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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE 1997

KENYA NATIONAL ASSEMBLY

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# KWS ACCOUNTS AND THE RELATED PROJECTS

<u>CONTENTS</u>	<u>PAGE</u>
KWS ACCOUNTS	2 - 12
KWS SUPERANNUATION ACCOUNTS	13 - 20
PAWS IDA - CR. NO. 615 - 0247	21 - 48
COBRA USAID - CR. NO. 615 - 0247	49 - 59
MASAI MARA - EEC - CR NO. 4321 KE	60 - 70
PAW - EEC	71 - 81
WETLANDS - NETHERLANDS - CR. NO. KE/91/864	82 - 92

# **KENYA WILDLIFE SERVICE**

## **ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 1997**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
CORPORATION INFORMATION	ii - iv
REPORT OF THE AUDITOR GENERAL (CORPORATIONS)	2
BALANCE SHEET	3
INCOME AND EXPENDITURE STATEMENT	4
CASH FLOW STATEMENT	5
NOTES TO THE FINANCIAL STATEMENT	6 - 12



# **KENYA WILDLIFE SERVICE**

## **1. HEADQUARTERS**

Langata Road  
P.O. Box 40241  
Telephone 501081, 602345  
Fax: 505866 Telex 22804  
**NAIROBI, KENYA**

## **2. DIRECTOR**

Dr. David Western

## **3. BANKERS**

Kenya Commercial Bank  
Moi Avenue Branch  
P.O. Box 30081  
Telephone 336681  
**NAIROBI**

## MEMBERS OF THE KWS BOARD OF TRUSTEES

1. Mr. Erastus Mureithi
2. Mr. Nehemiah K Rotich
3. Dr. David Western
4. Dr. Walter K. Kilele
5. Mr. Erastus C Tsuma
6. Mr. Peter O Mboya
7. Mr. Michael N Ole Saoina
8. P.S. Ministry of Tourism and Wildlife
9. P.S. Ministry of Finance
10. Director, Veterinary Services
11. P.S. Ministry of Local Government
12. Commissioner of Police
13. Director of Forestry
14. Rep. of P.S. Office of the President (Internal Security)

**REPORT OF THE AUDITOR GENERAL (CORPORATIONS) ON THE ACCOUNTS OF  
KENYA WILDLIFE SERVICE FOR THE YEAR ENDED 30 JUNE, 1997.**

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The accounts of Kenya Wildlife Service for the year ended 30 June, 1997 have been examined on my behalf by the Corporation'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 that were required for the purpose of the audit were obtained. Proper books of account have been kept by the Corporation and the accounts which have been prepared under the historical cost convention are in agreement therewith.

Except for the reservations set out herebelow, in my opinion, the accounts when read together with the notes thereon, show a true and fair view of the Corporation's financial state of affairs as at 30 June 1997 and of its deficit and cash flow for the year then ended.

**1. BUDGETARY CONTROL**

In my previous year's report I expressed concern at the fact that the Service did not have adequate budgetary controls. There were still material variances between budgetary provisions and actual expenditure ranging from 17% to over 1000% in as many as 13 items of expenditure.

**2. IMPREST**

In the previous year's report it was pointed out that the imprest account in the general ledger was not reconciled to imprest returns and registers. The correctness of imprest balance of Kshs.16,767,604 was in doubt although a provision for the whole amount was made in the accounts for that year. The imprests outstanding as at 30 June, 1997 amounted to Kshs. 19,101,000 and although no additional provision was made in these accounts, the amount provided for in the previous year still remains unsubstantiated and possibly unrealisable.

**3. STAFF MEDICAL DEBTORS**

The staff medical advances totalled Kshs. 19.2 million compared with Kshs. 14 million as at 30 June 1996. However Kshs.14 million was provided for in the accounts in previous financial year leaving a balance of Kshs.5.2 million as at 30 June, 1997. The pay roll records are not in harmony with finance records as they reflect a receivable of Kshs. 8.6 million.



**W.K. KEMEI  
AUDITOR GENERAL (CORPORATIONS)  
13 May, 1998**



# KENYA WILDLIFE SERVICE

## INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	Note	1997 KShs'000	1996 KShs'000
<b>INCOME</b>			
Turnover	12	918,690	775,598
Less: Commission paid	13	<u>(10,834)</u>	<u>(7,337)</u>
Net turnover		907,856	768,261
Other income	14	<u>38,654</u>	<u>36,650</u>
<b>TOTAL INCOME</b>		<u>946,510</u>	<u>804,911</u>
<b>EXPENDITURE</b>			
Salaries, allowances and benefits	15	522,857	506,925
Contracted professional services		121,485	103,933
Depreciation charges		319,415	188,593
Community services		128,910	31,291
Finance charges		11,242	11,410
Other operating expenses	16	<u>581,797</u>	<u>627,075</u>
<b>TOTAL EXPENDITURE</b>		<u>1,685,706</u>	<u>1,469,227</u>
<b>OPERATING DEFICIT</b>		(739,196)	(664,316)
<b>ADD: Grants on recurrent expenditure</b>	17	<u>359,663</u>	<u>451,439</u>
<b>NET DEFICIT</b>		<u>(379,533)</u>	<u>(212,877)</u>

The notes on pages 6 to 12 form part of these accounts

**KENYA WILDLIFE SERVICE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 1997**

	Note	1997 KShs'000	1996 KShs'000
<b>Net cash outflow from operating activities</b>	19(a)	<u>(318,667)</u>	<u>(297,109)</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		19,081	15,910
Finance charges		<u>(11,242)</u>	<u>(11,410)</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>7,839</u>	<u>4,500</u>
<b>Investing activities</b>			
Purchase of fixed assets and capital work in progress		<u>(382,239)</u>	<u>(491,883)</u>
Sale of fixed assets		1,361	-
Costs incurred on community projects		<u>(11,733)</u>	<u>(14,219)</u>
Community projects expensed		<u>75,970</u>	<u>13,464</u>
<b>Net cash outflow from investing activities</b>		<u>(316,641)</u>	<u>(492,638)</u>
<b>Financing</b>			
Capital donor funds		271,268	406,056
Grants on recurrent expenditure		359,663	451,439
Long term liability (MTW)		<u>14,007</u>	<u>(12,000)</u>
<b>Net cash inflow from financing</b>		<u>644,938</u>	<u>845,495</u>
<b>Net cash inflow in the year</b>		<u>17,469</u>	<u>60,248</u>
<b>Increase in cash and cash equivalents</b>	19(b)	<u>17,469</u>	<u>60,248</u>

The notes on page 6 to 12 form part of these accounts

# KENYA WILDLIFE SERVICE

## NOTES TO THE ACCOUNTS AT 30 JUNE 1997

### 1. ACCOUNTING POLICIES

The financial statements have wherever practicable been prepared so as to comply with the requirements of the relevant statutes and applicable accounting standards in Kenya.

A summary of the more important accounting policies which have been applied consistently is set out below:-

#### a) Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of fixed assets.

#### 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 fixed asset 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 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 netted off against the capital donor funds account and the share from Kenya Wildlife Service is written off in the income and expenditure account.

#### d) Stores

Consumable stores are valued at the lower of cost or 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 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 at the service. This finance is in the form of loans and grant-on aid funds 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 tangible 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).

2. **CAPITAL RESERVE (MTW)**

Capital reserve represents the aggregate value of the tangible 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.

3. **FIXED ASSETS - Per page 12**

4. **INCOMPLETE COMMUNITY RELATED CAPITAL PROJECTS**

	1997 KShs'000	1996 KShs'000
At 1 July	66,343	65,588
Additions	11,733	14,219
Completed community projects expensed	(75,970)	(13,464)
At 30 June	<u>2,106</u>	<u>66,343</u>

5 **STORES**

	1997 KShs'000	1996 KShs'000
Building, water and fencing materials	10,002	7,270
Spare parts and tools	101,790	87,441
Fuel and oils	1,990	895
Veterinary medicines	1,797	2,696
Stationery	4,329	1,470
Aircraft spares	27,027	32,011
Sundry items	<u>13,969</u>	<u>21,200</u>
	160,904	152,983
Less:		
Provision for stores obsolescence	( 35,809)	( 39,480)
	<u>125,095</u>	<u>113,503</u>

**6 DEBTORS**

	1997		1996	
	KShs'000	KShs'000	KShs'000	KShs'000
Trade debtors	54,640		46,456	
Less: Provision for doubtful debts	(34,851)		(32,560)	
Net trade debtors		19,789		13,896
Imprest	19,101		16,768	
Less: Provision for doubtful debts	(16,768)		(16,768)	
Net imprest		2,333		-
Staff debtors		7,672		3,117
Prepayments and deposits		1,762		4,511
Grants receivable		83,350		110,422
Other debtors		<u>9,929</u>		<u>20,134</u>
		<b><u>124,835</u></b>		<b><u>152,080</u></b>

**7 SHORT TERM DEPOSITS**

Included in short term deposits is KShs 3,500,000 for which there is a lien pending the conclusion of an ongoing court case.

**8 CREDITORS**

	1997	1996
	KShs'000	KShs'000
Trade creditors	93,174	61,803
Retention fee	59,465	69,338
Unexpended donations on specific projects	118,385	40,623
Other creditors	52,134	57,086
Provision for gratuities	1,326	1,564
Provision for audit fees	<u>2,566</u>	<u>2,260</u>
	<b><u>327,050</u></b>	<b><u>232,674</u></b>

**9 RESERVES**

	Capital reserve (MTW) KShs'000	Revaluation reserve KShs'000	Revenue reserve KShs'000	Total KShs'000
At 1 July 1996	1,271,887	4,176,812	17,910	5,466,609
Adjustment	-	129		129
Deficit for the year	-		(379,533)	(379,533)
<b>At 30 June 1997</b>	<b><u>1,271,887</u></b>	<b><u>4,176,941</u></b>	<b><u>(361,623)</u></b>	<b><u>5,087,205</u></b>

**10 CAPITAL DONOR FUNDS**

	1997	1996
	KShs'000	KShs'000
Capital donations	52,624	42,568
Capital grants	<u>2,080,651</u>	<u>1,819,439</u>
	<b><u>2,133,275</u></b>	<b><u>1,862,007</u></b>

**11 LONG TERM LIABILITY (MTW)**

This represents surrendered revenue to the Government of Kenya (GOK) utilised by KWS for its operations.

