

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**GREEN ZONES DEVELOPMENT
SUPPORT PROJECT PHASE II
(CREDIT NO.P.KE-AAD-005)**

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

KENYA FOREST SERVICE

Stamp: PARLIAMENT OF KENYA LIBRARY

Stamp: THE NATIONAL ASSEMBLY PAPERS TABLED

DATE: 09 FEB 2022 DAY: wed

TABLED BY: LOM

CLERK-AT-THE-TABLE: S. Kalama

Stamp: PARLIAMENT OF KENYA LIBRARY





Project Name: GREEN ZONES DEVELOPMENT SUPPORT PROJECT PHASE II

Implementing Entity: KENYA FOREST SERVICE

PROJECT GRANT/CREDIT NUMBER: P-KE-AAD-005

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

TABLE OF CONTENTS

I.	PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
II.	STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES....	xi
III.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING ...	xiii
IV.	STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xv
V.	REPORT OF THE INDENDENT AUDITOR ON THE GREEN ZONES DEVELOPMENT SUPPORT PROJECT	xvii
VI.	STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021.	1
VII.	STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021	2
VIII.	STATEMENT OF CASHFLOW FOR THE PERIOD 30 JUNE 2021	3
IX.	STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	4
X.	SIGNIFICANT ACCOUNTING POLICIES	5
XI.	NOTES TO THE FINANCIAL STATEMENTS	13
XII.	OTHER IMPORTANT DISCLOSURES	20
XIII.	PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS	21
XIV.	ANNEXES	22

I. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name

Project Name: Green Zones Development Support Project Phase II

Project No: P-KE-AAD-005

Loan Nos: A) 2100150040546
 B) 2000200003402

Objective

The key objective of the project is to improve forest conservation and community livelihood for sustainable forest management in Kenya.

Address

The project headquarters offices are Nairobi County, Kenya.

The address of its registered office is:

Kenya Forest Service

P.O. Box 30513 - 00100,

Karura Forest, off Kiambu Road,

Nairobi - Kenya.

Contacts

The following are the project contacts

Telephone: (254) 020 2014663 / 020 2589055

E-mail: info@kenyaforests-service.org, director@kenyaforests-service.org

Website: www.kenyaforests-service.org

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 17 July 2019
Project End Date:	The project end date is 30 June 2025
Project Manager:	The project manager is Mr. Jerome Mwanzia 'ndc'K
Project Sponsor:	The project sponsor is African Development Bank & Government of Kenya

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	P-KE-AAD-005
Strategic goals of the project	The strategic goals of the project are as follows: <ul style="list-style-type: none"> (i) To enhance forest conservation and livelihood support for climate change resilience (ii) To develop timber, horticulture and maize value chains for improved household incomes.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> (i) Forest conservation - rehabilitation of 328,750 Ha of degraded forest plantation establishment, bamboo, community farmlands and other landscapes. (ii) Community Livelihood support- this will be achieved through support to

	Income Generation Activities, and introduction of value chains for timber and food products
Other important background information of the project	The project is a follow-up to Green Zones Development Support Project (2006-2014) and is executed jointly with stakeholders and beneficiaries. It covers 15 counties around three forest ecosystems of Mau, Mt Kenya and Aberdare's.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Improve forest cover (ii) Improve livelihood for communities living adjacent to the forest area.
Project duration	The project started on 17 July 2019 and is expected to run until 30 June 2025

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.4 Bankers

The following are the bankers for the current year:

(i) Project Account

Co-operative Bank

Ridgeways Branch

(ii) Special Account

CBK/GOK Green Zone Development Support Project

Standard Chartered Bank

London

1.5 Auditors

The project is audited by:

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Mr. J.M. Mwanzia 'ndc'K 0722 369 426 jmwanzia@kenyaforestservice.org	Program Manager	Master of Arts in International Studies (UoN,2016) Msc in soil mgt and conservation (University of Adelaide, Australia, 2001)	Overall coordination and management of the Program
Mr David Kuria 0721 290 334	Deputy Project Manager	MSc in project management	Coordination of all field activities
Mr. N.M Mwatika 0721 357 392	Monitoring & Evaluation Officer	MSc in project Management	Monitoring of the physical progress, evaluation and recommendations on activity implementation
Mr Basil Murila 0722 607 848 basilmurila@kenyaforestservice.org	Gender and Community Development Officer	Bachelor of Arts in Anthropology. Diploma in Project Administration	Head, community initiatives, HRBA and stakeholder engagement. Monitoring implementation of environmental and social management plans by the project
Mr John Mburu 0721 775523 mburujm@kenyaforestservice.org	Principal Procurement Officer	MBA (Procurement & Logistics) Member of Kenya Institute of Supplies Management (KISM).	Responsible for the management of the procurement process of goods and services and safety of assets
Mr. Anthony Karanja 0727 560 951 akaranja@kenyaforestservice.org	Project Accountant	CPA, Bachelor of Commerce ICPAK NO. 4869	Implementation of Finance and Accounts functions of the program

