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GOVERNMENT OF KENYA

OFFICE OF THE PRESIDENT

KENYA WILDLIFE SERVICE



REPORTS OF THE AUDITOR GENERAL (CORPORATIONS)

ON THE

ACCOUNTS AND RELATED PROJECTS  
FOR THE PERIOD ENDED 30<sup>TH</sup> JUNE 2000

**KENYA NATIONAL ASSEMBLY**

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## KWS ACCOUNTS AND THE RELATED PROJECTS

KWS - ACCOUNTS

KWS SUPERANNUATION ACCOUNTS

PAWS IDA – CR NO. 2334KE

PAWS KFW - CR NO. 23915

GEF IDA - CR NO. TF 028500

USAID COBRA - CR NO.615 - 0247

EEC– PAWS– CR NO 6024 KE

KWS – ISP PHASE 2



**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE 2000**

**KENYA WILDLIFE SERVICE**  
**ACCOUNTS FOR THE YEAR ENDED**  
**30 JUNE 2000**

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**MEMBERS OF THE BOARD OF TRUSTEES AND ADMINISTRATION**

**AS AT 30 JUNE 2000**

**MEMBERS OF THE KWS BOARD OF TRUSTEES**

Mr. Charles Njonjo (Chairman)  
Mr. Nehemiah K. Rotich (Director)  
P.S. Secretary to the Cabinet and Head of  
Public Service  
P.S. Ministry of Finance  
Director, Veterinary Services  
P.S. Ministry of Local Government  
Commissioner of Police  
Chief Conservator of Forests  
Rep. of P.S. Office of the President  
(Internal Security)  
Dr. Mark Stanley Price  
Mr. G. Kassim Owango  
Mr. Samuel Mwaura  
Dr. David Hopcraft (Resigned 21 March 2000)  
Mr. Seleila Ole Mwanik  
Mr. Robert James Carr – Hartley (Appointed 15 October 1999)

**AUDITORS**

KPMG Peat Marwick  
Lonrho House, 16th floor  
Standard Street  
PO Box 40612  
Nairobi

**BANKERS**

Kenya Commercial Bank Limited  
Moi Avenue Branch  
PO Box 48400  
Nairobi

Standard Chartered of Bank Kenya Limited  
Kenyatta Avenue/Langata Branch  
P.O. Box 30001  
Nairobi

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON  
THE ACCOUNTS OF KENYA WILDLIFE SERVICE FOR THE  
YEAR ENDED 30 JUNE 2000**

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The Accounts of Kenya Wildlife Service for the year ended 30 June 2000 have been examined on my behalf by the authorized Auditors in accordance with the provisions of Section 29 (2) (b) of the Exchequer and audit Act, (Cap 412). The authorized Auditors have duly reported to me the results of the audit and on the basis of their report, I am satisfied that all the information and explanations required for the purpose of the audit were obtained. The audit was conducted in accordance with generally accepted auditing standards. Proper books of account have been kept and the Accounts which have been prepared under the historical cost convention, as modified to include revaluation of fixed assets, are in agreement therewith.

In my opinion, and subject to the reservations set out herebelow, the Accounts, when read together with the Notes thereon, present fairly the Service's financial state of affairs as at 30 June 2000 and of its deficit and cash flow for the year then ended.

**1. FIXED ASSETS**

The Balance Sheet fixed assets figure of Kshs.7,712,870,000 as at 30 June 2000 excludes land held by the Kenya Wildlife Service, comprising of 26 Parks, measuring 29.368 sq km, 33 National Reserves, measuring 15,723 sq km but includes 101 parcels of land outside the protected areas valued at Kshs.325,018,000. Assets records for the KWS, however, show that, except for Boundary plans and the related Kenya Gazzette Notices, Kenya Wildlife Service does not hold title deeds for National Parks and Game Reserves, measuring 31616 sq. km and also for some eighty four (84) parcels of land outside the protected areas. It has, therefore, not been possible to confirm the ownership and security of the land, particularly that held outside the protected areas or even to confirm correctness of the value of Kshs.325,018,000 reflected in these Accounts against such land.

**2. STAFF ADVANCES**

The Balance Sheet Debtors figure of Kshs.57,470,000 as at 30 June 2000 includes medical and other staff advances totalling Kshs.7,838,851 held by ex-staff who are either deceased or are no longer in the employment of the

KWS. Recoverability of these debts is, therefore, considered highly doubtful.

*Ammaluli*  
**S. M. MALUKI**  
**AUDITOR-GENERAL (CORPORATIONS)**

10 May 2001

**KENYA WILDLIFE SERVICE**

**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2000**

	Note	2000 KShs'000	1999 KShs'000
<b>INCOME</b>			
Turnover	2	878,223	643,463
Less: Commission paid	3	—	( 5,348)
Net turnover		878,223	638,115
Other income	4	120,929	96,627
Net interest income	5	<u>5,673</u>	<u>4,516</u>
<b>TOTAL INCOME</b>		<b><u>1,004,825</u></b>	<b><u>739,258</u></b>
<b>EXPENDITURE</b>			
Salaries, allowances and benefits	6	677,533	690,875
Operating and maintenance expenses	7	453,173	372,118
Depreciation		230,159	244,352
Community services		18,450	11,281
Training and development		17,612	34,957
Auditors remuneration		<u>4,412</u>	<u>5,474</u>
<b>TOTAL EXPENDITURE</b>		<b><u>1,401,339</u></b>	<b><u>1,359,057</u></b>
<b>OPERATING DEFICIT</b>		<b>( 396,514)</b>	<b>( 619,799)</b>
<b>GRANTS ON RECURRENT EXPENDITURE</b>	8	<u>274,802</u>	<u>573,599</u>
<b>NET DEFICIT FOR THE YEAR</b>		<b><u>( 121,712)</u></b>	<b><u>( 46,200)</u></b>

The notes on pages 6 to 14 form part of these accounts

**KENYA WILDLIFE SERVICE**

**BALANCE SHEET AT 30 JUNE 2000**

	Note	2000 KShs'000	1999 KShs'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	9	7,712,870	7,745,673
Community related capital projects	10	—	<u>47,185</u>
		<u>7,712,870</u>	<u>7,792,858</u>
<b>Current assets</b>			
Stocks	11	159,389	107,895
Debtors	12	57,470	39,363
Short term deposits		127,618	75,085
Cash and bank balances		<u>104,826</u>	<u>91,598</u>
		<u>449,303</u>	<u>313,941</u>
<b>TOTAL ASSETS</b>		<b><u>8,162,173</u></b>	<b><u>8,106,799</u></b>
<b>RESERVES AND LIABILITIES</b>			
<b>RESERVES</b>	13	<u>7,748,272</u>	<u>7,750,232</u>
<b>Non current liabilities</b>			
Long term liability	14	<u>22,544</u>	<u>22,544</u>
<b>Current Liabilities</b>			
Creditors	15	190,210	165,902
Pension liabilities	16	23,434	23,434
Unexpended specific donations		<u>177,713</u>	<u>144,687</u>
		<u>391,357</u>	<u>334,023</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>8,162,173</u></b>	<b><u>8,106,799</u></b>

The accounts were approved by the Board of Trustees on 29/11/2000 and signed on its behalf by:-

\_\_\_\_\_ )  
\_\_\_\_\_ ) Trustees  
\_\_\_\_\_ )

Date: 29/11/2000

The notes on pages 6 to 14 form part of these accounts.

**KENYA WILDLIFE SERVICE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2000**

	Note	2000 KShs'000	1999 KShs'000
<b>Cash flows from operating activities</b>	18 (a)	( <u>176,420</u> )	( <u>436,061</u> )
<b>Investing activities</b>			
Purchase of property, plant and equipment		(230,622)	(784,312)
Proceeds on sale of fixed assets		-	3,284
Costs incurred on community projects		( <u>162</u> )	( <u>35,626</u> )
<b>Cash outflows from investing activities</b>		( <u>230,784</u> )	( <u>816,654</u> )
<b>Financing activities</b>			
Grants on recurrent expenditure		274,802	573,599
Capital donor funds		<u>198,163</u>	<u>721,817</u>
<b>Cash inflows from financing activities</b>		<u>472,965</u>	<u>1,295,416</u>
<b>Increase in cash and cash equivalents</b>	18 (b)	<u><u>65,761</u></u>	<u><u>42,701</u></u>

The notes on page 6 to 14 form part of these accounts

# **KENYA WILDLIFE SERVICE**

## **NOTES TO THE ACCOUNTS** **AT 30 JUNE 2000**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **(a) Basis of preparation**

The financial statements are prepared in accordance with and comply with International Accounting Standards which have been adopted with effect from 1 July 1999. The financial statements are prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment.

#### **(b) Depreciation**

Airstrips and roads are not depreciated on the basis that adequate maintenance is carried out to ensure that these assets maintain their value. Depreciation on the property, plant and equipment portfolio revalued as at 30 June 1996 is computed based on the remaining useful life to reduce their values to a 5% residual value. Subsequent additions are depreciated on a straight line basis at the following rates until they are reduced to their residual value of 5%.

Freehold land	Nil
Buildings on long leasehold and freehold land	2%
Buildings on short leasehold land	Over the lease period
Fences	10%
Plant and machinery	10%
Furniture and equipment	10%
Motor vehicles and tractors	20%
Computer and accessories	20%
Aircraft	7.5%
Boats and boat engines	10%

#### **(c) Community related capital projects**

The accumulated cost on completion of a community related capital project is split between the portion contributed by the donors and KWS and netted off against capital donor funds account and written off in the income and expenditure account respectively.

#### **(d) Stores**

Stocks are carried at historical cost of acquisition plus any incidental costs incurred to bring them at their present location and condition. Obsolete stocks are segregated and not included in the valuation of stocks. Consumable stores are valued at the lower of cost and net realisable value.

#### **(e) Translation of foreign currencies**

Transactions during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at the balance sheet date. The resulting differences from conversion and translation are dealt with in the income and expenditure account in the year in which they arise.

f) **Bad and doubtful debts**

Specific provisions are made in respect of accounts considered to be bad or doubtful.

g) **Income**

Income is accounted for on an accrual basis except for prepaid park entry ticket income which is recognised on a receipt basis.

h) **Grants**

In addition to an annual subvention, the Government of Kenya (GOK) has negotiated financing packages with various donors to fund a comprehensive re-structuring of the Service. This finance is in the form of loans and grants to GOK, all of which are passed on to the Service in the form of government grants. Grants received from and through the GOK have been treated as revenue receipts when in respect of funding recurrent expenditure and as Capital Grants when in respect of either development expenditure or acquisition of fixed assets. Related operating and maintenance expenses are charged to revenue expenditure. Assets acquired from these grants are capitalised and then amortised in accordance with the depreciation policy per note 1(b).

i) **Employee benefits**

The Service employees are eligible for retirement benefits under a defined benefit plan. The amount in the balance sheet is determined as the present value of the defined past service benefits obligation net of value placed on existing scheme assets as computed by an independent actuarial valuer. The deficit/surplus arising is recognised in the accounts.

j) **Cash and Cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances, and deposits held at call with the banks.