**12**     **TURNOVER**

	<b>1997</b> <b>KShs'000</b>	<b>1996</b> <b>KShs'000</b>
Park entry fees	783,270	686,396
Motor vehicle, boat and aircraft fees	62,637	35,688
Camping fees	11,149	13,462
✓ Filming fees	2,045	703
Gaming license	829	800
✓ Sale of maps	375	450
Rent of properties	42,731	36,747
Beach management fees	<u>15,654</u>	<u>1,352</u>
	<b><u>918,690</u></b>	<b><u>775,598</u></b>

**13**     **COMMISSION PAID**

This represents commission paid to Kenya Association of Tour Operators for park entry tickets purchased in advance.

**14**     **OTHER INCOME**

	<b>1997</b> <b>KShs'000</b>	<b>1996</b> <b>KShs'000</b>
Interest income	19,081	15,910
Sale of boarded items	3,024	5,759
Insurance claim received	2,729	7,115
Transport, hire of training facilities and other income	<u>13,820</u>	<u>7,866</u>
	<b><u>38,654</u></b>	<b><u>36,650</u></b>

**15**     **SALARIES, ALLOWANCES AND BENEFITS**

	<b>1997</b> <b>KShs'000</b>	<b>1996</b> <b>KShs'000</b>
Salaries	377,814	348,331
Gratuity contributions, pension and NSSF	28,899	31,875
House allowance	38,566	47,141
Other personal allowances	45,282	35,521
Passage and leave expenses	5,600	6,578
Medical expenses	<u>26,696</u>	<u>37,479</u>
	<b><u>522,857</u></b>	<b><u>506,925</u></b>

**16**     **OTHER OPERATING EXPENSES - Per page 11****17**     **DONOR GRANTS AND DONATIONS**

Amounts received on account of recurrent expenditure:-

	<b>1997</b> <b>KShs'000</b>	<b>1996</b> <b>KShs'000</b>
Donor Agencies	325,945	428,724
GOK subventions	19,689	18,452
Donations	<u>14,029</u>	<u>4,263</u>
	<b><u>359,663</u></b>	<b><u>451,439</u></b>

**18** **TAXATION**

In accordance with Kenya Gazette Notice dated 15 January 1992, Kenya Wildlife Service is exempt from Income Tax under Section 13(2) of the Income Tax Act (Cap 470) for a period of 5 years commencing 1 January 1992, which has been extended for five years with effect from 1 January 1997.

**19** **NOTES TO THE CASH FLOW STATEMENT****a) Reconciliation of operating deficit to net cash outflow from operating activities**

	1997 KShs'000	1996 KShs'000
Operating deficit	(739,196)	(664,316)
Depreciation	319,415	188,593
(Profit)/Loss on disposal of fixed assets	( 1,076)	340
Prior years adjustments	-	( 93,463)
Interest income	(19,081)	( 15,910)
Finance charges	11,242	11,410
(Increase)/Decrease in:-		
Stores	(11,592)	50,598
Debtors	27,245	194,964
Creditors	<u>94,376</u>	<u>30,675</u>
	<u><b>(318,667)</b></u>	<u><b>(297,109)</b></u>

**b) Movement in cash and cash equivalent**

	1997 KShs'000	1996 KShs'000	Change during the year KShs'000
Cash and bank balances	112,336	84,398	27,938
Short term deposits	<u>57,023</u>	<u>67,492</u>	(10,469)
	<u><b>169,359</b></u>	<u><b>151,890</b></u>	<u><b>17,469</b></u>

**20** **CONTINGENT LIABILITIES**

There are contingent liabilities in respect of litigation pending before the courts amounting in aggregate to KShs 88 million (1996 - KShs 60 million)

**21** **CAPITAL COMMITMENTS**

	1997 KShs'000	1996 KShs'000
Contracted and not provided in the accounts	169,102	341,378
Authorised but not yet contracted for	<u>13,589</u>	<u>6,207</u>

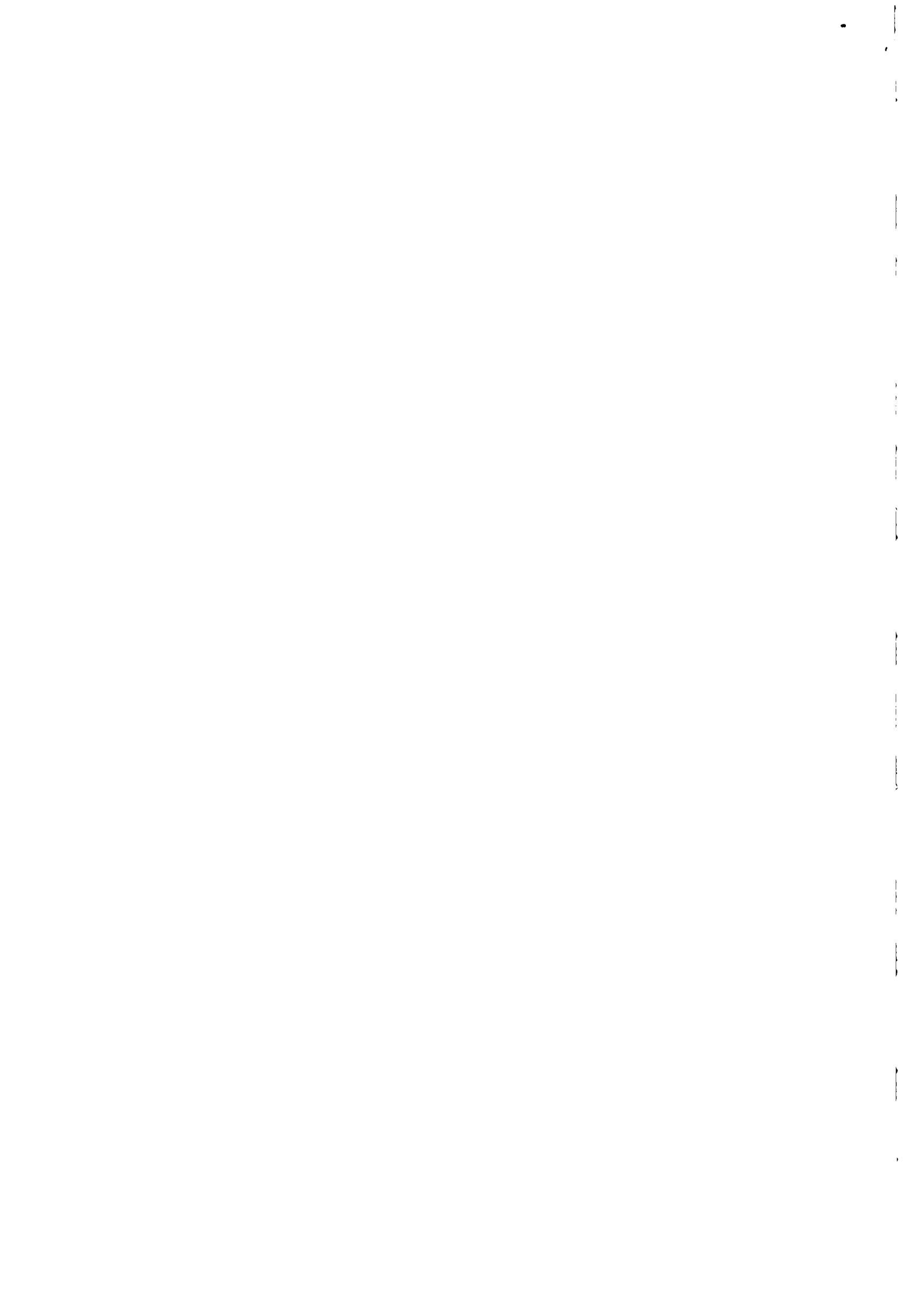
**OTHER OPERATING EXPENSES**

	<b>1997</b>	<b>1996</b>
	<b>KShs'000</b>	<b>KShs'000</b>
Transport operating expenses	121,338	203,326
Aircraft operating expenses	34,387	20,610
Travelling and accommodation	92,374	89,157
Insurance	25,071	20,052
Postal and telegram expenses	1,468	1,563
Telephone expenses	24,429	22,435
Entertainment	2,616	2,676
Electricity, water and conservancy	10,607	11,737
Purchase of food and ration	11,938	12,950
Purchase of uniforms and clothing	16,589	14,422
Library expenses	1,703	843
Advertising and publicity	18,427	15,625
Training expenses	31,861	33,793
Statistical research	1,383	1,341
Miscellaneous expenses	4,172	3,017
Maintenance of buildings	13,340	11,023
Maintenance of roads, bridges, water supplies and airstrips	17,832	13,604
Maintenance of plant and machinery	41,897	13,679
Maintenance of boats	-	1,122
Maintenance of furniture and equipment	27,657	18,598
Maintenance of game proof defences	1,940	3,451
Running expenses - Animal orphanage	12,930	16,565
Running expenses - Capture unit	-	1,083
Expenses of Mountain Rescue Team	156	615
Land rents	130	27
Operations (Investigation & Special)	595	14,460
Audit fees	3,393	2,488
Honoraria paid to the Trustees	623	494
Workmen's Compensation	254	367
Donations and subscriptions	1	177
Bad debts	8,263	36,600
Office maintenance expenses	5,492	6,984
Printing, stationery and publishing	47,854	32,191
Stores obsolescence	<u>1,077</u>	<u>-</u>
	<b><u>581,797</u></b>	<b><u>627,075</u></b>

