are located in Isiolo, Kwale, Narok, Busia, Vihiga and Murang'a Counties and others were being constructed. An audit inspection to various stations revealed the following observations: -

1. Isiolo (Garbatulla) Community Radio

The community radio and the meteorological station was inaugurated on 29 October, 2012. However, during the field audit inspection in October, 2019 and as at the time of current year audit, the Garbatulla RANET station had not been operational. Further enquiry revealed that although the studio equipment is intact, the broadcasting services were discontinued effective 1 July, 2019 and the staff who were manning the facility had not been paid salaries.

2. Siaya and Matungu - Mumias Radio Station

The Ministry entered into an agreement with the Ministry of Information, Communication and Technology for construction of the radio station at the former Ministry of Information and Broadcasting site. However, the agreement was not availed for audit verification. As at the time of audit, an amount of Kshs.6.6 million had been paid to the construction company and a certificate of completion had been issued. However, physical inspection confirmed that work was incomplete as construction of a generator room was still in progress.

In addition, in Matungu - Mumias the structural works was complete but equipment to host the RANET station had not been installed.

3. Construction of RANET Building at Nyamache Sub-County, Kisii County

As previously reported, the tender for the proposed construction of RANET building at Nyamache Sub-County was awarded to a general painting and building construction company at a contract sum of Kshs.23,738,320 for a period of twelve (12) months. The building was constructed on a three (3) acre piece of land donated by the County Government. The land transfer documents to the Department were not availed for

audit review. Site inspection done on 4 October, 2019 revealed the following anomalies: -

- (i) Contrary to Section 139 (2) of the Public Procurement and Asset Disposal Act (PPADA), 2015, the contractor was irregularly awarded a 10% variation amounting to Kshs.2,373,832 without authority from the Accounting Officer.
- (ii) The contract term expired in 2018 and was not renewed, but the contractor was still on site without a valid contract agreement. As a result of the expiry of the contract term, works and variation were executed outside the contract period contrary to Section 139(4)(d) of the Public Procurement and Asset Disposal Act, 2015.
- (iii) The project correspondences between the contractor and the client were not provided for audit review. It was, therefore, not possible to make follow up on key issues such as performance bond, insurance, Bills of Quantities, contract documents and award documents.

Consequently, the Ministry was in breach of law and value for money has not been realised from the investment made in the construction of the RANET radio stations.

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 procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance, were not effective.

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

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

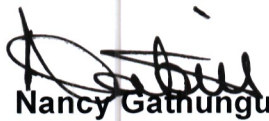
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry'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 Ministry 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 Ministry to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

27 May, 2021

APPENDIX I – Schedule of Ministry’s Land Without Ownership Documents

No	Station-land and Buildings /Site Works	Location	Size of Land (Acres)	L/R No.	Document Provided	Status of the Land during Field Inspection
1	Dagoretti Corner Ngong Road	Nairobi	27	LR 11254 +	No Documents	Visited
2	Industrial Area Enterprise Road	Nairobi	21.04	209/24794/81/	No Documents	Encroached/ grabbed and a building under construction
3	Embakasi Village	Nairobi	N/A	Not Indicated	No Documents	Not Visited
4	Ngong town Kibiku Road	Kajiado	44.32	LR 24302+	No Documents	SGR passes through the land and no compensation was given
5	Voi Town next to KWS offices	Taita Taveta	8.551	1995/415	No Documents	Some houses were burnt out
6	Voi Seismic Station Tsavo East	Taita Taveta	0.202	Not Indicated	No Documents	No seismic equipment installed
7	Makueni Town Off Nairobi Road	Makueni	3.2	MKN/142/2014	No Documents	Not visited
8	Kibwezi town off Kibwezi town	Makueni	0.809	Kibwezi seismic	No Documents	No seismic equipment installed and land not accessible as it is inside university
9	Mokowe Lamu Mainland	Lamu	3.6	LR/436	No Documents	Not Visited
10	Mpeketoni	Lamu	4.407	Not Indicated	No Documents	Not Visited
11	Garissa Town-opp Airstrip	Garissa	7	326/2001/4	No Documents	Not Visited
12	Bamburi Mombasa	Mombasa	0.2261	MN/1/2403	No Documents	All Houses encroached by Evergreen Company
13	Bamburi Mombasa	Mombasa	0.2202	MN/1/2405	No Documents	„
14	Bamburi Mombasa	Mombasa	0.2261	MN/1/2407	No Documents	„
15	Bamburi Mombasa	Mombasa	0.232	MN/1/2409 AND MN/1/2410	No Documents	„
16	Bamburi Mombasa	Mombasa	0.232	MN/1/2411	No Documents	„
17	Moi Airport Road-Mombasa	Mombasa	0.6993	MN/VI/3746	No Documents	Encroached
18	Moi Airport Road-Mombasa	Mombasa	0.6993	MN/VI/3747	No Documents	Encroached

No	Station-land and Buildings /Site Works	Location	Size of Land (Acres)	L/R No.	Document Provided	Status of the Land during Field Inspection
19	Nyali estate Mombasa	Mombasa	0.2	LR 6230/1/.NOT LEGIBLE	No Documents	Encroached
20	Miritini Mombasa Mainland	Mombasa	2.4	LR/538/V/MN	No Documents	Not Visited
21	Nyali estate Mombasa	Mombasa	N/a	Not Indicated	No Documents	Encroached
22	Mombasa old town	Mombasa	N/a	Not Indicated	No Documents	Not Visited
23	Mandera town	Mandera	N/a	Not Indicated	No Documents	Not Visited
24	Wajir town	Wajir	1.5	Dept Ref332/8	No Documents	Not Visited
25	Wajir Town near Airport	Wajir	4	Zone 6	No Documents	Not Visited
26	Garbatulla town	Isiolo	1.214	Na	No Documents	Not Visited
27	Marsabit town	Marsabit	3.617	MBT/276/98/1	No Documents	Not Visited
28	Moyale	Moyale	5.829	Not Indicated	No Documents	Not Visited
29	Lodwar Met Station	Lodwar	9	LODW/MET	No Documents	Not Visited
30	Kenemkemer Lodwar town	Lodwar	N/a	Not Indicated	No Documents	Not Visited
31	Moruanchok Lodwar town	Lodwar	N/a	Not Indicated	No Documents	Not Visited
32	Kakamega Town	Kakamega	0.7011	BLK 1/620	No Documents	Land intact
33	Kakamega town	Kakamega	0.257	BLK 1/766	No Documents	The plot, which is located in Kakamega town, was grabbed/encroached and fully occupied by squatters.
34	Butsotso/Shikoti Off Kakamega Road	Kakamega	1.214	Not Indicated	No Documents	Seismic building constructed but without any equipment's
35	Matungu Market Off Mumias Road	Kakamega	1.4175	Not Indicated	No Documents	A fence that was supposed to be put round the plot was done half way and it is not clear whether the contractor was not made aware of the extent of the

No	Station-land and Buildings /Site Works	Location	Size of Land (Acres)	L/R No.	Document Provided	Status of the Land during Field Inspection
						land. RANET station supposed to be operationalized had not been done and no equipment was in place.
36	Luanda Market off Kisumu road	Vihiga	1.214	Not Indicated	No Documents	Land owned by community
37	Narok Town	Narok	4	Dept Ref 163/2	No Documents	Not visited
38	Suswa Market	Narok	1.619	Not Indicated	No Documents	Not visited
39	Kanyakwar Kisumu town	Kisumu	0.809	Not Indicated	No Documents	Two dilapidated Houses unoccupied on an 0.809 hectares unfenced land
40	Kano-off Kisumu -Kisii Highway	Kisumu	N/a	Not Indicated	No Documents	RANET Station on construction and community hall. However, completed house had so many cracks
41	Not Indicated	Homabay	0.8	Not Indicated	No Documents	Not visited
42	Nakuru off Bahati Road	Nakuru	3.91	Not Indicated	No Documents	Land appears to have been hived off
43	Embu town off meru road	Embu	0.405	LR NOS 2708,2709,2710, 2723, 2728, 2729, 2730, & 2745	No Documents	Various pieces of land whose process of succession and formalization of ownership of the said property where the building was constructed has not been completed
44	Kitui town	Kitui	0.809	KT1/29/2021/01	No Documents	Not visited
45	Kericho town	Kericho	4.92	LR/22/80/4	No Documents	Not Visited


No	Station-land and Buildings /Site Works	Location	Size of Land (Acres)	L/R No.	Document Provided	Status of the Land during Field Inspection
46	Port Bunyala Budalangi	Busia	N/a	Not Indicated	No Documents	Not visited
47	Bosingi settlement Scheme	Kisii	1.214	Not Indicated	No Documents	Seismic building under construction
48	Kapsoya -Eldoret Town	Uasin Gichu	9.318	LR/779/378	No Documents	Not Visited
49	Maralal	Samburu	N/a	Not Indicated	No Documents	Not Visited


MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

7. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019-2020 Kshs	2018-2019 Kshs
RECEIPTS			
Tax Receipts	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	43,218,720	101,246,192
Exchequer releases	4	10,972,637,477	12,075,433,087
Transfers from Other Government Entities	5	-	-
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	87,983,976	-
Proceeds from Sale of Assets	8	620,285,904	910,108,000
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Receipts	11	225,160,137	101,025,915
TOTAL RECEIPTS		11,949,286,214	13,187,813,194
PAYMENTS			
Compensation of Employees	12	1,087,100,406	1,177,534,336
Use of goods and services	13	334,553,894	592,694,868
Subsidies	14	-	-
Transfers to Other Government Units	15	10,381,050,773	10,649,744,111
Other grants and transfers	16	-	-
Social Security Benefits	17	10,914,019	2,752,949
Acquisition of Assets	18	123,255,209	632,108,885
Finance Costs, including Loan Interest	19	-	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Other Payments	21	-	-
TOTAL PAYMENTS		11,936,874,302	13,054,835,148
SURPLUS/DEFICIT		12,411,912	132,978,046

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Ministry's financial statements were approved on 11/21 2020 and signed by:


Principal Secretary
Name:



Senior Deputy Accountant General
Name: George K. Gichuru
ICPAK Member Number: 9262


MINISTRY OF ENVIRONMENT AND FORESTRY
 Reports and Financial Statements
 For the year ended June 30, 2020

8. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019-2020 Kshs	2018-2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	22A	36,964,865	160,244,829
Cash Balances	22B	785,796.50	318,417
Total Cash and cash equivalent		<u>37,750,661</u>	<u>160,563,246</u>
Accounts receivables	23	705,607	2,112,535
TOTAL FINANCIAL ASSETS		38,456,267	162,675,781
FINANCIAL LIABILITIES			
Accounts Payables – Deposits and retentions	24	26,044,355	29,697,735
NET FINANCIAL ASSETS		12,411,912	132,978,046
REPRESENTED BY			
Fund balance b/fwd	25	132,978,046	1,373,754
Prior year adjustment	26	(132,978,046)	(1,373,755)
Surplus/Deficit for the year		12,411,912	132,978,046
NET FINANCIAL POSSITION		12,411,912	132,978,045

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11/21 2020 and signed by:


 Principal Secretary
 Name:


 Senior Deputy Accountant General
 Name: George Kikichum
 ICPAK Member Number: 9262

MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

9. STATEMENT OF CASH FLOWS

		2019-20 20	20 18 -20 19
		Kshs	Kshs
Receipts for operating income			
Tax Revenues	1	-	-
Social Security Contributions	2	-	-
Proceeds from Domestic and Foreign Grants	3	43,218,720	101,246,192
Exchequer Releases	4	10,972,637,477	12,075,433,087
Transfers from Other Government Entities	5	-	-
Reimbursements and Refunds	9	-	-
Returns of Equity Holdings	10	-	-
Other Revenues	11	225,160,137	101,025,915
TOTAL RECEIPTS		11,241,016,333	12,277,705,194
Payments for operating expenses			
Compensation of Employees	12	1,087,100,406	1,177,534,336
Use of goods and services	13	334,553,895	592,694,868
Interest payments		-	-
Subsidies	14	-	-
Transfers to Other Government Units	15	10,381,050,773	10,649,744,111
Other grants and transfers		-	-
Social Security Benefits	17	10,914,019	2,752,949
Finance Costs, including Loan Interest	20	-	-
Other Expenses	21	-	-
TOTAL PAYMENTS		11,813,619,093	12,422,726,264
Adjusted for:			
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	27	1,406,928	997,209
Increase/(Decrease) in Accounts Payable: (deposits and retention)	28	(3,653,380)	29,697,735
Prior Year Adjustments		(132,978,046)	-
			29,697,735
Net cash flow from operating activities		(707,827,257)	(115,398,074)
CASHFLOW FROM INVESTING ACTIVITIES			
Proceeds from Sale of Assets	8	620,285,904	910,108,000
Acquisition of Assets	18	(123,255,209)	(632,108,885)
Net cash flows from Investing Activities		497,030,695	(277,999,115)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Domestic Borrowings	6	-	-
Proceeds from Foreign Borrowings	7	87,983,976	-
Repayment of principal on Domestic and Foreign borrowing	20	-	-
Net cash flow from financing activities		87,983,976	

MINISTRY OF ENVIRONMENT AND FORESTRY
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 For the year ended June 30, 2020

NET INCREASE IN CASH AND CASH EQUIVALENT		(122,812,586)	159,232,820
Cash and cash equivalent at BEGINNING of the year	22	160,563,245	1,330,425
Cash and cash equivalent at END of the year	22	37,750,661	160,563,245

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 1/21 2020 and signed by:



Principal Secretary
 Name:



Senior Deputy Accountant General
 Name: George K. Gichuru
 ICPAK Member Number: 9262.

MINISTRY OF ENVIRONMENT AND FORESTRY
 Reports and Financial Statements
 For the year ended June 30, 2020

5. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	2,014,000,000	(,924,000,000)	90,000,000	43,218,720	46,781,280	48.02%
Exchequer releases	10,972,637,477	1,601,620,300	12,574,257,777	10,972,637,477	1,601,620,300	87%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings	300,000,000	(250,000,000)	50,000,000	87,983,976	(37,983,976)	175.97%
Proceeds from Foreign Borrowings	456,875,000	456,875,000	913,750,000	620,285,904	293,464,096	67.88%
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	52,575,000	332,575,000	385,150,000	225,160,137	159,989,863	58.46%
TOTAL RECEIPTS	13,796,087,477	217,070,300	14,013,157,777	11,949,286,214	2,063,871,563	85%
PAYMENTS						
Compensation of Employees	595,500,000	517,102,840	1,112,602,840	1,087,100,406	25,502,434	97.71%
Use of goods and services	230,451,931	129,764,849	360,216,779	334,553,894	25,662,885	92.88%
Interest payments						
Subsidies						
Transfers to Other Government Units	10,478,343,400	1,529,047,500	12,007,390,900	10,381,050,773	1,626,340,127	86.46%
Other grants and transfers						
Social Security Benefits	-	16,764,968	16,764,968	10,914,019	5,850,949	65.10%
Acquisition of Assets	986,048,070	(469,865,780)	516,182,290	123,255,209	392,927,081	23.88%
Finance Costs, including Loan Interest						

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

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c = a + b	Actual on Comparable Basis d	Budget Utilization Difference e = c - d	% of Utilization f = d/c
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTAL PAYMENTS	12,290,343,400	1,722,814,377	14,013,157,777	11,936,874,301	2,076,283,476	85.18%
Surplus/ Deficit	1,505,744,076	(505,744,077)	(1)	12,411,913	(12,411,914)	

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]

(b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. Proceeds from foreign Borrowings has an over expenditure because final supplementary was effected after the expenditure was incurred.
- ii. Transfer to other government units underutilization was due to non- release of excchequer
- iii. Acquisition of Assets underutilization was due to non- release of excchequer and procurement procedures

(The changes between the original and final budget are as a result of reallocations within the budget

The Ministry's financial statements were approved on 1/2/2020 and signed by:



Principal Secretary
Name:



Senior Deputy Accountant General
Name: George K. Gichuru
ICPAK Member Number: 9262

1/2/2020

6. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants						
Exchequer releases	9,059,066,877		9,059,066,877	9,013,082,883	45,983,994	99%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings						
Proceeds from Sale of Assets	456,875,000	456,875,000	913,750,000	620,285,904	293,464,096	67.88%
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts	52,575,000	332,575,000	385,150,000	225,160,137	159,989,863	58.46%
TOTAL RECEIPTS	9,568,516,877	789,450,000	10,357,966,877	9,858,528,924	499,437,953	95%
PAYMENTS						
Compensation of Employees	595,500,000	517,102,840	1,112,602,840	1,087,100,406	25,502,434	97.71%
Use of goods and services	190,451,931	159,764,849	350,216,779	324,952,094	25,264,685	92.79%
Interest payments						
Subsidies						
Transfers to Other Government Units	4,297,900,000	4,577,900,000	8,875,800,000	8,418,779,137	457,020,863	94.85%
Other grants and transfers						
Social Security Benefits		16,764,968	16,764,968	10,914,019	5,850,949	65%
Acquisition of Assets	6,048,070	(3,465,780)	2,582,290	1,598,650	983,640	61.91%
Finance Costs, including Loan Interest						

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

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparative Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Other Payments						
TOTAL PAYMENTS	5,089,900,000	5,268,066,877	10,357,966,877	9,843,344,307	514,622,571	95.03%
Surplus/Deficit	4,478,616,876	(4,478,616,877)	(1)	15,184,618	(15,184,619)	

Notes

- (a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
- (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]
 - i. SEE APENDIX VIII PAGE 27

The changes between the original and final budget are as a result of reallocations within the budget.