2. <b><u>TURNOVER</u></b>	2000 KShs'000	1999 KShs'000
Park entry fees	816,944	602,052
Accommodation	<u>61,279</u>	<u>41,411</u>
	<b><u>878,223</u></b>	<b><u>643,463</u></b>

3. **COMMISSION PAID**

This represents commission paid to Kenya Association of Tour Operators for park entry tickets purchased in advance. This was discontinued with effect from 1 July 1999.

4. OTHER INCOME

	2000 KShs'000	1999 KShs'000
Rental income	18,654	12,094
Bad debts recovered/written back	12,371	36,150
Writeback of provision for obsolete stocks	35,808	-
Hire of aircrafts	4,562	6,258
Insurance compensation	-	6,272
Performance bonds called up	-	13,500
Interest earned on donor funds	4,843	-
Transport, accommodation and hire of training facilities	<u>44,691</u>	<u>22,353</u>
	<u>120,929</u>	<u>96,627</u>

5. NET INTEREST INCOME

	2000 KShs'000	1999 KShs'000
Interest income	6,279	5,629
Interest on overdraft	( 606)	(1,113)
<b>Net interest income</b>	<u>5,673</u>	<u>4,516</u>

6. SALARIES, ALLOWANCES AND BENEFITS

	2000 KShs'000	1999 KShs'000
Salaries and allowances	603,540	613,186
Gratuity contributions, pension and NSSF	44,484	43,972
Passage and leave expenses	4,274	4,449
Medical expenses	<u>25,235</u>	<u>29,268</u>
	<u>677,533</u>	<u>690,875</u>

7. OPERATING AND MAINTENANCE EXPENSES - Per page 14

8. GRANTS ON RECURRENT EXPENDITURE

Grants received and receivable on account of recurrent expenditure:-

	2000 KShs'000	1999 KShs'000
Donor Agencies	70,720	237,956
GOK subventions	148,000	312,000
Donations	<u>56,082</u>	<u>23,643</u>
	<u>274,802</u>	<u>573,599</u>

9. PROPERTY, PLANT AND EQUIPMENT - Per page 13

**10. COMMUNITY RELATED CAPITAL PROJECTS**

	2000 KShs'000	1999 KShs'000
At 1 July 1999 and 1998	47,185	29,014
Additions during the year	162	35,626
Transfer from/(to) fixed assets	33,666	36,298
Written off against Capital Donor Funds on release to community	( 78,411)	( 53,753)
Written off against income and expenditure account on release to community	( 2,202)	-
At 30 June	<u>47,185</u>	<u>47,185</u>

**11. STOCKS**

	2000 KShs'000	1999 KShs'000
Building, water and fencing materials	4,261	4,402
Spare parts and tools	67,810	49,007
Fuel and oils	1,636	1,200
Veterinary medicines	543	152
Stationery	3,139	3,661
Aircraft spares	53,577	35,426
Ammunition	7,189	5,751
Telecommunication equipment spares	4,557	1,452
Uniforms and compositions	14,923	6,844
Shop items	<u>1,754</u>	<u>-</u>
	<u>159,389</u>	<u>107,895</u>

**12. DEBTORS**

	2000 KShs'000	1999 KShs'000
Trade debtors	47,702	44,324
Less: Provision for doubtful debts	(36,597)	(32,915)
Net trade debtors	11,105	11,409
Imprest	2,363	4,632
Prepayments and staff debtors	19,319	9,173
Grants receivable	19,327	7,277
Mobilisation funds	1,817	5,010
Other debtors	<u>3,539</u>	<u>1,862</u>
	<u>57,470</u>	<u>39,363</u>

### 13. RESERVES

	Capital reserve (MTW) KShs'000	Re-valuation reserve KShs'000	Capital donor funds KShs'000	Revenue reserve KShs'000	Total KShs'000
At 1 July 1999	1,271,887	4,176,941	3,256,771	(955,367)	7,750,232
Community projects written off	-	-	( 78,411)	-	( 78,411)
Capital donor funds received	-	-	198,163	-	198,163
Net deficit for the year	-	-	-	(121,712)	( 121,712)
Excess depreciation transfer	-	( 347,905)	-	347,905	-
<b>At 30 June 2000</b>	<b>1,271,887</b>	<b>3,829,036</b>	<b>3,376,523</b>	<b>(707,457)</b>	<b>7,738,772</b>

Capital reserve (MTW) represents the aggregate value of the fixed assets taken over from the Wildlife Conservation and Management Department of the Ministry of Tourism and Wildlife (MTW) at a valuation agreed at that time.

### 14. LONG TERM LIABILITY

This represents unsurrendered revenue to the Service's predecessors, the Ministry of Tourism and Wildlife and is due to the Government of Kenya (GOK). The liability was acquired by the Service in 1989 upon commencement of its operations and has no repayment terms.

### 15. CREDITORS

	2000 KShs'000	1999 KShs'000
Trade creditors	29,772	24,148
Payroll deductions	127,228	56,400
Contract retentions payable	7,396	24,427
Provisions and accruals	<u>25,814</u>	<u>60,927</u>
	<b>190,210</b>	<b>165,902</b>

### 16. RETIREMENT BENEFITS OBLIGATION

The liability for the defined benefit scheme was determined as at 30 June 1996 following an independent actuarial valuation conducted by Hymans Robertsons which revealed a deficit of KShs 23,434,000. This deficit was adjusted in the 1998 accounts. As no subsequent actuarial valuation has been undertaken the deficit/surplus for the 4 years to 30 June 2000 is not available for incorporation in these accounts.

### 17. TAXATION

In accordance with Kenya Gazette Notice dated 15 January 1992, Kenya Wildlife Service was exempted from Income Tax under Section 13(2) of the Income Tax Act (Cap 470) for a period of 5 years commencing 1 January 1992 to 31 December 1996. The exemption was extended for five years with effect from 1 January 1997.

18. NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of the net deficit to cash outflows from operating activities

	2000 KShs'000	1999 KShs'000
Net deficit for the year	(396,514)	(619,799)
Depreciation	230,159	244,352
Capital projects written off on release to community	2,202	-
Loss on disposal of fixed assets	-	5,522
Interest income (net)	(5,673)	(4,516)
<b>Net deficit before working capital changes</b>	<b>(169,826)</b>	<b>(374,441)</b>
(Increase)/Decrease in stores	(51,494)	6,400
(Increase)/Decrease in debtors	(18,107)	72,397
Increase/(Decrease) in creditors	24,308	(54,382)
Increase/(Decrease) in unexpended specific donations	<u>33,026</u>	<u>(90,551)</u>
<b>Cash utilised by operations</b>	<b>(182,093)</b>	<b>(440,577)</b>
Interest received (net)	<u>5,673</u>	<u>4,516</u>
<b>Cash flows from operating activities</b>	<b><u>(176,420)</u></b>	<b><u>(436,061)</u></b>

b) Movement in cash and cash equivalents

	2000 KShs'000	1999 KShs'000	Change during the year KShs'000
Cash and bank balances	104,826	91,598	13,228
Short term deposits	<u>127,618</u>	<u>75,085</u>	<u>52,533</u>
	<b><u>232,444</u></b>	<b><u>166,683</u></b>	<b><u>65,761</u></b>

19. CONTINGENT LIABILITIES

	2000 KShs'000	1999 KShs'000
Claims for breach of contract to lease a lodge site:- Meru HCCC 469/93 and Nairobi HCCC 1085/95	-	820,000
Other pending litigations	<u>483,460</u>	<u>121,090</u>
	<b><u>483,460</u></b>	<b><u>941,090</u></b>

20. CAPITAL COMMITMENTS

	2000 KSh's'000	1999 KSh's'000
Authorised and contracted for	10,291	57,954
Authorised but not yet contracted for	<u>212,452</u>	<u>103,678</u>

21. CURRENCY

The financial statements have been presented in Kenya Shillings (KSh's).


**PROPERTY OF ANT AND COMPANY LIMITED**

	Buildings													Total	
	Land	Non-Residential	Residential	Computer & accessories	Plant, Machinery & Water supplies	Motor vehicles & tractors	Aircraft	Boats and boat engines	Roads & bridges	Airstrips	Fences & barriers	Furniture & Equipment	Work-in-Progress		
<b>COST VALUATION</b>	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
At 30 June 1999	325,018	1,819,442	629,694	34,246	371,979	496,325	145,070	6,541	3,272,992	384,225	209,572	251,943	669,785	8,616,832	
additions	-	9,478	-	23,303	1,128	23,948	-	-	-	-	-	9,458	163,307	230,622	
Transfer from/(to) community related capital projects	-	-	-	-	-	-	-	-	-	-	8,837	-	(42,103)	(33,266)	
Transfer	-	(4,140)	(447,862)	-	-	-	-	-	102,716	-	8,546	905	(646,069)	-	
At 30 June 2000	325,018	1,914,960	1,077,832	57,549	373,107	520,273	145,070	6,541	3,375,708	384,225	226,955	262,306	144,920	8,814,188	
<b>COMPRISING</b>															
At cost	-	1,022,154	447,970	46,497	26,715	156,493	-	4,653	361,458	-	56,583	67,612	144,920	2,335,055	
At valuation	325,018	892,806	629,862	11,052	346,392	363,780	145,070	1,888	3,014,250	384,225	170,372	194,694	-	6,479,133	
<b>DEPRECIATION</b>															
At 1 July 1999	-	92,524	66,649	13,029	195,628	311,423	37,465	2,368	-	-	82,363	69,710	-	871,159	
Charge for the year	-	42,130	25,074	7,908	47,202	42,733	12,488	442	-	-	24,095	27,257	-	230,159	
At 30 June 2000	-	134,654	91,723	20,937	242,830	354,156	49,953	2,810	-	-	106,458	96,967	-	1,101,318	
<b>NET BOOK VALUE</b>															
At 30 June 2000	325,018	1,780,306	986,109	36,612	130,277	166,117	95,117	3,731	3,375,708	384,225	120,497	165,339	144,920	7,712,870	
At 30 June 1999	325,018	1,726,918	563,644	21,217	176,351	184,902	107,605	4,173	3,272,992	384,225	127,209	182,233	669,785	7,745,673	

Fixed assets excluding capital work in progress were professionally valued by Lloyd Masada Limited and Messrs. Peter Huh as at 30 June 1996 on the basis of depreciated replacement cost, market value or estimated replacement cost as applicable in the existing circumstances and the results were incorporated in the figures above.

