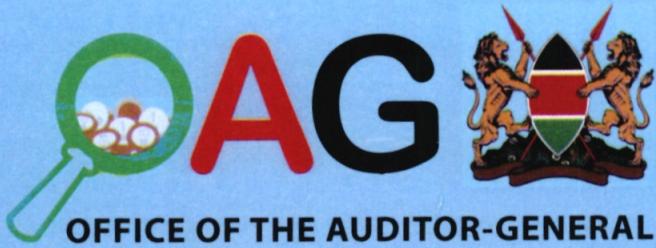


REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

OF DATE: 04 DEC 2024 DAY: WEDNESDAY

**THE AUDITOR-GENERAL**

TABLED BY: Hon. SILVANUS OSORO  
OPPOSITION PARTY WHIP  
CLERK-AT-THE-TABLE: HAILE HUSSEIN

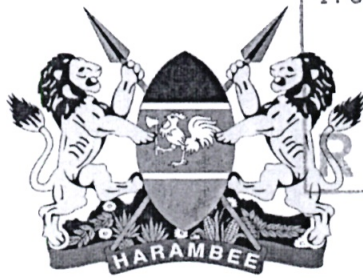
**ON**

**KENYA INSTITUTIONAL STRENGTHENING  
PROJECT PHASE XIII (NO.  
NEP/KEN/SEV/92/INS/66)**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**MINISTRY OF ENVIRONMENT, CLIMATE  
CHANGE AND FORESTRY**

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**PROJECT NAME: KENYA INSTITUTIONAL STRENGTHENING PROJECT PHASE  
XIII**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR ENVIRONMENT AND  
CLIMATE CHANGE (SDECC)**

**PROJECT GRANT NUMBER: KEN/SEV/92/INS/66**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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*Kenya Institutional Strengthening Project Phase XIII*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**1. Acronyms and Glossary of Terms**

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

## 2. Project Information and Overall Performance

### 2.1 Name and registered office

**Name:** The project's official title is: **Kenya Institutional Strengthening Project Phase XIII.**

**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 City County, Kenya.

The address of its registered office is:  
 National Ozone Unit (NOU)  
 Ministry of Environment, Climate Change 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) / [mkirui@environment.go.ke](mailto:mkirui@environment.go.ke)

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

### 2.2 Project Information

Project Start Date:	The project start date was 1 <sup>st</sup> November, 2023
Project End Date:	The project end date is 31 <sup>st</sup> October, 2026
Project Manager:	The project manager/Coordinator is Mr. Marindany Kirui
Project Sponsor:	The project sponsor is UNEP

### 2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment, Climate Change and Forestry/Environment and Climate Change
Project number	KEN/SEV/92/INS/66

**Kenya Institutional Strengthening Project Phase XIII**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <ul style="list-style-type: none"> <li>(i) Provide necessary resources to the country to enable it to strengthen a mechanism within the country to facilitate expeditious preparation, implementation, monitoring and reporting of projects for speedy and effective phase-out and phase-down of the controlled substances</li> <li>(ii) Build and strengthen capacity to implement the requirements of the Montreal Protocol on Substances that Deplete the Ozone Layer.</li> </ul>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>(i) Training of customs officers, and Refrigeration and Air Conditioning (RAC) Technicians</li> <li>(ii) Adoption of ozone and climate friendly technologies and alternatives</li> <li>(iii) Ratification of Kigali amendment that was adopted to phase down Hydro-fluorocarbons (HFCs)</li> <li>(iv) Enhancing of awareness on Ozone and Climate friendly technologies</li> </ul>
Other important background information of the project	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Implementation of the Kigali Amendment requirements through phase-down of HFCs</li> <li>(ii) Sustain and maintain phase out of ODS</li> </ul>
Current situation that the project was formed to intervene	<p>The project phase XIII started on 1<sup>st</sup> November, 2023 and is expected to run until 31<sup>st</sup> October, 2026. The project is currently in the process of preparing Kigali HFC Implementation Plan meant for the development of an overarching strategy to allow the country to meet the reduction targets in HFC consumption, as agreed by the Parties to the Montreal Protocol in the Kigali Amendment.</p>
Project duration	36 Months

The following are the bankers for the current year:  
 Central Bank of Kenya.

Account No. 1000737627

## 2.5 Independent Auditor

The project is audited by the Auditor General, Office of the Auditor General (OAG), P.o  
 Box 30084, 00100, **NAIROBI**.

## 2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Marindany 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 in consultation with the Ministry, Donor Agencies and key stakeholders, controlled substances (Ozone Depleting Substances- ODS and Hydrofluorocarbons- HFCs) phase-out and phase-down activities in the country -Organize public awareness and educational programmes on controlled substances (ODS & HFCs) - Organize stakeholders’ awareness workshops on controlled substances under the Montreal Protocol on substances that Deplete the Ozone Layer -Organize training workshops for Refrigeration and Air-Conditioning (RAC) technicians and customs officers on safe use of ozone and climate friendly technologies, and control measures in dealing with controlled substances respectively -Coordinate data collection on controlled substances (ODS & HFCs) consumption in the

**Kenya Institutional Strengthening Project Phase XIII**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

			country and report to the Ozone Secretariat and Multilateral Fund Secretariat (MFS) -Coordinate and provide advice to the ministry on matters related to compliance to the requirements of the Protocol
William Melau	Assistant Coordinator, NOU	-M.A. Project Planning and Management  -B.A Business Administration	-Provide financial and administrative services -Prepare quarterly progress reports on Ozone Depleting substances phase out and hydrofluorocarbons phase down activities; -Liaise with industries on the best available and affordable technologies on ODS phase out and HFCs phase-down; -Prepare necessary administrative paperwork of National Committee on Controlled Substances (NACODS) members. -Assist the Project Coordinator in implementation, data collection, monitoring and reporting to the ozone secretariat and Multilateral Fund Secretariat; and -Ensure that all projects documentation are properly maintained in hard and electronic copies in an efficient and readily accessible filing system for when required by relevant authorities.
Rose Wanga	Programme Assistant / Secretary	Secretarial Training and Management (Certificate)	- Arrange appointments and meetings and schedule meeting venues - Assist in preparation of meetings on Institutional Strengthening Project activities and liaise with lead/implementing agencies and other stakeholders - Disseminate information about meetings, provide secretarial services to meetings and circulate minutes and reports - Disseminate reports generated after the meetings and other events -Coordinate the input of controlled substances (ODS & HFCs) data -Preparation of salaries for staff - Supervision of the Office Messenger on handling incoming and outgoing mails - In charge of NOU equipment
Consolata Amenia	Clerk/Messenger		- Keep record of all project files - Facilitate dispatch of letters - Carry out cleaning of the office - Photocopying - File of letters - Prepare office tea

