



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 23 FEB 2021

DAY:  
*Monday*

**OF**

TABLED  
BY:

*L.D.M*

CLERK-AT  
THE GENERAL

*Manah Manjira*

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**INSTITUTIONAL STRENGTHENING OF THE  
OZONE DEPLETING SUBSTANCES PROJECT  
(UNEP PROJECT ACCOUNT  
NO. UNEP/KEN/SEV/80/INS/63)**

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

**MINISTRY OF ENVIRONMENT  
AND FORESTRY**



**Project Name: Institutional Strengthening of the Ozone Depleting Substances**

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

**PROJECT GRANT/CREDIT NUMBER: UNEP/KEN/SEV/80/INS/63**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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**LEGAL BACKDROP**

As set out in Section 83 of the Public Finance Management Act, 2012, an Accounting Officer is required to prepare quarterly reports for national government entity as follows;

- (1) An accounting officer for a national government entity shall prepare a report for each quarter of the financial year in respect of the entity.
- (2) In preparing a quarterly report for a national government entity, the accounting officer shall ensure that the report—
  - (a) Contains information on the financial and non-financial performance of the entity; and
  - (b) Is in a form that complies with the standards prescribed and published by the accounting standards board from time to time.
- (3) Not later than fifteen days after the end of each quarter, the accounting officer shall submit the quarterly report to the cabinet secretary responsible for the entity and the national treasury **Public Sector Accounting Standards (IPSAS)**

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## 1. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 1.1 Name and registered office

**Name:** The project's official title is: Institutional Strengthening of the Ozone Depleting Substances (Ozone).

**Objective:** The objective of the project is to strengthen institutional capacity for the implementation of country programme (CP) on the phasing out of Ozone Depleting Substances (ODS).

**Address:** The project headquarters offices are located in, Nairobi County, Kenya.

The address of its registered office is:  
National Ozone Unit  
Ministry of Environment and Forestry  
NHIF Building, Upper Hill,  
P.O. Box 30126 - 00100  
Nairobi

Telephone: 254-20-2730808/9, Ext. 1318, 1302  
E-mail: [psoffice@environment.go.ke](mailto:psoffice@environment.go.ke)  
Website: [www.environment.go.ke](http://www.environment.go.ke)

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

Telephone: (254) 02 2730808/9 Ext. 1318  
E-mail: [marindanykirui@yahoo.com](mailto:marindanykirui@yahoo.com)  
Website: [www.environment.go.ke](http://www.environment.go.ke)

### 1.2 Project Information

Project Start Date:	The project start date was 1 <sup>st</sup> November 2018
Project End Date:	The project end date is 31 <sup>st</sup> October 2020
Project Manager:	The project manager/Coordinator is Mr. Marindany Kirui
Project Sponsor:	The project sponsor is UNEP

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements for the financial year ended June 30, 2020***

**1.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry
Project number	KEN/SEV/80/INS/63
Strategic goals of the project	The strategic goals of the project are as follows: (i) Gradual reduction and eventual elimination of Ozone Depleting Substances (ii) Build and strengthen capacity to implement the requirements of the Montreal Protocol on Substances that Deplete the Ozone Layer.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Training of customs officers, and Refrigeration and Air Conditioning Technicians (ii) Adoption of ozone friendly technologies and alternatives
Other important background information of the project	The project was formed to intervene in the following areas: (i) Stopping release of Ozone Depleting Substances (ODS) into the atmosphere, thus phase out of ODS (ii) Protect Human Life and environment
Current situation that the project was formed to intervene	The project started on 1 <sup>st</sup> November 2018 and is expected to run until 31 <sup>st</sup> October 2020 and beyond on extension of the project.
Project duration	24 Months

**1.4 Bankers**

The following are the bankers for the current year:

- (i) Central Bank of Kenya

**1.5 Auditors**

The project is audited by the office of the Auditor general

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**1.6 Roles and Responsibilities**