OPERATING AND MAINTENANCE EXPENSES

	2019 KSh's '000	1999 KSh's '000
Travel and accommodation	46,776	46,171
Motor vehicle running expense	103,900	111,562
Plant and machinery maintenance	6,119	7,197
Equipment, boats & furniture maintenance	16,208	16,036
Aircraft running expenses	41,038	18,149
Fuels maintenance	6,321	5,406
Other operating and maintenance expenses	51,617	39,859
Office and other related expenses	2,949	3,103
Insurance	45,374	36,050
Legal and professional	11,935	21,795
Advertising and publicity	9,251	2,196
Stationery expenses	37,440	19,267
Bad debts	11,095	7,056
Bank charges	6,126	5,102
Telephone and postage	13,291	13,886
Electricity	14,137	8,657
Maintenance of buildings and bands	<u>20,936</u>	<u>8,886</u>
	<u>453,173</u>	<u>372,118</u>



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF  
THE ACCOUNTS OF KENYA WILDLIFE SERVICE STAFF SUPERANNUATION  
FUND FOR THE YEAR ENDED 30 JUNE 2000

---

**KENYA WILDLIFE SERVICE**  
**STAFF SUPERANNUATION FUND**

**THE TRUSTEES' REPORT**

**Registration**

Kenya Wildlife Services superannuation fund (Scheme) is a registered Scheme with the Retirement Benefits Authority.

**Management of the Scheme**

The trustees to the Scheme since 1 July 1999 have been:-

Nehemiah Rotich	(Appointed)
Richard Leakey	(Resigned)
Joseph Maweo Kioko	(Chairman)
Patrick Mwiti	
Francis Mugo	(Resigned)
Mark Suge	(Resigned)
Victor Mutisya	
Mr Patrick Mtange	(Appointed)
Mr Lesiyampee	(Secretary - Appointed)

The Scheme is administered by AON Minet Insurance Brokers Limited and the cash and investments, comprising the scheme, is managed by ICEA Investment Services Limited.

**Compliance**

During the year the Scheme has complied with all aspects of the Trust Deed and with regulations set out by the Retirement Benefits Authority.

**Scheme Advisors**

Actuary	Hymans Robertson Consulting Actuaries Limited
Auditors	Auditor General (Corporations) KPMG Peat Marwick appointed as authorised auditors by Auditor General (Corporations)
Administrators	AON Minet Insurance Brokers Limited
Investment Managers	ICEA Investment Services Limited
Legal Advisors	Kenya Wildlife Service, Legal Department
Bankers	National Industrial Credit Bank Limited
Fund Secretary	R.Lesiyampee (Mr), Kenya Wildlife Service

**Sponsoring Employer**

The sponsoring employer is Kenya Wildlife Service.

**Nature of Scheme**

The scheme is a defined benefit plan whereby the members contribute 5% of the pensionable salary whilst the employer contributes the balance in order to match the benefit payable, upon advice of actuaries.

The employer's contribution for the year under review was 10.57% (1999 – 10.57%).

### Scheme Membership

There was a net decrease of 170 members in the Scheme during the year as follows:-

	Number
Members at 1 July 1999	2669
Additions during the year	10
Withdrawals during the year	(180)
Members at 30 June 2000	<u>2,499</u>

### Investment and performance report

The net assets of the Scheme at 30 June 2000 amounted to KShs.472,667,172 (1999 - KShs.439,158,899). The 8% increase was due to contributions amounting to Kshs 65,001,644 for the year net of withdrawals by members and payments to retirees during the year amounting to Kshs 72,929,469.

However, there was a decrease in net return on investment from KShs 52,868,723 in 1999 to KShs 43,630,685 in 2000 attributable mainly to lower yield on treasury bills and a decrease in market value of quoted investment of Kshs 16,346,538 during the year.

### Approval of accounts

These accounts were approved by the Trustees on 15<sup>th</sup> NOVEMBER 2000

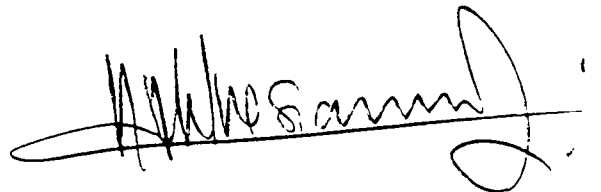
BY ORDER OF THE BOARD

Trustee Secretary

R. L. LESIYAMPE

Date:

15<sup>th</sup> NOVEMBER 2000



**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE  
ACCOUNTS OF KENYA WILDLIFE SERVICE STAFF SUPERANNUATION  
FUND FOR THE YEAR ENDED 30 JUNE 2000**

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The Accounts of the Kenya Wildlife Service Superannuation Fund for the year ended 30 June 2000 have been examined on my behalf by the Fund's authorized auditors in accordance with the provisions of Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). The authorized auditors have duly reported to me the results of the audit and on the basis of their report, I am satisfied that all the information and explanations considered necessary for the purpose of the audit was obtained. Proper books of account have been kept and the Accounts are in agreement therewith.

In my opinion, the Accounts, which have been prepared on the basis of accounting policies set out in Notes 1 to the Accounts, when read together with the Notes thereon, show a true and fair view of the state of affairs of the Fund as at 30 June 2000 and of its surplus and cash flow for the year then ended.

  
**S. M. MALUKI**  
**AUDITOR-GENERAL (CORPORATIONS)**

20 March 2001

**KENYA WILDLIFE SERVICE**  
**STAFF SUPERANNUATION FUND**

**FUND ACCOUNT FOR THE YEAR ENDED 30 JUNE 2000**

	Note	2000 KShs	1999 KShs
<b>Contributions and Benefits</b>			
Contributions receivable	4	65,001,644	64,758,642
Other income		<u>142,559</u>	<u>178,902</u>
		<u>65,144,203</u>	<u>64,937,544</u>
Payments to and on account of leavers	5	72,929,469	15,797,547
Management fees		1,018,718	809,635
Administration fees		868,240	846,062
Other payments	6	<u>450,188</u>	<u>277,669</u>
		<u>75,266,615</u>	<u>17,730,913</u>
Net (withdrawals)/additions from dealings with members		<u>(10,122,412)</u>	<u>47,206,631</u>
<b>Returns on investments</b>			
Investment income	7	59,977,223	53,778,200
Change in market value of investments	8	<u>(16,346,538)</u>	<u>( 909,477)</u>
Net return on investments		<u>43,630,685</u>	<u>52,868,723</u>
Net increase in the fund		<u>33,508,273</u>	<u>100,075,354</u>
<b>FUND ACCOUNT</b>			
At 1 July		439,158,899	339,083,545
Net increase in the fund		<u>33,508,273</u>	<u>100,075,354</u>
At 30 June		<u>472,667,172</u>	<u>439,158,899</u>
<b>Apportioned as follows</b>			
Members' Account	9(a)	472,667,172	436,133,649
Revaluation reserves	9(b)	<u>                  -</u>	<u>3,025,250</u>
		<u>472,667,172</u>	<u>439,158,899</u>

The Fund Account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 4 to 8.



**KENYA WILDLIFE SERVICE**  
**STAFF SUPERANNUATION FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**1 BASIS OF PREPARATION**

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits, which fall due after the end of the fund year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary on page 11 of the annual report and these financial statements should be read in conjunction with it.

**2 ACCOUNTING POLICIES**

The following paragraphs describe the main accounting policies used by the Fund.

**a) Basis of accounting**

The financial statements are prepared in accordance with and comply with International Accounting Standards which have been adopted with effect from 1 July 1999. The financial statements are prepared under the historical cost convention modified to include the revaluation of certain investments.

**b) Investment income**

Investment income includes interest and discounts accounted for on an accrual basis and dividends accounted for on a cash basis.

**c) Investments**

Investments in Treasury Bills, Commercial Paper and deposits are stated at cost while quoted ordinary shares are stated at market values. Revaluation movements are dealt with through the fund account.

**d) Reserves**

Revaluation surplus/deficit on quoted investments are taken to the revaluation reserve account.

The reserves are maintained at a level which, in the opinion of the trustees, provides for any foreseeable losses.

**e) Pension Commitments**

No account is taken of the Scheme's commitment for future pension payments.

**3 TAXATION**

The Scheme has been granted exemption from taxation on income from dividends and interest under the First Schedule to the Income Tax Act (Cap 470).

4. CONTRIBUTION RECEIVABLE

	2000 KShs	1999 KShs
<b>Contributions</b>		
Employer – normal	44,127,641	43,962,675
Employee – normal	<u>20,874,003</u>	<u>20,795,967</u>
	<b><u>65,001,644</u></b>	<b><u>64,758,642</u></b>

5. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

	2000 KShs	1999 KShs
Withdrawals, forfeitures and payment to retirees	<u>72,929,469</u>	<u>15,797,547</u>

6. OTHER PAYMENTS

	2000 KShs	1999 KShs
Audit fees	288,380	260,812
Bank charges	<u>161,808</u>	<u>16,857</u>
	<b><u>450,188</u></b>	<b><u>277,669</u></b>

7. INVESTMENT INCOME

	2000 KShs	1999 KShs
Interest on treasury bills	27,347,726	31,500,692
Interest on deposits and commercial paper	28,413,801	22,406,627
Dividends from equities	4,168,217	1,992,116
Gain/(Loss) on sale of shares	<u>47,479</u>	<u>( 2,12,235)</u>
Total investment income	<b><u>59,977,223</u></b>	<b><u>53,778,200</u></b>

8. CHANGE IN MARKET VALUE OF QUOTED INVESTMENTS

	2000 KShs	1999 KShs
Market value at 1 July	52,515,623	27,856,060
Purchases at cost	15,422,429	34,760,442
Disposals	( 2,499,995)	( 9,191,402)
Change in market value of investments	<u>(16,346,538)</u>	<u>( 909,477)</u>
Market value at 30 June (appendix attached)	<b><u>49,091,519</u></b>	<b><u>52,515,623</u></b>

9. FUND ACCOUNT

a) Members Account

	2000 Total KShs	1999 Total KShs
Balance brought forward	436,133,649	329,737,400
Contributions	65,001,644	64,758,642
Withdrawals, forfeitures and payment to retirees	( 72,929,469)	( 15,797,547)
Earnings	<u>( 13,429,595)</u>	<u>57,435,154</u>
	<u>472,667,172</u>	<u>436,133,649</u>

b) Reserves

	2000 KShs	1999 KShs
At 1 July	3,025,250	9,346,145
Surplus released on disposal of shares	( 108,307)	( 5,411,418)
Decrease in market value of quoted investments arising in the year	(16,346,538)	( 909,477)
Deficit written off through members' accounts	<u>13,429,595</u>	-
At 30 June	<u>-</u>	<u>3,025,250</u>

10. ACCRUED INCOME AND SUNDRY DEBTORS

	2000 KShs	1999 KShs
Accrued interest	5,304,440	4,527,415
Sundry debtors	766,006	678,773
Withholding tax receivable	<u>892,458</u>	<u>842,142</u>
	<u>6,962,904</u>	<u>6,048,330</u>

11. MANAGEMENT OF THE FUND

The Scheme is administered by AON Minet Insurance Brokers Limited and the cash and investments, comprising the Scheme, managed by ICEA Investment Services Limited.