			<ul style="list-style-type: none"><li>- Photocopying</li><li>- File of letters</li><li>- Prepare office tea</li></ul>
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## **2.7 Funding summary**

The Project duration is 3 years (from 1<sup>st</sup> November, 2023 to 31<sup>st</sup> October, 2026 with an approved budget of **US\$ 401,857** equivalent to **Kshs.52,241,410** using a dollar rate of 130 as highlighted in the table below:

Below is the funding summary:

**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 <sup>th</sup> June 2024)		Undrawn balance to date	
	Donor currency USD	Kshs	Donor currency USD	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
UNEP	401,857	52,241 ,410	133,967	17,415,744	267,890	34,825,666
<b>(ii) Loan</b>	-	-	-	-	-	-
<b>(iii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>401,857</b>	<b>52,241 ,410</b>	<b>133,967</b>	<b>17,415,744</b>	<b>267,890</b>	<b>34,825,666</b>

**NOTE:**

The amount of donor receipts to date includes the balance carried forward of **Kshs 415,743.65** for the financial year 2022/2023. The National Treasury on behalf of the government of Kenya signed a new project financing agreement for Kenya Institutional Strengthening Project (Phase Xiii) with UNEP in November 2023. However, the project management opted to maintain the same operating bank account at the Central Bank Kenya (CBK) since this is the same Donor with same project but a new cycle. The balance from the previous phase (phase Xii) is treated as a disbursement in the new financing agreement in phase Xiii.

*Kenya Institutional Strengthening Project Phase XIII  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	<i>Donor currency</i> USD	<i>Kshs</i>	<i>Donor currency</i> USD	<i>Kshs</i>	<i>Donor currency</i> USD	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
UNEP	133,967	17,415,744	116,063	15,088,206	17,904	2,327,537
<b>(i) Loan</b>	-	-	-	-	-	-
<b>(ii) Counterpart funds</b>						
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>133,967</b>	<b>17,415,744</b>	<b>116,063</b>	<b>15,088,206</b>	<b>17,904</b>	<b>2,327,537</b>

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

The programme has been able to achieve the following results:

1. Collaborated with the UN Agencies (UNEP and UNIDO) and Bilateral Agencies (France through GIZ Proklima) to formulate project proposals and submitted for funding approval by the Executive Committee of the Multilateral Fund. The following projects were approved for funding to support Kenya to be in compliance with the Montreal Protocol requirements:
  - i. **Preparation of a Kigali HFC implementation Plan (KIP) project**
    - The main purpose of preparing Kigali HFC Implementation Plan (KIP) is the development of an overarching strategy to allow the country to meet the reduction targets in HFC consumption, as agreed by the Parties to the Montreal Protocol in the Kigali Amendment
    - The project was approved for funding at the cost of US \$ 190,000
    - The project will be implemented by UNEP and the Government of Germany through GIZ at the cost of US \$ 95,000 and US \$ 95,000 respectively
    - Project duration is 12 months
  - ii. **Preparation of a Pilot project to maintain and/or enhance the energy efficiency through technical assistance for a demonstration of the use of energy-efficient trans critical CO<sub>2</sub> systems in a supermarket**
    - The objective of the project is to demonstrate the use of energy efficiency low global warming potential (GWP) Carbon dioxide (CO<sub>2</sub>) based cooling for a local supermarket chain
    - The project was approved for funding at the cost of US \$ 30,000
    - The project will be implemented by the Government of Germany through GIZ
    - Project duration is 6 months
  - iii. **Preparation of a national inventory of Banks of waste-controlled substances and development of a national plan for management of these substances**
    - The objective of the project is to develop a national plan for managing refrigeration and air conditioning (RAC) equipment end-of-life,

- including handling of contaminated/recovered refrigerants that might have been collected by the industry awaiting disposal
- The project was approved for funding at the cost of US \$ 90,000
  - The project will be implemented by the Government of Germany through GIZ
  - Project duration is 12 months
2. Continued to demonstrate the efficacy, ease of application, commercial availability, and economic viability of the alternatives to ODS and HFC's prior to their adoption
  3. Continued to train refrigeration service technicians from refrigeration and air-conditioning (RAC) sectors on good practices and safe use of hydrocarbons refrigerants during repair and maintenance of refrigeration and air conditioning equipment.
  4. Continued to train customs Officers and other enforcement Officers, on control measures of controlled Substances (ODS & HFCs).
  5. Facilitated ratification of the Kigali Amendment to the Montreal Protocol. The Amendment was ratified in December 2023

### ***2.9 Summary of Project Compliance:***

The project has not had any incidence of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants.