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

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Marindany L. Kirui	Coordinator, NOU	-M.Sc. in Environmental Pollution Control  -B.Sc.(Hons) –Chemistry	-Oversee the implementation of the National Ozone Unit activities -Prepare project budgets and work plans - prepare project' financial and progress reports - Conduct monitoring visits to project under Montreal Protocol -Coordinate Ozone Depleting Substances phase out activities in the country in consultation with the Ministry, Donor Agencies and key stakeholders - Organize public awareness and educational programmes on ozone depleting substances - Organize training workshops on ODS phase out targeted on key stakeholders -Coordinate data collection on ODS consumption in the country - coordinate and provide advice to the ministry on matters related to compliance to the requirements of the Protocol

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
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Rose Wanga	Programme Assistant / Secretary	Secretarial Training and Management (Certificate)	<ul style="list-style-type: none"> <li>- Arrange appointments and meetings and schedule meeting venues</li> <li>- Assist in preparation of meetings on Institutional Strengthening Project activities and liaise with lead/implementing agencies and other stakeholders</li> <li>- Disseminate information about meetings, provide secretarial services to meetings and circulate minutes and reports</li> <li>- Disseminate reports generated after the meetings and other events</li> <li>-Coordinate the input of ODS data</li> <li>-Preparation of salaries for staff</li> <li>- Supervision of the Office Messenger on handling incoming and outgoing mails</li> <li>- In charge of NOU equipment</li> </ul>
Consolata Amenity	Clerk/Messenger		<ul style="list-style-type: none"> <li>- Keep record of all project files</li> <li>- Facilitate dispatch of letters</li> <li>- Carry out cleaning of the office</li> <li>- Photocopying</li> <li>- File of letters</li> <li>- Prepare office tea</li> </ul>

**1.7 Funding summary**

The Project duration is 2 years (from November 2018 to October 2020) with an approved budget of US\$ 194,134 equivalents to Kshs 19,704,601 using a dollar rate of 101.50 as highlighted in the table below:

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020***

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 <sup>TH</sup> JUNE 2020)		Undrawn balance to date (30 <sup>TH</sup> JUNE 2020)	
	Donor currency (A)	KShs (A')	Donor currency (B)	KShs (B')	Donor currency (A)-(B)	KShs (A')-(B')
<b>(i) Grant</b>						
UNEP	194,134	19,704,601		11,170,120		8,534,481
<b>(ii) Loan</b>						
Insert name of development partner						
Insert name of development partner						
<b>(iii) Counterpart funds</b>						
Government of Kenya						
<b>Total</b>	<b>194,134</b>	<b>19,704,601</b>		<b>11,170,120</b>		<b>8,534,481</b>

**1.8 Summary of Overall Project Performance:**

The programme has been able to achieve the following results:

- Collaborated with the UN Agencies (UNDP, UNEP and UNIDO) and Bilateral Agencies (GIZ Proklima) in formulating strategies and/or investment projects to support Kenya to be in compliance with the Montreal Protocol requirement
- Continued to demonstrate the efficacy, ease of application, commercial availability, and economic viability of the alternatives to ODS prior to their adoption
- Continued to train refrigeration service technicians from refrigeration and air-conditioning sectors on good practices during repair and maintenance of refrigeration equipment.
- Continued to train customs Officers and other enforcement Officers, on control measures on Ozone Depleting Substances.
- Acquired and distributed refrigeration tools to some Government training institutions
- Acquired and distributed four (4) blend analysers to NEMA and KRA for identifying types of refrigerants
- Approximately 95% of ODS already phased out.

**1.9 Summary of Project Compliance:**

There were no issues of noncompliance.