### 3 FIXED ASSETS AS AT 30 JUNE 1997

	Buildings											Total		
	Land	Non-Residential	Residential	Computers & accessories	Plant, Machinery & Water supplies	Motor vehicles & tractors	Aircraft	Boats and boat engines	Roads & bridges	Airstrips	Fences & barriers		Furniture & equipment	Work-in-Progress
	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
<b>COST VALUATION</b>														
At 1 July 1996	325,018	892,806	629,585	11,052	346,422	363,780	145,070	1,887	3,014,250	384,775	170,372	194,692	606,302	7,086,011
Additions	0	3,970	0	5,675	15,350	28,825	0	327	538	0	396	11,300	315,858	382,239
Transfer from WIP	0	506,093	0	0	0	0	0	0	85,146	0	38,333	0	-629,572	0
Adjustment	0	109	0	0	0	0	0	0	0	0	0	20	0	129
Disposals/write off						-285								-285
At 30 June 1997	325,018	1,402,978	629,585	16,727	361,772	392,320	145,070	2,214	3,099,934	384,775	209,101	206,012	292,588	7,468,094
<b>COMPRISING</b>														
At cost	-	510,172	-	5,675	15,350	28,540	-	327	85,684	-	38,729	11,300	292,588	988,365
At valuation	325,018	892,806	629,585	11,052	346,422	363,780	145,070	1,887	3,014,250	384,775	170,372	194,712	-	6,479,729
<b>DEPRECIATION</b>														
At 1 July 1996	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Charge for the year	0	24,946	23,011	3,846	67,557	134,567	12,488	531	0	0	29,368	23,101	0	319,415
Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
At 30 June 1997	0	24,946	23,011	3,846	67,557	134,567	12,488	531	0	0	29,368	23,101	0	319,415
<b>NET BOOK VALUE</b>														
At 30 June 1997	325,018	1,378,032	606,574	12,881	294,215	257,753	132,582	1,683	3,099,934	384,775	179,733	182,911	292,588	7,148,679
At 30 June 1996	325,018	892,806	629,585	11,052	346,422	363,780	145,070	1,887	3,014,250	384,775	170,372	194,692	606,302	7,086,011

Fixed assets excluding capital work in progress were professionally valued by LLOYD MASIKA Limited and Messrs. Peter Huth 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.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA WILDLIFE SERVICE STAFF SUPERANNUATION FUND FOR  
THE YEAR ENDED 30 JUNE 1997

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REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS  
OF KENYA WILDLIFE SERVICE STAFF SUPERANNUATION FUND FOR  
THE YEAR ENDED 30 JUNE 1997

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The accounts of the Kenya Wildlife Service Superannuation Fund for the year ended 30 June 1997 have been examined on my behalf by independent authorised auditors in accordance with the provisions of Section 29(2) of the Exchequer and Audit Act, (Cap 412). The authorised 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 which were considered necessary for the purpose of the audit were 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 Note 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 1997 and of its surplus for the year then ended.

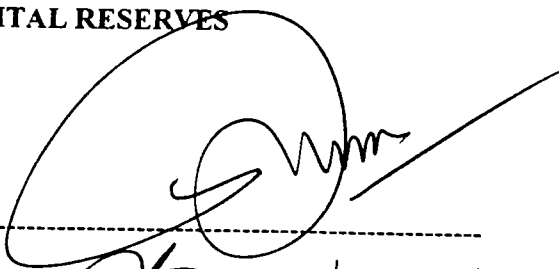
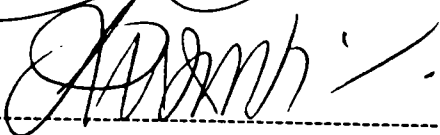


**W.K. KEMEI**  
**AUDITOR-GENERAL (CORPORATIONS)**

3 November 1998.

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

**BALANCE SHEET AT 30 JUNE 1997**

	Note	1997 KShs	1996 KShs
<b>INVESTMENTS</b>	2	284,370,210	194,812,883
<b>CURRENT ASSETS</b>			
Accrued income and sundry receivables		15,221,381	11,161,165
Bank balance		<u>895,265</u>	<u>6,988,398</u>
		16,116,646	18,149,563
<b>CURRENT LIABILITIES</b>			
Sundry creditors		( 2,542,106)	( 1,576,789)
<b>NET CURRENT ASSETS</b>		<u>13,574,540</u>	<u>16,572,774</u>
		<b><u>297,944,750</u></b>	<b><u>211,385,657</u></b>
Representing:-			
<b>FUND ACCOUNT</b>	3	291,723,635	208,234,903
<b>CAPITAL RESERVES</b>	4	<u>6,221,115</u>	<u>3,150,754</u>
		<b><u>297,944,750</u></b>	<b><u>211,385,657</u></b>
		)	
		)	
		)	
		)	
		)	Trustees

The accounts were approved by the Board of Trustees on 21st Nov. 1997

Date: 21st Nov 1997

The notes on pages 4 and 5 form part of these accounts.

**KENYA WILDLIFE SERVICE  
STAFF SUPERANNUATION FUND**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 1997**

	1997 KShs	1996 KShs
<b>Cash inflow from operating activities</b>		
Excess of income over expenditure	47,114,288	31,446,886
Profit on disposal of investment	( 2,596,063)	( 4,121,652)
Increase in sundry creditors	965,317	1,565,279
(Increase)/Decrease in accrued income and sundry receivables	( 4,060,216)	<u>10,984,366</u>
<b>Net cash inflow from operating activities</b>	<u>41,423,326</u>	<u>39,874,879</u>
<b>Investing activities</b>		
Net contributions in the year	36,374,444	40,715,661
Proceeds from disposal of quoted investments	5,913,584	6,258,234
Mortgage repayments	-	232,775
Purchase of shares and securities	( 6,160,981)	<u>(10,947,203)</u>
<b>Net cash inflow from investing activities</b>	<u>36,127,047</u>	<u>36,259,467</u>
<b>Net cash inflow in the year</b>	<u>77,550,373</u>	<u>76,134,346</u>
<b>Analysis of movement of cash and and cash equivalents</b>		
Decrease in cash at bank	( 6,093,133)	(20,539,952)
Increase in deposits with banks	41,813,827	9,323,469
Increase in investments in government securities	19,795,927	82,610,720
Increase in commercial paper	<u>22,033,752</u>	<u>4,740,109</u>
	<u>77,550,373</u>	<u>76,134,346</u>

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

**NOTES TO THE ACCOUNTS**  
**AT 30 JUNE 1997**

**1. ACCOUNTING POLICIES**

The following paragraphs describe the main accounting policies used by the Fund:-

**a) Basis of accounting**

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain investments.

**b) Quoted investments**

Quoted investments are stated at the current market value. The unrealised gain or loss arising from valuation is credited or debited to the capital reserve account. Income from quoted investments is accounted for on receipt basis.

**c) Treasury Bills and Commercial Paper**

Treasury Bills and Commercial Paper included in investments are stated at cost. The interest earned is debited to accrued income under current assets and credited to income over the period of the issue.

**d) Fund Account**

Income and expenditure apart from expenditure incurred on acquiring assets for the fund, is credited or charged to the fund account.

**2. INVESTMENTS**

These comprise:-

	<b>1997</b>	<b>1996</b>
	<b>KShs</b>	<b>KShs</b>
Quoted investments		
Cost at 1997 - KShs.27,619,291		
(1996 - KShs. 24,775,831)	33,840,407	27,926,585
Fixed deposits	102,137,294	60,323,469
Treasury Bills	121,618,647	101,822,720
Commercial Paper	<u>26,773,862</u>	<u>4,740,109</u>
	<b><u>284,370,210</u></b>	<b><u>194,812,883</u></b>

**3. FUND ACCOUNT**

Balance at 1 July	208,234,903	136,072,356
Contributions during the year	41,906,084	46,178,716
Withdrawals during the year	( 5,531,640)	( 5,463,055)
Surplus transferred from the income and expenditure account	<u>47,114,288</u>	<u>31,446,886</u>
Balance at 30 June	<b><u>291,723,635</u></b>	<b><u>208,234,903</u></b>

4. **CAPITAL RESERVE**

This consists of:-

	1997 KShs	1996 KShs
Balance at 1 July	3,150,754	12,010,074
Appreciation/(Depreciation) in equity investments	5,684,613	( 2,964,652)
Surplus realised on disposal of investments	<u>(2,614,252)</u>	<u>( 5,894,668)</u>
Balance at 30 June	<u><b>6,221,115</b></u>	<u><b>3,150,754</b></u>

5. **TAXATION**

The Staff Superannuation Fund has been granted exemption from taxation under the First Schedule to the Income Tax Act (Cap.470).

6. **MANAGEMENT OF THE FUND**

The Fund is administered by Minet ICDC Insurance Brokers Limited and the cash and investments comprising the Fund managed by Employee Benefit Trustees Limited.

**KENYA WILDLIFE SERVICE  
STAFF SUPERANNUATION FUND**

**INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1997**

	1997 KShs	1996 KShs
<b>INCOME</b>		
Dividend received	2,093,062	2,151,680
Interest from:-		
Fixed deposits	19,304,772	11,397,769
Treasury Bills	25,081,792	14,266,931
Mortgages	-	9,572
Interest on current account	80,079	79,028
Profit on sale of investment	<u>2,596,063</u>	<u>4,121,652</u>
	<u>49,155,768</u>	<u>32,026,632</u>
<b>EXPENDITURE</b>		
Management fees	507,126	374,479
Administration fees	1,295,280	-
Audit fees	228,711	125,000
Commission on transfer of shares	-	61,323
Bank charges	<u>10,363</u>	<u>18,944</u>
	<u>2,041,480</u>	<u>579,746</u>
<b>Surplus of income over expenditure transferred to the Fund Account</b>	<b><u>47,114,288</u></b>	<b><u>31,446,886</u></b>

**KENYA WILDLIFE SERVICE  
STAFF SUPERANNUATION FUND**

**SCHEDULE OF INVESTMENTS  
AS AT 30 JUNE 1997**

	Book value KShs	Market value KShs
BAT Kenya Limited		
40,778 Shares of KShs.10/- each	5,824,097	2,487,458
Barclays Bank of Kenya Limited		
76,104 Shares of KShs.10/- each	6,769,937	8,561,700
CFC Bank Limited		
83,326 Shares of KShs.5/- each	1,281,503	2,166,476
East African Cables Limited		
6,250 Shares of KShs.5/- each	307,565	206,250
ICDC Investment Company Limited		
34,000 Shares of KShs.5/- each	901,543	1,768,000
National Industrial Credit Limited		
31,827 Shares of KShs.5/- each	836,287	1,925,534
Kenya Commercial Bank Limited		
60,937 Shares of KShs.10/- each	3,966,812	7,007,755
Kenya Airways Limited		
124,416 Shares of KShs.5/- each	1,433,822	1,181,952
Standard Chartered Bank Kenya Limited		
33,700 Shares of KShs.5/- each	1,341,797	1,592,325
Crown Berger Kenya Limited		
60,000 Shares of KShs.5/- each	960,000	636,000
Unga Limited		
19,353 Shares of KShs.5/- each	1,948,070	2,902,950
Kenya National Mills Limited		
26,666 Shares of KShs.5/- each	1,012,066	1,253,302
Kenya Oil Company Limited		
1,200 Shares of KShs.5/- each	80,902	84,000
BOC Kenya Limited		
12,200 Shares of KShs.5/- each	196,496	927,200
Bamburi Portland Cement Company Limited		
12,000 Shares of KShs.5/- each	61,212	450,000
Total Kenya Limited		
10,690 Shares of KShs.5/- each	<u>697,182</u>	<u>689,504</u>
	<u>27,619,291</u>	<u>33,840,406</u>