The Project facilitated the ratification of the Kigali Amendment, which was accepted on 22<sup>nd</sup> September, 2023 and ratified in December 2023

The Project collected, compiled and submitted timely to the Multilateral Fund Secretariat the Country Programme (CP) data for the year 2023

***Kenya Institutional Strengthening Project Phase XIII***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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**3. Statement of Performance against Project's Predetermined Objectives**

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 objective of the *project's 2018-2023 plan is to:***

Provide necessary resources to the country to enable it to strengthen a mechanism within the country to facilitate expeditious preparation, implementation, monitoring and reporting of projects for speedy and effective phase-out and phase-down of the controlled substances as well as to ensure the effective liaison between the country on the one hand, and the Executive Committee, the Fund Secretariat, and the implementing Agencies on the other

the strengthening of national capacities in support of Montreal Protocol implementation, the monitoring and control of ODS imports and use of Hydro-chlorofluorocarbons (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 2018-2023 plan are to:***

- a) Adoption/implementation of legislation and regulation to control and monitor the imports and use of Montreal Protocol controlled substances
- b) Accurate and timely data collection and reporting of consumption of all Montreal Protocol controlled substances
- c) Efficient coordination between national agencies/ stakeholders to support the objectives of the Montreal Protocol
- d) Supervision of timely implementation of HCFC phase out/HFC phase-down activities and the resulting reduction in consumption of controlled substances
- e) Promoting awareness raising and information exchange on relevant issues of the Montreal Protocol
- f) Participation in Regional and Montreal Protocol meetings
- g) Ensure integration of Multilateral Fund (MLF) gender policy in implementation of the Montreal Protocol
- h) Management of other projects on phase-out and phase-down 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-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:



#### **4. Environmental and Sustainability reporting**

Kenya Institutional Strengthening Project Phase XIII 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 through adoption of Ozone and Climate friendly 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 have been reviewed to include Hydro-fluorocarbons (HFCs) licensing and quota systems. They are at advanced stage of 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 and customs officers 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 and safe use of hydrocarbons refrigerants, as well as other natural refrigerants during repair and maintenance of RAC equipment, an advert is supposed to be placed on local daily paper and WhatsApp groups for online applications. 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, essay competition by students/pupils in various schools, among others where groups are given cash as tokens and awards for participating in the celebrations and essay competition respectively.

## 5. Statement of Project Management Responsibilities

The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XIII** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024. 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 State Department for Environment and Climate Change* and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XIII** 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 State Department for Environment and Climate Change* and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XIII** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for 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.

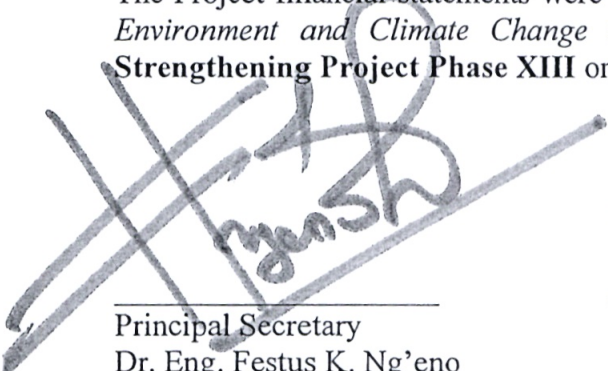
The *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XIII** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

*Kenya Institutional Strengthening Project Phase XIII*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

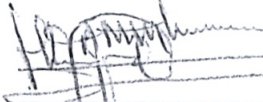
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**Approval of the Project financial statements**


The Project financial statements were approved by the *Principal Secretary State Department for Environment and Climate Change* and the *Project Coordinator* for **Kenya Institutional Strengthening Project Phase XIII** on 16-09-....., 2024 and signed by them.



Principal Secretary  
Dr. Eng. Festus K. Ng'eno

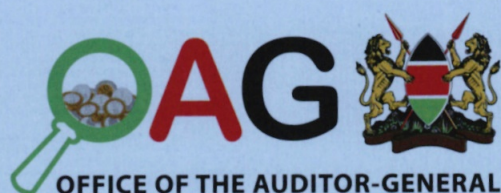


Project Coordinator  
Marindany Kirui



Project Accountant:  
Enock Maticha  
ICPAK Member No: 23310

# REPUBLIC OF KENYA



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

## REPORT OF THE AUDITOR-GENERAL ON KENYA INSTITUTIONAL STRENGTHENING PROJECT PHASE XIII (NO. UNEP/KEN/SEV/92/INS/66) FOR THE YEAR ENDED 30 JUNE, 2024 – MINISTRY OF ENVIRONMENT, CLIMATE CHANGE AND FORESTRY

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Kenya Institutional Strengthening Project Phase XIII (No. UNEP/ KEN/SEV/92/INS/66) set out on pages 1 to 53, which comprise the statement of financial assets and liabilities as at 30 June, 2024,

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*Report of the Auditor-General on Kenya Institutional Strengthening Project Phase XIII (No. UNEP/KEN/SEV/92/INS/66) for the year ended 30 June, 2024 – Ministry of Environment, Climate Change and Forestry*

and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Institutional Strengthening project Phase XIII (NO. UNEP/KEN/SEV/92/INS/66) as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No. (NO. UNEP/KEN/SEV/92/INS/66) dated 1 November, 2023 between United Nations Environment Programme and the Government of Kenya and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Institutional Strengthening Project Phase XIII (NO. UNEP/ KEN/SEV/92/INS/66) Management in accordance with ISSAI 130 on the 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.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.22,500,000 and Kshs.17,000,000 respectively, resulting to under-funding of Kshs.5,500,000, or 24% of the budget. Similarly, the project incurred actual expenditure of Kshs.15,088,206 against actual receipts of Kshs.17,000,000, resulting to under absorption of Kshs.1,911,794, or 13% of the actual receipts.

The under-funding and under absorption may have affected the planned activities and impacted negatively on the service delivery to the stakeholders.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, 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**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, management has not resolved the issues or given any explanation on why the issues have not been addressed.

## **Other Information**

The Management is responsible for the other information set out on page iii to xvi which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting, Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit on the Kenya Institutional Strengthening Project Phase XIII (NO. UNEP/ KEN/SEV/92/INS/66) financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

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

### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, 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.