12. CURRENCY

The accounts are prepared in Kenya Shillings (Kshs).

**APPENDIX****QUOTED INVESTMENTS**

	No. of shares held Units	Original cost Kshs	2000 Market value Kshs	1999 Market value Kshs
Brooke Bond	1,794	261,744	132,756	265,512
Kakuzi Ltd	19,099	2,467,976	1,270,084	2,310,979
Nation Media Group	114,499	15,254,347	8,587,425	14,770,371
Uchumi Supermarkets	75,438	3,773,772	3,224,975	2,421,024
Barclays Bank	204,618	15,325,098	17,597,148	19,097,792
Credit Finance	-	-	-	1,249,995
National Industrial	49,728	836,287	1,044,288	1,193,490
Standard Chartered	82,447	2,440,853	3,957,456	3,998,250
Housing Finance	49,992	714,180	352,444	624,900
E A Breweries Ltd	50,000	4,272,176	3,275,000	-
Kenya National Mills	66,665	1,012,066	699,983	933,310
B.A.T. Kenya	66,666	4,328,033	3,799,962	-
Kenya Power	100,000	<u>11,834,584</u>	<u>5,150,000</u>	<u>5,650,000</u>
		<u>62,521,116</u>	<u>49,091,521</u>	<u>52,515,623</u>

**KENYA WILDLIFE SERVICE STAFF SUPERANNUATION FUND**

**ACTUARIAL VALUATION STATEMENT  
FOR THE YEAR ENDED 30 JUNE 1996**

	<b>KShs</b>
Fair value of funds assets	211,386,000
Total past service liability	<u>234,820,000</u>
Excess of accrued liabilities over assets	<u>23,434,000</u>

The valuation above was undertaken by Messrs. Hymans Robertson Consulting Actuaries Limited, professional actuaries consultants as at 30 June 1996. Assumptions used in arriving at the above valuation were as follows:-

Pension increases	3%
Salary escalation rate	8%
Expected return on assets	10%

The actuarial valuation is the only one that has been performed since the inception of the scheme in 1991.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE IDA (PAWS) PROJECT -  
CREDIT NO. 2334 - KE FOR THE YEAR ENDED 30 JUNE 2000

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1.5	Restriction on audit scope	3
2	Report of the Authorised Auditors on the audit of Kenya Wildlife Service's IDA (PAWS) Project under Credit No. 2334-KE	4
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2.4	Statement of source and application of funds	8

# **1 Introduction**

## **1.1 Background**

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989, through an amendment to the Wildlife (Conservation and Management) Act, (Cap.376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a)* advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b)* management of National Parks and National Reserves;
- c)* preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and education of the inhabitants of Kenya;
- d)* providing Wildlife conservation education and extension services to create public awareness and support for wildlife policies;
- e)* sustaining Wildlife to meet conservation and management goals;
- f)* conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g)* advising the Government, local authorities and landowners on the best methods of wildlife conservation, management, and an ecological appraisals or controls outside the urban areas as are necessary for human survival;
- h)* administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i)* rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife;
- j)* soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes;
- k)* formulating policies regarding the conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

## **1.2 Details of the International Development Association (IDA) Project**

In order to help in reversing the decline of Kenya Wildlife, National Parks and Reserves and sound system of protected areas representing the country's range of natural ecosystems and biological diversity, the Government of Kenya through the World Bank, approached several Donor Countries who accepted to finance in various proportions the Protected Areas and Wildlife Services (PAWS) Project. The total finance by IDA was to be SDR 44,800,000 equivalent (US\$60.5 million) to be implemented by KWS, on behalf of the Government of Kenya. The project agreement between KWS and IDA was signed on 30 March 1992, with the Project completion date being 31 March 1996, which was extended for two years and 9 months to 31 December 1998 and then for 6 months to 30 June 1999. The donor gave a further grace period of four months to 30 October 1999 for disbursements in respect of eligible expenditures made before the closing date 30 June 1999.

## **1.3 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by KWS are adequately supported in accordance with the provisions of the project agreement and are allowable, allocable and reasonable.

With regard to the costs claimed, the objectives of the engagement were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the project agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses; and
- test KWS's compliance with the terms of the project agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

## **1.4 Audit scope and methodology**

**1.4.1** The audit report covers expenditure incurred both by KWS and the donor on the project for the year ended June 30, 2000.

**1.4.2** The principal audit steps performed included:

- a review of the terms and conditions of the project agreement, applicable standard provisions and regulations, other project documents and "no objection" letters as deemed necessary;
- a review of KWS's internal control structure in order to assess KWS's significant internal control policies and procedures, and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the project agreement;
- testing of disbursement transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.

## **1.5 Restrictions on audit scope**

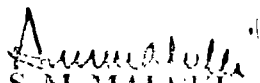
Within the parameters stated above, there were no restrictions on our audit scope.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KENYA WILDLIFE SERVICE IDA (PAWS)  
PROJECT - CREDIT NO. 2334-KE FOR THE YEAR ENDED 30 JUNE, 2000**

The attached financial statements comprising of the Statement of Income and Expenditure, the Statement of Source and Application of funds and the Statement of Expenditure of Kenya Wildlife Service IDA (PAWS) Project for the year ended 30 June, 2000 have been audited on my behalf by the Project's authorized auditors in accordance with Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). The audit examination was carried out in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structures in place, verification of assets and liabilities and other procedures necessary for the purpose of the audit.

The Financial Statements were prepared in accordance with the requirements of the International Development Association and comply with the related Credit Agreement.

In my opinion, the Statements present fairly the expenditure incurred on the Project and also its funds flow for the year ended 30 June, 2000.

  
S. M. MALUKI

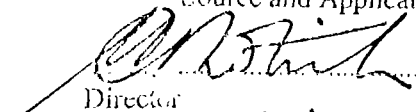
**AUDITOR GENERAL (CORPORATIONS)**

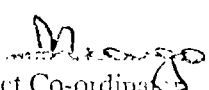
20 December 2000

**2.1 Statement of Income and Expenditure for the year ended 30 June 2000**

	Notes	2000 KShs	1999 KShs
<i>Income</i>			
<i>From IDA:</i>			
Special account		-	57,457,813
Sundry - direct payment	1	75,450,785	228,223,363
Special commitment LC		-----	136,954,749
		75,450,785	422,635,925
 <i>Kenya Wildlife Service</i>	 2	 8,165,009	 78,752,000
		<u>83,615,794</u>	<u>501,387,925</u>
<i>Expenditure</i>			
<i>Fixed assets:</i>			
Category 1 - civil works		50,117,046	213,529,659
Category 2 - vehicles and equipment	3	-	128,424,974
Category 5 - contracted professional services (civil works)		3,617,464	-----
<i>Total fixed assets</i>	4	53,734,510	341,954,633
<i>Recurrent expenditure</i>			
Category 4 - operating and maintenance			
- field operation costs		25,592,376	53,633,855
- office supplies		-----	66,327,060
		25,592,376	119,960,915
Category 5 - technical assistance - local	5	4,288,908	22,508,617
Category 6 - training: - Local		-----	14,046,982
Category 7 - Community development facility		-----	2,916,778
<i>Total recurrent expenditure</i>		29,881,284	159,433,292
<i>Grand total</i>		<u>83,615,794</u>	<u>501,387,925</u>

NB. The attached notes form an integral part of this statement and are relevant to the Source and Application of Funds and the Statement of Expenditure.

  
.....  
Director

  
.....  
Project Co-ordinator

Date: 29/11/2000.....

Date: 29/11/2000.....

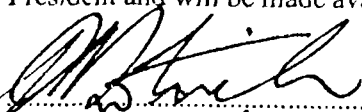
**2.2 Notes to the Statement of Income and Expenditure for the year ended 30 June 2000**

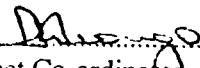
- 1** KShs.75,450,785 represents the amount of direct payments by IDA on the basis of the agreed percentages.
- 2** KShs.8,165,009 represents the amount paid by KWS on the basis of the agreed percentages.
- 3** KShs.128,424,974 in respect of 1999 represents the total amount on purchase of vehicles and equipment.
- 4** KShs.53,734,510 represents the amount paid for construction of roads and buildings.
- 5** KShs.4,288,908 represents the total payments made locally in respect of consultancy services and studies.

**2.3 Statement of expenditure for the year ended 30 June 2000**

	1	2	3	4
Category	Description of programme activities	Total expenditure for this programme Kshs	Amount eligible for reimbursement (% amount in Column 2 as per the agreement)	Remarks
1	<b>Fixed assets</b> Civil works	53,734,510	90% if local payment	100% if foreign payment
4	<b>Recurrent expenditure</b> Operating and maintenance costs	25,592,376	40%	
5	Technical assistance	<u>4,288,908</u>	100%	
<b>Total</b>		<b><u>83,615,794</u></b>		


We have certified that the above amounts have been paid for proper execution of project activities with the terms and conditions of Development Credit Agreement. All documentation authenticating these expenditure have been retained in the Office of the President and will be made available for review by visiting missions on request.

  
.....  
Director  
Date: 29/11/2000

  
.....  
Project Co-ordinator  
Date: 29/11/2000

**2.4 Statement of source and application of funds for the year ended 30 June 2000**

Particulars	2000 KSh's	1999 KShs
<i>Source of Funds:</i>		
Kenya Wildlife Service	8,165,009	78,752,000
IDA Credit 2334-KE	<u>75,450,785</u>	<u>422,635,925</u>
	<u>83,615,794</u>	<u>501,387,925</u>
<i>Application of funds:</i>		
Fixed assets – civil works, vehicles and equipment and contracted professional services (category 1, 2 and 5)	53,734,510	341,954,633
Recurrent expenditure (category 4,5,6 & 7)	<u>29,881,284</u>	<u>159,433,292</u>
	<u>83,615,794</u>	<u>501,387,925</u>



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE - IDA PROTECTED AREAS AND  
WILDLIFE SERVICE (PAWS - KFW) PROJECT - CREDIT NO. 23915 FOR  
THE YEAR ENDED 30 JUNE 2000

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## **1 Introduction**

### **1.1 Background**

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989, through an amendment to the Wildlife (Conservation and Management) Act, (Cap. 376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a) advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b) management of National Parks and National Reserves;
- c) preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and education of the inhabitants of Kenya;
- d) providing Wildlife conservation education and extension services to create public awareness and support for wildlife policies;
- e) sustaining Wildlife to meet conservation and management goals;
- f) conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g) advising the Government, local authorities and landowners on the best methods of wildlife conservation, management, and an ecological appraisals or controls outside the urban areas as are necessary for human survival.
- h) administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i) rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife.
- j) soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes;
- k) formulating policies regarding the conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

## **1.2 Details of the Kreditanstalt For Wiederaufbau (KfW) Project**

In order to help in reversing the decline of Kenya Wildlife, National Parks and Reserves and sound system of protected areas representing the country's range of natural ecosystems and biological diversity, KfW through the International Development Association (IDA) agreed to grant the Government of Kenya through KWS an amount of Deutschemark (DM) 28,000,000. The programme was initially to run for a period of two years and two months commencing 22 October 1996 to 31 December 1998. However, the donor extended the period to 30 June 1999, with a grace period of four months to 30 October 1999 for disbursements in respect of eligible expenditures made before the closing date.