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

### Guidance

*Refer to the project objectives from the Credit No and project ID which inform the program budget and annual budget. Report on the extent of the project's progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the project in implementation of its plan. Enumerate all the objectives of the project as per the program plan*

### **Introduction**

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

The key development objectives of the *project's 2018-2022* plan are to:

The objectives of the project is to ensure the efficient operation of the National Ozone Unit during the project period, to facilitate compliance with the Montreal Protocol provisions, including the approval and adoption of the legal acts and implementation of the new legislation on Ozone Depleting Substances (ODS), the strengthening of national capacities in support of Montreal Protocol implementation, the monitoring and control of ODS imports and use of hydrochlorofluorocarbons (HCFCs) , access to and use of ODS alternatives and technologies, training of Refrigeration and Air Conditioning (RAC) servicing technicians , customs officers and other enforcement officers including environment inspectors as well as the management of other projects

The key development objectives of the *project's 2018-2022* plan are to:

- a) Ensure the efficient operation of the National Ozone Unit during the project period
- b) To facilitate compliance with the Montreal Protocol provisions
- c) Strengthening of national capacities in support of Montreal Protocol implementation
- d) Monitor and control of ODS imports and use of Hydrochlorofluorocarbons (HCFCs)
- e) Facilitate access to and use of ODS alternatives and technologies
- f) Training of Refrigeration and Air Conditioning (RAC) servicing technicians
- g) Training of customs officers and other enforcement officers
- h) Management of other projects on phase out activities

### **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-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
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attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Institutional Strengthening Phase XI – Phasing out Ozone Depleting Substances (ODS)</b>	To facilitate compliance with the Montreal Protocol provisions	Compliance with the Montreal Protocol reduction targets in phase out activities of ODS, leading to adoption of ozone and climate friendly technologies resulting in clean and healthy environment  Capacity building for RAC Technicians to deal with ODS and Customs Officers to effectively enforce ODS Regulations	% of adoption of ozone and climate friendly technologies and alternatives  Number of trained RAC technicians and Customs Officers	<b>In FY 19/20, the National Ozone Unit (NOU) coordinated the phase out of 85% of ODS</b>  <b>Further in the same Financial Year 19/20, over 77 RAC technicians were trained</b>

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

Two-to-three pages

*Institutional Strengthening of the Ozone Depleting Substances (Ozone) exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on Ozone pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar*

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

*The Montreal Protocol on substances that Deplete the Ozone Layer, supports sustainable economic growth by stimulations the transition to greener technologies across industrial sector country wide*

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

*Section 56 of the Environment Management and Coordination Act (1999) deals with the protection of the Ozone Layer. In 2007, Environmental Management and Coordination (Controlled Substances) Regulations, 2007 were put in place. The main aim of these Regulations is to control importation and exportation of Ozone Depleting Substances (ODS) through licensing and monitoring. The Regulations were currently reviewed and are in the process for approval*

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

*Funding provided by the Montreal Protocol's Multilateral Fund has facilitated transition to greener technologies in the country and by supporting training of refrigeration and air conditioning (RAC) technicians has helped create safe and secure working environment for all workers. This is as per the Social Development Goal number 8: Decent Work and Economic Growth*

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

*To reach a wide catchment for RAC technicians to be trained on good practices during repair and maintenance of RAC equipment, an advert is supposed to be placed on local daily paper. In respect to this, local daily papers are normally informed of a scheduled advert so that they can competitively tender for an opportunity to carry out advert on RAC training  
This also applies when a supplement is required to be carried out during the World Ozone Day, normally commemorated on 16 September every year*

#### **5. Community Engagements-**

Normally, every year when World Ozone Day is being celebrated, there is community engagement in terms traditional dancers, acrobats, tree planting, bands, among others where groups are given cash as tokens for participating in the celebrations.

*(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)*

#### **4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES**

The Principal Secretary for the Ministry of Environment and Forestry and the Project Coordinator for Ozone are responsible for the preparation and presentation of the project's financial statements, which give a true and fair view of the state of affairs of the project for and as at June 30th, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

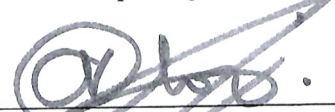
The Principal Secretary for the Ministry of Environment and Forestry and the Programme Coordinator for Institutional Strengthening of the Ozone Depleting Substances (Ozone) accept responsibility for the project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