---

*Report of the Auditor-General on Kenya Institutional Strengthening Project Phase XIII (No. UNEP/KEN/SEV/92/INS/66) for the year ended 30 June, 2024 – Ministry of Environment, Climate Change and Forestry*

## **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and 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 the ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**30 October, 2024**

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*Report of the Auditor-General on Kenya Institutional Strengthening Project Phase XIII (No. UNEP/KEN/SEV/92/INS/66) for the year ended 30 June, 2024 – Ministry of Environment, Climate Change and Forestry*

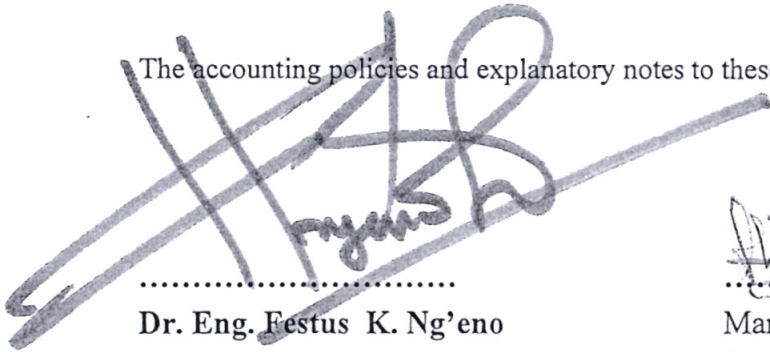
**7. Statement of Receipts and Payments for the year ended 30th June 2024.**

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>2023/2024</i>			<i>2022/2023</i>			
		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Receipts</b>								
Transfer from Government entities	1	-		-	-	-	-	-
Proceeds from domestic and foreign grants	2	17,000,000	-	17,000,000		-		17,000,000
Loan from external development partners	3	-	-	-	-	-	-	-
Miscellaneous receipts	4	-	-	-				-
<b>Total receipts</b>		<b>17,000,000</b>		<b>17,000,000</b>		-		<b>17,000,000</b>
<b>Payments</b>								
Compensation to employees	5	11,074,006		11,074,006				11,074,006
Purchase of goods and services	6	4,014,200	-	4,014,200		-		4,014,200
Social security benefits	7	-		-	-		-	
Acquisition of non-financial assets	8	-		-	-		-	-
Transfers to other government entities	9	-		-	-		-	-
Other grants and transfers /payments	10	-		-	-		-	-
<b>Total payments</b>		<b>15,088,206</b>		<b>15,088,206</b>				<b>15,088,206</b>
<b>Surplus/ (deficit)</b>		<b>1,911,794</b>		<b>1,911,794</b>	-		-	

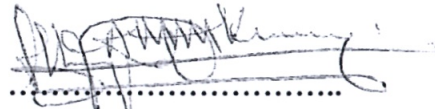
*Kenya Institutional Strengthening Project Phase XIII*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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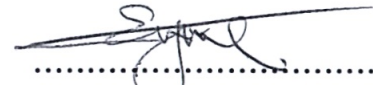
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



.....  
**Dr. Eng. Festus K. Ng'eno**  
**Principal Secretary**



.....  
**Marindany Kirui**  
**Project Coordinator**



.....  
**Enock Maticha**  
**Project Accountant**  
**ICPAK Member No: R3310**

*Kenya Institutional Strengthening Project Phase XIII  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

Description	Note	2023/2024	2022/2023
		Kshs	Kshs
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	11.A	2,327,537	-
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
<b>Total Cash and Cash equivalents</b>		<b>2,327,537</b>	<b>-</b>
Imprests and Advances	12	-	-
<b>Total Financial Assets</b>		<b>2,327,537</b>	<b>-</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention	13	-	-
<b>Net Assets</b>		<b>2,327,537</b>	
<b>Represented By</b>			
Fund Balance B/fwd.	14	415,743	
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		1,911,794	-
<b>Net Financial Position</b>		<b>2,327,537</b>	<b>-</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 16-09-2024 and signed by:

.....  
Dr. Eng. Festus K. Ng'eno  
Principal Secretary

.....  
Marindany Kirui  
Project Coordinator

.....  
Enock Maticha  
Project Accountant  
ICPAK Member No. 23310

*Kenya Institutional Strengthening Project Phase XIII  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2024**

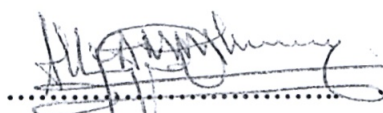
Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	17,000,000	
Miscellaneous receipts	4	-	-
<b>Total receipts</b>		<b>17,000,000</b>	-
<b>Payments</b>			
Compensation of employees	5	11,074,006	-
Purchase of goods and services	6	4,014,200	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
<b>Total Payments</b>		<b>15,088,206</b>	-
<b>Net receipts/(payments)</b>		<b>1,911,794</b>	-
<b>Adjustments during the year</b>			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
<b>Net cash flow from operating activities</b>		<b>1,911,794</b>	-
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	8	-	-
<b>Net cash flows from investing activities</b>		<b>1,911,794</b>	-


**Kenya Institutional Strengthening Project Phase XIII**  
**Annual Report and Financial Statements for the financial year ended June 30, 2024**

Description	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Cash flow from financing activities</b>			
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		1,911,794	-
<b>Cash and cash equivalent at beginning of the year</b>	11	415,743	-
<b>Cash and cash equivalent at end of the year</b>	11	2,327,537	-

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 16-09-2024 and signed by:

  
 .....  
**Dr. Eng. Festus K. Ng'eno**  
**Principal Secretary**

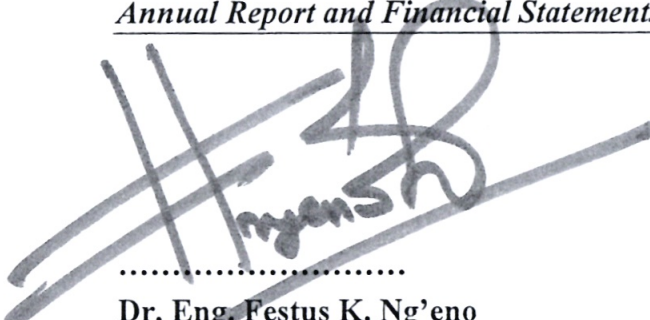
  
 .....  
**Marindany Kirui**  
**Project Coordinator**

  
 .....  
**Enock Maticha**  
**Project Accountant**  
**ICPAK Member No: 23310**

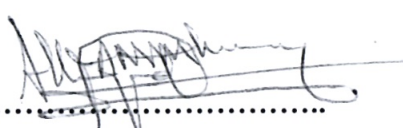
**10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2024**