## **1.3 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by KWS are adequately supported in accordance with the provisions of the project agreement and are allowable, allocable and reasonable.

With regard to the costs claimed, the objectives of the engagement were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the project agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses; and
- test KWS's compliance with the terms of the project agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

## **1.4 Audit scope and methodology**

**1.4.1** The audit report covers expenditure incurred by both KWS and the donor on the project for the year ended 30 June 2000.

**1.4.2** The principal audit steps performed included:

- a review of the terms and conditions of the project agreement, applicable standard provisions and regulations, other project documents and "no objection" letters as deemed necessary;
- a review of KWS's internal control structure in order to assess KWS's significant internal control policies and procedures, and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the project agreement;
- testing of disbursement transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.

## **1.5 Restrictions on audit scope**

Within the parameters stated above, there were no restrictions on our audit scope.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KENYA WILDLIFE SERVICE-IDA  
PROTECTED AREAS AND WILDLIFE SERVICE (PAWS-KFW) PROJECT-  
CREDIT NO.23915 FOR THE YEAR ENDED 30 JUNE, 2000**

The attached financial statements comprising of Statement of Income and Expenditure, Statement of Source and Application of funds and the Statement of Expenditure for the Kenya Wildlife Service – IDA (PAWS-KFW) Project (Credit NO.23915) for the year ended 30 June, 2000 have been audited on my behalf by the Project's authorized auditors in accordance with Section 29(2) (b) of the Exchequer and Audit Act, (Cap 412). The audit examination was carried out in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structures in place, verification of assets and liabilities and other procedures necessary for the purpose of the audit. The Financial Statements were prepared in accordance with the requirements of the International Development Association and comply with the relevant Credit Agreement.

In my opinion, the Statements present fairly the expenditure incurred on the Project as well as its funds flow for the year ended 30 June, 2000.

  
**S. M. MALUKI**  
**AUDITOR GENERAL (CORPORATIONS)**

20 December 2000

**2.1 Statement of Income and Expenditure for the year ended 30 June 2000**

	Notes	2000 KShs	1999 KShs
<i>Income</i>			
Received from KFW			
- Special account		-	1,842,234
Direct payment by KFW	1	<u>14,992,486</u>	<u>333,328,381</u>
		14,992,486	335,170,615
Government – KWS	2	<u>1,759,115</u>	<u>33,378,908</u>
Total		<u><b>16,751,601</b></u>	<u><b>368,549,523</b></u>
<i>Expenditure:</i>			
Fixed assets			
Category 1 - civil works	3	12,741,488	355,987,616
Category 5 - contracted professional services (civil works)		<u>4,010,113</u>	<u>12,561,907</u>
Total		<u><b>16,751,601</b></u>	<u><b>368,549,523</b></u>

NB. The attached notes form an integral part of this statement and are relevant to the statement of expenditure and source and application of funds.

.....  
 Director

Date: 29/11/2000

.....  
 Project Co-ordinator

Date: 29/11/2000

**2.2 Notes to the Statement of Income and Expenditure for the year ended 30 June 2000**

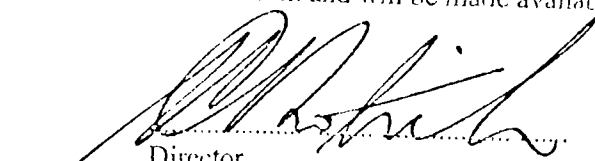
- 1 KShs.14,992,486 represents the amount claimed from KFW on the basis of the agreed percentages.
- 2 KShs. 1,759,115 represents the amount paid by KWS on the basis of the agreed percentages.
- 3 KShs.12,741,488 represents the total amount paid for construction of buildings.

**2.3 Statement of expenditure for the year ended 30 June 2000**

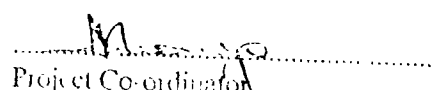
1	2	3	4	
Category	Description of programme activities	Total expenditure for this programme Kshs	Amount eligible for reimbursement (% amount in Column 2 as per the agreement)	Remarks
1	Civil works	12,741,488	90% if local payment	100% if foreign payment
5	Contracted professional services (civil works)	4,010,113	100%	
<b>Total</b>		<b>16,751,601</b>		

We hereby certify that the above amounts have been paid for proper execution of project activities within the terms and conditions of the Development Credit Agreement.

All documentation authenticating these expenditures have been retained with the Office of the President and will be made available for review by visiting missions on request.

  
 Director

Date: 29/11/2000

  
 Project Co-ordinator

Date: 29/11/2000

**2.4 Statement of source and application of funds for the year ended 30 June 2000**

Particulars	2000 KShs	1999 KShs
<i>Source of Funds:</i>		
KFW Grant 23915KE	-	335,170,615
IDA Grant	14,992,486	-
Kenya Wildlife Service	1,759,115	33,378,908
<b>Total</b>	<u>16,751,601</u>	<u>368,549,523</u>
<i>Application of funds:</i>		
Fixed assets (category 1 and 5)	<u>16,751,601</u>	<u>368,549,523</u>



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE CONSERVATION PROJECT -  
GLOBAL ENVIRONMENT FACILITY TRUST FUND (GEF- IDA) GRANT NO.  
TF 028500

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# 1 Introduction

## 1.1 Background

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989 through an amendment to the Wildlife (Conservation and Management) Act (Cap.376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a) advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b) management of National Parks and National Reserves;
- c) preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and for the education of the inhabitants of Kenya;
- d) providing wildlife conservation, education and extension services to create public awareness and support for wildlife policies;
- e) sustaining Wildlife to meet conservation and management goals;
- f) conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g) advising the Government, local authorities and landowners on the best methods of wildlife conservation and management, and on ecological appraisals or controls outside the urban areas as are necessary for human survival;
- h) administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i) rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife.
- j) soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes;
- k) formulating policies regarding the conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

## 1.2 Details of the Tana River Primate Project

The main objective of the project is to support the conservation of a unique and biologically diverse community in Kenya based in the Tana River Region. The project will strengthen KWS's capacity to protect and manage the reserve in a traditional sense and also promote greater involvement of local communities in conservation and management of an area which represents an important but deteriorating resource for them.

The Global Environment Facility (GEF) Trust Fund will finance investment and incremental operating costs amounting to US\$ 6.2 million. KWS contribution to the project is estimated at KShs 46.86 million (US\$ 852,000) as follows:

	KShs million
Staff salaries and regular operational cost of managing the reserve for five years	44.71
Salaries to Headquarter staff and facilities	<u>2.15</u>
	<u>46.86</u>

The grant is expected to be disbursed over five years commencing 1 July 1997 to 30 June 2001.

## 1.3 Audit objectives

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by the auditee are adequately supported in accordance with the provisions of the credit agreement and are allowable, allocable and reasonable.

With respect of the costs claimed, the objectives were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses; and
- test KWS's compliance with the terms of the grant agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

## **1.4 Audit scope and methodology**

**1.4.1** The audit report covers costs incurred by both KWS and the donor on the project for the year ended 30 June 2000.

**1.4.2** The principal audit steps performed included:

- a review of the terms and conditions of the grant, applicable standard provisions and regulations and other project documents as deemed necessary;
- a review of KWS's internal control structure in order to assess KWS's significant internal control policies and procedures, and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the project agreement;
- testing of disbursement transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and effectiveness of internal controls;

## **1.5 Restrictions on audit scope**

Within the parameters stated above, there were no restrictions on our audit scope.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KENYA WILDLIFE SERVICE  
CONSERVATION PROJECT – GLOBAL ENVIRONMENT FACILITY TRUST  
FUND (GEF – IDA) GRANT NO.TF 028500**

The attached financial statements comprising the Statement of Income and Expenditure, Statement of Source and Application of funds and Statement of Expenditure of the Kenya Wildlife Services Conservation Project-Global Environment facility Trust Fund (GEF – IDA) – Grant NO.TF, 028500 for the year ended 30 June 2000 have been audited on my behalf by the Project's authorized auditors in accordance with Section 29 (2) (b) of the Exchequer and Audit Act (Cap 412) as well as in terms of the Project Agreement between the International Development Association and the Government of Kenya. The audit examination was carried out in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structures in place, verification of assets and liabilities and other procedures necessary for the purpose of the audit. The Financial Statements were prepared in accordance with the requirements of the International Development Association and comply with the Development Credit Agreement.

In my opinion, the Statements present fairly the expenditure incurred on the Project as well as its funds flow for the year ended on 30 June, 2000.

  
S. M. MALUKI

**AUDITOR GENERAL (CORPORATIONS)**

20 December 2000

**2.1 Statement of income and expenditure for the year ended 30 June 2000**

Particulars	Notes	2000 KShs	1999 KShs
<b>Income</b>			
Donor - GEF	1	25,643,780	4,977,194
Kenya Wildlife Service	2	<u>1,664,376</u>	<u>352,547</u>
		<u><b>27,308,156</b></u>	<u><b>5,329,741</b></u>
<b>Expenditure</b>			
<b>Fixed assets</b>			
Category 2: Purchase of vehicles and equipment		<u>16,747,775</u>	-
<b>Recurrent expenditure</b>			
Category 3: Contracted professional services		6,477,734	3,717,495
Category 6: Operation and maintenance, community conservation and research fund		<u>4,082,647</u>	<u>1,612,246</u>
		<u><b>27,308,156</b></u>	<u><b>5,329,741</b></u>

NB. The attached notes form an integral part of this statement and are relevant to the statement of expenditure and source and application of funds.