The Ministry's financial statements were approved on 11/27 2020 and signed by:



Principal Secretary
Name:



Senior Deputy Accountant General
Name: George K. Gichuru
ICPAK Member Number: 9262

1/27/2021

7. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Tax Receipts						
Social Security Contributions						
Proceeds from Domestic and Foreign Grants	2,014,000,000	(1,924,000,000)	90,000,000	43,218,720	46,781,280	48.02%
Exchequer releases	3,515,190,900		3,515,190,900	1,959,554,594	1,555,636,306	56%
Transfers from Other Government Entities						
Proceeds from Domestic Borrowings						
Proceeds from Foreign Borrowings	300,000,000	(250,000,000)	50,000,000	87,983,976	(37,983,976)	175.97%
Proceeds from Sale of Assets						
Reimbursements and Refunds						
Returns of Equity Holdings						
Other Receipts						
TOTAL RECEIPTS	5,829,190,900	(2,174,000,000)	3,655,190,900	2,090,757,290	1,564,433,610	57%
PAYMENTS						
Compensation of Employees						
Use of goods and services	40,000,000	(30,000,000)	10,000,000	9,601,800	398,200	96.02%
Interest payments						
Subsidies						
Transfers to Other Government Units	6,180,443,400	(3,048,852,500)	3,131,590,900	1,962,271,636	1,169,319,264	62.66%
Other grants and transfers						
Social Security Benefits						
Acquisition of Assets	980,000,000	(466,400,000)	513,600,000	121,656,559	391,943,441	23.69%
Finance Costs, including Loan Interest						

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

Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
Repayment of principal on Domestic and Foreign borrowing						
Other Payments						
TOTAL PAYMENTS	7,200,443,400	-3,545,252,500	3,655,190,900	2,093,529,995	1,561,660,905	57.28%
Surplus/Deficit	(1,371,252,500)	1,371,252,500	-	(2,772,705)	2,772,705	

(a) [For the revenue items, indicate whether they form part of the AIA by inserting the "AIA" alongside the revenue category.]
 (b) [Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)]

- i. SEE APENDIX VIII PAGE 27
- ii.

(The changes between the original and final budget are as a result of reallocations within the budget

The Ministry's financial statements were approved on 11/21 2020 and signed by:



Principal Secretary
Name:



Senior Deputy Accountant General
Name: George K. Gichuru
ICPAK Member Number: 9262

11/21/2020

10. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Programme/Sub-programme	Original Budget 2020 Kshs	Adjustments Kshs	Final Budget 2020 Kshs	Actual on comparable basis Date, 2020 Kshs	Budget utilization difference Kshs
0000000000			0.00	0.00	0.00
0000000000			0.00	0.00	0.00
1002000000			3,250,832,736.00	2,775,281,029.10	475,551,706.90
1002010000			3,070,990,900.00	2,616,573,969.85	454,416,930.15
1002030000			139,841,836.00	118,707,307.85	21,134,528.15
1002040000			40,000,000.00	39,999,751.40	248.60
1008000000			0.00	0.00	0.00
1008010000			0.00	0.00	0.00
1010000000			320,206,831.00	301,289,537.55	18,917,293.45
1010010000			320,206,831.00	301,289,537.55	18,917,293.45
1012000000			1,501,538,574	1,093,637,588	407,900,986.00
1012010000			1,256,938,574.00	1,050,638,867.00	206,299,707.00
1012020000			244,600,000.00	42,998,721.00	201,601,279.00
1018000000			8,940,579,636.00	7,769,250,646.75	1,171,328,989.25
1018010000			6,591,898,639.00	5,593,569,649.75	998,328,989.25
1018020000			1,676,980,997.00	1,543,480,997.00	133,500,000.00
1018030000			671,700,000.00	632,200,000.00	39,500,000.00
GRANT TOTALS			14,013,157,777.00	11,939,458,801.40	2,073,698,975.60

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Ministry's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

11. SIGNIFICANT ACCOUNTING POLICIES

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

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Ministry

The financial statements are for the Ministry of environment and forestry. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity:

- i. *Project*
- ii. *Project*

(List the projects that have been consolidated under this Financial Statement in case of any)

3. Reporting Currency

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

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Ministry for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Ministry

• Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

SIGNIFICANT ACCOUNTING POLICIES

MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

- **Transfers from the Exchequer**

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

- **External Assistance**

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **Other receipts**

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

b) Recognition of payments

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

- **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

- **Use of Goods and Services**

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

- **Interest on Borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES

Repayment of Borrowing (Principal Amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

Restriction on Cash

Restricted cash represents amounts that are Limited/Restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2020, this amounted to Kshs 26,044,355 compared to Kshs 29,697,735 in prior period as indicated on note 24.

There were no other restrictions on cash during the year.

SIGNIFICANT ACCOUNTING POLICIES

MINISTRY OF ENVIRONMENT AND FORESTRY
Reports and Financial Statements
For the year ended June 30, 2020

8. Accounts Receivable

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

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. Pending Bills

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July 2019 to 30th June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entitý transfers.

12. Comparative Figures

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

SIGNIFICANT ACCOUNTING POLICIES

13. Subsequent Events

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

14. Errors

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

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

MINISTRY OF ENVIRONMENT AND FORESTRY
 Reports and Financial Statements
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12. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

	2019-2020	2018-2019
	Kshs	Kshs
Taxes on Income, Profits and Capital Gains	-	-
Taxes on Property	-	-
Taxes on Goods and Services	-	-
Taxes on International Trade and Transactions	-	-
Other Taxes (not elsewhere classified)	-	-
Total	-	-

(Provide a brief explanation)

2 SOCIAL SECURITY CONTRIBUTIONS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts for Health Insurance Contribution	-	-
Receipts to NHIF for Health Insurance Contributions	-	-
Receipts from Govt Employees to Social & Welfare Schemes in Govt	-	-
	-	-
Total	-	-

3 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

Name of Donor	Amount Received	Indicate whether direct payments to the beneficiaries or suppliers	Amount Received	Amount Received	Amount Received
			2019-2020	2018-2019	2017-2018
			Kshs	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)					
(Insert name of donor)	-		-	-	-
(Insert name of donor)	-		-	-	-
Grants Received from Multilateral Donors (International Organizations)					
UNDP	-		-	43,218,720	101,246,192
(Insert name of donor)	-		-	-	-

(Provide explanation with regards to specific projects and programmes that the donors have supported and whether the donations are restricted. Direct payments are those made by the donors directly to the beneficiaries or suppliers. These should be shown in a separate column)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 EXCHEQUER RELEASES

Description	2019-2020	2018-2019
	Kshs	Kshs
Total Exchequer Releases for quarter 1	1,529,326,257	1,383,298,470
Total Exchequer Releases for quarter 2	4,112,478,807	3,130,730,785
Total Exchequer Releases for quarter 3	2,721,884,189	1,943,105,110
Total Exchequer Releases for quarter 4	2,608,948,223	5,618,298,722
Total	10,972,637,477	12,075,433,087

Appendix I

5 TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers from Central government entities	-	-
Transfers from Counties	-	-
TOTAL	-	-

The above transfers were received from the following self-reporting entities in the year

5a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	Requirement	Development	Other	ADP
	Kshs	Kshs	Kshs	Kshs
Transfers from Central government entities				
MDA xxx	-	-	-	-
MDA yyy	-	-	-	-
Transfers from Counties				
County xxx	-	-	-	-
County yyy	-	-	-	-
(Insert any other entity from whom funds are received)				
TOTAL			-	-

We have confirmed the above amounts with the disbursing entities and attached these confirmations as an Appendix to these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 PROCEEDS FROM DOMESTIC BORROWINGS

	2019-2020	2018-2019
	Kshs	Kshs
Borrowing within General Government	-	-
Borrowing from Monetary Authorities (Central Bank)	-	-
Other Domestic Depository Corporations (Commercial Banks)	-	-
Borrowing from Other Domestic Financial Institutions	-	-
Borrowing from Other Domestic Creditors	-	-
Total	-	-

(Provide a brief explanation as from who the borrowing is made, for what purpose, collateral given and interest rates charged.)

7 PROCEEDS FROM FOREIGN BORROWINGS

	2019-2020	2018-2019
	Kshs	Kshs
Foreign Borrowing – Draw-downs Through Exchequer	-	-
Foreign Borrowing - Direct Payments	87,983,976	-
Foreign Currency and Foreign Deposits	-	-
Total	87,983,976	-

The proceeds are from African Development Bank and are for the implementation of project activities as in the project agreement between the Kenyan government and African development bank

8 PROCEEDS FROM SALE OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Receipts from the Sale of Buildings	-	-
Receipts from the Sale of Vehicles and Transport Equipment	-	-
Receipts from the Sale Plant Machinery and Equipment	1,811,100	-
Receipts from Sale of Certified Seeds and Breeding Stock	580,474,804	872,000,000
Receipts from the Sale of Strategic Reserves Stocks	-	-
Receipts from the Sale of Inventories, Stocks and Commodities	38,000,000	38,108,000
Disposal and Sales of Non-Produced Assets	-	-
Receipts from the Sale of Strategic Reserves Stocks	-	-
Total	620,285,904	910,108,000

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(Cost of disposed fixed assets should be included in the fixed assets schedule which is an annex to these financial statements)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 REIMBURSEMENTS AND REFUNDS

	2019-2020	2018-2019
	Kshs	Kshs
Refund from World Food Programme (WFP)	-	-
Reimbursement of Audit Fees	-	-
Reimbursement on Messing Charges (UNICEF)	-	-
Reimbursement from World Bank – ECD	-	-
Reimbursement from Individuals and Private Organizations	-	-
Reimbursement from Local Government Authorities	-	-
Reimbursement from Statutory Organizations	-	-
Reimbursement within Central Government	-	-
Reimbursement Using Bonds	-	-
Total	-	-

(Provide details on reimbursements and refund regarding from whom and for what purpose the refund was made.)