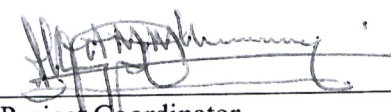
The Principal Secretary for the Ministry of Environment and Forestry and the Programme Coordinator for Institutional Strengthening of the Ozone Depleting Substances (Ozone) are of the opinion that the project's financial statements give a true and fair view of the state of project's transactions as at June 30th, 2020, and of the project's financial position as at that date. The Principal Secretary for Ministry of Environment and Forestry and the Programme Coordinator for Institutional Strengthening of the Ozone Depleting Substances (Ozone) further confirm the completeness of the accounting records maintained for the project, which have been relied upon in the preparation of the project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the Ministry of Environment and Forestry and the Programme Coordinator for Institutional Strengthening of the Ozone Depleting Substances (Ozone) confirm that the project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

#### **Approval of the Project financial statements**

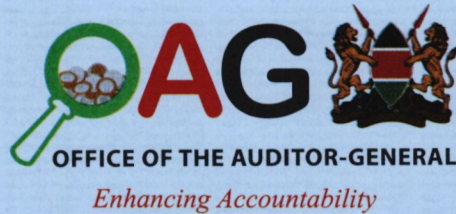
The Project financial statements were approved by the Principal Secretary for the Ministry of Environment and Forestry and the Programme Coordinator for Institutional Strengthening of the Ozone Depleting Substances (Ozone) on ~~11/27~~ 2020 and signed by them.

  
\_\_\_\_\_  
Principal Secretary

  
\_\_\_\_\_  
Project Coordinator

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON INSTITUTIONAL STRENGTHENING OF THE OZONE DEPLETING SUBSTANCES PROJECT (UNEP PROJECT ACCOUNT NO. UNEP/KEN/SEV/80/INS/63) FOR THE YEAR ENDED 30 JUNE, 2020 - MINISTRY OF ENVIRONMENT AND FORESTRY**

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

#### **Opinion**

I have audited the accompanying financial statements of Institutional Strengthening of the Ozone Depleting Substances Project (Project Account No. UNEP/KEN/SEV/80/INS/63) set out on pages 1 to 27, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya, Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Institutional Strengthening of the Ozone Depleting Substances Project 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 the Public Finance Management Act, 2012 and Funding Agreement No. UNEP/KEN/SEV/80/INS/63 between United Nations Environment Programme and the Government of Kenya dated 30 March, 2016.

#### **Basis of Opinion**

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

## **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the procedures performed, except for 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 money has not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **Operating without a Project Bank Account**

During the year under review, the Project funds were operated through the development account of the Ministry of Environment and Forestry. This is contrary to Regulation 76(1) of the Public Finance Management Regulations, 2015 which provides that for the purpose of disbursement of Project funds, there shall be opened and maintained a Project account for every project at the Central Bank of Kenya unless it is exempted by the Cabinet Secretary in writing, into which all funds shall be kept and such an account shall be known by the name of the Project for which it is opened and each Project shall maintain only one bank account.

In the circumstance, the Project Management was in breach of law.

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

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

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

### **Basis of Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit so as to obtain assurance as to whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of

my audit report. However, future events or conditions may cause the Project cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Project or implementation activities within the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**


**15 December, 2020**

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
For the financial Year ended June 30, 2020*

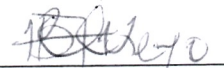
**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED  
30TH JUNE 2020**

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Transfer from Government entities	9.3	535,600		345,358		880,958
Proceeds from domestic and foreign grants	9.4	7,500,000		3,670,120		11,170,120
Loan from external development partners	9.5	-		-		-
Miscellaneous receipts	9.6	-		-		-
<b>TOTAL RECEIPTS</b>		<b>8,035,600</b>		<b>4,015,478</b>		<b>12,051,078</b>
<b>PAYMENTS</b>						
Compensation of employees	9.7	6,389,738		3,445,509		9,835,247
Purchase of goods and services	9.8	1,979,600		632,700		2,612,300
Social security benefits	9.9	-		-		-
Acquisition of non-financial assets	9.10	-		-		-
Transfers to other government entities	9.11	-		-		-
Other grants and transfers and payments	9.12	-		-		-
<b>TOTAL PAYMENTS</b>		<b>8,369,338</b>		<b>4,078,129</b>		<b>12,447,467</b>
<b>SURPLUS/(DEFICIT)</b>		<b>(333,738)</b>		<b>(62,731)</b>		