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE STATEMENT  
OF RECEIPTS AND EXPENDITURE OF THE KENYA WILDLIFE SERVICE-IDA  
PROTECTED AREAS AND WILDLIFE SERVICES PROJECT (CREDIT NO.2334-KE)  
FOR THE YEAR ENDED 30 JUNE 1997**

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## Contents

	<b>Page</b>
<b>1 Introduction</b>	
<b>1.1 Background</b>	1-2
<b>1.2 Details of the IDA Project</b>	2
<b>1.3 Audit objectives</b>	2
<b>1.4 Audit scope and methodology</b>	3
<b>1.5 Restriction on audit scope</b>	3
<b>2 Report of the Auditor-General (Corporations)</b>	4
<b>2.1 Statement of Receipts and Expenditure</b>	5
<b>2.2 Statement of source and applications of funds</b>	6
<b>2.3 Statement of Expenditure</b>	7
<b>2.4 Notes to the Statement of Receipts and Expenditure</b>	8-9

## Appendix

**Summary of the audited sample**

# 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.

In order to help in reversing the decline of Kenya's wildlife, National Parks and reserves and sound system of protected areas representing the country's range of natural ecosystems and biological diversity the KREDITANSTALT FOR WIEDERAUFBAU (KFW) through the International Development Association agreed to grant the Government of Kenya through KWS an amount of DM 28,000,000. The programme will run for a period of two years and two months commencing on 22 October 1996 to 31 December 1998.

## **1.2 Details of the 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 nature 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 1997. The project is now in its sixth year of implementation.

## **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 Receipts 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 Receipts 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 Receipts 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 June 30, 1997.

**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 Receipts 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 SERVICES-KFW-PROJECT (CREDIT NO.2334 KE) FOR THE YEAY ENDED 30 JUNE 1997.

The Financial Statements of the Kenya Wildlife Services IDA-Protected Areas and Wildlife Services-KFW-Project (Credit - No.2334 KE) for the year ended 30 June 1997 have been audited on my behalf by the Corporations's authorised auditors in accordance with Section 29(2) (b) of the Exchequer and Audit Act, (Cap 412) as well as the terms of agreement between the International Development Association and the Government of Kenya. The authorised auditors examination was made in accordance with the generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal controls 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 International Development Association's requirements and comply with the Development Credit Agreement.

In my opinion, the statement presents fairly the expenditure incurred on the project during the year.



W. K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

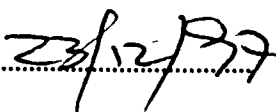
3 March 1998.

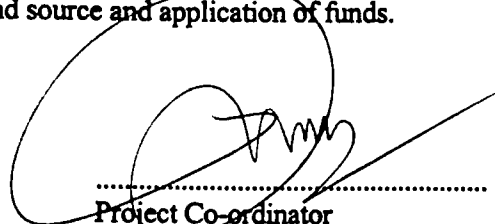
**2.1 Statement of receipts and expenditure for the year ended 30 June 1997**

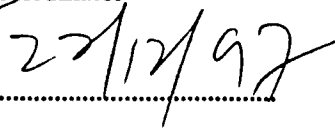
	Notes	1997 Kshs
<b>Receipts:</b>		
Received from KFW		
- Special account	1	158,163,039
Sundry - direct payment	2	<u>21,015,738</u>
		179,178,777
Government - KWS	3	<u>16,239,942</u>
<b>Total</b>		<b><u>195,418,719</u></b>
<b>Expenditure:</b>		
Fixed assets		
Category 1 - civil works		195,418,719
Category 2 - vehicles and equipment		<u>          -</u>
<b>Total</b>		<b><u>195,418,719</u></b>

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

  
 .....  
 Accounting Officer

Date: ..... 

  
 .....  
 Project Co-ordinator

Date: ..... 

**2.2 Statement of source and application of funds for the year ended 30 June 1997**

<b>Particulars</b>	<b>1997 Kshs</b>
<b><i>Sources of Funds:</i></b>	
Others - KWS	16,239,942
IDA Credit 2334-KE	<u>179,178,777</u>
<b><i>Total</i></b>	<b><u>195,418,719</u></b>
<b><i>Application of funds:</i></b>	
Fixed assets gross (category 1 and 2)	<u>195,418,719</u>

**2.3 Statement of expenditures for the year ended 30 June 1997**

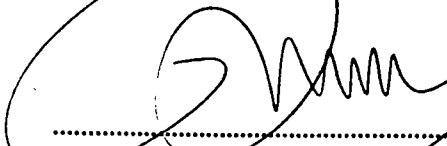
1	2	3	4	
Category	Description of programme activities	Total expenditure for this programme Kshs	Amount eligible for reimbursement (% amount in Column 2 as per the agreement)	Remarks
1	Civil works	195,418,719	90% if local payment	100% if foreign payment
2	Vehicles, spare parts, furniture, equipment	-	60% if local payment	100% if ex-factory or foreign payment
4	Incremental operation costs	-	60%	
5	Consultant's services and studies	-	100%	
6	Training expenditure	-	100%	
7	Community development facility	-	75%	
<b>Total</b>		<b>195,418,719</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 Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.



.....  
 Accounting Officer



.....  
 Project Co-ordinator

Date: 23/12/97

Date: 22/12/97

**2.4 Notes to the Statement of Receipts and Expenditure for the year ended 30 June 1997**

**1 IDA (PAWS) Grant under KFW Kshs.158,163,039**

PA No.	Date paid	Particulars	Donor Kshs
060693	06.09.96	Rehabilitation of roads	1,315,973
060686	06.09.96	- do -	7,094,375
060710	22.10.96	- do -	2,742,071
060709	22.10.96	- do -	9,347,295
060727	22.01.97	- do -	875,904
060729	22.01.97	- do -	3,377,327
060747	17.02.97	- do -	1,990,648
060749	17.02.97	- do -	652,674
060723	11.12.96	- do -	1,331,617
060684	06.09.96	Construction of buildings non-residential	642,119
060685	06.09.96	- do -	4,587,708
060681	06.09.96	- do -	1,736,735
060682	06.09.96	- do -	2,666,112
060683	06.09.96	- do -	5,160,180
060687	06.09.96	- do -	6,820,897
060688	06.09.96	- do -	10,429,609
060689	06.09.96	- do -	6,105,073
060690	06.09.96	- do -	854,091
060700	15.10.96	- do -	7,542,398
060704	15.10.96	- do -	4,721,015
060705	15.10.96	- do -	748,288
060699	15.10.96	- do -	839,895
060689	15.10.96	- do -	5,377,549
060697	15.10.96	- do -	3,206,445
060702	15.10.96	- do -	1,792,429
060696	15.10.96	- do -	2,047,697
060708	22.10.96	- do -	1,332,054
060711	07.11.96	- do -	7,611,184
060721	11.12.96	- do -	325,907
060722	11.12.96	- do -	299,891
060716	11.12.96	- do -	2,200,975
060725	11.12.96	- do -	4,703,124
060715	11.12.96	- do -	7,416,566
060720	11.12.96	- do -	2,391,913
060734	22.01.97	- do -	678,264
060736	22.01.97	- do -	428,914
060738	27.02.97	- do -	312,540
060743	27.02.97	- do -	6,621,855
060737	27.02.97	- do -	<u>227,443</u>
Balance carried forward			128,556,754

*Kenya Wildlife Service*  
*IDA Protected Areas and Wildlife Services (PAWS) Project financed by KFW (Credit No.2334-KE)*  
*Audit report for the year ended 30 June 199*

PA No.	Date paid	Particulars	Donor Kshs
Balance brought forward			128,566,754
060741	27.02.97	- do -	1,688,939
060739	27.02.97	- do -	2,320,847
060745	27.02.97	- do -	188,124
060744	27.02.97	- do -	1,405,318
062005	21.03.97	- do -	203,718
062004	21.03.97	- do -	1,519,553
062014	24.03.97	- do -	225,788
062013	24.03.97	- do -	1,681,573
062012	24.03.97	- do -	5,971,390
062010	24.03.97	- do -	4,835,648
062015	24.03.97	- do -	1,711,746
062016	24.03.97	- do -	2,739,164
062030	06.05.97	- do -	122,850
061957	03.07.97	- do -	227,920
062046	03.07.97	- do -	921,003
061970	03.07.97	- do -	644,795
060726	22.01.97	Construction of trenches and fences	1,872,269
062011	14.04.97	- do -	<u>1,325,637</u>
<b>Grand total</b>			<b><u>158,163,039</u></b>

- 2 Kshs.21,015,737.50 represents the total direct payment made by the donor - KFW.
- 3 Kshs.16,239,941.85 represents the total amount contributed by KWS on the project on the basis of agreed percentages.

## 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 %
Construction of buildings - non-residential	1	320,000,000	153,747,289	141,586,900	130,254,431	92
Rehabilitation of roads	1	50,000,000	35,208,360	31,775,114	31,775,114	100
Construction of trenches and fences	1	<u>14,000,000</u>	<u>6,463,070</u>	<u>5,816,763</u>	<u>5,816,763</u>	<u>100</u>
		<u>384,000,000</u>	<u>195,418,719</u>	<u>179,178,777</u>	<u>167,846,308</u>	<u>94</u>

NB. There were no ineligible or unsupported costs from the value sampled.

**REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE STATEMENT  
OF EXPENDITURE FOR TRAINING AND OPERATING AND MAINTENANCE OF  
THE KENYA WILDLIFE SERVICES - IDA PROTECTED AREAS AND WILDLIFE  
SERVICES PROJECT (CREDIT NO.2334-KE) FOR THE YEAR ENDED  
30 JUNE 1997**

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## Contents

	Page
1 Report of the Auditor-General (Corporations) on the Statement of expenditure for the year ended 30 June 1997	1
2 Statement of expenditure for the year ended 30 June 1997	2

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE STATEMENT OF EXPENDITURE FOR TRAINING AND OPERATING AND MAINTENANCE OF THE KENYA WILDLIFE SERVICES - IDA PROTECTED AREAS AND WILDLIFE SERVICES PROJECT (CREDIT NO.2334-KE) FOR THE YEAR ENDED 30 JUNE 1997

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During the course of the audit of the Kenya Wildlife Service IDA-PAWS Project (Credit No.2334-KE) for the period ended 30 June 1997 on my behalf by the Corporation's authorised auditors in accordance with the provisions of Section 29(2)(b) of the Exchequer and Audit Act (Cap 412), the authorised auditors examined the Statement of Expenditure submitted to the International Development Association during the period in support of application for reimbursement from the Credit Account, pursuant to the Development Credit Agreement dated 30 March 1992.

Their examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, verification of assets and liabilities, and such other auditing procedures as were considered necessary in the circumstances.

In my opinion, the Statement of Expenditure submitted, and the supporting schedules and information submitted with them, together with the internal controls and procedures involved in their preparation, can be fairly relied on to support the applications for reimbursement in accordance with the requirements pursuant to the Development Credit Agreement.



W.K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

21 May 1998

1

**STATEMENT OF EXPENDITURE (SOE)  
FOR TRAINING & OPERATING & MAINTENANCE EXPENSES**

DESCRIPTION	CATEGORY	CUMULATIVE B/F	REIMBURSED	EQUIVALENT	CUMULATIVE C/F
		AS AT 1 JULY 1996	IN THE YEAR	US \$	AS AT 30/6/1997
Operating and Maintenance	4	898,277,577	120,000,000	2,185,526	1,018,277,577
Training	6	73,398,611	16,820,090	306,283	90,218,701
		<b>971,676,188</b>	<b>136,820,090</b>	<b>2,491,809</b>	<b>1,108,496,278</b>


**SUMMARY OF TRAINING EXPENSES - CATEGORY 6**

PA NO.	DATE PAID	TOTAL	CLAIMABLE
		INCURRED	AMOUNT
060718	07/01/97	5,488,666	5,488,666
060740	07/03/97	4,468,550	4,468,550
062033	07/03/97	3,044,275	3,044,275
061976	03/07/97	3,678,599	3,678,599
061974	03/07/97	140,000	140,000
<b>TOTAL</b>		<b>16,820,090</b>	<b>16,820,090</b>

**SUMMARY OF OPERATING & MAINTENANCE - CATEGORY 4**

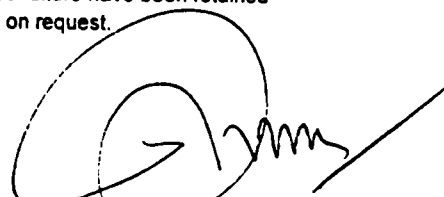
PA NO	P.V. NO	DATE	TOTAL	CLAIMABLE
			INCURRED	AMOUNT
0068	0085	29/1/97	133,219,248	79,931,549
0087	0109	21/3/97	37,968,764	22,781,258
0097	0121	16/4/97	34,355,076	17,287,193
<b>TOTAL</b>			<b>205,543,087</b>	<b>120,000,000</b>

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



Financial Controller

Date 8/5/98



Project Co-ordinator

Date 8/5/98

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF KENYA WILDLIFE SERVICE IDA-PROTECTED AREAS AND  
WILDLIFE SERVICES-KFW-PROJECT (CREDIT NO.2334 KE) FOR THE  
YEAR ENDED 30 JUNE 1997

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## **Contents**

	<b>Page</b>
<b>1 Introduction</b>	<b>1</b>
<b>1.1 Background</b>	<b>1</b>
<b>1.2 Details of the IDA Project</b>	<b>2</b>
<b>1.3 Audit objectives</b>	<b>2</b>
<b>1.4 Audit scope and methodology</b>	<b>3</b>
<b>1.5 Restriction on audit scope</b>	<b>3</b>
<b>2 Report of the Auditor-General (Corporations)</b>	<b>4</b>
<b>2.1 Statement of Receipts and Expenditure</b>	<b>5</b>
<b>2.2 Statement of source and applications of funds</b>	<b>6</b>
<b>2.3 Statement of Expenditure</b>	<b>7</b>
<b>2.4 Notes to the Statement of Receipts and Expenditure</b>	<b>8-10</b>

## **Appendix**

### **Summary of the audited sample**

# 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 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 nature 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 and a half years to 30 September 1998.

## **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 Receipts 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 Receipts 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 Receipts 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, 1997.

**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 Receipts 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 STATEMENT OF RECEIPTS AND EXPENDITURE OF THE KENYA WILDLIFE SERVICE-IDA PROTECTED AREAS AND WILDLIFE SERVICES PROJECT (CREDIT NO.2334-KE) FOR THE YEAR ENDED 30 JUNE 1997.

The audit of the Statement of Receipts and Expenditure of the Kenya Wildlife Service-IDA- Protected Areas and Wildlife Services Project (Credit No.2334-KE) for the period ended 30 June 1997 was carried out on my behalf by the Kenya Wildlife Services' authorised auditors in accordance with the provisions of Section 29(2)(b) of the Exchequer and Audit Act, (Cap 412). The authorised auditors examined Statements of Receipts and Expenditure submitted to the International Development Association during the period, in support of application for reimbursement from the Credit Account, pursuant to the Development Credit Agreement dated 30 March 1992.

Their examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, verification of assets and liabilities, and such other auditing procedures as were considered necessary in the circumstances.

In my opinion, the Statement of Receipts and Expenditure submitted, and the supporting schedules and information submitted with them, together with the internal controls and procedures involved in their preparation, can be fairly relied on to support the applications for reimbursement in accordance with the requirements pursuant to the Development Credit Agreement.



W.K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

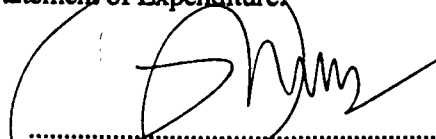
3 March 1998.

**2.1 Statement of receipts and expenditure for the year ended 30 June 1997**

	Notes	1997 Kshs	1996 Kshs
<b>Receipts:</b>			
<i>Received from IDA:</i>			
Special account	1	105,214,999	347,249,597
Sundry - direct payment		182,557,824	397,726,687
Special commitment LC		<u>Nil</u>	<u>8,954,280</u>
	2	<u>287,772,823</u>	<u>753,930,564</u>
<i>Kenya Wildlife Service</i>	3	<u>95,083,633</u>	<u>99,309,466</u>
		<u><b>382,856,456</b></u>	<u><b>853,240,030</b></u>
<b>Expenditure</b>			
<i>Fixed assets:</i>			
Category 1 - civil works		nil	397,462,229
Category 2 - vehicles and equipment	4	<u>27,383,384</u>	<u>30,700,383</u>
		<u>27,383,384</u>	<u>428,162,612</u>
<i>Recurrent expenditure</i>			
Category 5 - technical assistance Local	5	<u>115,344,297</u>	<u>74,246,617</u>
Category 6 - training:		6,015,400	17,230,093
(a) Local		<u>10,804,690</u>	<u>2,794,983</u>
(b) External		<u>16,820,090</u>	<u>20,025,076</u>
<i>Other operating costs</i>			
Category 4 - field operation costs		62,935,132	311,384,572
Office supplies		<u>142,607,955</u>	<u>-</u>
		<u>205,543,087</u>	<u>311,384,572</u>
Category 7 - Community development facility		<u>17,765,598</u>	<u>19,421,153</u>
<b>Grand total</b>		<u><b>382,856,456</b></u>	<u><b>853,240,030</b></u>

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

  
.....  
Financial Controller

  
.....  
Project Co-ordinator

Date: 22/12/97.....

Date: 26/12/97.....

**2.2 Statement of source and application of funds for the year ended 30 June 1997**

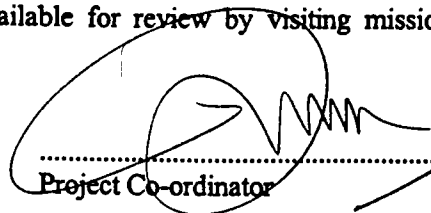
<b>Particulars</b>	<b>1997 Kshs</b>
<b><i>Sources of Funds:</i></b>	
Kenya Wildlife Service	95,083,633
IDA Credit 2334-KE	<u>287,772,823</u>
	<u><b>382,856,456</b></u>
<b><i>Application of funds:</i></b>	
Fixed assets - vehicles and equipment (category 1 and 2)	27,383,384
Recurrent expenditure (category 4,5,6 & 7)	<u>355,473,072</u>
	<u><b>382,856,456</b></u>

2.3 Statement of expenditure for the year ended 30 June 1997

	1	2	3	4
Category	Description of programme activities	Total expenditure for this programme	Amount eligible for reimbursement (% amount in Column 2 as per the agreement)	Remarks
		Kshs		
	<b>Fixed assets</b>			
1	Civil works	Nil	90% if local payment	100% if foreign
2	Vehicles and equipment	<u>27,383,384</u> <u>27,383,384</u>	60% if local payment	100% if ex-factory or foreign payment
	<b>Recurrent expenditure</b>			
4	Operating and maintenance costs	205,543,087	60%	
5	Consultant's services and studies	115,344,297	100%	
6	Training expenditure	16,820,090	100%	
7	Community Development facility	<u>17,765,598</u>	75%	
		<u>355,473,072</u>		
	<b>Grand Total</b>	<b>382,856,456</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 Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.

  
.....  
Financial Controller

  
.....  
Project Co-ordinator

Date: 22/12/97.....

Date: 22/12/97.....