10 RETURNS OF EQUITY HOLDINGS

	2019-2020	2018-2019
	Kshs	Kshs
Returns of Equity Holdings in Domestic Organisations	-	-
Returns of Equity Holdings in International Organisations	-	-
Total	-	-

(Provide details on returns of equity holdings if any received from investments in other SCs and SAGAs)

MINISTRY OF ENVIRONMENT AND FORESTRY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 OTHER REVENUES

Description	2019-2020	2018-2019
	Kshs	Kshs
Interest Received	-	
Profits and Dividends	-	
Rents	1,250,000	1,250,000
Other Property Income e.g. leases, rates	-	
Sales by Market Establishments	-	
Receipts from Administrative Fees and Charges	-	
Receipts from Administrative Fees and Charges - Collected as AIA	213,410,137	93,136,000
Receipts from Incidental Sales by Non-Market Establishments	10,500,000	6,639,800
Receipts from Sales by Non-Market Establishments	-	
Receipts from Sale of Incidental Goods	-	
Fines Penalties and Forfeitures	-	
Receipts from Voluntary transfers other than grants	-	
Total	225,160,137	101,025,900

(All other revenues must be classified into their relevant classes and explained. In case a class of revenue is identified and does not fall in any of the categories above, a line may be created)

12 COMPENSATION OF EMPLOYEES

	2019-2020	2018-2019
	Kshs	Kshs
Basic salaries of permanent employees	554,656,696	605,620,000
Basic wages of temporary employees	979,800	39,950,000
Personal allowances paid as part of salary	531,463,910	531,959,000
Personal allowances paid as reimbursements	-	
Personal allowances provided in kind	-	
Pension and other social security contributions	-	
Employer Contributions Compulsory national social security schemes	-	
Employer Contributions Compulsory national health insurance schemes	-	
Total	1,087,100,406	1,177,539,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 USE OF GOODS AND SERVICES

	2019-2020	2018-2019
	(\$'s)	(\$'s)
Utilities, supplies and services	42,811,453	45,598,930
Communication, supplies and services	10,062,844	20,972,068
Domestic travel and subsistence	7,027,540	39,590,093
Foreign travel and subsistence	5,980,246	34,938,011
Printing, advertising and information supplies & services	1,442,909	6,752,233
Rentals of produced assets	77,103,842	96,736,639
Training expenses	3,782,054	7,851,055
Hospitality supplies and services	46,420,038	77,065,298
Insurance costs	-	11,156,238
Specialized materials and services	85,571,356	44,671,835
Office and general supplies and services	9,625,593	25,335,359
Other operating expenses	20,075,716	143,217,139
Routine maintenance – vehicles and other transport equipment	3,610,156	6,070,490
Routine maintenance – other assets	16,429,344	23,788,303
Fuel Oils and Lubricants	4,460,804	8,951,178
Exchange Rate Losses		
Total	334,553,894	592,694,868

14 SUBSIDIES

	2019-2020	2018-2019
	(\$'s)	(\$'s)
Subsidies to Public Corporations		
<i>See list attached</i>	-	-
(insert name)	-	-
Subsidies to Private Enterprises		
<i>See list attached</i>	-	-
(insert name)	-	-
TOTAL	-	-

(Provide details of subsidies given with regards to their nature and purpose)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

Description	2019-2020 KShs	2018-2019 KShs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)		
See attached list	-	-
Transfers to other levels of Government -		
(2630100)	8,418,779,137	8,348,716,416
(2630200)	1,226,008,418	1,607,303,949
(2640500)	736,263,218	693,723,746
TOTAL	10,381,050,773	10,649,744,111

The above transfers were made to the following self-reporting entities in the year:

Transfers to SAGAs and SCs	ITEM 2630101	ITEM 2630201	ITEM 2640503	TOTALS
KENYA FORESTRY RESEARCH INSTITUTE	1,462,980,997	82,000,000	1,544,980,997	
KENYA FORESTRY SERVICES	4,238,219,003	513,500,000	4,751,719,003	
NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	1,167,800,000	351,000,000	1,518,800,000	
NATIONAL COMPLAINTS COMMITTEE	125,000,000	-	125,000,000	
KENYA WATER TOWER TOWERS AUTHORITY	457,700,001	244,500,000	702,200,001	
NATIONAL ENVIRONMENT TRUST FUND	143,100,000	35,040,917.60	178,140,918	
OTHER CAPITAL GRANTS AND TRANS	-		736,263,218	
AIA (2630101)	823,979,137	-		-
Transfers to Projects-GoK counterpart funding				

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GoK counterpart funding				
Project	-	-	-	-
Project	-	-	-	-
TOTAL	8,418,779,137	1,226,008,418	736,263,218	10,381,050,773

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

Appendix II

ITEM NO. 2640503	GOK	DONOR	AIA	
LVEMP (1002)	25,999,573.00	-	-	25,999,573.00
OZONE (1006)	999,100.00	8,360,576.00		9,359,676.00
NABSAP (1007)	4,999,964.00	4,373,344.00		9,373,308.00
RANET-KENYA (1019)	9,508,866.00	-	-	9,508,866.00
GREEN GROUTH HQS GOK (102201)	18,477,972.00	9,800,537.00	-	28,278,509.00
UPOPS (1025)	29,692,156.00	41,567,689.00	36,852,477.00	108,112,322.00
SOLID WASTE (1030)	39,999,751.00	-	-	39,999,751.00
NAP (1033)	-	10,500,068.00	-	10,500,068.00
SLEEK (1035)	9,999,407.00	-	-	9,999,407.00
CADEP (1050)	89,580,000.00	-	(580,000.00)	89,000,000.00
PLASTIC WASTE (1055)	35,610,248.00		-	35,610,248.00
6TH NATIONAL REPORT (1062)	-	5,579,700.00		5,579,700.00
GREEN ZONES (1063)	-	146,063,147.00	87,983,976.00	234,047,123.00
MAN OF CHEMICALS (1061)	-		-	-
SAICM (1065)	-	-	-	-
10% TREE PLANTING (106601)	68,194,307.90	-	-	68,194,307.90
CLIMATE CHANGE (1067)	52,295,959.00	-	-	52,295,959.00

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KENYA GOLD (1068)	-	404,400.00	-	404,400.00
HFC PHASE DOWN (1069)	-	-	-	-
	383,357,303.90	226,649,461.00	124,256,453.00	736,263,217.90
TOTALS				736,263,217.90

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 OTHER GRANTS AND TRANSFERS

	2019-2020	2018-2019
Membership dues and subscriptions to international organizations	-	-
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Grants to small businesses, cooperatives, and self employed	-	-
Grants to foreign government	-	-
Relief to the disabled, the sick, unemployed	-	-
Total	-	-

(Provide details of what other grants and transfers relate to and who the beneficiaries are)

17 SOCIAL SECURITY BENEFITS

	2019-2020	2018-2019
Government pension and retirement benefits	10,914,019	2,752,949
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Social Benefits to the aged(above 70 years)	-	-
Total	10,914,019	2,752,949

(Provide details of what social security benefits relate to and to which organisations the benefits are contributed to)

MINISTRY OF ENVIRONMENT AND FORESTRY
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GoK counterpart funding				
Project	-	-	-	-
Project	-	-	-	-
TOTAL	8,418,779,137	1,226,008,418	736,263,218	10,381,050,773

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

Appendix II

ITEM NO. 2640503				
	GOK	DONOR	AIA	
LVEMP (1002)	25,999,573.00	-	-	25,999,573.00
OZONE (1006)	999,100.00	8,360,576.00		9,359,676.00
NABSAP (1007)	4,999,964.00	4,373,344.00		9,373,308.00
RANET-KENYA (1019)	9,508,866.00	-	-	9,508,866.00
GREEN GROUGH HQS GOK (102201)	18,477,972.00	9,800,537.00	-	28,278,509.00
UPOPS (1025)	29,692,156.00	41,567,689.00	36,852,477.00	108,112,322.00
SOLID WASTE (1030)	39,999,751.00	-	-	39,999,751.00
NAP (1033)	-	10,500,068.00	-	10,500,068.00
SLEEK (1035)	9,999,407.00	-	-	9,999,407.00
CADEP (1050)	89,580,000.00	-	(580,000.00)	89,000,000.00
PLASTIC WASTE (1055)	35,610,248.00		-	35,610,248.00
6TH NATIONAL REPORT (1062)	-	5,579,700.00		5,579,700.00
GREEN ZONES (1063)	-	146,063,147.00	87,983,976.00	234,047,123.00
MAN OF CHEMICALS (1061)	-		-	-
SAICM (1065)	-	-	-	-
10% TREE PLANTING (106601)	68,194,307.90	-	-	68,194,307.90
CLIMATE CHANGE (1067)	52,295,959.00	-	-	52,295,959.00