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

  
Principal Secretary  
Name:

  
Project Coordinator  
Name: M. KIRUI

  
Project Accountant  
Name Bibiana A. Onyango  
ICPAK Member Number: 5419


(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)

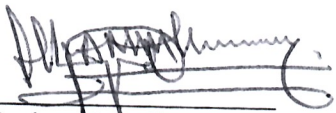
*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

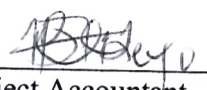
**7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020**

		2019-2020	2018-2019
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	9.13.A	288,126	621,864
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>288,126</b>	<b>621,864</b>
Accounts receivables – Imprest and Advances	9.14	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>288,126</b>	<b>621,864</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	9.15	621,864	621,864
Prior year adjustments	9.16	-	-
Surplus/(Deficit) for the year		(333,738)	621,864
<b>NET FINANCIAL POSITION</b>		<b>288,126</b>	<b>621,864</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 11/27 2020 and signed by:

  
Principal Secretary  
Date

  
Project Coordinator  
Date


  
Project Accountant  
Date  
ICPAK Member Number: 5419

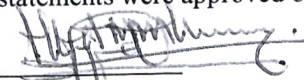
*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*


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

	Note	2019-2020 KShs	2018-2019 KShs
<b>Receipts from operating activities</b>			
Transfer from Government entities	9.3	535,600	345,358
Proceeds from domestic and foreign grants	9.4	7,500,000	3,670,120
Miscellaneous receipts	9.6	-	-
<b>Totals</b>		<b>8,035,600</b>	<b>4,015,478</b>
<b>Payments from operating activities</b>			
Compensation of employees	9.7	6,389,738	3,445,509
Purchase of goods and services	9.8	1,979,600	632,700
Social security benefits	8.9	-	-
Transfers to other government entities	9.11	-	-
Other grants and transfers	9.12	-	-
<b>Adjustments during the year</b>			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18	-	-
Prior Year Adjustments	9.16	-	-
<b>Net cash flow from operating activities</b>		<b>(333,738)</b>	<b>(62,731)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9.10	-	-
<b>Net cash flows from Investing Activities</b>		-	-
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings/financing	9.5	-	-
<b>Net cash flow from financing activities</b>		-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(333,738)</b>	
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>621,864</b>	<b>684,595</b>
<b>Cash and cash equivalent at END of the year</b>		<b>288,126</b>	<b>621,864</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 11/12/20 2020 and signed by:

  
Principal Secretary  
Date 11/12/20

  
Project Coordinator  
Date 11/12/20


  
Project Accountant  
Date 11/12/20  
ICPAK Member No: 52419

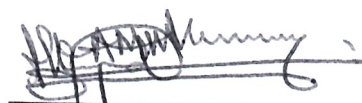
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for the financial year ended June 30, 2020*

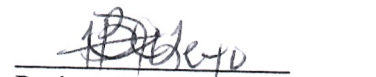
**9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

<b>Receipts</b>						
Transfer from Government entities	1,000,000	-	1,000,000	535,600	464,400	53.56%
Proceeds from domestic and foreign grants	15,000,000	-	15,000,000	7,500,000	7,500,000	50%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
<b>Total Receipts</b>	<b>16,000,000</b>	<b>-</b>	<b>16,000,000</b>	<b>8,035,600</b>	<b>7,964,400</b>	<b>50.22%</b>
<b>Payments</b>						
Compensation of employees	6,500,000	-	6,500,000	6,389,738	110,262	98%
Purchase of goods and services	9,500,000	-	9,500,000	1,979,600	7,520,400	20%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>16,000,000</b>	<b>-</b>	<b>16,000,000</b>	<b>8,369,338</b>	<b>7,630,662</b>	<b>52%</b>