Receipts/Payments Item	Original Budget Kshs	Adjustments Kshs	Final Budget Kshs	Actual on Comparable Basis Kshs	Budget Utilization Difference Kshs	% of Utilization
	<b>a</b>	<b>b</b>	<b>c=a+b</b>	<b>d</b>	<b>e=c-d</b>	<b>f=d/c %</b>
<b>Receipts</b>						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	22,500,000	-	22,500,000	17,000,000	5,500,000	75.5%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
<b>Total Receipts</b>	<b>22,500,000</b>	<b>-</b>	<b>22,500,000</b>	<b>17,000,000</b>	<b>5,500,000</b>	<b>75.5%</b>
<b>Payments</b>						
Compensation to employees	12,000,000	-	12,000,000	11,074,006	925,994	92.0%
Purchase of goods and services	10,500,000	-	10,500,000	4,014,200	6,485,800	62 %
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
<b>Total Payments</b>	<b>22,500,000</b>	<b>-</b>	<b>22,500,000</b>	<b>15,088,206</b>	<b>7,411,794</b>	<b>67%</b>
<b>Surplus or Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,911,794</b>		<b>-</b>

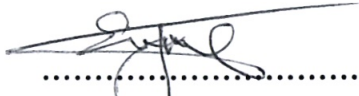
**Note:** The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.



.....  
**Dr. Eng. Festus K. Ng'eno**  
**Principal Secretary**



.....  
**Marindany Kirui**  
**Project Coordinator**



.....  
**Enock Maticha**  
**Project Accountant**  
**ICPAK Member No: 23310**

## **11. Significant Accounting Policies**

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

### **a) 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.

### **b) Reporting entity**

The financial statements are for **Kenya Institutional Strengthening Project Phase XIII** Project under the State Department for Environment and Climate Change. The financial statements are for the reporting entity **Kenya Institutional Strengthening Project Phase XIII** as required by Section 81 of the PFM Act, 2012 .

### **c) 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.

### **d) Recognition of receipts**

**Kenya Institutional Strengthening Project Phase XIII** Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

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

*Kenya Institutional Strengthening Project Phase XIII*  
*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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Transfer from Exchequer is 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.

**Significant Accounting Policies (continued)**

**ii) External Assistance**

External assistance is monies 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 at the time associated cash is received.

**iv) 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.

**v) Proceeds from borrowing.**

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

**vi) 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.

**Significant Accounting Policies (continued)**

**e) Recognition of payments**

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

**i) Compensation to 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 incur and paid for.

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

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

**Significant Accounting Policies (continued)**

**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.

**g) Cash and cash equivalents**

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

**Significant Accounting Policies (Continued)**

**h) 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.

**i) Imprests and Advances**

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.

**j) 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 6** of this financial statement is a register of the contingent liabilities in the year.

**Significant Accounting Policies (Continued)**

**k) Contingent Assets**

**Kenya Institutional Strengthening Project Phase XIII Project** 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 **Kenya Institutional Strengthening Project Phase XIII** 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.

**l) 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' 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.

**m) 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.

**Significant Accounting Policies (Continued)**

**n) 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.

**o) 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.

**p) 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.

**q) 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, 2024.

**r) Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note 15 of these financial statements*.

**12. Notes to the Financial Statements**

**1. Transfers from Government entities**

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

Description	2023/2024	2022/2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry of Environment, Climate Change and Forestry</i>			
Counterpart funds Quarter 1	-	-	
Counterpart funds Quarter 2	-	-	
Counterpart funds Quarter 3	-	-	
Counterpart funds Quarter 4	-	-	
<b>Total (See Annex 3)</b>	-	-	
<i>Other transfers from government entities</i>			
	-	-	
	-	-	
Total	-	-	-
Appropriations-in-Aid	-	-	-
<b>Total</b>	<b>≡</b>	<b>≡</b>	<b>≡</b>

*Note: There were no transfers from government entities during the financial year 2023/2024*

**Notes to the Financial Statements (Continued)**

**2. Proceeds From Domestic and Foreign Grants**

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

	2023/2024						2022/2023	Cumulative to date
Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)								
UNEP FUNDS	22/11/2023		7,000,000	-	-	7,000,000	-	7,000,000
UNEP FUNDS	30/06/2024		10,000,000			10,000,000		10,000,000
Grants Received from Multilateral Donors (International Organizations)								
Insert name of international organization								
Grants Received from Local Individuals and organizations								
Insert name of individual or local organization								
<b>Total</b>			<b>17,000,000</b>	<b>-</b>	<b>-</b>	<b>17,000,000</b>	<b>-</b>	<b>17,000,000</b>

**Notes to the Financial Statements (Continued)**

**3. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

<b>Description</b>	<b>2023/2024</b>					<b>2022/2023</b>	<b>Cumulative to date</b>
<b>Name of Donor</b>	<b>Date received</b>	<b>Amount in loan currency</b>	<b>Loans received in actual amount</b>	<b>Loans received as direct payment*</b>	<b>Total amount in Kshs</b>	<b>Total amount in Kshs</b>	
		<b>(Insert currency)</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Loans received from bilateral Donors (Foreign Governments)					-	-	
Insert name of foreign Government							
Insert name of foreign Government							
Loans received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Insert name of international organization							
<b>Total</b>			-	-	-	-	-

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2023/2024			2022/2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income					
Sales of goods and services					
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere					
<b>Total</b>					