.....  
Director

.....  
Project Co-ordinator

Date: 29/11/2000

Date: 29/November 2000

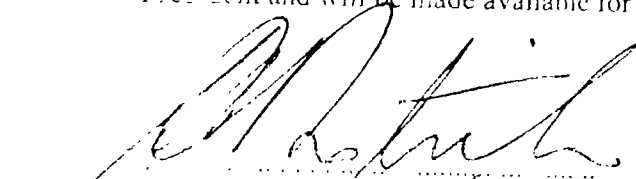
1.2 Statement of source and application of funds for the year ended 30 June 2000

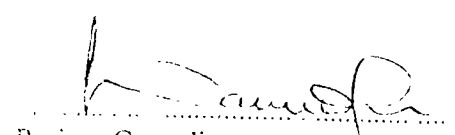
Particulars	2000 KShs	1999 KShs
<b>Source of funds</b>		
G.E.F.	25,643,780	4,977,184
Kenya Wildlife Service	1,664,376	352,517
	<u>27,308,156</u>	<u>5,329,741</u>
<b>Application of funds</b>		
Fixed assets	16,747,775	-
Recurrent expenditure	10,560,381	5,329,741
	<u>27,308,156</u>	<u>5,329,741</u>

2.3 Statement of expenditure for the year ended 30 June 2000

Category	1 Description of Programme activities	2 Total expenditures for this programme KShs	3 Amount eligible for reimbursement (% amount in column 2 per the agreement)	4 Remarks
3	Contracted professional services	6,477,734	100%	
6	Operation and maintenance, Community conservation and research fund	4,082,647	80%	
2	Vehicles and Equipment	14,747,775	90% if local payment	100% if foreign payment.
	<b>Total</b>	<b>25,308,156</b>		

We hereby certify that the above amounts have been paid for proper execution of project activities within the terms and conditions of the Development Credit Agreement. All documentation authenticating these expenditure has been retained with the Office of the President and will be made available for review by visiting missions on request.

  
 Director  
 Date: 29/11/2000

  
 Project Co-ordinator  
 Date: 29/11/2000

## 2.4 Notes to the Statement of Income and Expenditure

1 GEF Grant amounting to KShs.25,643,780 is analysed below:-

### Contracted Professional Services (Category 3)

PA No.	Date	IDA KShs
-	15.15.2000	973,620
-	20.03.2000	897,000
073724	08.02.2000	539,444
073718	06.01.2000	54,818
073708	14.12.1999	2,545,870
073706	22.09.1999	488,994
073705	22.09.1999	488,994
067445	22.09.1999	<u>488,994</u>
		<b><u>6,477,734</u></b>

### Operation and Maintenance (Category 6)

PA No.	Date	IDA KShs
-	20.06.2000	27,200
-	24.05.2000	65,217
-	24.05.2000	78,930
-	24.05.2000	153,742
-	24.05.2000	119,578
-	24.05.2000	365,161
-	24.05.2000	367,606
-	24.05.2000	376,328
-	23.05.2000	115,999
073725	20.05.2000	90,294
073725	16.02.2000	24,738
073725	16.02.2000	176,326
073725	08.02.2000	162,244
073725	08.02.2000	166,250
073725	08.02.2000	<u>91,254</u>
		<b><u>2,380,809</u></b>

### Purchase of Motor Vehicles (Category 2)

PA No.	Date	IDA KShs
0048	02.12.1999	<b><u>12,789,664</u></b>

**Purchase of Office Equipment (Category 2)**

PA No.	Date	IDA KShs
073707	21.09.1999	601,005
-	20.06.2000	492,842
073710	17.02.1999	142,719
073725	19.01.2000	24,759
073719	05.01.2000	145,691
073710	17.12.1999	362,195
-do-	17.12.1999	38,268
-do-	17.12.1999	143,100
-do-	17.12.1999	227,522
-do-	17.12.1999	493,044
-do-	17.12.1999	15,300
073719	19.01.2000	79,396
-	19.01.2000	<u>391,109</u>
		<b><u>3,156,948</u></b>

**Research Fund (Category 6)**

PA No.	Date	IDA KShs
-	20.06.2000	<u>518,911</u>

**Item 341 – Community Conservation (Category 6)**

PA No.	Date	IDA KShs
067448	21.09.1999	<u>319,654</u>
<b>Total</b>		<b><u>25,643,780</u></b>

2 KWS Contribution amounting to KShs.1,664,376 is made up of:-

Operation and Maintenance (Category 6)

PA No.	Date	KShs
-	20.06.2000	11,450
-	24.05.2000	17,863
-	24.05.2000	17,733
-	24.05.2000	39,973
-	24.05.2000	30,024
-	24.05.2000	99,313
-	24.05.2000	97,098
-	24.05.2000	97,589
-	23.05.2000	30,110
073725	20.05.2000	28,692
073725	16.02.2000	6,185
073725	16.02.2000	53,648
073725	08.02.2000	42,189
073725	08.02.2000	41,563
073725	08.02.2000	<u>23,704</u>
		<b><u>637,033</u></b>

Purchase of Office Equipment (Category 2)

PA No.	Date	KShs
073707	21 09.1999	173,724
-	20.06.2000	136,901
073710	17.02.1999	15,858
073725	19.01.2000	2,751
073719	05 01.2000	16,188
073710	17.12.1999	100,609
-do-	17.12.1999	4,252
-do-	17.12.1999	15,900
-do-	17.12.1999	65,728
-do-	17.12.1999	136,957
-do-	17.12.1999	1,700
073719	19.01.2000	22,054
-	19 01 2000	<u>108,641</u>
		<b><u>801,162</u></b>

**Research Fund (Category 6)**

PA No.	Date	KWS KShs
-	20.06.2000	<u>146,267</u>

**Community Conservation (Category 6)**


PA No.	Date	KWS KShs
067448	21.09.1999	<u>79,914</u>
<b>Total</b>		<u><b>1,664,376</b></u>

## Appendix

### Summary of the audited sample

Expenditure type	Category number	Approved estimates KShs	Total Expenditure for this programme KShs	Amount Eligible for reimbursement KShs	Value audited KShs	Audited %
Contracted professional services	3	9,900,000	6,477,734	6,477,734	6,422,916	99
Training expenses	6	1,000,000	-	-	-	-
Community conservation	6	30,000,000	339,567	319,654	319,654	100
Monitoring and evaluation		1,240,000	-	-	-	-
Operation and maintenance	6	18,700,000	3,017,902	2,380,869	1,471,856	62
Rehabilitation of equipment	2	1,000,000	-	-	-	-
Purchase of plant and equipment	2	2,000,000	-	-	-	-
Purchase of additional vehicles	2	12,800,000	12,789,664	12,789,664	12,789,664	100
Purchase of office equipment	2	5,000,000	3,958,111	3,156,949	2,967,559	94
Rehabilitation of road		1,200,000	-	-	-	-
Research fund	6	10,300,000	665,178	518,911	518,911	100
Civil works		4,600,000	-	-	-	-
		<u>97,740,000</u>	<u>27,308,156</u>	<u>25,643,780</u>	<u>24,490,560</u>	<u>96</u>

**NB:** there were no ineligible or unsupported costs from the audited sample.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KWS USAID COBRA PROJECT (CREDIT NO. 615-0247)  
FOR THE YEAR ENDED 30 JUNE 2000

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Summary of the audited sample	9
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# **1 Introduction**

## **1.1 Background**

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989, through an amendment to the Wildlife (Conservation and Management) Act, (Cap.376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a) advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b) management of National Parks and National Reserves;
- c) preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and education of the inhabitants of Kenya;
- d) providing wildlife conservation education and extension services;
- e) sustaining Wildlife to meet conservation and management goals;
- f) conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g) advising the Government, local authorities and landowners on the best methods of Wildlife conservation, management, and on ecological appraisals or controls outside the urban areas as are necessary for human survival.
- h) administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i) rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife.
- j) soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes.
- k) formulating policies regarding conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

Recognising the need to increase the socio-economic benefits to local communities living adjacent to Kenya's Parks and Reserves through sustainable conservation and management of Wildlife and other natural resources, the US Government, acting through Agency for International Development (AID) signed the Conservation of Bio-Diversity Resource Areas (COBRA) Project with the Government of Kenya on 14 April 1992. The original amount of the grant was US\$7,000,000 with the Project Assistance Completion Date (PACD) falling on 30 September 1996. The amount of grant was increased to US\$8,500,000 and the project extended for 36 months to 30 September 1999. The project was extended a further 3 months to 31 December 1999.

The project which is designed in the context of the World Bank-led Protected Area and Wildlife Services (PAWS) multi-donor investment program totalling to US\$140 million, is being executed by KWS on behalf of the Government of Kenya. The project is now in the sixth year of implementation.

## **1.2 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by the auditee are adequately supported in accordance with the provisions of the grant agreement and are allowable, allocable and reasonable.

With regard to the costs claimed, the objectives were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the grant agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses; and
- test KWS's compliance with the terms of the grant agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

### **1.3 Audit scope and methodology**

**1.3.1** The audit report covers costs incurred by both KWS and the donor on the project for the year ended 30 June 2000.

**1.3.2** The principal audit steps performed included:

- a review of the terms and conditions of the project agreement, applicable standard provisions and regulations, other project documents as deemed necessary;
- a review of the KWS's internal control structure in order to assess KWS's significant internal control policies and procedures and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the grant agreement.
- testing of cost transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.

### **1.4 Restrictions on audit scope**

Within the parameters stated above, there were no restrictions on our audit scope.

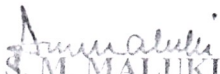
**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KWS USAID COBRA PROJECT (CREDIT  
NO.615-0247) FOR THE YEAR ENDED 30 JUNE, 2000**

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The attached financial statements of the KWS Cobra Project for the year ended 30 June, 2000 comprising of Statement of Income and Expenditure, Statement of Source and Application of funds and Statement of Expenditure have been audited on my behalf by the Project's authorized auditors in accordance with the provisions of Section 29 (2) (b) of the Exchequer and Audit Act (Cap 412). The authorized auditors have duly reported to me the results of the audit and on the basis of their report, I am satisfied that all the information and explanations considered necessary for the purpose of the audit was obtained.

The audit was conducted in accordance with generally accepted auditing standards which require that the audit is planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatements and included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements as well as assessing the accounting principles used and evaluating the overall presentation of the financial statements.

In my opinion, the Project's Financial Statements for the year ended 30 June, 2000 are fairly stated.

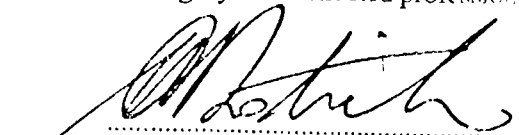
  
S. M. MALUKI

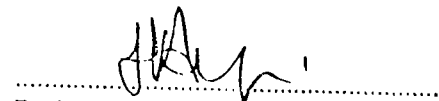
AUDITOR GENERAL (CORPORATIONS)

20 December 2000

**2.1 Statement of Income and Expenditure for the year ended 30 June 2000**

	Notes	2000 KShs	1999 KShs
<i>Receipts</i>			
Donor account - USAID	1	10,857,982	11,812,578
Kenya Wildlife Service	2	<u>695,774</u>	<u>3,419,841</u>
		<u>11,553,756</u>	<u>13,232,419</u>
<i>Expenditure</i>			
Category 5: Contracted professional services		<u>11,553,756</u>	<u>13,232,419</u>

  
 Director  
 Date: 29/11/2000

  
 Project Co-ordinator  
 Date: 29/11/2000

## 2.2 Notes to the Statement of Income and Expenditure

### 1 *USAID Grant amounting to KShs 10,857,982*

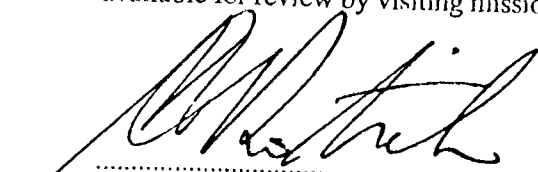
PV No.	Date paid	Particulars	KShs
0067	04.01.2000	Contracted Professional Services	547,355.00
0100	21.02.2000	Contracted Professional Services	2,073,997.00
0102	31.03.2000	Contracted Professional Services	1,822,118.00
0103	28.04.2000	Contracted Professional Services	4,023,822.00
0131	13.06.2000	Contracted Professional Services	<u>2,390,690.00</u>
<b>Total</b>			<b><u>10,857,982.00</u></b>

- 2 KShs.695,774.00 relates to KWS contribution being the VAT and other expenses paid by KWS and not eligible for reimbursement.

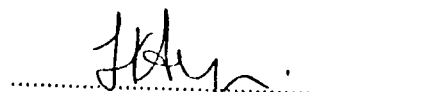
**2.3 Statement of expenditure for the year ended 30 June 2000**

Category	Description of programme activities	Total expenditure for this programme KShs	Amount eligible for reimbursement KShs	Remarks
5	Contracted Professional Service	<u>11,553,756</u>	<u>10,857,982</u>	Balance of Kshs 695,774 relates to KWS contribution

We hereby certify that the above amounts have been paid for proper execution of project activities within the terms and conditions of Development Credit agreement. All documentation authenticating this expenditure has been retained by KWS and will be made available for review by visiting missions on request.

  
 .....  
 Director

Date: 29/11/2000  
 .....

  
 .....  
 Project Co-ordinator

Date: 29/11/00  
 .....

**2.4 Statement of source and application of funds for the year ended 30 June 2000**

	2000 KShs	1999 KShs
<b>Source of funds</b>		
Kenya Wildlife Service	695,774	1,419,841
USAID grant	<u>10,857,982</u>	<u>11,812,578</u>
	<u>11,553,756</u>	<u>13,232,419</u>
<b>Application of funds</b>		
Recurrent expenditure - contracted professional services	<u>11,553,756</u>	<u>13,232,419</u>

## Appendix

### Summary of the value audited

Expenditure category	Approved estimates KShs	Total expenditure for this programme KShs	Amount eligible for reimbursement KShs	Value audited KShs	Audited %
Contracted professional services	<u>20,000,000</u>	<u>11,553,756</u>	<u>10,857,982</u>	<u>6,022,411</u>	<u>55</u>

NB There were no ineligible or unsupported costs from the audited sample.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE - EEC PROTECTED AREAS AND  
WILDLIFE SERVICES PROJECT (CREDIT NO. 6024/KE) FOR THE YEAR  
ENDED 30 JUNE 2000

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## **Contents**

1	Introduction	1
1.1	Background	1
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1.3	Audit objectives	2
1.4	Audit scope and methodology	3
1.5	Restriction on audit scope	3
2	Report of the Authorised Auditors on the audit of Kenya Wildlife Service's EEC-EU (PAWS) Project under Credit No 6024-KE	4
2.1	Statement of Income and Expenditure	5
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2.3	Statement of expenditure	7
2.4	Statement of source and application of funds	8

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## **Appendix**

Summary of the audited sample	9
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# **1 Introduction**

## **1.1 Background**

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989, through an amendment to the Wildlife (Conservation and Management) Act, (Cap. 376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a) advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b) management of National Parks and National Reserves;
- c) preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and education of the inhabitants of Kenya;
- d) providing Wildlife conservation education and extension services to create public awareness and support for wildlife policies;
- e) sustaining Wildlife to meet conservation and management goals;
- f) conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g) advising the Government, local authorities and landowners on the best methods of wildlife conservation, management, and an ecological appraisals or controls outside the urban areas as are necessary for human survival.
- h) administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i) rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife.
- j) soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes;
- k) formulating policies regarding the conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

## **1.2 Details of the EEC Protected Areas and Wildlife Services (PAWS) Project**

In order to help Kenya Wildlife Service national parks and reserves, sound system of protected areas representing the country's range of natural ecosystems and biological diversity, the Government of Kenya through World Bank approached several donor countries who accepted to finance in various proportions the Protected Areas and Wildlife Services (PAWS) Project. The total amount granted by EEC was KShs 169 million (4 million ECU) to be implemented by KWS on behalf of the Government of Kenya. The project agreement between KWS and EEC was signed on 29 March 1993 with the project completion date being 5 July 1996, which was extended for two years and 6 months to 31 December 1998 and then to December 1999 per the addendum to the workplan dated 20 May 1999.

The overall Elephant programme objectives are to:

- a) Ensure adequate protection and conservation of all elephant populations in Kenya;
- b) Minimise human elephant conflict and encourage local community participation in elephant conservation especially in areas adjacent to conservation area;
- c) Conserve and maintain biodiversity in elephant range areas;
- d) Use appropriate strategies for managing elephants to enhance their survival into the next millenium.

## **1.3 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by KWS are adequately supported in accordance with the provisions of the project agreement and are allowable, allocable and reasonable.

With regard to the costs claimed, the objectives of the engagement were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the project agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses, and
- test KWS's compliance with the terms of the project agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

## **1.4 Audit scope and methodology**

**1.4.1** The audit report covers expenditure incurred by KWS and claimed from the donor on the project for the year ended 30 June 2000. Any claim rejected by the donor is borne by KWS and therefore excluded from the statement of expenditure.

**1.4.2** The principal audit steps performed included:

- a review of the terms and conditions of the project agreement, applicable standard provisions and regulations, other project documents and "no objection" letters as deemed necessary;
- a review of KWS's internal control structure in order to assess KWS's significant internal control policies and procedures, and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the project agreement;
- testing of cost transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and the effectiveness of internal controls.

## **1.5 Restrictions on audit scope**

Within the parameters stated above, there were no restrictions on the audit scope.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KENYA WILDLIFE SERVICE – EEC  
PROTECTED AREAS AND WILDLIFE SERVICES PROJECT (CREDIT NO.  
6024/KE) FOR THE YEAR ENDED 30 JUNE, 2000**

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The attached statements comprising of the Statement of Income and Expenditure, the Statement of Source and Application of funds and the Statement of Expenditure for the Kenya Wildlife Service, - EEC Protected Areas and Wildlife Services Project (Credit NO.6024-KE for the year ended 30 June, 2000 have been audited on my behalf by the Project's appointed auditors in accordance with Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412) as well as in terms of the related Agreement between the European Economic Community and the Government of Kenya.

The audit examination was carried out in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structures in place, verification of assets and liabilities and other procedures considered necessary for the purpose of the audit.

The Financial Statements were prepared in accordance with the requirements of the European Economic Community and comply with the Financing Agreement.

In my opinion, the Statements present fairly the expenditure incurred on the Project and also its funds flow for the year ended 30 June, 2000.

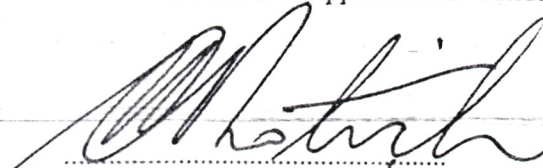
  
**S. M. MALUKI**  
**AUDITOR GENERAL (CORPORATIONS)**

20 December 2000

**2.1 Statement of Income and Expenditure for the year ended 30 June 2000**

Particulars	Notes	2000 KShs	1999 KShs
<b>Income</b>			
Donor - EEC - EU	1	<u>16,909,754</u>	<u>69,645,433</u>
<b>Expenditure:</b>			
<b>Fixed assets</b>			
Category 1 - civil works		13,667,830	60,408,612
Other operating costs:			
Category 4 - Operating and maintenance		3,241,924	6,654,982
Category 5 - Consultants services and studies		-	<u>2,581,839</u>
		<u>3,241,924</u>	<u>9,236,821</u>
<b>Total</b>		<u>16,909,754</u>	<u>69,645,433</u>

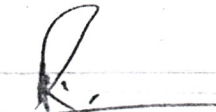
NB. The attached notes form an integral part of this statement and are relevant to the Source and Application of Funds and Statement of Expenditure.



Director

Date:

29/11/2000



Project Co-ordinator

Date:

29/11/2000

## 2.2 Notes to the Statement of Income and Expenditure

### 1 EEC - EU Grant for KShs.16,909,754

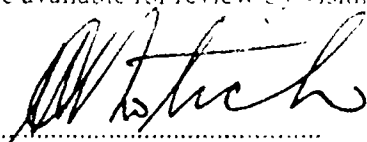
Analysis of claims lodged and accepted by EEC during the year to 30 June 2000

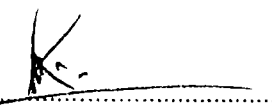
P.O. No.	Date lodged	Amount KShs
<i>Civil works</i>		
0001 Victory Construction Ltd	28.07.99	5,539,126.50
0101 Victory Construction Ltd	25.02.00	3,630,754.45
0104 Victory Construction Ltd	04.05.00	<u>4,497,948.55</u>
<i>Sub-total</i>		<u>13,667,829.50</u>
<i>Operating and maintenance</i>		
0030 KWS	25.10.99	84,594.35
0034 KWS	28.10.99	155,312.00
0051 KWS	17.11.99	147,236.00
0056 KWS	14.12.99	169,615.00
0068 KWS	30.12.99	353,743.00
0085 KWS	07.01.00	260,927.00
0087 KWS	14.01.00	782,972.00
0089 KWS	14.01.00	294,567.80
0032 KWS	25.10.99	159,983.50
0052 KWS	17.11.99	191,720.50
0055 KWS	14.12.99	163,580.10
0084 KWS	07.01.00	219,110.45
0058 KWS	14.01.00	128,127.70
0090 KWS	14.01.00	<u>130,434.80</u>
<i>Sub total</i>		<u>3,241,924.20</u>
<i>Grand total</i>		<u><u>16,909,753.70</u></u>

**2.3 Statement of expenditure for the year ended 30 June 2000**

	1	2	3
Category	Description of programme activities	Total expenditure for this programme KShs	Amount eligible for reimbursement (% amount in Column 2 as per the Agreement 100%) KShs
1	Civil works	13,667,830	13,667,830
4	Operating and maintenance	3,241,924	3,241,924
<b>Total</b>		<b>16,909,754</b>	<b>16,909,754</b>

We hereby certify that the above amounts have been paid for proper execution of project activities within the terms and conditions of the Development Credit Agreement. All documentation authenticating these expenditures have been retained with the Donor Agency office in Nairobi copies of which are filed by the Office of the President and will be made available for review by visiting missions on request.

  
 .....  
 Director

  
 .....  
 Project Co-ordinator

Date: 29/11/2000

Date: 29/11/2000

**2.4 Statement of source and application of funds for the year ended 30 June 2000**

Particulars	2000 KShs	1999 KShs
<i>Source of funds:</i>		
EEC - EU grant	<u>16,909,754</u>	<u>69,645,433</u>
<i>Application of funds:</i>		
Fixed assets		
Category 1 - Civil works	13,667,830	60,408,612
Categories 4, 5 & 6 - Other operating costs	<u>3,241,924</u>	<u>9,236,821</u>
	<u>16,909,754</u>	<u>69,645,433</u>

## Appendix

### Summary of the audited sample

Expenditure Type	Category Number	Approved estimates KShs	Total expenditure for this programme KShs	Value audited KShs	Audited %
Civil works	1	14,200,000	13,667,830	13,667,830	100
Operating and maintenance	4	<u>3,250,000</u>	<u>3,241,924</u>	<u>2,579,829</u>	<u>80</u>
		<u>17,450,000</u>	<u>16,909,754</u>	<u>16,247,659</u>	<u>96</u>

NB. There were no ineligible or unsupported costs from audit sample.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE INSTITUTIONAL SUPPORT  
PROGRAMME (KWS - ISP-PHASE 2 PROJECT)

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## Contents

1	Introduction	1
1.1	Background	1
1.2	Details of Kenya Wildlife Services Institutional Programme (KWS – ISP) Phase 2 Project	2
1.3	Audit objectives	2
1.4	Audit scope and methodology	3
1.5	Restriction on audit scope	3
2	Report of the Authorised Auditors on the audit of Kenya Wildlife Service’s Institutional Support Programme (KWS – ISP) – Phase 2 Project	4
2.1	Statement of Income and Expenditure	5
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2.3	Statement of expenditure	7
2.4	Statement of source and application of funds	8

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Summary of the audited sample	9
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## 1 Introduction

### 1.1 Background

The Kenya Wildlife Service (KWS) was established as an autonomous parastatal organisation in December 1989, through an amendment to the Wildlife (Conservation and Management) Act, (Cap. 376). KWS therefore took over all rights, duties, obligations, assets and liabilities of the Wildlife Fund Trustees that had been operating under the Ministry of Tourism and Wildlife.

The Act as amended vested KWS with the following major responsibilities, among others:

- a) advising the Government on establishment of National Parks, National Reserves and other protected Wildlife sanctuaries;
- b) management of National Parks and National Reserves;
- c) preparation and implementation of management plans for National Parks and National Reserves and the display of fauna and flora in their natural state for the promotion of tourism and education of the inhabitants of Kenya;
- d) providing Wildlife conservation education and extension services to create public awareness and support for wildlife policies;
- e) sustaining Wildlife to meet conservation and management goals;
- f) conducting and co-ordinating research activities in the field of wildlife conservation and management;
- g) advising the Government, local authorities and landowners on the best methods of wildlife conservation, management, and an ecological appraisals or controls outside the urban areas as are necessary for human survival.
- h) administering and co-ordinating international protocols, conventions and treaties regarding wildlife in all its aspects;
- i) rendering services to farming and ranching communities in Kenya necessary for the protection of agriculture and animal husbandry against destruction by wildlife.
- j) soliciting by public appeal or otherwise, and accepting and receiving subscriptions, donations, devices and bequests for general or special purposes;
- k) formulating policies regarding the conservation, management and utilisation of all types of fauna (not being domestic animals) and flora.

## **1.2 Details of the Kenya Wildlife Service Institutional Support Programme (KWS - ISP) - Phase 2 Project**

In support of the ongoing restructuring of Kenya Wildlife Service which entails a change of mission, of strategic thrusts, management practices and funding priorities, the Government of Kenya approached several donor countries who accepted to finance in various proportions the Institutional Support Programme (KWS - ISP) - Phase 2 Project.

The total amount granted by EC was KShs160,500,000 to be implemented by KWS on behalf of the Government of Kenya. The project agreement between KWS and EC was signed on 3 December 1997.

The overall programme objective is to establish a sustainable and effective institutional base for the conservation of Kenya's biological diversity, so as to enable KWS fulfill the mission defined in the new Wildlife Policy.

At the end of the project it is expected that following results will have been achieved:-

- a) The process of reconversion of the current nature-based tourism into environmentally sustainable practices will have been successfully initiated.
- b) The local tourism and partnership base will have been strengthened, with increased access opportunities to affordable and educative nature based facilities.

## **1.3 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards. The principal objective was to determine whether disbursements by KWS are adequately supported in accordance with the provisions of the project agreement and are allowable, allocable and reasonable.

With regard to the costs claimed, the objectives of the engagement were to:

- audit KWS's Statement of Income and Expenditure and express an opinion as to whether the statement presents fairly, in all material respects and in conformity with the basis of accounting described in the report, the use of funds in accordance with the project agreement;
- consider KWS's internal control structure in order to determine the auditing procedures for the purpose of expressing an opinion on the Statement of Income and Expenditure and to report on significant internal control deficiencies and material weaknesses; and
- test KWS's compliance with the terms of the project agreement, as part of obtaining reasonable assurance about whether the Statement of Income and Expenditure is free from material misstatement, and report on any identified material instances of non-compliance.

## **1.4 Audit scope and methodology**

**1.4.1** The audit report covers expenditure incurred by KWS and claimed from the donor on the project for the year ended 30 June 2000.

**1.4.2** The principal audit steps performed included:

- a review of the terms and conditions of the project agreement, applicable standard provisions and regulations and other project documents;
- a review of KWS's internal control structure in order to assess KWS's significant internal control policies and procedures, and the adequacy of KWS's accounting system and internal controls;
- performance of audit procedures to evaluate KWS's compliance with the project agreement;
- testing of cost transactions from the Statement of Income and Expenditure to determine the extent of non-compliance, allowable or unallowable expenses and the effectiveness of internal controls.

## **1.5 Restrictions on audit scope**

Within the parameters stated above, there were no restrictions on the audit scope.

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE  
FINANCIAL STATEMENTS OF KENYA WILDLIFE SERVICE  
INSTITUTIONAL SUPPORT PROGRAMME (KWS - ISP-PHASE 2 PROJECT)**

The attached financial statements comprising of the Statement of Income and Expenditure, Statement of Source and Application of funds and the Statement of Expenditure of Kenya Wildlife Service Institutional Support Programme (KWS - ISP Phase II) for the year ended 30 June, 2000, have been audited on my behalf by the Service's authorized auditors in accordance with Section 29(2) (b) of the Exchequer and Audit Act, (Cap 412) and also in terms of the Agreement between the European Commission and the Government of Kenya. The audit examination was carried out in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structures in place, verification of assets and liabilities and other procedures necessary for the purpose of the audit. The Financial Statements were prepared in accordance with the requirements of the European Economic Community and comply with the ISP Phase 2 Credit Agreement.

In my opinion, the Statements present fairly the expenditure incurred on the Project as well as its funds flow for the year ended on 30 June, 2000

  
S. M. MALUKI

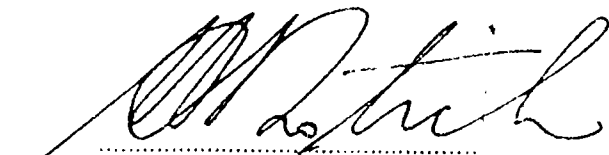
**AUDITOR GENERAL (CORPORATIONS)**

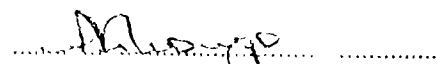
23 December 2000

**2.1 Statement of Income and Expenditure for the year ended 30 June 2000**

Particulars	Notes	2000 KShs
<i>Income</i>		
Donor – EEC - EU	1	112,512,519
KWS	2	<u>780,668</u>
		<b><u>113,293,187</u></b>
 <i>Expenditure:</i>		
<b>Fixed assets</b>		
Category 1 - Civil works	3	104,753,740
Category 2 - equipment and furniture		<u>3,214,085</u>
		<b>107,967,825</b>
 <b>Recurrent expenditure</b>		
Category 4 - Operating and maintenance		3,217,707
Category 5 - Consultants services and studies		<u>2,107,665</u>
		<u>5,325,362</u>
<b>Total</b>		<b><u>113,293,187</u></b>

NB. The attached notes form an integral part of this statement and are relevant to the Source and Application of Funds and Statement of Expenditure.

  
 Director

  
 Project Co-ordinator

Date: 29/11/2000

Date: 29/11/2000

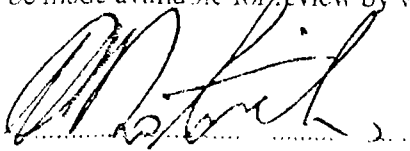
**2.2 Notes to the statement of Income and Expenditure for the year ended 30 June 2000**

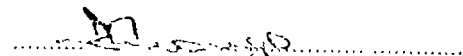
- 1 KShs.112,512,519 represents the amount of direct payments by EEC - EU.
- 2 KShs. 780,668 represents the KWS contribution being the VAT and other expenses paid by KWS and not eligible for reimbursement.
- 3 KShs.104,753,740 represents the amount paid for construction of buildings and payments to building consultants.

**2.3 Statement of expenditure for the year ended 30 June 2000**

Category	1 Description of Programme activities	2 Total expenditure for this programme KShs	3 Amount eligible for reimbursement KShs
1	Civil works	104,753,740	103,973,072
2	Equipment and furniture	3,214,085	3,214,085
4	Operating and maintenance	3,217,707	3,217,707
5	Consultants services and studies	2,107,655	2,107,655
<b>Total</b>		<b>113,293,187</b>	<b>112,512,519</b>

We hereby certify that the above amounts have been paid for proper execution of project activities within the terms and conditions of the Development Credit Agreement. All documentation authenticating these expenditures have been retained with the Donor Agency office in Nairobi copies of which are filed by the Office of the President and will be made available for review by visiting missions on request.

  
 Director

  
 Project Co-ordinator

Date: 29/11/2000

Date: 29/11/2000

**2.4 Statement of source and application of funds for the year ended 30 June 2000**

Particulars	2000 kShs
<i>Source of funds:</i>	
FEC - EU grant	<u>113,293,187</u>
<i>Application of funds:</i>	
Fixed assets - civil works, equipment and furniture (category 1 and 2)	107,967,825
Recurrent expenditure -- Category 4 and 5	<u>5,325,362</u>
	<u>113,293,187</u>