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

  
Principal Secretary  
Date 11/12/20

  
Project Coordinator  
Date 11/12/2020

  
Project Accountant  
Date 11/12/2020  
ICPAK Member No: 5419

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

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

### **9.1. Basis of Preparation**

#### **9.1.1. Statement of compliance and basis of preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

#### **9.1.2. Reporting entity**

The financial statements are for the Ozone project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

#### **9.1.3. Reporting currency**

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

### **9.2. Significant Accounting Policies**

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

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

##### **• Transfers from the Exchequer**

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

##### **• External Assistance**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donations and grants**

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

**Proceeds from borrowing**

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

**Undrawn external assistance**

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

• **Other receipts**

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

**b) Recognition of payments**

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

• **Compensation of employees**

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

• **Use of goods and services**

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

• **Interest on borrowing**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

• **Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

• **Acquisition of fixed assets**

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

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

**c) In-kind donations**

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

**d) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**Restriction on cash**

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Accounts receivable**

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

**f) Contingent Liabilities**

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 4** of this financial statement is a register of the contingent liabilities in the year.

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

**g) Contingent Assets**

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

**h) Pending bills**

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

**i) Budget**

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

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

**j) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties' column in the statement of receipts and payments.

During the year Kshs xxx billion being loan disbursements were received in form of direct payments from third parties.

**k) Exchange rate differences**

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

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l) Comparative figures**

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

**m) Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 20XX.

**n) Errors**

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

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for the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to-date (from inception)
	KShs	KShs	
<b>Counterpart funding through Ministry MEF</b>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	535,600	-	535,600
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	345,358	345,358
<b>Other transfers from government entities</b>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zxy	-	-	-
Agency xz	-	-	-
Appropriations-in-Aid			
<b>Total</b>	<b>535,600</b>	<b>345,358</b>	<b>880,958</b>

[Provide explanation as necessary noting that "Other transfers from government entities" is not the counterpart funding which is the government's share of contribution towards the implementation of the project as mandated by the Project Agreement.]

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

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

During the 12 months to 30 June 20xx we received grants from donors as detailed in the table below:

<b>Grants Received from Bilateral Donors (Foreign Governments)</b>							
Insert name of foreign Government			-	-	-	-	-
<b>Grants Received from Multilateral Donors (International Organisations)</b>							
UNEP			7,500,000			7,500,000	3,670,120
<b>Grants Received from Local Individuals and organisations</b>							
Insert name of individual or local organization			-	-	-	-	-
<b>Total</b>			<b>7,500,000</b>			<b>7,500,000</b>	<b>3,670,120</b>

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

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for the financial year ended June 30, 2020*

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

**9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS**

During the 12 months to 30 June 2020 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
<b>Loans Received from Bilateral Donors (Foreign Governments)</b>						
Insert name of foreign Government		-	-	-	-	-
<b>Loans Received from Multilateral Donors (International Organisations)</b>						
Insert name of international organization		-	-	-	-	-
<b>Total</b>		-	-	-	-	-

**9.6. MISCELLANEOUS RECEIPTS**

	2019/20			2018/19	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs		
Property income	-	-	-	-	-
Sales of goods and services	-	-	-	-	-
Administrative fees and charges	-	-	-	-	-
Fines, penalties and forfeitures	-	-	-	-	-
Voluntary transfers other than grants	-	-	-	-	-
Other receipts not classified elsewhere	-	-	-	-	-

[Provide explanation as necessary]

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

**9.7. COMPENSATION OF EMPLOYEES**

	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	6,389,738	-	-	3,445,509	9,835,247
Basic wages of temporary employees	-	-	-	-	-
Personal allowances paid as part of salary	-	-	-	-	-
Personal allowances paid as reimbursements	-	-	-	-	-
Personal allowances provided in kind	-	-	-	-	-
Pension and other social security contributions	-	-	-	-	-
Compulsory national social security schemes	-	-	-	-	-
Compulsory national health insurance schemes	-	-	-	-	-
Social benefit schemes outside government	-	-	-	-	-
Other personnel payments	-	-	-	-	-
<b>Total</b>	<b><u>6,389,738</u></b>	<b><u>=</u></b>	<b><u>=</u></b>	<b><u>3,445,509</u></b>	<b><u>9,835,247</u></b>