**Notes to the Financial Statements (Continued)**

**5. Compensation to Employees**

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	11,074,006	-	11,074,006		11,074,006
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>	11,074,006	-	11,074,006	-	11,074,006

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Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	4,014,200	-	4,014,200		4,014,200
Foreign travel and subsistence		-		-	
Printing, advertising, and information supplies	-	-	-	-	
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	
Hospitality supplies and services	-	-	-		
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments		-		-	
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
<b>Total</b>	<b>4,014,200</b>	<b>=</b>	<b>4,014,200</b>		<b>4,014,200</b>

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Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Government pension and retirement benefits	-		-	-	-
Social security benefits in cash and in kind	-		-		-
Employer social benefits in cash and in kind	-		-		-
<b>Total</b>	-		-	-	-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	2023/2024			2022/2023	Cumulative to-date  Kshs
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of buildings					
Construction of buildings					
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Overhaul & refurbishment of construction and civil works					
Purchase of vehicles & other transport equipment					
Overhaul of vehicles & other transport equipment					
Purchase of household furniture & institutional equipment					
Purchase of office furniture & general equipment					
Purchase of specialised plant, equipment and machinery					
Rehabilitation & renovation of plant, equipment & machinery					

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	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
<b>Description</b>					
Purchase of certified seeds, breeding stock and live animals					
Research, studies, project preparation, design & supervision					
Rehabilitation of civil works					
Acquisition of strategic stocks					
Acquisition of land					
Acquisition of other intangible assets					
<b>Total</b>	=		=		=

*Note: There were no acquisition of non-financial assets during the financial year under review.*

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Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Transfers to National Government entities					
Ministry of Env. and Forestry (Dev. Account)					
-					
Transfers to County Governments					-
-					
-					
<b>Total</b>		=		=	

**Notes to the Financial Statements (Continued)**

**10. Other Grants, Transfers and Payments**

	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Description	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-		-		-
Transfers to lower levels of government e.g. schools	-		-		-
Miscellaneous payments	-		-		-
<b>Total</b>	-		-		-

**Kenya Institutional Strengthening Project Phase XIII**  
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**Notes to the Financial Statements (Continued)**

**11. Cash And Cash equivalents**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts (Note 11A)	2,327,537	-
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
<b>Total</b>	<b>2,327,537</b>	<b>=</b>

Kenya Institutional Strengthening Project Phase XIII Project has one project account within the project implementation area and zero number of foreign currency designated accounts managed by the National Treasury as listed below:

**11. A Bank Accounts**

**Project Bank Accounts**

<b>Details</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<u>Foreign Currency Accounts</u>		
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> )		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.1000737627]	2,327,537	-
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>2,327,537</b>	<b>=</b>
<b>Total bank account balances</b>	<b>2,327,537</b>	<b>=</b>

**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 2024 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>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
<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>	=	

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**Notes to the Financial Statements (Continued)**

**11 B Cash in hand**

Description	2023/2024	2022/2023
	KShs	KShs
Location 1	-	-
Location 2		
Location 3		
Other locations ( <i>specify</i> )		
<b>Total cash in hand balances</b>	<b>=</b>	<b>=</b>

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

Description	2023/2024	2022/2023
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]		
Others ( <i>Specify</i> )		
<b>Total</b>	<b>=</b>	<b>=</b>

**12. Imprests and Advances**

Description	2023/2024	2022/2023
	Kshs	Kshs
Government Imprests	-	-
Salary advances		
<b>Total</b>	<b>-</b>	<b>-</b>

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**Notes to the Financial Statements (Continued)**

**12A: Breakdown of Imprests and Advances**

<b>Name of Officer or Institution</b>	<b>Amount Taken</b>	<b>Due Date of Surrender</b>	<b>Amount Surrendered</b>	<b>Balance Current FY 2023/2024</b>	<b>Balance Comparative 2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<i>Officer 1</i>	-		-		-
<i>Officer 2</i>					
<i>Officer 3</i>					
<i>Officer 4</i>					
<i>Officer 5</i>					
<i>Programme 1</i>					
<b>Total</b>	=		-		-

**13. Deposits and Retention Monies**

<b>Description</b>	<b>2023/2024</b>		<b>2022/2023</b>	
	<b>Kshs</b>		<b>Kshs</b>	
Retention				
Deposits				
<b>Total</b>	-		-	
<b>Ageing analysis:</b>	<b>2023/2024</b>	<b>% of the Total</b>	<b>2022/2023</b>	<b>% of the Total</b>
Under one year				
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>	-	-	-	-

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**14. Fund Balance Brought Forward**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	415,743	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
<b>Total</b>	<b>415,743</b>	<b>-</b>

**Notes to the Financial Statements (Continued)**

**15. Prior Year adjustment**

	<b>Balance b/f Previous FY (audited financial statements)</b>	<b>Adjustments</b>	<b>Adjusted balance b/f Previous FY</b>
<b>Description of the error</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	-	-
Deposits and retentions	-	-	-
Others	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

**16. Changes in Imprests and Advances**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Opening Receivables as at 1 <sup>st</sup> July 2023		
Closing account receivables as at 30 <sup>th</sup> June 2024		
<b>Change in Imprests and advances</b>	<b>-</b>	<b>-</b>

**17. Changes in Accounts Deposits and Retention**

<b>Description</b>	<b>2023/2024</b>	<b>2022/2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Deposit and Retentions as at 1 <sup>st</sup> July 2023		
Closing accounts payables as at 30 <sup>th</sup> June 2024		
<b>Changes in deposit and retention</b>	<b>-</b>	<b>-</b>

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**Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 4a)**

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Supply of services				
Rift Vally Institute of Science and Technology		1,350,000		1,350,000
<b>Total</b>	-	<b>1,350,000</b>	-	<b>1,350,000</b>