1.7 Funding summary

The Project is for duration of 6 years from 2019 to 2024 with an approved budget of UA 29,690,000 and EUR 5,204,000 from African Development Bank and GoK counterpart funds of Kshs 498,508,000, bringing the total to equivalent to Kshs 5,498,250,000 as highlighted in the table below:

**Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021**

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date - (30 Jun 2021)		Undrawn balance to date	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Loan						
Africa Development Bank (EURO)	5,204,000	646,594,200	1,294,192	154,684,045	3,909,808	491,910,155
Africa Development Fund (UA)	29,690,000	4,353,147,800	3,529,831	540,016,659	26,160,169	3,813,131,141
(ii) Counterpart funds						
Government of Kenya		498,508,000		184,552,570		313,955,430
Total		5,498,250,000		879,253,274		4,618,996,726

*Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021*

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date - (30 June 2021)		Cumulative Amount paid to date - (30 June 2021)	Unutilised balance to date 30 Jun 2021	
	Donor currency (A)	Kshs (A')		Donor currency (A)-(B)	Kshs (A')-(B')
(i) Loan					
African Development Bank		694,700,704	687,727,278		6,973,426
(ii) Counterpart funds					
Government of Kenya		184,552,570	184,216,423		336,147
Total		879,253,274	871,943,701		7,309,573

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

Budget performance against actual amounts

The project utilized the available resources against the approved workplan and printed/revised estimates satisfactorily.

Physical progress

During the period of 2019/2020 to 2020/2021, the following were achieved.

- i. A total of 1831 Ha of degraded natural forest areas have been rehabilitated in gazetted forests in Eastern, Central Highlands and Mau conservancies (1718 ha planted with indigenous tree seedlings and 113 ha with Bamboo)
- ii. A total of 58,085 Ha of moderately degraded forest areas have been protected for natural regeneration using community scouts in the three project conservancies
- iii. 380 Ha of degraded natural forests have been fenced for regeneration
- iv. 904 Ha of plantation areas have been established in the forest stations in the project areas.
- v. A total of 8,895,419 tree seedlings (5,932,419 exotics and 2,963,151 indigenous) have been propagated in KFS nurseries for use in the project planting programme.
- vi. A total of 671 Ha, 407 Ha and 183 Ha of on-farm agroforestry systems, woodlots and fruit orchards respectively were established in the project areas
- vii. 66 Ha of degraded community hilltops have been rehabilitated through project support
- viii. 231 Km of degraded forest roads have been rehabilitated, while 1 bridge has been constructed in Kirinyaga using KFS Road Units.
- ix. A total of 26 units of double cabin pick-ups were procured and distributed to the 15 counties, 4 HOCs, and KFS headquarters
- x. Four (4) Medium truck lorries for tree seedlings distribution and nursery operations were purchased and distributed to the four HOCs in project area.

- xi. Two (2) mini-buses for capacity development were purchased for KFS and community utility;

Value for money achievements

The money so disbursed has been put to proper use as the project has successfully initiated forest conservation within the state forests and outside and commenced community livelihood initiatives for communities living adjacent to the forests.

Implementation challenges and recommended way forward:

The COVID-19 pandemic slowed down project implementation especially during lock-down periods operations.

Way forward

The project will continue to sensitize stakeholders on observation of COVID 19 protocols as outlined by the Ministry of Health.

1.9 Summary of Project Compliance:

The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya, and under terms of the project agreement between the GoK and African Development Bank. It also ensured that all regulations and procedures of Kenya Forest Service have been followed. In cases of inconsistency between the GOK regulations and those of the donors, the latter regulations have been applied.

II. STATEMENT OF PERFORMANCE AGAINST PROJECT'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 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 agreement/* plan are to:

- a) To rehabilitate 10,250 Ha of degraded natural forest
- b) To raise 10 million indigenous tree seedlings
- c) To protect 300,000 Ha for natural regeneration
- d) To re-establish 10,000 ha of plantation forests
- e) To establish 5000 Ha of woodlots in community farmlands

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 attaining the stated objectives:

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

Project	Objective	Outcome	Indicator	Performance
Green Zones Development Support Project Phase II	To rehabilitate 10,250 Ha of degraded natural forest	Increased forest cover	No. of Hectares rehabilitated	In FY 2019/2020 and 2020/2021, a cumulative total of 1,718 Ha were successfully rehabilitated. This translates to 17% progress towards end of project target
	To raise 10 million indigenous tree seedlings	Healthy seedlings for rehabilitation of degraded sites	No of seedlings propagated	A total of 2,963,151 tree seedlings were propagated, equivalent to 29% towards end of project targets
	To protect 300,000 Ha for natural regeneration	Increased forest cover	Hectares protected for regeneration	A total of 58,058 Ha have so far been protected for natural regeneration translating to 19.4% towards end of project target
	To re-establish 10,000 ha of plantation forests	Increased tree cover and provision of wood products to the economy	Hectares established	A total of 904 Ha of plantations has been established since project commencement, translating to 9.04% progress towards end of year target
	To establish 5000 Ha of woodlots in community farmlands.	Increased tree cover and community livelihood improvement	Hectares established	405 Ha of community woodlots were established so far. This is 8% of end of project target

III. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Green Zones Development Support Project Phase II 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 in the project appraisal report: 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

Environmental performance

Forest Conservation and Management Act 2016 provides the framework for environmental conservation work and our engagement modalities with Community Forest Associations. Specifically, the Act mandates the Service to develop Participatory Forest Management Plans which clearly spells out conservation activities to be undertaken in the forest. More importantly, the plans outlines the rights, responsibilities and Benefits of all stakeholders, key among them the communities. In line with this, the project has so far developed 3 management plans. More important, the forest rehabilitation is at the core of project activities.

Employee welfare

The project employs both skilled and unskilled casuals in the course of project implementation. Gender consideration is observed in the recruitment process. The Project Appraisal Report stipulates that the project beneficiaries should have a minimum of 40% female representation. Currently we are at 47%. This is reflected in the summary of employees and beneficiaries as tabulated below,

Male	Female	Total	% Female representation
13,986	12,396	26,369	47%

Community Engagements

The project promotes healthy lifestyle and seeks to inculcate the culture of active lifestyle. In view of this, the project supported the KFS volleyball team comprising of young staff members to take part in the national competitions.

V. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Conservator of Forests of Kenya Forest Service and the Project Manager for Green Zones Development Support Project Phase II are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the period ended on June 30, 2021. This responsibility includes:

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

The Chief Conservator of Forests of Kenya Forest Service and the Project Manager of Green Zones Development Support Project Phase II 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 Chief Conservator of Forests of Kenya Forest Service and the Project Manager of Green Zones Development Support Project Phase II are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the period ended June 30, 2021, and of the Project's financial position as at that date. The Chief Conservator of Forests of Kenya Forest Service and the Project Manager of Green Zones Development Support Project Phase II 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 Chief Conservator of Forests of Kenya Forest Service and the Project Manager of Green Zones Development Support Project Phase II 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.

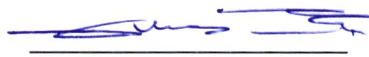
Approval of the Project financial statements

The Project financial statements were approved by the Chief Conservator of Forests of Kenya Forest Service and the Project Manager Green Zones Development Support Project on 1st November, 2021 and signed by them.




Chief Conservator of Forests
Julius Kamau

1 / NOV / 2021



Project Manager
Jerome Mwanzia 'ndc' K

1 / NOV / 2021



Project Accountant:
Anthony Karanja

1 / NOV / 2021

ICPAK NO
4869

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON GREEN ZONES DEVELOPMENT SUPPORT PROJECT PHASE II (CREDIT NO.P.KE-AAD-005) FOR THE YEAR ENDED 30 JUNE, 2021 - KENYA FOREST SERVICE

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Green Zones Development Support Project Phase II set out on pages 1 to 21, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and 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 and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Green Zones Development Support Project Phase II as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreements No.2100150040546 and No.2000200003402 dated 23 April, 2019 between African Development Bank and African Development Fund and the Government of the Republic of Kenya, and the Public Finance Management Act, 2012.

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

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Green Zones Development Support Project Phase II 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 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

Budgetary Control and Performance

The summary statement of comparative budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.740,000,000 and Kshs.546,023,789

respectively resulting to an under-funding of Kshs.193,976,211 or 26% of the budget. Similarly, the Fund spent Kshs.547,619,479 against an approved budget of Kshs.740,000,000 resulting to an under-expenditure of Kshs.192,380,521 or 26% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Over Expenditure on Motor Vehicle Insurance

Note 5 to the financial statements reflects purchase of goods and services expenditure of Kshs.424,336,276 which includes motor vehicle insurance figure of Kshs.20,181,077 whereas the approved budget for motor vehicles insurance is Kshs.13,500,000 resulting to over expenditure of Kshs.6,681,077. This is contrary to regulation 43(b) of the Public Finance Management (National Government) Regulations of 2015, that stipulates an Accounting Officer shall ensure that public funds entrusted to their care are properly safeguarded and are applied for purposes for only which they were intended and appropriated by the National Assembly.