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KENYA GOLD (1068)	-	404,400.00	-	404,400.00
HFC PHASE DOWN (1069)	-	-	-	-
	383,357,303.90	226,649,461.00	124,256,453.00	736,263,217.90
TOTALS				736,263,217.90

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 OTHER GRANTS AND TRANSFERS

Explanation	2019-2020 KSh.	2018-2019 KSh.
Membership dues and subscriptions to international organizations	-	-
Scholarships and other educational benefits	-	-
Emergency relief and refugee assistance	-	-
Grants to small businesses, cooperatives, and self employed	-	-
Grants to foreign government	-	-
Relief to the disabled, the sick, unemployed	-	-
Total	-	-

(Provide details of what other grants and transfers relate to and who the beneficiaries are)

17 SOCIAL SECURITY BENEFITS

Explanation	2019-2020 KSh.	2018-2019 KSh.
Government pension and retirement benefits	10,914,019	2,752,949
Social security benefits in cash and in kind	-	-
Employer Social Benefits in cash and in kind	-	-
Social Benefits to the aged (above 70 years)	-	-
Total	10,914,019	2,752,949

(Provide details of what social security benefits relate to and to which organisations the benefits are contributed to)

MINISTRY OF ENVIRONMENT AND FORESTRY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 ACQUISITION OF ASSETS

Non-Financial Assets	2019-2020	2018-2019
	Kshs	Kshs
Purchase of Buildings	-	-
Construction of Buildings	-	-
Refurbishment of Buildings	-	-
Construction of Roads	-	-
Construction and Civil Works	2,446,499	115,199,868
Overhaul and Refurbishment of Construction and Civil Works	-	-
Purchase of Vehicles and Other Transport Equipment	-	-
Overhaul of Vehicles and Other Transport Equipment	102,100	24,831,779
Purchase of Furniture and Institutional Equipment	-	-
Purchase of Office Furniture and General Equipment	1,396,750	1,155,779
Purchase of ICT Equipment, Software and Other ICT Assets	-	-
Purchase of Specialized Plant, Equipment and Machinery	119,210,060	459,373,093
Rehabilitation and Renovation of Plant, Machinery and Equip.	99,800	734,962
Purchase of Certified Seeds, Breeding Stock and Live Animals	-	23,536,600
Research, Studies, Project Preparation, Design & Supervision	-	6,446,502
Rehabilitation of Civil Works	-	-
Acquisition of Strategic Stocks and commodities	-	-
Acquisition of Land	-	-
Acquisition of Intangible Assets	-	-
Sub-total	123,255,209	632,108,885
Financial Assets		
Domestic Public Non-Financial Enterprises	-	-
Domestic Public Financial Institutions	-	-
Foreign financial Institutions operating Abroad	-	-
Other Foreign Enterprises	-	-
Foreign Payables - From Previous Years	-	-
Sub-total	-	-
Total	123,255,209	632,108,885

(Where Financial Assets are purchased, explanation should be given as to the nature of the assets purchased and the institutions where such investments are made.)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 FINANCE COSTS, INCLUDING LOAN INTEREST

Explanation	2019-2020	2018-2019
	Kshs	Kshs
Interest Payments on Foreign Borrowings	-	-
Interest Payments on Guaranteed Debt Taken over by Govt	-	-
Interest on Domestic Borrowings (Non-Govt)	-	-
Interest on Borrowings from Other Government Units	-	-
Total	-	-

(Provide details of the interest rate on all the debts taken up by the entity)

20 REPAYMENT OF PRINCIPAL ON DOMESTIC LENDING AND ON-LENDING

Explanation	2019-2020	2018-2019
	Kshs	Kshs
Principal repayments on domestic loans	-	-
Principal repayments on Guaranteed Debt taken over by Government	-	-
Repayments on borrowings from other domestic creditors	-	-
Repayment of Principal from Foreign Lending & On – Lending	-	-
Total	-	-

(Provide details of who the lenders are and the terms of each of the borrowing)

21 OTHER EXPENSES

Explanation	2019-2020	2018-2019
	Kshs	Kshs
Budget Reserves	-	-
Civil Contingency Reserves	-	-
Other expenses not classified elsewhere	-	-
Total	-	-

(Provide details of what other expenses relate to. NB ensure that expenses are classified in their relevant classes as far as possible and this section should only record extraordinary expenses that cannot be classified elsewhere and should be explained.)

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account current	Indicate whether recurrent Development deposit or	Is separate (if any) foreign currency	2019-2020	
				Kshs	Kshs
Name of Bank, Account No.1000383968 & currency	Kshs	Recurrent	-	10,890,410	68,038,67
Name of Bank, Account No.1000383957 & currency	Kshs	Development	-	30,099	62,508,42
Name of Bank, Account No.1000383976 & currency	Kshs	Deposit	-	26,044,355.35	29,697,73:
Total				36,964,864.35	160,244,82:

22B: CASH IN HAND

	2019-2020	
	Kshs	Kshs
Cash in Hand – Held in domestic currency	785,796.50	318,417
Cash in Hand – Held in foreign currency	-	-
Total	785,796.50	318,417

Cash in hand should also be analysed as follows:

	2019-2020	
	Kshs	Kshs
Cash Office Hqs	785,796.50	318,417
Location 2	-	-
Location 3	-	-
Other Locations (<i>specify</i>)	-	-
Total	785,796.50	318,417

[Provide cash count certificates for each as attachments to the financial statements]

Appendix III

MINISTRY OF ENVIRONMENT AND FORESTRY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description		2019-2020 Kshs	2018-2019 Kshs
Government Imprests	Appendix IV	349,900	1,445,600
Salary advances	Appendix V	311,703	666,935
District suspense	Appendix VI	44,004	-
Clearance accounts		-	-
Total		705,607	2,112,535

[Include a breakdown of the outstanding imprest below or as an annex to the notes if the list is longer than 1 page.]

Name of Officer or Institution	Date Imprest Taken	Amount Taken Kshs	Amount Subsidized Kshs	Balance Kshs
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	Xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Name of Officer or Institution	dd/mm/yy	xxx	xxx	xxx
Total				xxx

(NB: The total of the balance column should agree to the total amount under note 23).

24. ACCOUNTS PAYABLE

Description	2019-2020 Kshs	2018-2019 Kshs
Retention	-	-
Deposits	26,044,355	29,697,735.15
Total	26,044,355	29,697,735.15

[Provide short appropriate explanations as necessary]

Appendix VII

25. FUND BALANCE BROUGHT FORWARD

Description	2019-2020 Kshs	2018-2019 Kshs
Bank accounts	160,244,829	258,429
Cash in hand	318,417	-
Accounts Receivables	2,112,535	1,115,326
Accounts Payables	-29,697,735	-
Total	132,978,046	-1,373,755

[Provide short appropriate explanations as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. PRIOR YEAR ADJUSTMENTS

Description of the asset	Balance/Debit BY 2018/2019 per financial statements	Adjustments	Adjusted Balance/Debit BY 2018/2019
Bank account Balances	160,244,829	-	258,429
Cash in hand	318,417	-	-
Accounts Payables	-29,697,735	-	-
Receivables	2,112,535	-	1,115,326
Others (specify)	-	-	-
	132,978,046	-	-1,373,755

Bank balances transferred to the National Treasury. Imprest surrendered and salary advance recovered.

27. CHANGES IN RECEIVABLE

Description of the asset	BY 2019	BY 2020
Outstanding Imprest as at 1 st July 2019 (A)	1,445,600	-
Imprest issued during the year (B)	85,395,875.15	-
Imprest surrendered during the Year (C)	85,434,547.15	-
Net changes in account receivables D= A+B-C	1,406,928	2,112,535

28. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the asset	BY 2019	BY 2020
Deposit and Retentions as at 1 st July 2019 (A)	29,697,735	-
Deposit and Retentions held during the year (B)	0.00	-
Deposit and Retentions paid during the Year (C)	3,653,380	-
Net changes in account receivables D= A+B-C	26,044,355	-

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29. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of environment and Forestry

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

Key Management Compensation	-	-
Transfers to related parties		
Transfers to SAGAs and SCs	ITEM 2630101	ITEM 2630201
KENYA FORESTRY RESEARCH INSTITUTE	1,462,980,997	82,000,000
KENYA FORESTRY SERVICES	4,238,219,003	513,500,000
NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	1,167,800,000	351,000,000
NATIONAL COMPLAINTS COMMITTEE	125,000,000	-
KENYA WATER TOWER TOWERS AUTHORITY	457,700,001	244,500,000
Transfers from related parties		
Transfers from the Exchequer	-	-
Transfers from other MDAs	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	-	-

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30. OTHER IMPORTANT DISCLOSURES

30.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

30.2: PENDING STAFF PAYABLES (See Annex 2)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

30.3: OTHER PENDING PAYABLES (See Annex 3)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

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30.4 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance has been received	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c) Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Descriptor	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors.	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Provide details of the reasons for external assistance e.g.