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

**9.8. PURCHASE OF GOODS AND SERVICES**

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	KShs	KShs
Utilities, supplies and services					
Communication, supplies and services					
Domestic travel and subsistence	675,200	-		1,267,900	1,943,100
Foreign travel and subsistence					
Printing, advertising and – information supplies & services	750,000			-	750,000
Rentals of produced assets					
Training payments					
Hospitality supplies and services	554,400			-	554,400
Insurance costs					
Specialised materials and services					
Other operating payments					
Routine maintenance – vehicles and other transport equipment					
Routine maintenance- – other assets					
Exchange rate losses/gains (net)					
<b>Total</b>	<b>1,979,600</b>			<b>1,267,900</b>	<b>3,247,500</b>

*[Provide explanation as necessary]*

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

**9.9. SOCIAL SECURITY BENEFITS**

	2019/20			2018/19		Cumulative to-date
	Payments made by the Employer	Payments made by the employee	Total Payment			
	KSh	KSh	KSh	KSh	KSh	KSh
Government pension and retirement benefits	-	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

*[Provide explanation as necessary]*

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

	2019/20			2018/19		Cumulative to-date
	Payments made by the Employer	Payments made by the employee	Total Payment			
	KShs	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-	-
Construction of buildings	-	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-	-
Construction of roads	-	-	-	-	-	-
Construction of civil works	-	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-	-

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

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020***

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**9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES**

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<u><b>KShs</b></u>	<u><b>KShs</b></u>
<b>Transfers to National Government entities</b>					
Ministry ABC	-		-	-	-
Project XYZ	-		-	-	-
<b>Transfers to County Government</b>					
County ABC	-		-	-	-
County XYZ	-		-		
<b>TOTAL</b>	<b>=</b>		<b>=</b>	<b>=</b>	<b>=</b>

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

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
for the financial year ended June 30, 2020*

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

**9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS**

	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
<b>Total</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>	<b>=</b>
<i>[Provide explanation as necessary]</i>					

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

**9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD**

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 8.13A)	288,126	621,864
Cash in hand (Note 8.13B)		
Cash equivalents (short-term deposits) (Note 8.13C)		
<b>Total</b>	<b><u>288,126</u></b>	<b><u>621,864</u></b>

The project has One project account spread within the project implementation area and XX number of foreign currency designated accounts managed by the National Treasury as listed below:

**9.13 A Bank Accounts**

**Project Bank Accounts**

	2019/20	2018/19
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others ( <i>specify</i> )	-	-
<b>Total Foreign Currency balances</b>	-	-
<b><u>Local Currency Accounts</u></b>		
Central Bank of Kenya [A/c No 1000383968]	288,126	621,864
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others ( <i>specify</i> )		
<b>Total local currency balances</b>	<b>288,126</b>	<b><u>621,864</u></b>
<b>Total bank account balances</b>	<b><u>288,126</u></b>	<b><u>621,864</u></b>

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

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

**Special Deposit Accounts Movement Schedule**

<b>(i) A/c Name [A/c No.....]</b>		
Opening balance		
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>		
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	=	=

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

**9.13B Cash In Hand**

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

[Provide a cash count certificate for each location above]



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

**9.16. PRIOR YEAR ADJUSTMENT**

Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others ( <i>specify</i> )	-	-	-

*(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)*

**9.17. CHANGES IN RECEIVABLE**

Outstanding Imprest as at 1 <sup>st</sup> July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

**9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS**

Deposit and Retentions as at 1 <sup>st</sup> July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	-
Net changes in account receivables D= A+B-C	-	-

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**10. OTHER IMPORTANT DISCLOSURES**

**10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)**

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	-	-	-	-
<b>Total</b>	-	-	-	-

**10.2 PENDING STAFF PAYABLES (See Annex 2B)**

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	-	-	-	-
<b>Total</b>	-	-	-	-