The Management is therefore in breach of the regulations.

Although the Management indicated that Kshs.5,723,905 was payment relating to pending bills from the previous year insurance expense, the same had not been taken into consideration when preparing budget for the year under audit.

Failure to budget for pending bills may adversely affect the subsequent year's budgeted programmes and lead to reallocation of funds. It could also imply that the financial statements did not reflect fairly the operations of the project for the year under audit.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by African Development Bank and African Development Fund, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Project so far as it appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

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 overall governance.

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

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

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

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 projects 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 November, 2021

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

VI. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021.

Description	Note	2020/2021			2019/2020			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity Kes	Payments made by third parties Kes	Total Kes	Receipts and payment controlled by the entity Kes	Payments made by third parties Kes	Total Kes	
RECEIPTS								
Transfer from Government entities	1	84,900,000	-	84,900,000	99,652,570	-	99,652,570	184,552,570
Loan from external development partners	2	352,782,665	107,870,916	460,653,581	146,063,147	87,983,976	234,047,123	694,700,704
Miscellaneous receipts	3	470,208	-	470,208	-	-	-	470,208
TOTAL RECEIPTS		438,152,872	107,870,916	546,023,789	245,715,717	87,983,976	333,699,693	879,723,482
PAYMENTS								
Compensation of employees	4	66,522,223	-	66,522,223	33,056,003	-	33,056,003	99,578,226
Purchase of goods and services	5	359,586,396	64,749,880	424,336,276	183,942,034	4,880,172	188,822,206	613,158,482
Acquisition of non-financial assets	6	13,639,943	43,121,036	56,760,980	16,900,566	83,103,804	100,004,370	156,765,350
TOTAL PAYMENTS		439,748,563	107,870,916	547,619,479	233,898,603	87,983,976	321,882,579	869,502,058
SURPLUS/(DEFICIT)		(1,595,690)	-	(1,595,690)	11,817,114	-	11,817,114	10,221,424

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

Chief Conservator of Forests

Julius Kamau

1 / nov / 2021

Project Manager

Jerome Mwanzia 'ndc' K

1 / Nov / 2021

Project Accountant:

Anthony Karanja


1 / nov / 2021

(CARIC No 4869

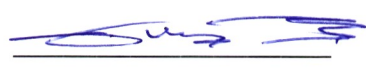
II. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

Description	Note	2020-2021	2019-2020
		Kes.	Kes.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	7	7,309,573	7,603,388
Total Cash and Cash Equivalents		7,309,573	7,603,388
Accounts receivables - Imprest and Advances	8	2,911,850	4,213,726
TOTAL FINANCIAL ASSETS		10,221,424	11,817,114
NET ASSETS		10,221,424	11,817,114
REPRESENTED BY			
Fund balance b/fwd	9	11,817,114	-
Surplus/(Deficit) for the year		(1,595,690)	11,817,114
NET FINANCIAL POSITION		10,221,424	11,817,114


The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 1st November 2021 and signed by:



 Chief Conservator of Forests
 Julius Kamau
 1 / NOV / 2021



 Project Manager
 Jerome Mwanzia 'ndc' K
 1 / NOV / 2021





 Project Accountant:
 Anthony Karanja ICPAIC
 4869
 1 / NOV / 2021


II. STATEMENT OF CASHFLOW FOR THE PERIOD 30 JUNE 2021

Description	Note	2020-2021 Kes	2019-2020 Kes
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	84,900,000	90,652,498
Miscellaneous receipts	3	470,208	7,333,923
Payments from operating activities			
Compensation of employees	4	(66,522,223)	-
Purchase of goods and services	5	(424,336,276)	(216,998,036)
Adjustments during the year			
Decrease/(Increase) in Accounts Receivable	8	1,301,876	(4,213,726)
Net cash flow from operating activities		(404,186,416)	(123,225,341)
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of non-financial assets	6	(56,760,980)	(16,900,566)
Net cash flows from Investing Activities		(56,760,980)	(16,900,566)
CASHFLOW FROM BORROWING ACTIVITIES			
Loan from external development partners	2	460,653,581	147,729,295
Net cash flow from financing activities		460,653,581	147,729,295
NET INCREASE IN CASH AND CASH EQUIVALENTS		(293,815)	7,603,388
Cash and cash equivalent at BEGINNING of the year	7	7,603,388	-
Cash and cash equivalent at END of the year	7	7,309,573	7,603,388

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 01/11/ 2021 and signed by:


 Chief Conservator of Forests
 Julius Kamau


 Project Manager
 Jerome Mwanzia 'ndc' K


 Project Accountant:
 Anthony Karanja

ICPAK NO
4869

1/NOV/2021

1/NOV/2021

1/NOV/2021

**Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021**

IX. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	84,000,000		84,000,000	84,900,000	(900,000)	101%
Loan from external development partners	656,000,000		656,000,000	460,653,581	195,346,419	70%
Miscellaneous receipts				470,208	(470,208)	0%
Total Receipts	740,000,000	-	740,000,000	546,023,789	193,976,211	74%
Payments						
Compensation of employees	70,000,000		70,000,000	66,522,223	3,477,777	95%
Purchase of goods and services	600,000,000		600,000,000	424,336,276	175,663,724	71%
Acquisition of non-financial assets	70,000,000		70,000,000	56,760,980	13,239,020	81%
Other grants and transfers			-	-	-	0%
Total Payments	740,000,000	-	740,000,000	547,619,479	192,380,521	74%
Surplus/(Deficit)			-	(1,595,690)	1,595,690	0%

Note: The budget utilisation/performance differences in the last column were due to funding deficits.

Chief Conservator of Forests
Julius Kamau

Project Manager
Jerome Mwanzia 'ndc' K

Project Accountant:
Anthony Karanja

1/Nov/2021

1/Nov/2021

1/Nov/2021

CPAC NO 4869

X. SIGNIFICANT ACCOUNTING POLICIES

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

1. Basis of Preparation

2. Statement of compliance and basis of preparation

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

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

3. Reporting entity

The financial statements are for the Green Zones Development Support Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

4. 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.

5. Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other receipts

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

b) Donations and grants

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

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) Undrawn external assistance

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

e) Recognition of payments

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

i) Compensation of employees

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

ii) Use of goods and services

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

iii) 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)

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f) In-kind donations

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

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

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

Restriction on cash

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

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

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

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) Budget

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

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

m) Third party payments

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 107,870,916 being loan disbursements were received in form of direct payments from third parties.

Significant Accounting Policies (Continued)

n) Exchange rate differences

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

o) Comparative figures

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

p) Subsequent events

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

q) Errors

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

XI. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

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

Description	2020/21	2019/20	Cumulative to-date (from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry of Environment and Forestry</i>			
Counterpart funds Quarter 1	21,000,000	1,666,149	22,666,149
Counterpart funds Quarter 2	7,500,000	18,486,421	25,986,421
Counterpart funds Quarter 3	21,500,000	55,700,000	77,200,000
Counterpart funds Quarter 4	34,900,000	23,800,000	58,700,000
Total (See Annex 2)	84,900,000	99,652,570	184,552,570

2. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021, 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	Loans received as	Total amount in KShs	
			cash	direct payment*	2020/21	2019/20
Description			KShs	KShs		
Loans Received from Multilateral Donors (International Organisations)						
African Development Bank/Fund Loan			352,782,665	107,870,916	460,653,581	234,047,123
Total			352,782,665	107,870,916	460,653,581	234,047,123

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. MISCELLANEOUS RECEIPTS

Description	2020/21			2019/2020	Cumulative to- date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Interest Income earned	470,208	-	470,208	-	470,208
Total	470,208	-	470,208	-	470,208

4. COMPENSATION OF EMPLOYEES

Description	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Casual Labour	66,520,023	-	66,520,023	24,111,127	90,631,150
Contributions to National Social Security	2,200	-	2,200	200	2,400
Contracted Professional Services				43,200	43,200
Contracted Technical Services				8,901,476	8,901,476
Total	66,522,223	-	66,522,223	33,056,003	99,578,226

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. PURCHASE OF GOODS AND SERVICES

Description	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Staff Welfare Costs	267,500	-	267,500		267,500
Electricity	2,005,101	-	2,005,101	422,809	2,427,910
Water and Sewerage Charges	462,654	-	462,654		462,654
Telephone, Telex, Facsimile and Computer	1,590,910	-	1,590,910	773,500	2,364,410
Courier and Postal Services	75,620	-	75,620		75,620
Supplies of Accessories for Computers & Pi	1,715,667	-	1,715,667	2,258,402	3,974,069
Travel Costs (airlines, bus, railway, mileage)	4,910,891	-	4,910,891	681,500	5,592,391
Daily Subsistence Allowance	51,472,834	-	51,472,834	28,411,613	79,884,447
Publishing and Printing Services	-	-	-	34,250	34,250
Advertising, Awareness and Publicity Campaigns	1,750,197	-	1,750,197	313,244	2,063,441
Training	19,444,545	-	19,444,545	4,152,960	23,597,505
Hire of Training Facilities and Equipment	1,523,363	-	1,523,363	1,161,100	2,684,463
Motor Vehicle Insurance	-	20,181,077	20,181,077		20,181,077
Fungicides, Insecticides and Sprays	250,000	-	250,000	460,800	710,800
General Office Supplies (papers, pencils,	4,798,856	-	4,798,856	3,086,243	7,885,099
Cleaning Materials, Supplies and Services	1,317,489	-	1,317,489	659,485	1,976,974
Catering services	675,825	-	675,825	400,100	1,075,925
Refined Fuels and Lubricants for Transport	20,194,319	-	20,194,319	7,751,788	27,946,107
Bank Service Commission and Charges	303,878	-	303,878	140,360	444,238
Contracted Professional Services	4,735,314	-	4,735,314		4,735,314
Contracted Technical Services	33,734,265	9,124,838	42,859,103		42,859,103