**2. Pending Staff Payables (See Annex 4b)**

	Balance b/f from 2022/2023	Additions for the year	Paid during the year	Balance c/f for 2023/2024
Description	Kshs	Kshs	Kshs	Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Union employees	-	-	-	-
Others - Gratuity	-	-	-	-
<b>Total</b>	-	-	-	-

**3. Other Pending Payables (See Annex 4c)**

	Balance b/f from 2022/2023 FY	Additions for the year	Paid during the year	Balance c/f for 2023/2024 FY
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
<b>Total</b>	-	-	-	-

**Other Important Disclosures (Continued)**

**4. External Assistance**

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as grants	17,000,000	-
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
<b>Total</b>	<b>17,000,000</b>	<b>-</b>

*a). External assistance relating loans and grants*

	2023/2024	2022/2023
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	17,000,000	-
<b>Total</b>	<b>17,000,000</b>	<b>-</b>

*b) Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used	2023/2024	2022/2023
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		34,825,666	-
<b>Total</b>		<b>34,825,666</b>	<b>-</b>

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**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

	2023/2024	2022/2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
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.)*

*d. Non-monetary external assistance*

	2023/2024	2022/2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods		
Services		
<b>Total</b>		

**Other Important Disclosures (Continued)**

**e Purpose and use of external assistance**

<b>Payments made by third parties</b>	<b>2023/2024</b>	<b>2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Compensation to employees		
Use of goods and services		
Subsidies		
Transfers to other Government entities		
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 should be adopted based on the purpose of the external assistance and how it was used).*

**f. External Assistance paid by third parties on behalf of (the Entity) by Source**

*This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance).*

	<b>2023/2024</b>	<b>2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

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**Other Important Disclosures (Continued)**

**5. Payments By Third Party on Behalf of The Project**

*This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity*

**5.1 Classification by Source**

	2023/2024	2022/2023
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>	-	-

*(Third party payments may be done by other entities that are not providers of external assistance)*

**5.2 Classification of payments made by Third Parties by Nature of expenses**

Payments made by third parties	2023/2024	2022/2023
Description	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		
Other payments		
<b>Total</b>	-	-

**Other Important Disclosures (Continued)**

**6. Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project.

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

**Related party transactions:**

	2023/2024	2022/2023
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the program manager/ director		
Key Management Compensation others (specify)		
<b>Total Compensation to Key Management</b>		
<b>Transfers to related parties</b>		
Transfers to other government entities		
<b>Total Transfers to related parties</b>		
<b>Transfers from related parties</b>		
Transfers from the Ministry/ department		
Payments made on behalf of the project by other govt. entities		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>	-	-

**7. Contingent Liabilities**

<b>Contingent liabilities</b>	2023/2024	2022/2023
	Kshs	Kshs
Court case xxx against the project		
Bank guarantees in favour of other govt. entities		
Contingent liabilities arising from PPPs/ donor agreements		
<b>Total</b>	-	-

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**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>Unsupported imprest Payments to Private Company Representatives:</b></p> <p>The statement of receipts and payments and as disclosed in Note 6 to the financial statement reflects purchase of goods and services of Kshs. 4,475,300.40. Included in this amount is domestic travel and subsistence payments of Kshs.3,785,690 which includes imprest amount of Kshs. 2,424,825 paid to private company representatives. However, the payment schedules in support of the payment did not include the participants' national identification details making it impossible to confirm the authenticity of the list of participants.</p> <p>In the circumstances, the accuracy and completeness of the domestic travel and subsistence payments amount of Kshs. 2,424,825 could not be confirmed.</p>	<p>It's true that imprest of Kshs. 2,424,825 was issued to private company representatives invited to attend various workshops organized by the Ministry. The private sector participants were paid using SRC equivalent rates and we have since attached the payment schedule showing their organization and identification numbers. Their payment was guided by the positions they hold and their qualifications.</p> <p>Attached, find an official communication from SRC giving</p>	Not resolved	Awaiting to appear before PAC at a later date

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		guidelines on payment of private sector/non-public participants invited to attend the workshop.		
2	<p><b>Budgetary Control and Performance:</b> The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs. 20,000,000 and Kshs.11,700,000 respectively resulting to underfunding of Kshs.8.300,000 or 42% of the budget. Similarly, the project reflected actual expenditure Kshs. 12,513,518 against the approved budget Kshs.20, 000, 000 resulting to under expenditure of Kshs.7, 486, 482 or 37% of the budget.</p>	It's true that the project was under funded Kshs.8.300,000 or 42% of the budget and also under spent Kshs.7, 486, 482 or 37% of the budget during the financial year under review. The main reasons were budget cut and late disbursement of funds since the supplementary budget was approved and uploaded to IFMIS system very late, leading to less disbursement and low absorption of project funds.	Not resolved	Awaiting to appear before PAC at a later date
3	<p><b>Failure to Deduct and Remit Statutory Deductions:</b> The statement of receipts and payments for the year ended 30 June, 2023 and as</p>	The above audit observations are noted. The statutory deductions are	Not resolved	Awaiting to appear before

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>disclosed in Note 7 to the financial statements reflects nil amounts for social security benefits contrary to section 37(1) of the Income Tax Act Cap 470 2021.</p> <p>The statement of receipts and payments for the year ended 30 June, 2023 and as disclosed in Note 5 to the financial statements reflects compensation of employees that is basic salaries for permanent employees of Kshs.8,104,818. However, review of payrolls revealed nil deductions of NHIF and NSSF despite the computed amount totaling to Kshs.95,900 were not remitted during the year under review contrary to section 15 and 22 of NHIF Act chapter 255 and NSSF Act No. 45 of 2013 on monthly deductions from the employees' salaries. In the circumstances, the management was in breach of the law.</p>	<p>mandatory, processed at source and remitted to respective institutions every month as stipulated in law. Salary payment vouchers for 2022/2023 financial were availed for audit review.</p>		<p>PAC at a later date</p>
4	<p><b>Failure to Maintain a Fixed Asset Register:</b></p> <p>The financial statements presented for audit did not include a summary of the fixed assets register despite the project owning fixed assets in form of furniture and computers. The management explained that the assets were not purchased but donated. Failure to maintain a fixed asset register is contrary</p>	<p>It's true that in our initial financial statements submitted, the project asset register was not availed for audit. However, we wish to state that the project has not acquired any fixed asset since inception. Most of the assets being used by project</p>	<p>Not resolved</p>	<p>Awaiting to appear before PAC at a later date</p>