**10.3 OTHER PENDING PAYABLES (See Annex 2C)**

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	-	-	-	-
<b>Total</b>	-	-	-	-

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**OTHER IMPORTANT DISCLOSURES (Continued)**

**10.4 External Assistance**

External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	-	-

*a) External assistance relating loans and grants*

External assistance received as loans	-	-
External assistance received as grants	-	-
<b>Total</b>	-	-

*b) Undrawn external assistance*

Undrawn external assistance - loans	-	-
Undrawn external assistance - grants	-	-
<b>Total</b>	-	-

*c. Classes of providers of external assistance*

Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	--
National Assistance Organization	-	-
<b>Total</b>	-	-

*Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc*

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**OTHER IMPORTANT DISCLOSURES (Continued)**

*d. Non-monetary external assistance*

Description	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Goods	-	-
Services	-	-
<b>Total</b>	-	-

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

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

*e Purpose and use of external assistance*

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

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

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**OTHER IMPORTANT DISCLOSURES (Continued)**

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

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

National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
<b>Total</b>	-	-

***Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
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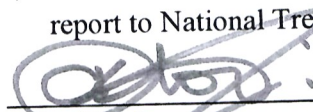
**11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS**

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

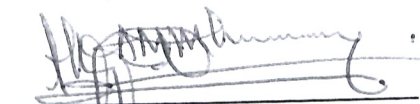
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue and designation	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

**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**

11/12/2020  
 \_\_\_\_\_  
**Date**

  
 \_\_\_\_\_  
**Project Coordinator**

11/12/2020  
 \_\_\_\_\_  
**Date**

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
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**ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	1,000,000	535,600	464,400	53.56%	Underfunding/ Exchequer issue
Proceeds from domestic and foreign grants	15,000,000	7,500,000	7,500,000	50%	Underfunding/ Exchequer issue
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
<b>Total Receipts</b>	<b>16,000,000</b>	<b>8,035,600</b>	<b>7,964,400</b>	<b>50.9%</b>	
<b>Payments</b>					
Compensation of employees	6,500,000	6,389,738	110,262	98.30%	
Purchase of goods and services	9,500,000	1,979,600	7,520,400	20.83%	Underfunding/ Exchequer issue
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
<b>Total payments</b>	<b>16,000,000</b>	<b>8,369,338</b>	<b>7,630,662</b>	<b>52.30%</b>	

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

- (i) Xxx
- (ii) Xxx
- (iii) Xxx

*Institutional Strengthening of the Ozone Depleting Substances Financial Statements  
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**ANNEX 2A - ANALYSIS OF PENDING BILLS**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
<b>Construction of buildings</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Construction of civil works</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Supply of goods</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Supply of services</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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**ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS**

Name of Staff	Job Group	Date		Outstanding Balance 2019	Outstanding Balance 2020	Comments
		Original Amount	Payable Contract			
		a	b	c	d=a-c	
<b>Permanent Employees - Management</b>						
1.						
2.						
3.						
<b>Sub-Total</b>						
<b>Permanent Employees - Others</b>						
4.						
5.						
6.						
<b>Sub-Total</b>						
<b>Temporary employees</b>						
7.						
8.						
9.						
<b>Sub-Total</b>						
<b>Others (specify)</b>						
10.						
11.						
12.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

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**ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES**

Name	Brief Transaction Description	Original Amount	Date Payable Contract ended	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
	<b>Amounts due to National Govt Entities</b>						
1.							
2.							
3.							
	<b>Sub-Total</b>						
	<b>Amounts due to County Govt Entities</b>						
4.							
5.							
6.							
	<b>Sub-Total</b>						
	<b>Amounts due to Third Parties</b>						
7.							
8.							
9.							
	<b>Sub-Total</b>						
	<b>Others (specify)</b>						
10.							
11.							
12.							
	<b>Sub-Total</b>						
	<b>Grand Total</b>						



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**ANNEX 4 CONTINGENT LIABILITIES REGISTER**

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						