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

Description	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
Special Operations	981,755	-	981,755	1,036,065	2,017,820
Food and Rations	5,680,135	-	5,680,135	4,202,910	9,883,045
Events and Celebrations				747,900	747,900
Tree seeds and seedlings.	94,903,442	-	94,903,442	67,983,423	162,886,865
Supplies for production	41,742,380	35,443,965	77,186,346	32,994,506	110,180,852
Seminars and Conferences	1,273,300	-	1,273,300	1,075,550	2,348,850
Tree Planting	50,000	-	50,000	496,560	546,560
Maintenance of Motor Vehicles	11,863,849	-	11,863,849	3,960,443	15,824,292
Maintenance of Plant, Machinery and Equipment	83,000	-	83,000		83,000
Maintenance of Office Furniture and Equipment	24,100	-	24,100	119,300	143,400
Maintenance of Buildings - Residential	157,085	-	157,085		157,085
Maintenance of Buildings and Stations --No	1,461,696	-	1,461,696	1,921,235	3,382,931
Maintenance of Civil Works	8,374,714	-	8,374,714	3,297,627	11,672,341
Maintenance of Roads	40,881,612	-	40,881,612	20,278,533	61,160,145
Staff Uniforms and Clothing	880,100	-	880,100		880,100
	359,586,396	64,749,880	424,336,276	188,822,206	613,158,482

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. ACQUISITION OF NON-FINANCIAL ASSETS

Description	2020/21			2019/20	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
Motor Vehicles	-	41,708,689	41,708,689	98,746,266	140,454,955
Office Furniture and Fittings	5,295,009	-	5,295,009		5,295,009
Computers, Printers and other IT Equipment	5,448,002	-	5,448,002	1,258,104	6,706,106
ICT, Exchanges and Other Communications	1,183,232	1,412,347	2,595,580		2,595,580
Photocopiers and other Office Equipment	1,713,700	-	1,713,700		1,713,700
	13,639,943	43,121,036	56,760,980	100,004,370	156,765,350

7. CASH AND CASH EQUIVALENTS

Description	2020/21	2019/20
	KShs	KShs
Bank accounts	7,309,573	7,603,388
Total	7,309,573	7,603,388

7. A Bank Accounts

Project Bank Accounts

Description	2020/21	2019/20
	KShs	KShs
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya - Donor Account [A/c No. 011417563225800]	6,973,426	5,507,233
Co-operative Bank of Kenya - GOK Account [A/c No. 01141532868705]	336,147	2,096,155
Total bank account balances	7,309,573	7,603,388

*Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. ACCOUNTS RECEIVABLES

Description	2020-2021	2019-2020
	Kshs	Kshs
Temporary Imprest	136,500	-
Zonal Control Account - Development	2,475,350	4,213,726
Supplier Prepayments	300,000	-
Total	2,911,850	4,213,726

8B: BREAKDOWN OF IMPRESTS AND ADVANCES

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2021
Ecosystem Conservator Bomet	2,874,300	30-Jun-21	2,868,527	5,773
Ecosystem Conservator Bomet	80,000	30-Jun-21	79,000	1,000
Ecosystem Conservator Bomet	4,812,280	30-Jun-21	4,783,335	28,945
Ecosystem Conservator Embu	58,510	30-Jun-21	53,046	5,464
Ecosystem Conservator Kericho	6,181,300	30-Jun-21	6,178,227	3,073
Ecosystem Conservator Kisii	481,100	30-Jun-21	480,150	950
Ecosystem Conservator Kisii	600,000	30-Jun-21	598,200	1,800
Ecosystem Conservator Kisii	1,721,800	30-Jun-21	1,715,341	6,459
Ecosystem Conservator Machakos	211,000	30-Jun-21	-	211,000
Ecosystem Conservator Machakos	495,000	30-Jun-21	494,700	300
Ecosystem Conservator Machakos	60,000	30-Jun-21	33,756	26,244
Ecosystem Conservator Machakos	1,130,000	30-Jun-21	1,044,000	86,000
Ecosystem Conservator Machakos	140,000	30-Jun-21	35,314	104,686
Ecosystem Conservator Machakos	3,898,580	30-Jun-21	3,604,103	294,477
Ecosystem Conservator Meru	675,620	30-Jun-21	675,576	45
Ecosystem Conservator Muranga	569,200	30-Jun-21	568,647	553
Ecosystem Conservator Nyamira	456,500	30-Jun-21	95,870	360,630
Ecosystem Conservator Nyamira	60,000	30-Jun-21	55,450	4,550
Ecosystem Conservator Nyamira	1,745,180	30-Jun-21	1,038,072	707,108
Ecosystem Conservator Nyandarua	7,829,700	30-Jun-21	7,204,309	625,391
Ecosystem Conservator Nyeri	154,140	30-Jun-21	153,237	903

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance 2021
Mboya, Mr. Robert Nyaringo	33,600	30-Jun-21	-	33,600
MIKAMU WILLYS ERICK	16,800	30-Jun-21	-	16,800
STEPHEN MBULA CHESSA	52,500	30-Jun-21	-	52,500
Waringo, Mr. Achim Khakaasa	33,600	30-Jun-21	-	33,600
TOTAL KENYA LIMITED	300,000	30-Jun-21	-	300,000
	34,670,710		31,758,859	2,911,850

9. FUND BALANCE BROUGHT FORWARD

Description	2020-2021	2019-2020
	KShs	KShs
Bank accounts	11,817,114	-
Total	11,817,114	-

10. CHANGES IN RECEIVABLE

Description	2020-2021	2019-2020
	KShs	KShs
Opening Receivables as at 1 July	4,213,726	-
Closing account receivables as at 30 June	2,911,850	4,213,726
Change in Receivables	1,301,876	(4,213,726)

XII. OTHER IMPORTANT DISCLOSURES

1. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	352,782,665	146,063,147
External assistance received in kind- as payment by third parties	107,870,916	87,983,976
Total	460,653,581	234,047,123

a) External assistance relating loans and grants

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans	460,653,581	234,047,123
Total	460,653,581	234,047,123

b) Purpose and use of external assistance

Payments Made by Third Parties	FY 2020/2021	FY 2019/2020
	Kshs	Kshs
Use of goods and services	64,749,880	4,880,172
Acquisition of Assets	43,121,036	83,103,804
TOTAL	107,870,916	87,983,976

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

2. ASSETS DESTROYED BY FIRE

During the year, the project lost assets worth KSh. 4,528,992 following a fire incidence within the project offices. These assets have not been removed from the assets register as the investigations were still ongoing as at 30 June 2021.

XIII. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

There were no issues raised by the Auditor in the prior year.



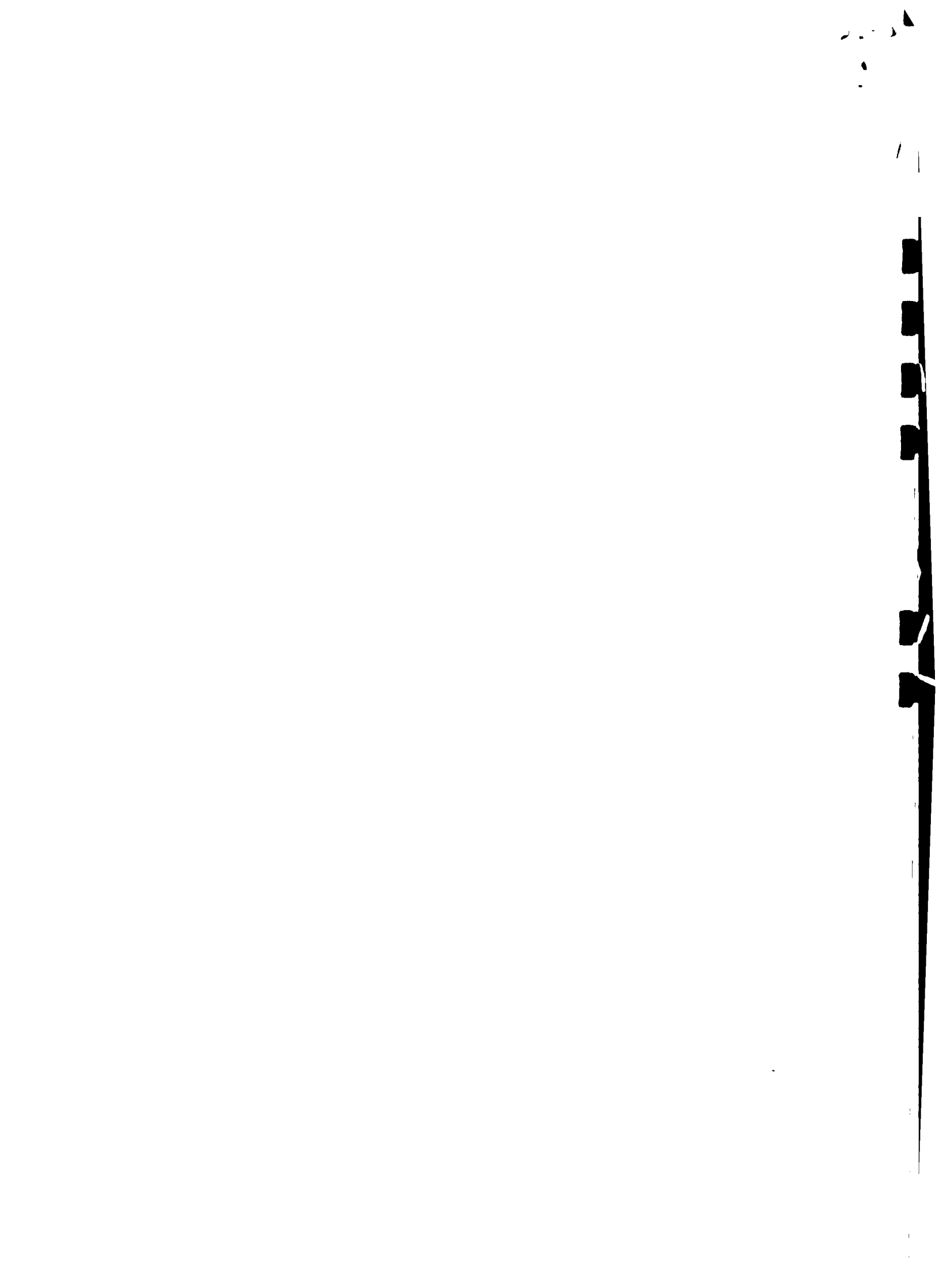
Chief Conservator of Forests
Julius Kamau

Date 01/11/2021



Project Manager
Jerome Mwanzia 'ndc' K

Date 01/11/2021



Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

XIV. ANNEXES

ANNEX 1: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME: GREEN ZONES DEVELOPMENT SUPPORT PROJECT - PHASE II		Break down of Transfers from the State Department of Environment and Forestry	
		a. Government Counterpart Funding	
		Bank Statement Date	Amount (KShs)
		21/09/2020	34,900,000.00
		21/09/2020	21,000,000.00
		30/06/2021	7,500,000.00
		29/01/2021	21,500,000.00
		Total	
			84,900,000.00
		b. Donor Funding	
		Bank Statement Date	Amount (KShs)
		31/08/2020	113,721,601.35
		24/11/2020	4,603,871.65
		15/01/2021	234,457,191.60
		Total	
			352,782,664.60
c.	Direct Payments	Bank Statement Date	Amount (KShs)
		05-08-20	5,723,905.00
		21/5/2020	8,405,172.41
		21/5/2020	10,452,586.00
		25/11/2021	8,771,930.00
		19/2/2021	18,402,104.00
		31/3/2021	8,439,655.17
		31/3/2021	8,146,551.72
		25/05/2021	1,687,200.00
		25/05/2021	1,556,510.25
		25/05/2021	1,412,347.41
		25/05/2021	2,049,000.00
		25/05/2021	1,574,500.00
		25/05/2021	2,257,627.50
		06-10-21	14,457,172.00
		28/06/2021	14,534,655.00
		Total	
			107,870,916.46
		TOTAL(a+b+c)	
			545,553,581.06

The above amounts have been communicated to and reconciled with the parent Ministry of Environment and Forestry.

Project Manager
 Green Zones Development Support Project Phase II

Sign 

Green Zones Development Support Project - Phase II
Reports and Financial Statements
For the financial year ended June 30, 2021

ANNEX 3 - SUMMARY OF FIXED ASSETS REGISTER

Asset class	Opening Cost (KShs) 2020/2021 (a)	Donations in form of assets (KShs) 2020/2021 (b)	*Purchases/ Additions in the Year (KShs) 2020/2021 (c)	**Disposals in the Year (KShs) 2020/2021 (d)	Transfers in/(out) Kshs 2020/2021 (d)	Closing Cost (KShs) 22020/2021 (e) = (a) + (b) + (c) - (d) + (-d)
Transport equipment	98,746,266	41,708,689				140,454,955
Office equipment, furniture and fittings			5,295,009			5,295,009
ICT Equipment,	1,258,104	1,412,347	8,344,934			11,015,386
Total	100,004,370	43,121,036	13,639,943	-	-	156,765,350

Notes

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

** The disposal amount to be disclosed in this register is the cost that the asset was acquired at and not the price at which it has been sold.