Economic development or welfare objective

Emergency relief

Trading activities

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d. Non-monetary external assistance

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc. are contributed to a county by donors, NGO etc.

N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES		
	FY 2019/2020	FY 2018/2019
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

N/B The above sub-classification will be adopted based on the purpose of the external assistance and how the external assistance was used.

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

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

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

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30.5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE MDA

This relates to payments done directly to supplier on behalf of the county governments such as; national government may fund the operation of health or education program, a donor may pay directly for construction of a given market etc.

Classification by Source

Description	FY 2019/2020	FY 2018/2019
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Classification of payments made by Third Parties by Nature of expenses

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
Compensation of Employees	-	-
Use of goods and services	-	-
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

N/B The above sub classification will be adopted based on the appropriate county's operations

31. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S RECOMEDATIONS

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

<p>2018/ 2019</p>	<p>925.1 Incomplete Assets Register. Examination of the summary of fixed assets register at Annex 4 to the financial statements revealed that the Ministry did not have an updated fixed asset register showing all the property, plant equipment owned by the Ministry and their valuation as at 30 June, 2019. In addition, some assets at the Kenya Meteorological Department were not tagged and did not bear the office identity markings.</p>	<p>The Ministry has tried to build a comprehensive fixed asset register, although it does not meet the current standard as required by the National Treasury. In order to develop a complete asset register, the following actions have been taken:- Request for the procurement of a consultant has been made. However, the procurement of the same did not proceed due to lack of funds.</p>	<p>PS/YATOR/H SCMS</p> <p>Not resolved</p>	<p>As we look for solutions on this matter, the Ministry has taken an internal measure by requesting all HODS to ensure that new assets are posted in the asset register on a continuous basis Asset Register for assets procured up to financial year 2019/2020 has been updated.</p>
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					<p>The Ministry of Environment and Forestry lost a vehicle GKA 152Q Toyota Prado on 24th August 2013 through carjacking. The incident was reported at Kilimani Police station under OB No.CR 142/64/2013. We wish also to state as follows:-</p> <ul style="list-style-type: none"> • The case has been under police investigation since then. • The ministry has been writing letters to the Inspector General of Police to provide update(s) on the investigation. • Directorate of Criminal Investigation officers have concluded their investigation and forwarded the file to the office of the Directorate of Public Prosecution for further necessary action and guidance as communicated to us by the Principal Secretary Interior and Citizen Services vide his letter Ref. No.OP.PA/23/1A dated 27th 	
	<p>925.2 <u>Loss of Government Vehicles</u></p> <p>As previously reported, a Ministry vehicle registration No. GK A152Q (civilian number plate KAY 953F) valued at Kshs.5,460,000 was lost at Mlolongo area in Machakos County under unclear circumstances on 24 August, 2013 and was at the time being driven by an unauthorized person. Management has not initiated any measures to recover the loss of Kshs.5,460,000 from the responsible parties.</p>					


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	<p>925.3 Land and Buildings</p> <p>925.3.1 Un-Surveyed Land without Ownership Documents</p> <p>Records maintained by the Ministry revealed that the Ministry owns forty-nine (49) parcels of land spread throughout the Country which had not been valued. Further, ownership documents of these parcels of land were not availed for audit review. Consequently, it was not possible to confirm whether the parcels of land are owned by the Ministry. In addition, physical verification of selected parcels of land revealed ongoing encroachment by informal settlers.</p>	<p>October 2020.</p> <p>The Ministry is in possession of various parcels of land spread across the country which have not been valued yet. It is also true that some of the land parcels have been encroached by informal settlers. However,</p> <p>(i). The Ministry is currently undertaking a comprehensive Asset Inventory and this will update the information highlighted in the report to include houses and land.</p> <p>(ii). A report on the status of the KMD properties including the status of ownership has been prepared.</p>	<p>-PS</p> <p>-Dir/ KMD</p> <p>Not resolved</p>
	<p>925.3.2 Encroachment on Ministry's Land on Enterprise Road</p> <p>The Ministry through the Kenya Meteorological Department (KMD) owns land Block/209/24794/81</p>	<p>We would wish to state as follows:-</p> <p>(i). Five land parcels that were illegally hived off from the Ministry's land off Enterprise road</p>	<p>-PS</p>

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<p>situated in Industrial Area on Road B off Enterprise Road measuring approximately 21.04 hectares. The Ministry through tender No.DW0/D21/88/2013-2014 and local purchase order No.0313046 dated 5 June, 2014 awarded a contract to accompany to fence off the land at a contract sum of Kshs.5,662,122. During the year under review, the Ministry awarded a contract to Waaso Construction Company of Kshs.33,763,270 on 29 May, 2020 for fencing the portions not covered by the earlier contract at a contract sum of kshs.33,763,270 for the part of the land that had not been encroached.</p> <p>Physical verification of the land revealed that the land was partially fenced making it an easy target for private developers to grab or encroach. In addition, a private developer had recently erected a concrete fence on a portion of the</p>	<p>in Industrial area Nairobi have since been repossessed vide court judgment issued on 3rd august 2020 by the Hon. Justice E.O Obaga in ELC case no 275 of 2009.</p> <p>(ii). The Ministry decided to carry out the fencing of the land after several attempts by unscrupulous people to hive off part of the land. Indeed, by the time of fencing, part of the land had been grabbed and ownership transferred to private hands. In an assessment done by EACC while investigating on the grabbing of the land, it became very clear that if urgent measures were not taken to safeguard the property the ministry was bound to lose it. EACC therefore advised the ministry to quickly fence the land and ensure it is protected. It is for this reason that the ministry planned and advertised the tender for the fencing which culminated in the</p>	<p>-Director/ KMD</p> <p>-EACC</p>
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	<p>land which was not part of the fenced land.</p> <p>Scrutiny of the land boundary along Road A revealed that unknown people had encroached, fenced and hived off five parcels of land of unknown acreage from the Department's land. Further, a storey building was illegally under construction on one parcel of land. However, the Ministry does not appear to have raised the issue or obtained an injunction to stop encroachment and construction on the land.</p> <p>Under the circumstances, it has not been possible to confirm the total acreage of the Department's land and its status.</p>	<p>signing of the contract on 29th may, 2020. The ministry of the housing was informed of the development by the Principal Secretary and there was no objection. On the encroached parcel of land, the ministry will continue to pursue the culprits in collaboration with other agencies.</p> <p>Handing over/taking over of the land-The Principal Secretary Ministry of housing paid courtesy call to the site on 8th May 2020 as shown in the visitors book.</p> <p>Current Position-Actual handing over has not taken place. In his letter Ref. No. MEF/PROC//VOL.XII dated 4th January, 2020, the Accounting officer Ministry of Environment requested the Principal Secretary Ministry of Housing to make arrangements for the formal handing over/taking over of the Kenya Meteorological Department (KMD), Industrial Area land and other existing assets. In his</p>
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<p>response letter ref MTHUD/DH/HD//29 Vol. 1/(10), dated 22nd January, 2021(copy attached), the Accounting Officer Ministry of Housing advised the Principal Secretary Environment to constitute a joint asset verification committee before the actual handover. The process is still ongoing and the two principals will finally do the handing/taking over exercise in line with the National Treasury guidelines on transfer of GOK assets from one entity to another. On the issue of compensation, the Ministry will seek guidance. You may note that the Ministry has already been allocated 5 acres of land.</p>	<p>The Kenya Meteorological Department owns Ngong Meteorological Station near Ngong town along Kibiku Road, Kajiado County on land number LR/24302 measuring 44.32 hectares.</p>	<p>-PS -Dir/KMD</p> <p>Not resolved</p>
<p>925.3.3 <u>Land Hived off Ngong Meteorological Station</u> The Kenya Meteorological Department owns a station located near Ngong Town along Kibiku</p>		

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	<p>road, Kajiado County. As previously reported, the station is on LR /24302 measuring 44.32 hectares. However, twelve (12) acres of the land have been hived off to pave way for the recently constructed Standard Gauge Railway (SGR) to Naivasha that traverses through the parcel of land. The Chinese company constructing the SGR has also set a construction site within the said property. Management has not indicated whether it had been gazetted for compensation.</p>	<p>(i). The Chinese company set up a campsite for the SGR project on this piece of land. An agreement has been drafted and sent to the State Law Office for legal advice.(Appendix)</p> <p>(ii). The SGR section 2A project Nairobi-Naivasha railway line is tunnelled at the point where the station land is located. Similarly, the line does not transverse the station land. However, a breather/emergency inclined shaft exits on the station land. A portion of the land measuring approximately 12 acres around the mouth of the shaft has been earmarked for compulsory acquisition and the Kenya Railways Corporation has written to the National Land Commission for Gazettement after which compensation will then follow.</p>	
<p>925.3.4 <u>Encroachment on Ministry's Land in</u></p>	<p>The Kenya Meteorological Department owns two plots next to the Mombasa International AIRPORT Serial No.</p>	<p>-PS -Dir/KMD</p>	<p>Not resolved</p>