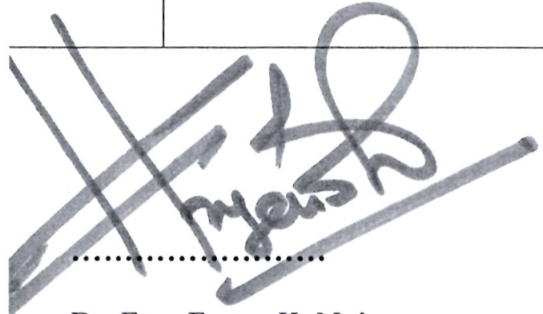
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	to Regulation 139 (1) and (2) of the Public Finance Management (National Government) Regulation, 2015. In the absence of a fixed asset register, the assets are susceptible to pilferage/loss undetected.	staff in the office e.g furniture and computers are all donated.		
5	<p><b>Lack of Policy on Exchange Rate Used to Pay Salaries:</b></p> <p>As previously reported, the Project converted the salaries of four (4) officers using different prevailing exchange rates from the Central Bank of Kenya (CBK). However, Management did not provide a documented Policy guiding the criteria for determining exchange rate used for conversion of salaries from US Dollars to Kenya Shillings. Further, it is not clear how the Project treated the exchange gain or loss in the financial statements.</p> <p>In the circumstances, the controls over exchange rates applied on conversion to the local currency are weak.</p>	<p>The above audit observations are noted.</p> <p>We wish to state that the project staff salaries were contracted in USD. The project staff salaries are processed using the prevailing foreign exchange rates at the time of preparation of the payment voucher.</p>	Not resolved	Awaiting to appear before PAC at a later date

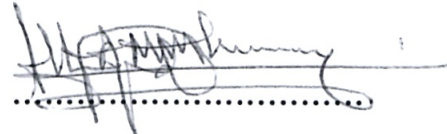
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
6	<p><b>Lack of a Risk Management Policy:</b> Review of project documents revealed that there was no risks management policy contrary to section 165 (1) of the Public Finance Management (National Government) Regulations, 2015. In the circumstances, it was not possible to effectively manage risks to project.</p>	<p>It's true that the project did not have adequate risk management policy at the time of audit. However, the Ministry has since developed a risk management policy.</p>	Not resolved	Awaiting to appear before PAC at a later date



Dr. Eng. Festus K. Ng'eno  
Principal Secretary



Marindany Kirui  
Project Coordinator

*Kenya Institutional Strengthening Project Phase XIII  
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**Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2023/2024**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities	-	-	-	-	-
Proceeds from domestic and foreign grants	22,500,000	17,000,000	5,500,000	75.5%	Slow uptake of activities due to budget cuts
<b>Total Receipts</b>	<b>22,500,000</b>	<b>17,000,000</b>	<b>5,500,000</b>	<b>75.5%</b>	
<b>Payments</b>					
Compensation of employees	12,000,000	11,074,006	925,994	92.0%	
Purchase of goods and services	10,500,000	4,014,200	6,485,800	38 %	Budget cuts during the year under review. There was 100% budget cut in supplementary budget No.1. This greatly affected the operations of the project leading to the under-absorption.
<b>Total payments</b>	<b>22,500,000</b>	<b>15,088,206</b>	<b>7,411,794</b>	<b>67%</b>	-

*Kenya Institutional Strengthening Project Phase XIII  
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**Annex 3: Reconciliation of inter-entity transfers**

<b>Project Name:</b>		<b>Kenya Institutional Strengthening Project Phase XIII</b>		
<b>Break down of transfers from the State Department of Environment, Climate Change and Forestry</b>				
<b>a. Government Counterpart funding</b>				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
<b>B. Direct payments</b>				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
		-		
	<b>Total</b>	-		
<b>C. Others</b>				
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate	
		-		
	<b>Total</b>	-		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

Project Coordinator  
Kenya Inst. Strengthening Project Phase XIII Project

Head of Accounting Unit  
State Department for Environment & Climate Change

Sign 

Sign 

**Annex 4a: Analysis of Pending Bills**

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		<b>a</b>	<b>b</b>	<b>c=a-b</b>		
Supply of services						
1.Rift Valley Institute of science and Technology	2023-2024	1,350,000		1,350,000	-	Catering service
<b>Sub-Total</b>						
<b>Grand Total</b>		<b>1,350,000</b>	<b>-</b>	<b>1,350,000</b>	<b>-</b>	<b>Catering services</b>

**Annex 4b: Analysis of Pending: Staff Bills**

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

**Annex 4c: Analysis of other Pending Payables**

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
<b>Sub-Total</b>							
<b>Grand Total</b>	-	-	-	-	-	-	-

**Annex 5: Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 2023/2024	Donations in form of assets (KShs) 2023/2024	*Purchases/ Additions in the Year (KShs) 2023/2024	**Disposals in the Year (KShs) 2023/2024	Transfers in/(out) 2023/2024	Closing Cost 2023/2024
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and structures						
Transport equipment						
Office equipment, furniture and fittings						
ICT Equipment,						
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
<b>Total</b>						

**Note:**

*There were no fixed assets acquired by Kenya Institutional Strengthening Project Phase XIII project during the year under review.*

**Annex 6: Contingent Liabilities Register**

	Nature of contingent liability	Remarks
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

**Annex 7: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Annex 8: Reporting Disaster Management Expenditure**

<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

**Annex 9: Other Support Documents**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30<sup>th</sup> June 2024
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance (*Where applicable*)