**2.4 Notes to the Statement of Receipts and Expenditure for the year ended 30 June 1997**

**1 Statement of withdrawals from the special account for the year ended 30 June 1997 amounting to Kshs.105,214,999 per below:-**

PA No.	Date paid	Particulars	Donor Kshs
060691	02.11.96	Contracted professional services	765,037
060692	22.10.96	- do -	2,975,570
060701	21.11.96	- do -	1,276,088
060706	14.11.96	- do -	2,623,680
060695	04.11.96	- do -	240,000
060712	21.11.96	- do -	140,000
060714	13.12.96	- do -	140,000
060717	13.12.96	- do -	286,200
060719	13.12.96	- do -	633,218
060733	13.12.96	- do -	644,156
060732	23.01.97	- do -	100,000
060728	07.03.97	- do -	395,126
062007	25.03.97	- do -	1,355,880
022006	03.04.97	- do -	822,322
062068	28.04.97	- do -	3,378,829
062019	28.04.97	- do -	5,153,991
062021	28.04.97	- do -	9,259,538
062022	20.06.97	- do -	224,481
062032	11.06.97	- do -	6,174,691
062027	12.05.97	- do -	6,680,329
062028	20.05.97	- do -	8,190,457
062024	24.09.97	- do -	2,773,839
062026	20.05.97	- do -	792,000
062029	29.04.97	- do -	567,611
062025	04.06.97	- do -	7,340,375
062037	03.07.97	- do -	150,000
062040	05.07.97	- do -	100,000
061971	03.07.97	- do -	1,080,716
062036	03.07.97	- do -	396,451
062038	03.07.97	- do -	342,000
061953	03.07.97	- do -	220,000
061965	03.07.97	- do -	2,415,443
061964	03.07.97	- do -	110,698
061975	03.07.97	- do -	100,000
060718	07.01.97	Training expenses	5,488,666
060740	07.03.97	- do -	4,468,550
062033	07.03.97	- do -	3,044,275
061976	03.07.97	- do -	<u>3,678,599</u>
Carried forward			84,528,816

**2.4 Notes to the accounts for the year ended 30 June 1997 (cont'd)**

PA No.	Date paid	Particulars	Donor Kshs
Brought forward			84,528,816
061974	03.07.97	- do -	140,000
060713	11.11.96	Purchase of plant and equipment	96,600
060730	23.01.97	- do -	85,320
062031	13.06.97	- do -	3,723,982
061932	03.07.97	- do -	355,168
062035	03.07.97	- do -	15,600
061959	03.07.97	- do -	189,480
062034	03.07.97	- do -	585,000
061958	03.07.97	- do -	167,820
062047	03.07.97	- do -	94,740
061968	03.07.95	- do -	479,652
061972	03.07.97	- do -	31,200
061960	03.07.97	- do -	61,410
062039	03.07.97	Research Fund	126,903
061952	03.07.97	- do -	290,736
061961	03.07.97	- do -	266,977
061966	03.07.97	- do -	243,952
061969	03.07.97	- do -	115,713
061973	03.07.97	- do -	291,733
062009	19.05.97	Community Conservation	8,048,271
062008	26.05.97	- do -	3,903,969
062042	03.07.97	- do -	225,000
062048	03.07.97	- do -	45,000
061954	03.07.97	- do -	36,570
061951	03.07.97	- do -	40,384
062044	03.07.97	- do -	169,941
062043	03.07.97	- do -	90,000
062050	03.07.97	- do -	108,000
062041	03.07.97	- do -	75,000
062045	03.07.97	- do -	45,000
061963	03.07.97	- do -	225,000
061957	03.07.97	- do -	<u>312,062</u>
<b>Grand total</b>			<b><u>105,214,996</u></b>

- 2 Kshs 287,772,823 represents the total amount contributed by IDA based on the agreed percentages.
- 3 Kshs 95,083,633 represents the total amount contributed by KWS on the project based on the agreed percentages.
- 4 Kshs 27,383,384 represents payments made on purchase of plant and equipment - fixed assets category 2.
- 5 Kshs 115,344,297 represents the total payments made locally in respect of consultancy services and studies.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF COBRA PROJECT (CREDIT NO.615 - 0247 FOR THE YEAR  
ENDED 30 JUNE 1997

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## Contents

	<b>Page</b>
<b>1 Introduction</b>	<b>1</b>
<b>1.1 Background</b>	<b>1-2</b>
<b>1.2 Audit objectives</b>	<b>2</b>
<b>1.3 Audit scope and methodology</b>	<b>3</b>
<b>1.4 Restriction on audit scope</b>	<b>3</b>
<b>2 Report of the Auditor-General (Corporations)</b>	<b>4</b>
<b>2.1 Statement of Receipts and expenditure</b>	<b>5</b>
<b>2.2 Statement of source and application of funds</b>	<b>6</b>
<b>2.3 Statement of expenditure</b>	<b>7</b>
<b>2.4 Notes to the Statement of Receipts and Expenditure</b>	<b>8</b>

## Appendix

**Summary of the value audited**

# 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 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 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 amount of the grant was US\$ 7,000,000 with the Project Assistance Completion Date (PACD) falling on 30 September 1996. The project has been extended for 15 months to 31 December 1997

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 fifth year of implementation.

## **1.2 Audit objectives**

The audit was conducted in accordance with the generally accepted auditing standards and the US Comptroller General's Government 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 Receipts 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 Receipts 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 Receipts 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 June 30, 1997.

**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 Receipts 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 the audit scope with the exception that the Government Auditing Standard 3.46 regarding external quality control review has not been complied with. However, this limitation had no adverse effect on the audit.

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL STATEMENTS OF COBRA PROJECT (CREDIT NO. 615 - 0247 FOR THE YEAR ENDED 30 JUNE 1997

The Financial Statements of the Cobra Project for the year ended 30 June 1997 have been audited on my behalf by the authorised auditors in accordance with the provisions of Section 29 (2) (b) of the Exchequer and Audit Act, (Cap 412). The authorised 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 were obtained.

The audit was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States with the exception that compliance with Government Auditing Standard Section 3.33 regarding external quality review was not achieved. The standards require that the audit is planned and performed with a view to obtaining reasonable assurance that the financial statements are free from material misstatement. The audit covered, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessed the accounting principles used and evaluated the overall presentation of the financial statements.

I believe that the audit provided a reasonable basis for my opinion. The authorised auditors considered the internal control structure in place in order to determine the auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

In my opinion, the Financial Statements for the year ended 30 June 1997 are fairly stated.



W. K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

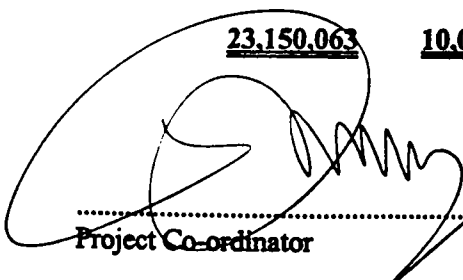
9 March 1998.

**2.1 Statement of receipts and expenditure for the year ended 30 June 1997**

	Notes	1997 Kshs	1996 Kshs
<b>Receipts</b>			
Donor account - USAID	1	20,146,325	10,005,492
Kenya Wildlife Service	2	<u>3,003,738</u>	<u>          -</u>
		<b><u>23,150,063</u></b>	<b><u>10,005,492</u></b>
<b>Expenditure</b>			
Category 5: Contracted professional services		13,168,442	10,005,492
Category 7: Contribution to Wildlife Development Fund		<u>9,981,621</u>	<u>          -</u>
		<b><u>23,150,063</u></b>	<b><u>10,005,492</u></b>

.....  
  
 Accounting Officer

Date: 23/12/97.....

.....  
  
 Project Co-ordinator

Date: 22/12/97.....

**2.2 Statement of source and application of funds for the year ended 30 June 1997**

	1997 Kshs
<b>Source of funds</b>	
Kenya Wildlife Service	3,003,738
USAID grant	<u>20,146,325</u>
	<u>23,150,063</u>
<b>Application of funds</b>	
Recurrent expenditure - contracted professional services	13,168,442
- contribution to Wildlife Development Fund	<u>9,981,621</u>
	<u>23,150,063</u>

**2.3 Statement of expenditure for the year ended 30 June 1997**

Category	Description of programme activities	Total expenditure for this programme Kshs	Amount eligible for reimbursement Kshs	Remarks
5	Contracted Professional Service	13,168,442	10,164,704	Balance relates to KWS contribution
7	Wildlife Development Fund	<u>9,981,621</u>	<u>9,981,621</u>	
		<u>23,150,063</u>	<u>20,146,325</u>	

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 with the Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.

.....  
 Accounting Officer

Date: ..... 23/12/97

.....  
 Project Co-ordinator

Date: ..... 27/12/97

**2.4 Notes to the Statement of Receipts and Expenditure**

**1 USAID Grant amounting to Kshs.20,146,325**

PV No.	Date paid	Particulars	Donor Kshs
0154	26.05.97	Contracted professional services	873,000
0186	19.06.97	Contracted professional services	1,162,703
193	30.06.97	Contracted professional services	755,520
192	30.06.97	Contracted professional services	460,065
	) 30.06.97	Contracted professional services	600,114
0194	) 30.06.97	Contracted professional services	440,969
196	30.06.97	Contracted professional services	976,841
198	30.06.97	Contracted professional services	<u>4,895,492</u>
			10,164,704
197	30.06.97	Cobra contribution to WDF for 1996/97	<u>9,981,621</u>
		<b>Grant total</b>	<b><u>20,146,325</u></b>

**2** Kshs.3,003,738 relates to KWS contribution being the agreed percentage on salaries to COBRA contracted staff and VAT.

## Appendix

### Summary of the value audited

<b>Expenditure category</b>	<b>Actual expenditure Kshs</b>	<b>Value audited Kshs</b>	<b>Audited %</b>
Contracted professional services	13,168,442	13,168,442	100
Contribution to Wildlife Development Fund	<u>9,981,621</u>	<u>9,981,621</u>	<u>100</u>
	<u><b>23,150,063</b></u>	<u><b>23,150,063</b></u>	<u><b>100</b></u>

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

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENTS OF THE KENYA WILDLIFE SERVICE-EEC MARA CONSERVATION  
PROJECT (CREDIT No.4321/KE) FOR THE YEAR ENDED 30 JUNE 1997

## Contents

	<b>Page</b>
<b>1 Introduction</b>	1-2
<b>1.1 Background</b>	1
<b>1.2 Audit objectives</b>	2
<b>1.3 Audit scope and methodology</b>	3
<b>1.4 Restriction on audit scope</b>	3
<b>2 Report of the Auditor-General (Corporations)</b>	4
<b>2.1 Statement of receipts and expenditure</b>	5
<b>2.2 Statement of source and application of funds</b>	6
<b>2.3 Statement of expenditure</b>	7
<b>2.4 Notes to the statement of receipts and expenditure</b>	8

## Appendix

**Summary of the audited sample**

# 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.

In order to strengthen the management and infrastructure in the Mara Reserve and to maintain and improve the attractiveness of the area to tourists and provide incentives and education for the group ranchers living in the Mara area, the European Economic Community granted the Government of Kenya an amount equivalent to 1.35 million ECU on 1 March 1990, to be implemented through KWS.

The total project cost was estimated at ECU 2.2 million over three years. ECU 1.35 million to be financed as a grant from Lome III National Indicative programme, with the balance ECU 0.85 million from other sources, including the Narok County Council (NCC) World Wide Fund for Nature Friends of the Masai Mara, USAID, and the Kenya Wildlife Service. The major components to be funded by the project was to include civil works, road construction, afforestation, transport equipment, extension and training, technical assistance and some recurrent costs.

## **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 credit agreement and are allowable, allocable and reasonable.

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

- audit KWS's Statement of Receipts 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 Receipts 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 Receipts 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 1997.

**1.3.2** 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 Receipts and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and 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 THE KENYA WILDLIFE SERVICE-EEC MARA CONSERVATION PROJECT (CREDIT No.4321/KE) FOR THE YEAR ENDED 30 JUNE 1997

The financial statements of Kenya Wildlife Service - EEC Mara Conservation Project (Credit No.4321/KE) for the year ended 30 June 1997 have been audited on my behalf by the Kenya Wildlife Service's authorised auditors in accordance with Section 29(2)(b) of the Exchequer and Audit Act (Cap 412) as well as the terms of agreement between the European Economic Community and the Government of Kenya. The authorised auditors' examination was made in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structure 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 credit agreement.

In my opinion, the statements present fairly the expenditure incurred on the project during the year.



W. K. KEMEI  
AUDITOR-GENERAL (CORPORATIONS)

20 March 1998.

**2.1 Statement of receipts and expenditure for the year ended 30 June 1997**

Particulars	Notes	1997 Kshs	1996 Kshs
<b>Receipts</b>			
Donor - EEC-EU	1	4,354,434	3,369,583
Kenya Wildlife Service	2	<u>201,536</u>	<u>1,358,029</u>
		<u><b>4,555,970</b></u>	<u><b>4,727,612</b></u>
<b>Expenditure</b>			
Category 1: Civil works		4,354,434	2,851,076
Other operating costs		<u>201,536</u>	<u>1,876,536</u>
		<u><b>4,555,970</b></u>	<u><b>4,727,612</b></u>

.....  
 Accounting Officer

.....  
 Project Co-ordinator

Date: ..... 23/12/97

Date: ..... 22/12/97


**2.2 Statement of source and application of funds for the year ended 30 June 1997**

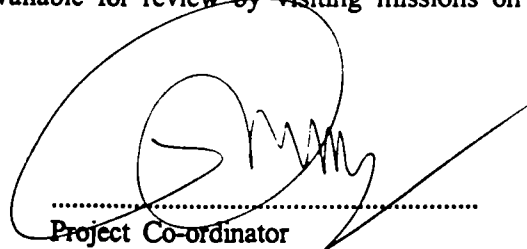
<b>Particulars</b>	<b>1997 Kshs</b>
<b>Source of funds</b>	
Kenya Wildlife Service	201,536
EEC (EU) Grant	<u>4,354,434</u>
	<u><b>4,555,970</b></u>
<b>Application of funds</b>	
Fixed assets	4,354,434
Recurrent expenditure	<u>201,536</u>
	<u><b>4,555,970</b></u>

**2.3 Statement of expenditure for the year ended 30 June 1997**

Category	Description of programme activities	Total expenditures for this programme Kshs	Amount eligible for reimbursement Kshs	Remarks
4	Other operating costs	201,536	-	Relates to KWS contribution
1	Construction of buildings - non-residential	<u>4,354,434</u>	<u>4,354,434</u>	
		<u>4,555,970</u>	<u>4,354,434</u>	

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 Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.

  
 .....  
 Accounting Officer

  
 .....  
 Project Co-ordinator

Date: 23/12/97 .....

Date: 22/12/97 .....

## 2.4 Notes to the Statement of Receipts and Expenditure

### 1 *EEC Grant amounting to Kshs.4,354,434*

PA No.	Date paid	Particulars	Donor Kshs
080	15.10.97	Construction of buildings (non-residential)	746,096
081	31.01.97	Construction of buildings (non-residential)	437,529
156	30.06.97	Construction of buildings (non-residential)	1,911,236
188	30.06.97	Construction of buildings (non-residential)	1,063,701
189	30.06.97	Construction of buildings (non-residential)	<u>195,862</u>
			<u><b>4,354,434</b></u>

- 2 Kshs.201,536 relates to KWS contribution to other operating costs incurred in running the project.

## Appendix

### Summary of the audited sample

<b>Expenditure type</b>	<b>Category number</b>	<b>Approved estimates Kshs</b>	<b>Actual expenditure Kshs</b>	<b>Value audited Kshs</b>	<b>Audited %</b>
Construction of buildings - non-residential	1	6,000,000	4,555,970	3,809,874	83

NB. There were no ineligible or unsupported costs from the value sampled.

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 1997

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## Contents

	<b>Page</b>
<b>1 Introduction</b>	<b>1</b>
<b>1.1 Background</b>	<b>1</b>
<b>1.2 Audit objectives</b>	<b>2</b>
<b>1.3 Audit scope and methodology</b>	<b>3</b>
<b>1.4 Restriction on audit scope</b>	<b>3</b>
<b>2 Report of the Auditor-General (Corporations)</b>	<b>4</b>
<b>2.1 Statement of Receipts and Expenditure</b>	<b>5</b>
<b>2.2 Statement of source and applications of funds</b>	<b>6</b>
<b>2.3 Statement of expenditure</b>	<b>7</b>
<b>2.4 Notes to the Statement of Receipts and Expenditure</b>	<b>8</b>

## Appendix

### **Summary of the audited sample**

# 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 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 Receipts 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 Receipts 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 Receipts 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 expenditure incurred by both KWS and the donor on the project for the year ended June 30, 1997.

**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 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 Receipts 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 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 1997

---

The Financial Statements of the Kenya Wildlife Service-EEC Protected Areas and Wildlife Services Project (Credit No. 6024/KE) for the year ended 30 June 1997 have been audited on my behalf by the Kenya Wildlife Services' authorised auditors in accordance with Section 29(2)(b) of the Exchequer and Audit Act, (Cap 412) as well as the terms of the agreement between the European Economic Community and the Government of Kenya. The authorised auditors' examination was made in accordance with the generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structure 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 during the year.



**W.K. KEMEI**  
**AUDITOR-GENERAL (CORPORATIONS)**

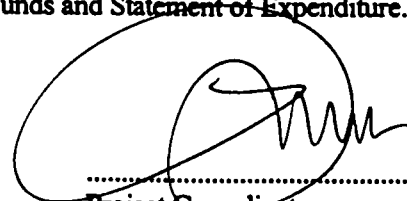
2 March 1998.

**2.1 Statement of receipts and expenditure for the year ended 30 June 1997**

Particulars	Notes	1997 Kshs	1996 Kshs
<b>Receipts:</b>			
Donor - EEC - EU	1	23,450,820	28,873,364
Kenya Wildlife Service		<u>-</u>	<u>403,613</u>
		<b><u>23,450,820</u></b>	<b><u>29,276,977</u></b>
<b>Expenditure:</b>			
<b>Fixed assets</b>			
Category 1 - civil works		6,727,235	9,866,566
Category 2 - vehicles and equipment		<u>5,711,551</u>	<u>2,362,385</u>
		<b><u>12,438,786</u></b>	<b><u>12,228,951</u></b>
<b>Other operating costs:</b>			
Category 4 - Operating and maintenance		3,163,306	546,830
Category 6 - Training		338,115	3,490,301
Category 5 - Research		<u>7,510,613</u>	<u>13,010,895</u>
		<b><u>11,012,034</u></b>	<b><u>17,048,026</u></b>
		<b><u>23,450,820</u></b>	<b><u>29,276,977</u></b>

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

  
 .....  
 Accounting Officer

  
 .....  
 Project Co-ordinator

Date: 23/12/97

Date: 22/12/97

**2.2 Statement of source and application of funds for the year ended 30 June 1997**

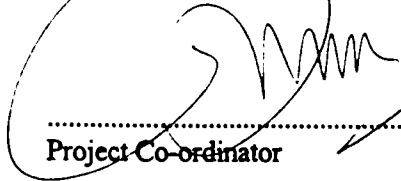
Particulars	1997 Kshs
<i>Sources of funds:</i>	
EEC - EU grant	<u>23,450,820</u>
	<u>23,450,820</u>
<i>Application of funds:</i>	
Fixed assets	
Category 1 - Civil works	6,727,235
Category 2 - Vehicles and equipment	<u>5,711,551</u>
	12,438,786
Other operating costs	<u>11,012,034</u>
	<u>23,450,820</u>

2.3 Statement of expenditure for the year ended 30 June 1997

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 100%)	Remarks
1	Purchase of vehicles	4,557,995	4,557,995	
1	Purchase of office equipment	1,153,556	1,153,556	
3	Construction of fences	6,727,235	6,727,235	
5	Research funds	7,510,613	7,510,613	
6	Contracted professional services	338,115	338,115	
8	Miscellaneous other charges	3,163,306	3,163,306	
<b>Total</b>		<b>23,450,820</b>	<b>23,450,820</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 has been retained with the Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.

  
 .....  
 Accounting Officer

  
 .....  
 Project Co-ordinator

Date: 23/12/97 .....

Date: 22/12/97 .....

## 2.4 Notes to the Statement of Receipts and Expenditure

### 1 EEC - EU Grant for Kshs.23,450,820


P.O. No.	Particulars	Date paid	Donor
0012	Purchase of office equipment:	22.08.96	262,487
0034	-do-	29.10.96	<u>891,069</u>
			<u>1,153,556</u>
0042	Miscellaneous other charges:	30.10.96	707,403
0170	-do-	17.06.97	2,416,251
0082	-do-	31.01.97	<u>39,652</u>
			<u>3,163,306</u>
0055	Contracted professional services	15.10.97	<u>338,115</u>
			<u>338,115</u>
0047	Purchase of vehicles	04.11.96	<u>4,557,995</u>
			<u>4,557,995</u>
0015	Research funds	09.09.96	1,019,528
0025	-do-	17.09.96	462,105
0059	-do-	06.12.96	810,959
0076	-do-	04.02.97	957,764
0084	-do-	21.01.97	1,174,162
0096	-do-	22.05.97	273,014
0097	-do-	22.05.97	280,976
0098	-do-	22.05.97	1,052,672
0153	-do-	22.05.97	<u>1,479,433</u>
			<u>7,510,613</u>
0030	Construction of fences:	01.10.96	912,081
0082	-do-	31.01.97	351,309
0055	-do-	15.01.97	28,622
0095	-do-	07.03.97	53,700
0120	-do-	16.03.97	<u>5,381,523</u>
			<u>6,727,235</u>
<b>Grand Total</b>			<b><u>23,450,820</u></b>

## Appendix

### Summary of the audited sample

<b>Expenditure Type</b>	<b>Category Number</b>	<b>Approved estimates Kshs</b>	<b>Actual expenditure Kshs</b>	<b>Value audited Kshs</b>	<b>Audited %</b>
Purchase of vehicles	1	4,600,000	4,557,995	4,557,995	100
Purchase of office equipment	1	3,000,000	1,153,556	1,153,556	100
Construction of fences	3	50,000,000	6,727,235	6,727,235	100
Research funds	5	9,000,000	7,510,613	7,510,613	100
Contracted professional services	6	600,000	338,115	338,115	100
Miscellaneous other charges	8	8,000,000	3,163,306	3,163,306	100
Training expenses	6	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>78,200,000</u>	<u>23,450,820</u>	<u>23,450,820</u>	<u>100</u>

NB. There were no ineligible or unsupported costs from the value sampled.



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE FINANCIAL  
STATEMENT OF THE KENYA WILDLIFE SERVICE - NETHERLANDS GOVERNMENT  
FINANCED WETLANDS CONSERVATION AND TRAINING PROGRAMME (CREDIT  
NO. KE/91/864 FOR THE YEAR ENDED 30 JUNE 1997

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## Table of contents

	<b>Page</b>
<b>1 Introduction</b>	1
<b>1.1 Background</b>	1-2
<b>1.2 Audit objectives</b>	2
<b>1.3 Audit scope and methodology</b>	3
<b>1.4 Restriction on audit scope</b>	3
<b>2 Report of the Auditor-General (Corporations)</b>	4
<b>2.1 Statement of receipts and expenditure</b>	5
<b>2.2 Statement of source and application of funds</b>	6
<b>2.3 Statement of expenditure</b>	7
<b>2.4 Notes to the statement of receipts and expenditure</b>	8

## Appendix

### Summary of the audited sample

# 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 method 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 in subscriptions, donations, devises 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.

- l)* In order to attain long term sustainable management of the Wetlands, the Government of Netherlands through Development Co-operation Ministry agreed to grant the Government of Kenya through KWS an amount of DFL 9,681,000. The Programme will run for a period of four years and nine months commencing on 1 October 1994 to 1 July 1999.

The main objectives of the program are to:

- contribute to the development of a policy for the wise use of Wetlands;
- help create an awareness among the population and Government officials about Wetlands conservation issues;
- strengthen institutions that work in the field of Wetlands conservation;
- contribute to improvement of management of protected Wetland areas.

## **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 respect to the costs claimed, the objectives of the engagement were to:

- audit KWS's Statement of Receipts 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 Receipts 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 Receipts 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 cost incurred by the donor and recorded by KWS under the credit.

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

- a review of the terms and conditions of the Credit agreement, 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 Credit agreement;
- testing of receipt and disbursement transactions from the Statement of Receipts and Expenditure to determine the extent of non-compliance, unallowable or unallocable expenses and 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 STATEMENT OF THE KENYA WILDLIFE SERVICE-NETHERLANDS GOVERNMENT FINANCED WETLANDS CONSERVATION AND TRAINING PROGRAMME (CREDIT NO.KE/91/864 FOR THE YEAR ENDED 30 JUNE 1997

The financial statement of the Kenya Wildlife Service - Netherlands Government Financed Wetlands Conservation and Training Programme (Credit No. KE/91/864) for the year ended 30 June 1997 has been audited on my behalf by the Corporation's authorised auditors in accordance with the provisions of Section 29(2) (b) of the Exchequer and Audit Act (Cap 412) as well as the terms of the agreement between the Netherlands Government and the Government of Kenya. The authorised auditors' examination was made in accordance with generally accepted auditing standards and accordingly included a general review of the accounting procedures together with the internal control structure in place, verification of assets and liabilities and other procedures considered necessary for the purpose of the audit. The financial statement was prepared in accordance with the requirements of the Government of the Netherlands and complies with the Development Credit Agreement.

In my opinion, the Statement presents fairly the expenditure incurred on the project in the year.

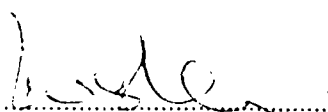


W.K.KEMEI  
AUDITOR -GENERAL (CORPORATIONS)


24 February 1998

**2.1 Statement of Receipts and Expenditure for the year ended 30 June 1997**

Particulars	Notes	1997 Kshs	1996 Kshs
<b>Receipts</b>			
Donor funds	1	<u>80,867,898</u>	<u>24,951,995</u>
<b>Expenditure</b>			
Category 1 Plant and equipment	(	13,935,426	2,340,000
Category 2 Office equipment	(	1,227,113	-
Category 2 Boats	2 (	327,405	-
Category 2 Vehicles	(	23,962,011	-
Category 3 Buildings	(	1,535,283	-
Category 5 Training		12,140,558	5,734,899
Category 5 Contracted professional services		20,207,031	1,337,096
Category 6 Research fund		-	3,254,062
Category 7 Minor alterations and maintenance		1,827,708	-
Category 8 Miscellaneous other charges		<u>5,705,363</u>	<u>12,285,938</u>
		<u>80,867,898</u>	<u>24,951,995</u>

  
.....  
Accounting Officer

Date: 23/10/97.....

  
.....  
Project Co-ordinator

Date: 22/10/97.....

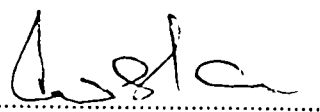
**2.2 Statement of source and application of funds for the year ended 30 June 1997**

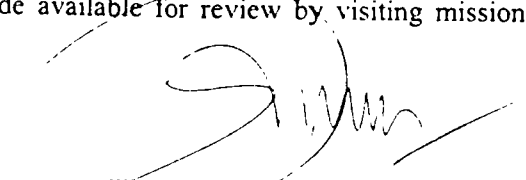
<b>Particulars</b>	<b>1997 Kshs</b>
<b>Source of funds:</b>	
Netherlands Grant	<u>80,867,898</u>
<b>Application of funds:</b>	
<b>Fixed assets</b>	
Office equipment	1,227,113
Plant and equipment	13,935,425
Buildings	1,535,283
Boats	327,406
Vehicles	<u>23,962,011</u>
	40,987,238
Recurrent expenditure (category 5, 6, 7, 8)	<u>39,880,660</u>
	<u>80,867,898</u>

**2.3 Statement of Expenditure for the year to 30 June 1997**

Category	Description of programme activities	Total expenditures for this programme Kshs	Amount eligible for reimbursement Kshs	Remarks
1	Purchase of plant and equipment	13,935,426	13,935,426	
2	Purchase of office equipment	1,227,113	1,227,113	
2	Purchase of boats and vehicles	24,289,416	24,289,416	
3	Construction of buildings - non-residential	1,535,282	1,535,282	
5	Training expenses	12,140,558	12,140,558	
5	Contracted professional services	20,207,031	20,207,031	
6	Research funds	-	-	
7	Minor alteration and maintenance	1,827,708	1,827,708	
8	Miscellaneous other charges	<u>5,705,364</u>	<u>5,705,364</u>	
		<b><u>80,867,898</u></b>	<b><u>80,867,898</u></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 has been retained with the Ministry of Tourism and Wildlife and will be made available for review by visiting missions on request.

  
.....  
Accounting Officer

  
.....  
Project Co-ordinator

Date: 23/12/97

Date: 22/11/97

**2.4 Notes to the statement of receipts and expenditure for the year ended 30 June 1997**

**1 Netherlands Government Grant Kshs.80,867,898**

Item	Particulars	Kshs
184	Contracted professional services	20,207,031
190	Miscellaneous other charges	5,705,364
194	Training expenses	12,140,558
217	Purchase of boats	327,405
217	Purchase of vehicles	23,962,011
220	Purchase of plant and equipment	13,935,426
221	Purchase of office equipment	1,227,113
295	Minor alteration and maintenance	1,827,708
400	Construction of buildings - non-residential	<u>1,535,282</u>
		<u><b>80,867,898</b></u>

**2 Fixed assets**

Expenditure on all items was incurred by the donor and asset details will be made available when the assets are handed over on completion of the project.

## Appendix

### Summary of the audited sample

Expenditure type	Category No.	Approved Estimates Kshs	Actual expenditure Kshs	Audited value Kshs	Audited %
Construction of buildings (non-residential)	1	3,970,000	1,535,283	1,535,283	100
Purchase of office equipment	2	2,766,000	1,227,113	1,227,113	100
Purchase of boats	2	40,000,000	24,289,416	24,289,416	100
Purchase of plant and equipment	2	2,314,000	13,935,426	13,935,426	100
Contracted professional service	3	16,300,000	20,207,031	20,207,031	100
Training	3	6,626,000	12,140,558	12,140,558	100
Minor alterations and maintenance	4	2,656,000	1,827,708	1,827,708	100
Miscellaneous and other charges	4	1,984,000	5,705,363	5,705,363	100
Research funds	5	<u>3,384,000</u>	<u>-</u>	<u>-</u>	<u>100</u>
		<u>80,000,000</u>	<u>80,867,898</u>	<u>80,867,898</u>	<u>100</u>

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