LIST OF ENCROACHMENT AND FORESTRY


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	<p><u>Mombasa</u></p> <p>A private developer has encroached on two (2) plots in Mombasa, serial No. MN/VI3746 and No. MN/VI3747, next to the Mombasa International Airport. Further, four (4) parcels of land owned by the Kenya Meteorological Department (KMD) in Bamburi with allotment letters numbers MN/1/2405, MN/1/2407, MN/1/2409 and MN/1/2411 all dated 16 February, 2011 have on-going court cases being prosecuted by the Ethics and Anti-Corruption Commission (EACC) at the High Court of Mombasa. The Ministry's legal department seemed unaware of these court cases since no communication relating to the court cases was available at the headquarters. In the circumstances, it was not possible to confirm ownership of the above parcels of land.</p>	<p>MN/VI3746 AND MN/VI/3747.</p> <p>However, all of KMD's properties in Mombasa, which has been grabbed, are being pursued in court by EACC. KMD has been in contact with Kenya Civil Aviation Authority (KCAA) to jointly follow up on these cases since properties for the two institutions are co-located. For the Ministry's land adjacent to the airport, Mombasa high court preservation order was issued under application from EACC CR No. 23456; respondents jointly Ali BunowKorane and Adroit Developers Ltd. The Ministry's legal office has since been duly appraised on court proceedings in relation to Bamburi land parcels.</p>	<p>-EACC</p>
		<p><u>925.3.5 Lack of Ownership</u></p>	


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	<p style="text-align: center;"><u>Documents for Embu Meteorological Station</u></p> <p>The Ministry through Kenya Gazette Notices No. 8781 and No. 8782 dated 3 November, 2005 gave notice of intention to acquire the following parcels of land; Ngandori/Kirigi 2708, 2709, 2710, 2723, 2728, 2729, 2730 and 2745 for the construction of Embu Meteorological Station, the registered owner of the land being Samuel Mbugua (deceased). Thereafter, the Ministry through the Kenya Meteorological Department contracted a construction company to construct a Model County Office in Embu in 2009 at a contract sum of Kshs.11,532,396 which was later revised upwards in 2012 to Kshs.14,548,499. However, the process of succession and formalization of ownership of the said property where the building was constructed had not been completed as at the time of completion of audit. In the circumstances, the Ministry</p>	<p style="text-align: center;"><u>Management Response</u></p> <p>The Ministry through Kenya Gazette Notices Nos.8781 and 8782 dated 3rd November 2005 gave notice of the intention to acquire eight parcels of land for construction of Embu Meteorological Station. However, the land parcels in question were acquired through the compulsory acquisition and the relevant ownership documents were surrendered to the commissioner of lands before compensation. The function of Compulsory acquisition has since been transferred to the National Land Commission where the Department has referred the matter. The Principal Secretary Ministry of Environment & Forestry wrote to his counterpart at the ministry of Lands and Physical Planning to facilitate the issuance of Title deeds for all land Parcels owned by the Kenya Meteorological Department including Embu Meteorological station land.</p>	<p>-Dir/KMD</p>

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	<p>risks losing the land and the building due to lack of ownership documents.</p>				
	<p>925.3.6 Unsupported Acquisition of Assets</p> <p>As disclosed in note 18 of the 2018-2019 financial statements, the statement of receipts and payments reflects a balance of Kshs.632,108,885 under acquisition of assets which includes an amount of Kshs.459,373,093 against purchase of specialized plant, equipment and machinery. Included in the latter balance is an expenditure of Kshs.90,536,342 being part payment for an Airborne Lidar Photographic System procured for the Department of Remote Survey and Remote Sensing (DRSRS). Information available indicate that the Airborne Lidar Photographic System was procured at a total cost of Kshs.224,896,833. The procurement of the equipment was initiated in August, 2016 when</p>	<p>Management Response</p> <p>The procurement of the equipment was initiated in August 2016 when the Department of Remote Survey and Remote Sensing (DRSRS) was domiciled at the Ministry of Mining and concluded in November, 2018 when the Department had been transferred to Ministry of Environment and Forestry. The original bid documents showing specifications of the equipment, the contract and systems are in the Ministry of Mining. The Principal Secretary Ministry of Environment has written to the Principal Secretary, Mining requesting him to avail the documents to us. Once received, the same will be forwarded to the Auditor General for audit review.</p>	<p>-PS -Head of Supplies Chain Management</p>	<p>Not resolved</p>	

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	<p>the Department was domiciled at the Ministry of Mining and concluded in November, 2018 when the Department had been transferred and domiciled at the Ministry of Environment and Forestry. It was not possible to properly verify the expenditure as the original bid document showing the specifications of the equipment, the contract and systems were not availed for audit verification.</p> <p>In the circumstances, it was not possible to verify the propriety of the expenditure on purchase of Airborne Lidar Photographic System of Kshs.90,536,342.</p>			
	<p>926 Disclosure of a Contingent Liability in the Financial Statements</p> <p>Note 28.4 to the 2018-2019 financial statements shows that the Ministry had a court petition Ref. ELC No.22 of 2018 with a petitioner and two others. The petition is in respect to</p>	<p>ELC NO.22 OF 2018</p> <p>Judgment on the Petition was delivered on the 15th day of November, 2018 and the petitioners were directed to deposit the 10% deposit of Kshs.24.5 million in a an interest earning account in the names of the advocates for the petitioners and the respondent pending filing for</p>	<p>-PS -Chief Legal Officer -Attorney General</p>	<p>Not resolved</p>

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	<p>seven (7) acres medical and hazardous waste land situated in Ruai, Nairobi valued at Kshs.245,000,000 purchased on 26 October, 2016.</p> <p>The petitioner cited breach of contract by the Ministry after the Ministry cancelled the above land purchase contract on 13 February, 2017, three months after both parties had signed it. In the legal suit, the petitioner claimed for the retention of Kshs.24.5 million which was 10% advance payment by the Ministry (buyer), balance of the purchase price amounting to Kshs.220.5 million, costs of the suit and a further Kshs.15 million compensation for the breach of contract. The Ministry, on the other hand, was claiming for the refund of Kshs.24.5 million advance paid to the petitioner (seller) plus interest and cost of the suit.</p>	<p>determination of the suit on the issue of the alleged breach of the sale agreement.</p> <p>Current Status of the Court Matter The Ministry was served with an application (ELC SUIT NO.16 OF 2019) by the petitioners seeking a stay of execution of the judgment of the court on 15th November 2018. Subsequent thereto and on instructions of the Ministry, the Office of the Attorney General filed a response to the said application supported by an affidavit signed by the Accounting Officer. Further on 11th March, 2020, the Ministry through the office of the Attorney General filed the Ministry's Statement of Defence and Counter Claim supported by an affidavit of verification to the counter claim signed by the accounting officer. As this matter is still in court and according to the rules of procedure for court, it is not allowed to discuss court documents of the present matter that is currently active before the court.</p>		
<p>Examination of the documents</p>				

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	<p>availed for audit review revealed the following: -</p> <p>(i) The Ministry had advertised for the purchase of the above land in January, 2016 upon which a law firm representing the petitioner and two others was awarded the contract.</p> <p>(ii) In the month of June, 2016, the Ministry sought for due diligence from the National Land Commission (NLC) and a response on the same was served in October, 2016. The National Land Commission raised several issues among them, the land size being less than seven (7) acres and the parcel being made up of seven (7) separate parcels of land.</p> <p>(iii) The Ministry disregarded the National Land Commission's advice and went ahead to sign the agreement in November, 2016 followed by payment of 10% deposit amounting to Kshs.24.5 million on</p>				
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	<p>24 November, 2016. In February, 2017, the Ministry cancelled the contract and in March of the same year demanded refund of the deposit which was not honored by the seller.</p> <p>(iv) In October, 2017, the Principal Secretary to The National Treasury raised salient questions on the land among them cost of contract cancellation, budget allocation and efforts for recovery of the deposit paid to the seller. These were not addressed by the Ministry.</p> <p>(v) An independent valuation dated 7 February, 2018 conducted by the Office of the Director, Land Valuation at the Ministry of Lands and Physical Planning put the total value of the land at Kshs.166 million (Kshs.23.7 million per acre) resulting to unexplained variance of Kshs.79 million.</p>			

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	<p>(vi) As at the time of the audit, the case was still pending in court and both parties were preparing for the hearing and determination of the petition.</p> <p>(vii) Management did not avail the valuation report which valued the seven (7) acre piece of land situated in Ruai at Kshs.245 million (Kshs.35 million per acre). Further, Management has not explained why due diligence on the above matter was not done, why advice from the National Land Commission was ignored and whether the officers who negligently signed and cancelled the contract without taking into consideration expert opinion from the National Land Commission were held accountable.</p>				
	<p>In the circumstances, the government risks losing over Kshs.39.5 million in terms of the</p>				

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	<p>deposit paid of Kshs.24.5 million, unknown costs of the suit and compensation costs of Kshs.15 million which the petitioner is claiming.</p>				
	<p><u>Other Matter</u> <u>927 Pending Bills</u></p> <p>Note 28 to the financial statements reflects pending bills amounting to Kshs.115,781,578 as at the close of that year. These bills were not paid during the year under review but were instead carried forward to 2019/2020 financial year. Failure to settle bills in the year in which the relate adversely affects the following year's provision to which the form the first charge</p>	<p>The bills resulted from inadequate exchequer funding from the National Treasury</p>	<p>-PS -Head of Finance -Head of Accounts -Head of Supplies Chain Management</p>	<p>-Not resolved</p>	
	<p><u>928 Budget Performance and Analysis</u> <u>928.1 Excess Revenue</u></p>	<p>In the Initial financial Statements prepared and submitted for audit review, budget</p>	<p>-PS -Head of Accounts</p>		

	<p>During the year, the Ministry received Exchequer/other receipts amounting to Kshs.13,187,813,194.00. while the approved budget was Kshs.1,431,380,000 resulting in unexplained excess budget receipt of Kshs.11,756,433,194. Further the Ministry had budgeted to receive Kshs.915,108,000 from the sale of assets whose actual receipt was Kshs.910,108,000 resulting to a shortfall of Kshs.5,642,000.</p>	<p>allocation for exchequer releases of kshs.13,137,653,375 had erroneously been omitted (i.e For Budget Execution - Recurrent and Development votes combined, Summary statement of Appropriation-Recurrent vote and summary statement of Appropriation-Development. The error has been corrected and the financial statement amended.</p>			
	<p>928.2 Expenditure Budget Analysis During the year under review, the Ministry had a low absorption of the approved budget. In view of the foregoing, the Ministry did not achieve its planned objectives for the year under review.</p>	<p>The Ministry under absorbed the budget as indicated due to:</p> <ul style="list-style-type: none"> (i) Procurement process for some specialized equipment had not been concluded by 30th June, 2019 hence payment could not be made on the same. (ii) Delays in donor releasing development projects fund (iii) Inadequate exchequer funding 	<p>-PS -Head of Accounts</p>	<p>Not resolved</p>	

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		from The National Treasury.		
	<p>Basis for Conclusion 929 RANET-Kenya Community Radio</p> <p>RANET is a radio network which was established as a flagship project under the Kenya Meteorological Department (KMD) of the Ministry of Environment and Forestry, as a source of information on early warning system for communities affected by climate and weather-related phenomena. The radio station aims at delivering and disseminating climate knowledge to the local community to encourage them to foster climate action. The Climate Resource Centre serves as a learning institution for students on environmental and climate related studies. The stations are located in Isiolo, Kwale, Narok, Busia, Vihiga and Murang'a Counties and others were being constructed. An audit inspection to various stations</p>			

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	<p>revealed the following observations:</p>				
	<p>929.1 Isiolo (Garbatulla) Community Radio The community radio and the meteorological station was inaugurated on 29 October, 2012. However, during the field audit inspection in October, 2019 and as the time of current year audit, the Garbatulla RANET station had not been operational. Further enquiry revealed that although the studio equipment are intact, the broadcasting services were discontinued effective 1 July, 2019 and the staff who were manning the facility had not been paid salaries. Consequently, the ownership of the land, building and safety of the equipment could not be confirmed.</p>	<p>(i). The land was allotted to KMD through the defunct County Council of Isiolo. Minutes of the council meeting are available at the County and the ministry is making efforts to get the same. The ministry is presently making follow up on acquisition of ownership documents. (ii). The building was constructed and equipped through a collaborative project to build climate resilience with the ADA consortium, the National Drought Management Authority and the defunct Ministry for Northern Kenya and Arids lands. (iii). The staff manning the station were engaged on casual basis and the vote for payment of casual workers was withdrawn in the FY 2018/2019 and consequently it was not possible to continue their</p>	<p>-PS Dir/KMD</p>	<p>Not resolved</p>	

	<p>services for the Radio broadcast. These casual staff have since been paid all their dues. Other components are still being implemented through the County Director Meteorology.</p>			
<p>929.2 Siaya and Matungu-Mumias Radio Station</p> <p>The construction of a radio station was on-going at the former Ministry of Information and Broadcasting site. It was not clear what agreement the Ministry had with the Ministry of Information, Communication and Technology as all works were said to have been contracted by the latter's Headquarters. As at the time of audit (2018-2019), an amount of Kshs.6.6 million had been paid to the construction company and a certificate of completion had been issued. However, physical inspection confirmed that work was incomplete as construction of</p>	<p>The construction of radio station was on-going at the former ministry of Information and Broadcasting site. However,</p> <p>(i). The renovation of the studio building, fence and generator house have since been completed for Siaya.</p> <p>(ii). The Ministry is awaiting allocation of Frequency and procurement of the necessary radio broadcast equipment for operationalization of both stations.</p> <p>(iii). The land where Matungu station is was acquired through compulsory acquisition by the commissioner of lands vide gazette notice Nos. 1274 & 1275 of February 2010.</p>	<p>-PS Dir/KMD</p>	<p>Not resolved</p>	

<p>generator room was still in progress. Further, in Matungu - Mumias the structural works was complete but equipment to host the RANET station had not been installed.</p>				
<p>929.3 Construction of RANET Building at Nyamache Sub-County, Kisii County</p> <p>The tender for the proposed construction of RANET building at Nyamache Sub-County was awarded to a general painting and building construction company at a contract sum of Kshs.23,738,320 for a period of twelve (12) months. The building was constructed on a three (3) acre piece of land donated by the County Government but the land transfer documents to the Department were not availed for audit review. Site inspection done on 04 October, 2019 revealed the following anomalies:-</p> <p>(i) Contrary to Section 139(2) of</p>	<p>(i). The tender for the proposed construction of RANET building at Nyamache sub-County was done at the county level. The building was constructed on a 3 acre piece of land donated by the County government to the Ministry. Copy of the title for the land is hereby attached (Appendix)</p> <p>(ii). The contractor applied for a variation to the county works office amounting to kshs.2.8million and the works office approved an amount of kshs.2million. The variation was necessitated by area being marshy and the firm had to introduce</p>	<p>-PS -Dir/KMD -Head of Finance</p>	<p>Not resolved</p>	

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<p>(ii) The contract term expired in 2018 and was not renewed, but the contractor was still on site without a valid contract agreement. As a result of the expiry of the contract term, works and variation were executed outside the contract period contrary to Section 139(4d) of the Public Procurement and Asset Disposal Act, 2015.</p>	<p>(iii). The project was delayed due to budget cuts and the contractor applied for extension of works period which was approved by the county works officer. (Appendix)</p>									
<p>(iii) The project file containing correspondences between the contractor and the client was not provided for audit review. It was not, therefore, possible to make follow up</p>	<p>ground beams and reinforcements. However, the works officer inadvertently forgot to seek accounting officer's approval.</p>									

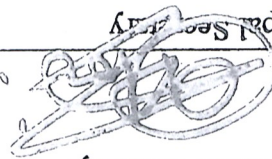
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Reference No. on the attached Index R-100-1	on key issues like the performance bond, insurance, bills of quantities, contract documents and award documents. In the circumstances, the Management was in breach of law.				

Certification not yet out.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.


Principal Secretary



Senior Deputy Accountant General



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32. ANNEXURE

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

	A	B	c	d=a+c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Senior Management	a	b	c	d=a-c	
1.					
2.					
3.					
Sub-Total					
Middle Management					
4.					
5.					
6.					
Sub-Total					
Unionisable Employees					
7.					
8.					
9.					
Sub-Total					
Others (specify)					
10.					
11.					
12.					
Sub-Total					
Grand Total					

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

	a	b	c	d=a-c		
Amounts due to National Govt Entities						
1.						
2.						
3.						
Sub-Total						
Amounts due to County Govt Entities						
4.						
5.						
6.						
Sub-Total						
Amounts due to Third Parties						
7.						
8.						
9.						
Sub-Total						
Others (specify)						
10.						
11.						
12.						
Sub-Total						
Grand Total						

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ANNEX 4 – SUMMARY OF FIXED ASSET REGISTER

Land							
Buildings and structures							
Transport equipment							
Office equipment, furniture and fittings							
ICT Equipment							
Machinery and Equipment							
Biological assets							
Infrastructure Assets- Roads, Rails							
Heritage and cultural assets							
Intangible assets							
Work in Progress							
Total							

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the Ministry's assets)

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ANNEX 5 - LIST OF PROJECTS IMPLEMENTED BY THE MINISTRY OF ENVIRONMENT AND FORESTRY

1			

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ANNEX 6 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE MINISTRY OF ENVIRONMENT AND FORESTRY

1		xxx							

ANNEX 7 – CONTINGENT LIABILITIES REGISTER

1	See Appendix XI								
2									
3									
4									
5									
6									
7									
8									
9									
10									

10

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ANNEX 8- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes