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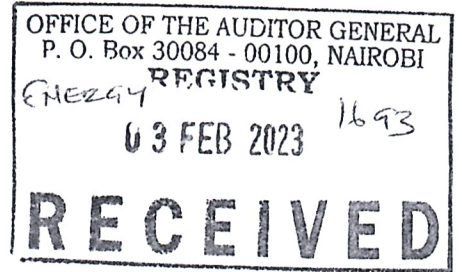
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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 25 APR 2023 | DAY: TUESDAY |
| TABLED BY: | Hon. KIMANI ICHUNGWAA, MP LEADER OF MAJORITY PARTY |
| CLERK-AT THE-TABLE: | INZOFU MWALE |

THE AUDITOR-GENERAL

ON

**MINISTRY OF PETROLEUM AND
MINING**

**FOR THE YEAR ENDED
30 JUNE, 2022**



MINISTRY OF PETROLEUM AND MINING
REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2022

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

MINISTRY OF PETROLEUM AND MINING
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1. Key Entity Information and Management

(a) Background Information

The Ministry of Petroleum and Mining was created in 2021 through Executive Order No. 1 of February 2021. Prior to this, the State Department for Petroleum fell under the Ministry of Energy and Petroleum. Before then, petroleum pricing was under the then Ministry of Finance which represented the Government interests in the Kenya Petroleum Refineries Limited.

At the Cabinet level, the Ministry was headed by the Cabinet Secretary, Hon John K. Munyes, EGH who was responsible for general policy and strategic direction of the Ministry. He relinquished his position and, in his place, Amb. (Dr) Monica Juma (Oxon), EGH was appointed to Act

The State Departments under the Ministry are:

- i. The State Department for Petroleum administered by Andrew Kamau, CBS, and
- ii. The State Department for Mining administered by Amb. Kirimi P. Kaberia, CBS but since the merger of the 2 State Departments to form the Ministry of Petroleum and Mining, Mr. Andrew Kamau, CBS is the Principal Secretary

The Ministry of Petroleum and Mining is a Public Institution whose responsibility is to ensure adequate, quality, cost effective and affordable development of the extractives Sector to meet national development needs while protecting and conserving the environment

The Vision, Mission, Core Values, Strategic Objectives and core functions of the Ministry of Petroleum and Mining are:

Vision

Promote sustainable development of the extractives sector.

Mission

Enhance commercialization of discoveries, develop the requisite skills and infrastructure for production in the oil, gas and improve access to competitive, reliable, and secure supply of petroleum products

Core Functions

- Formulation of policy, review of fiscal, legal and regulatory framework for oil and gas exploration, development and production. Acquisition, interpretation and modeling of primary data, primary geotechnical data for geophysical (gravity, magnetic), geological and geochemical surveys in unlicensed or open petroleum exploration blocks. The purpose is to up+grade exploration data base and to accelerate or bring forward, seismic acquisition programmes by oil and gas companies that will be licensed to operate in those blocks.
- Monitoring operations and compliance of oil and gas exploration, in the implementation of their minimum geological, geophysical, geochemical and drilling obligations in licensed blocks.

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- Evaluation of results and reports submitted by licensed oil and gas companies, operationalize Production Sharing Contracts in the country's exploration blocks.
- Carrying out continuous review, subdivision and reduction of petroleum exploration block sizes on basis of additional data and to increase commitment to implementation of minimum work in smaller blocks by licensed oil and gas companies.
- Carrying out evaluation and negotiation of Production Sharing Contracts terms submitted by oil and gas companies which express interest in the country's exploration blocks.
- Exploratory drilling operations in prospective areas;
- Promotion and licensing of acreage:
- Facilitating exemption of Duty, VAT and Income Declaration Forms (IDF) by the National Treasury and Planning, in respect of goods and equipment imported into the country by licensed oil companies specific to oil and gas operations.
- Promotion of regional and international programmes on data exchange and technology transfer between the Ministry of Petroleum and Mining and relevant oil and gas – based organizations.
- Formulation of policies on oil and gas operations with upstream segment of the oil industry.
- Continuous monitoring and coordination of Distribution, Supply and Market situations of finished petroleum products in the country.
- Ensure Security and supply of Petroleum products.
- Promote investment in petroleum infrastructure.

Strategic Objectives

- Enabling regulatory framework for the Petroleum Sector;
- Affordable, reliable and safe supply of petroleum to Kenyans;
- Sustainable petroleum self-sufficiency;
- Efficient utilization and conservation of petroleum;
- Development of new petroleum resources and;
- Optimal utilization of both human and financial resources.

Core Values

- (i) Professional integrity and excellence
- (ii) Commitment to work
- (iii) Commitment to customer service
- (iv) Efficiency, transparency and accountability
 - (iv) Zero tolerance to corruption
 - (v) Non-partisan

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Our Stakeholders

The stakeholders that the Ministry of Petroleum and Mining targets to encourage cleaner petroleum consumption and conservation includes: -

- Kenya Petroleum Refineries Limited (KPRL)
- National Oil Corporation of Kenya (NOCK)
- Kenya Pipeline Company (KPC)
- Ministries, Departments and Agencies
- Oil Marketing Companies

(b) Key Management

The Ministry of Petroleum and Mining derives its mandate from Executive order No.1 of 2021 and other Acts of Parliament relevant to Petroleum. To effectively provide services per our mandate, the Ministry has two divisions namely Petroleum and the Administration and Support Services. It has ten units namely:

- HRM&D
- Public Communications
- Central Project Planning
- Supply Chain Management Services
- Information Communication Technology (ICT)
- Finance
- Accounts
- Legal
- Audit
- Gender

(c) Fiduciary Management

The key management personnel who held office in the Ministry of Petroleum and Mining during the financial year ended 30 June, 2022 and who had direct fiduciary responsibility were:

| Designation | Name |
|---------------------------|--------------------------------------|
| Cabinet Secretary | Amb. (Dr) Monica K. Juma (Oxon), EGH |
| Principal Secretary | Mr. Andrew N. Kamau CBS |
| Commissioner, Petroleum | Mr. James Nganga |
| Secretary, Administration | Mr. M. B. Mohamed OGW |
| Chief Finance Officer | CPA Mathew Musyoka |
| D/HRM&D | Ms Agnes Muthuo |

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Director Macro Planning

Ms Electine M Nanzala

Deputy Accountant General

CPA Charles Liyayi

Deputy Director Supply Chain Management

Ms. Chepkemoi Kerich

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**Amb. (Dr) Monica K. Juma (Oxon), EGH
Ag. Cabinet Secretary
Ministry of Petroleum
and Mining**

Amb. (Dr) Monica K. Juma (Oxon), EGH was appointed Ag. Cabinet Secretary for Ministry of Petroleum and Mining by President Uhuru Kenyatta in February 2022. She currently serves as Cabinet Secretary, Ministry of Energy and Petroleum. She previously served as the Cabinet Secretary for Ministry of Defence of the Republic of Kenya and Cabinet Secretary for Foreign Affairs. She is a distinguished diplomat, with grounded expertise in strategic management, policy making and analysis in international affairs, defense, peace, security and governance. She combines in-depth expertise with experience drawn from public, diplomatic service, research and academia, accumulated over three decades from across the world. As a person, she is a consensus builder, who is known for building fit-for purpose institutions and for creating teams around their strategic visions. She conducts her private public affairs with integrity and utmost professionalism.





Amb. (Dr.) Juma was appointed to the Ministry of Defence from the Ministry of Foreign affairs, where she served first as Principal Secretary (2016-2018) and then as Cabinet Secretary (2018-2020). During her tenure, Kenya became a demonstrative thought leader and championed numerous agenda that brought like-minded countries and regions together. She led Kenya in championing and convening on critical global agenda such as environment, terrorism, and blue economy to mention a few. She also led efforts in deepening Kenya's Pan-African and global south engagements. She served as Chair of the Commonwealth Ministerial Action Group (2018-2020). Before serving at the helm of Kenya's diplomacy, Dr Juma served as Principal Secretary in the security triad of government. In the Ministry of Interior and Coordination of National Government (2014-2015) she championed national security and administrative reforms. Prior to this, Dr. Juma was the Principal Secretary in the Ministry of Defence (2013-2014) where she was instrumental in strengthening the business process systems within the Ministry, clarifying the defence strategic orientation and bolstering the professional stature of the Kenya Defence Forces.

Previously, Amb. Dr. Juma was Ambassador Extra-Ordinary and Plenipotentiary of Kenya to Ethiopia and Djibouti, and Permanent Representative of Kenya to the African Union, the Inter-Governmental Authority on Development (IGAD) and United Nations Commission for Africa (UNECA), (2010-2013). She Forged consensus around complex issues facing the continent and the United Nations at the time, such as the Arab Spring, Rise of fundamentalism, terrorism, international migration, political fragility and state formation.


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|  <p>Mr. Andrew N. Kamau, CBS Principal Secretary</p> | <p>Mr. Andrew Ng'ang'a Kamau has wide experience in Petroleum energy gained from several years in leadership positions in the private sector. Prior to his appointment as Principal Secretary for Petroleum, he was the Chief Executive Officer of Bracewell Energy which has interests in mining, energy and natural resources. As PS, he steers the Petroleum docket at the Ministry where he will oversee implementation of Petroleum projects. He holds a Bachelor of Science degree in Chemistry from the University of Nairobi.</p> |
|  <p>Mr. James Nganga Senior principal superintendent geologist</p> | <p>Mr. James Ng'ang'a was appointed Ag. Secretary, Petroleum in February 2019. He has been instrumental in oil and gas exploration in the country leading to the first oil discovery in Kenya in March, 2012, implementation of the early oil project as well as the review of the Petroleum policy, legal, regulatory and contractual framework for oil and gas. He holds an MSc.a Bsc and PGDip.</p> |
|  <p>Mr. M. B. Mohamed OGW Secretary Administration</p> | <p>Mr. Mohamed Birik Mohamed, OGW, assumed the position of Secretary Administration in the Ministry of Petroleum and Mining in June 2022. He joined the Public Service in 1993 as a District Officer and rose through the ranks to become District Commissioner, County Commissioner and a Regional Commissioner.</p> <p>He is currently in charge of General Policy Co-ordination and provision of Support Services in the Ministry and has 29 years' experience in Public Service Co-ordination and Management. He is a peace champion having been trained on Peace and Conflict Resolutions. He holds a Bachelor's degree in Education, majoring in Economics from the University of Nairobi and Advanced Public Administration course from Kenya Institute of Administration (K.I.A).</p> |

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|  <p style="text-align: center;">CPA Mathew K. Musyoka Chief Finance Officer</p> | <p>CPA Mathew K. Musyoka assumed the position of Head of Finance Unit in November 2018. He is in charge of budget preparation and implementation. He holds an MA (Economics) from Kenyatta University and Bachelor of Arts (economics) from University of Nairobi. He is a CPA (K), and also a member of the ICPAK</p> |
|  <p style="text-align: center;">Ms. Electine M. Nanzala Director Macro Planning</p> | <p>Ms. Electine M. Nanzala assumed the position of the Head of CPPMU in May, 2016. She is in charge of Economic planning function which involves planning and analysis of economic policy; undertaking economic analysis, evaluation and monitoring of development projects and programmes; co-ordination of strategic planning and performance contracting; and performance review of economic activities to inform policy and budgetary processes. She holds a Masters in Economics and a Bachelor of Arts Degree from Kenyatta University.</p> |
|  <p style="text-align: center;">Ms. Agnes Muthuo, Director/HRM&D</p> | <p>Ms. Agnes Muthuo assumed the position of Head, Human Resource Management and Development in January, 2017. She is in charge of managing the HR function in the Department including Training and Development for effective service delivery. She holds a Master of Science degree in Human Resource Development from the Jomo Kenyatta University of Science and Technology and a Bachelor of Arts degree in Anthropology from the University of Nairobi. She is a Member of IHRM.</p> |
|  <p style="text-align: center;">CPA Charles Liyayi Shidzugane Deputy Accountant General</p> | <p>CPA Charles Liyayi Shidzugane assumed the position of Head of Accounting Unit in December 2018. He is in charge of Accounting and Financial Reporting as well as designing, implementing and monitoring internal controls relevant to the preparation and for presentation of financial reports in line with the relevant International Public Sector Accounting Standards (IPSAS). He holds an MSc (Finance and Accounting) from The KCA University and Bachelor of Commerce (Finance) from Catholic University Of Eastern Africa. He is a CPA (K), and also a member of the ICPAK.</p> |

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|  <p>Ms. Chepkemai Kerich Deputy Director Supply Chain Management</p> | <p>Ms Chepkemai Kerich assumed the position of Head of Supply Chain Management Unit in January 2019. She is in-charge of Procurement of goods and services and Overseeing implementation of the Department's Procurement Plan. She holds a Master's Degree and Bachelor's Degree in Economics from Nairobi University. She is also a member of KISM and CIPS</p> |
|--|--|

MINISTERIAL HUMAN RESOURCE MANAGEMENT ADVISORY COMMITTEE

This committee comprises the following members drawn from various departments:

| No | Name | Designation |
|----|------------------------|---|
| 1 | Mr. Andrew Kamau, CBS | Principal Secretary- Petroleum (Chairman) |
| 2 | Mr. M. B. Mohamed, OGW | Secretary Administration |
| 3 | Mr. James Ng'ang'a | Commissioner Petroleum |
| 4 | Ms. Agnes Muthuo | Director/HRM&D – Secretary |
| 5 | CPA. Charles Liyayi | Deputy Accountant General |
| 6 | Ms. Electine Nanzala | Director Macro Planning |
| 7 | Ms. Chepkemai Kerich | Deputy Director Supply Chain Management |

This is the committee charged with the responsibilities of human resource needs. Its duties include but are not limited to:

- Promotion of officers in Job Groups A-P
- Confirmation in appointment
- Disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused government resources.

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i. Training Committee

This committee comprises the following members drawn from various departments:

| No | Names | Designation |
|----|------------------------|---|
| 1. | Mr. Andrew Kamau, CBS | PS Petroleum – Chairman |
| 2. | Mr. M. B. Mohamed, OGW | Secretary Administration |
| 3. | Mr. James Ng'ang'a | Commissioner Petroleum |
| 4. | Ms. Agnes Muthuo | Deputy Director/HRM&D – Secretary |
| 5. | CPA. Charles Liyayi | Deputy Accountant General |
| 6. | Ms. Electine Nanzala | Director Macro Planning |
| 7. | Ms. Chepkemai Kerich | Deputy Director Supply Chain Management |

This is the committee charged with the responsibility of training and human resource development (capacity building). Its duties include but are not limited to:

- Overall co-ordination of the training function in the Ministry;
- Review and implementation of the State Department's training plan based on Training Needs Assessment (TNA) and approved Training Projections;
- Induction of newly appointed/promoted and transferred officers; and
- Long/short term courses.

N.B: During the year under review, Training Committee Activities were performed by the Ministerial Human Resource Management Advisory Committee as described in (i) above.

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(a) Ministry of Petroleum and Mining, Headquarters

P.O. Box 30582 – 00100
Nyayo House Building
Kenyatta Avenue
Nairobi, Kenya

(b) Independent Auditors

Office of the Auditor General
Anniversary Towers, University Way
P. O. Box 30084
GPO 00100
Nairobi, Kenya

(c) Principal Legal Adviser

E-mail: info@ag.go.ke
Tel: 2542227461.
Website: www.ag.go.ke

(d) Ministry of Petroleum and Mining Bankers

Central Bank of Kenya
Haile Selassie Avenue
P. O. Box 60000
City Square 00200
Nairobi, Kenya

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2. Statement by the Cabinet Secretary

Key Achievements for Petroleum Department in the FY 2021/22

1. Early Oil Pilot Scheme Project (EOPS)

The project's objective is to gather technical data for designing and preparation of the Field Development Plan (FDP) and to test the international market for Kenyan Crude Oil. Trucking of crude oil from the South Lokichar oil field to KPRL storage facilities in Mombasa under EOPS was launched by H.E. the President on 3rd June 2018.

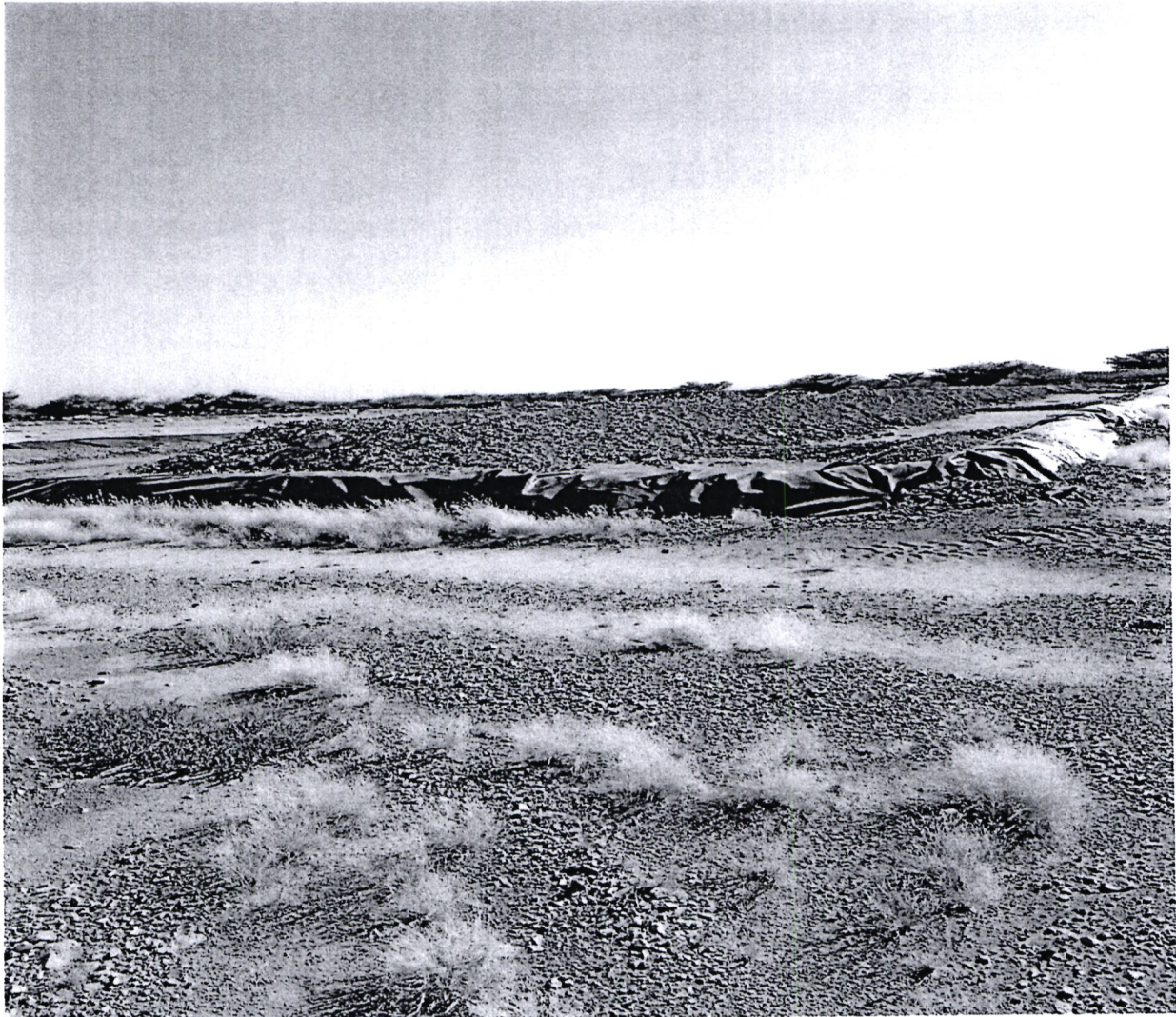
During FY 2019/20 the project attained a major milestone where 240,000 barrels of crude oil was Exported to the international market. Trucking of crude oil from the field in South Lokichar to the storage terminal halted following a lapse of the Early Oil Pilot Scheme Agreement (EOPSA) in June 2020.

The project scope was revised to include; Consolidation of drill cuttings, Auditing of EOPS costs and alongside marketing of crude stored at KPRL facilities.

During FY 2021/22 the Department;

- Commenced modalities to export the final cargo and conducted market survey for the 177,000 barrels of crude oil currently stored at KPRL facilities in Mombasa.
- Conducted consolidation of the drill cuttings in South Lokichar.
- Completed Auditing of the EOPS costs to ascertain the costs as claimed by the contractor (KJV).

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Consolidated drill cuttings in South Lokichar

2. Preparatory Activities for Lokichar – Lamu Crude Oil Pipeline

The Lokichar – Lamu Crude Oil Pipeline (LLCOP) will evacuate/transport crude oil from the production fields in the South Lokichar Basin to the port of Lamu for storage and onward export to the international markets.

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During the FY 2021/22 the Department;

- Convened four (4) Pipeline Steering Board (PSB) quarterly meetings which developed action plans for implementation.
- Completed Survey in six counties along the Crude Pipeline Route, (100% Complete).
- Continued land surveying, demarcation and gazettelement along the Crude Oil Pipeline route; Developed a draft Land Acquisition and Resettlement Framework and Land access Policy.
- Updated Front End Engineering and Design (FEED) and Environmental and Social Impact Assessment (ESIA) in line with the development concept to inform on Final Investment Decision (FID) on the pipeline project.
- Commenced public participation and stakeholder engagements/sensitization forums.

3. Public Affairs and Stakeholder Management

The Department held several sensitization workshops (Virtual and Physical) with stakeholder groups defined below, so as to provide sufficient opportunity for information sharing and a platform to voice their opinions and concerns on the pertinent issues that may influence the project implementation and most importantly, to create an atmosphere of understanding that actively involves the Turkana Community in a timely manner.

- Turkana County Grievances Committee
- Members of County Assembly
- Elders and opinion leaders in Turkana East and South
- National Administration Officers
- Women Groups
- Youth Groups
- Faith Based Organizations

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- Turkana Business Organizations
- Turkana Professional Associations
- Civil Society Organizations
- Community Based Organizations



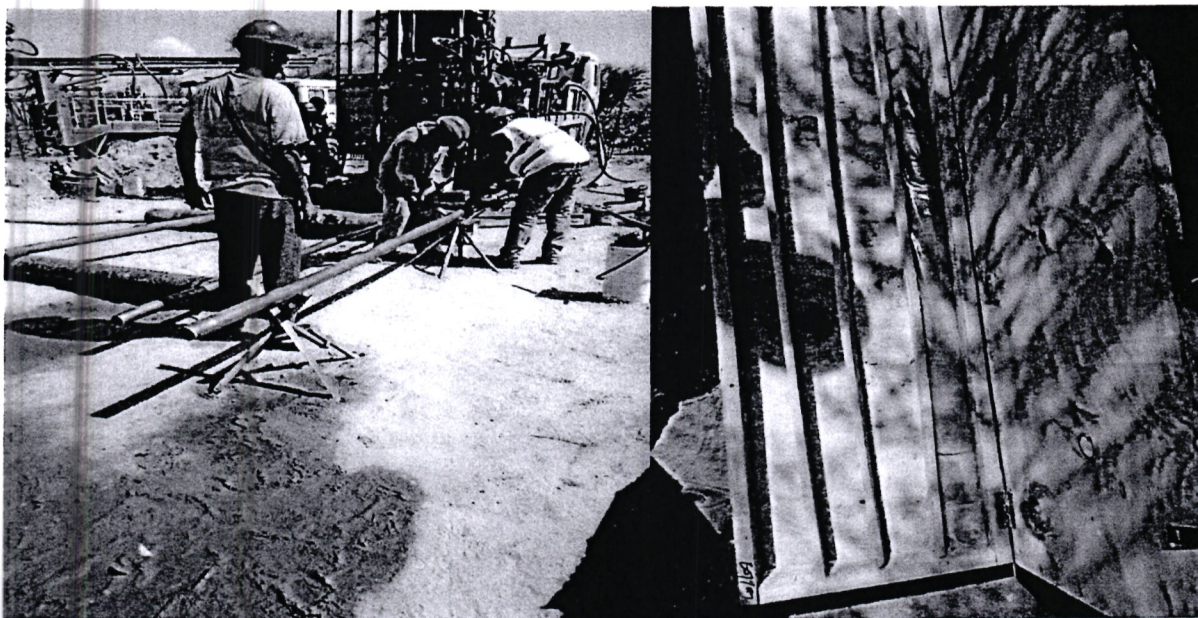
Public Baraza

4. Petroleum Exploration in Block 14T

During the FY 2021/22, the Department facilitated National Oil Corporation of Kenya (NOCK) exploration program in Block 14T, Tertiary Rift Basin. It ensured the processing and interpretation of seismic data and integration with earlier acquired datasets. To date, one (1) potential hydrocarbon lead with a potential of 118 million barrels of oil was mapped out. The completed reserve estimate will pave way for further partnership through a farm-in agreement between National Oil and an interested equity partner. This is expected to raise the required equity for the next exploration period which include drilling of an exploratory well.

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The Department also ensured laboratory analysis of core samples obtained from drilling of stratigraphic wells. The wells were drilled for the purpose of gaining structural and stratigraphic information to be used concurrently with 2D seismic data in exploring for oil and gas in Magadi sub – basin.



Drilling of stratigraphic wells in Block 14T, Tertiary Rift Basin

5. Review of the South Lokichar Draft Field Development Plan (FDP)

The objective of Field Development Plan (FDP) is to give optimal development scenario in terms of technical, economic, commercial, operational, social, environmental and political aspects of South Lokichar oil field in the interest of Kenya. The Plan aims to quantify the reserves and facilitate planning of optimal infrastructure to produce and market Kenyan Crude Oil to the International Market.

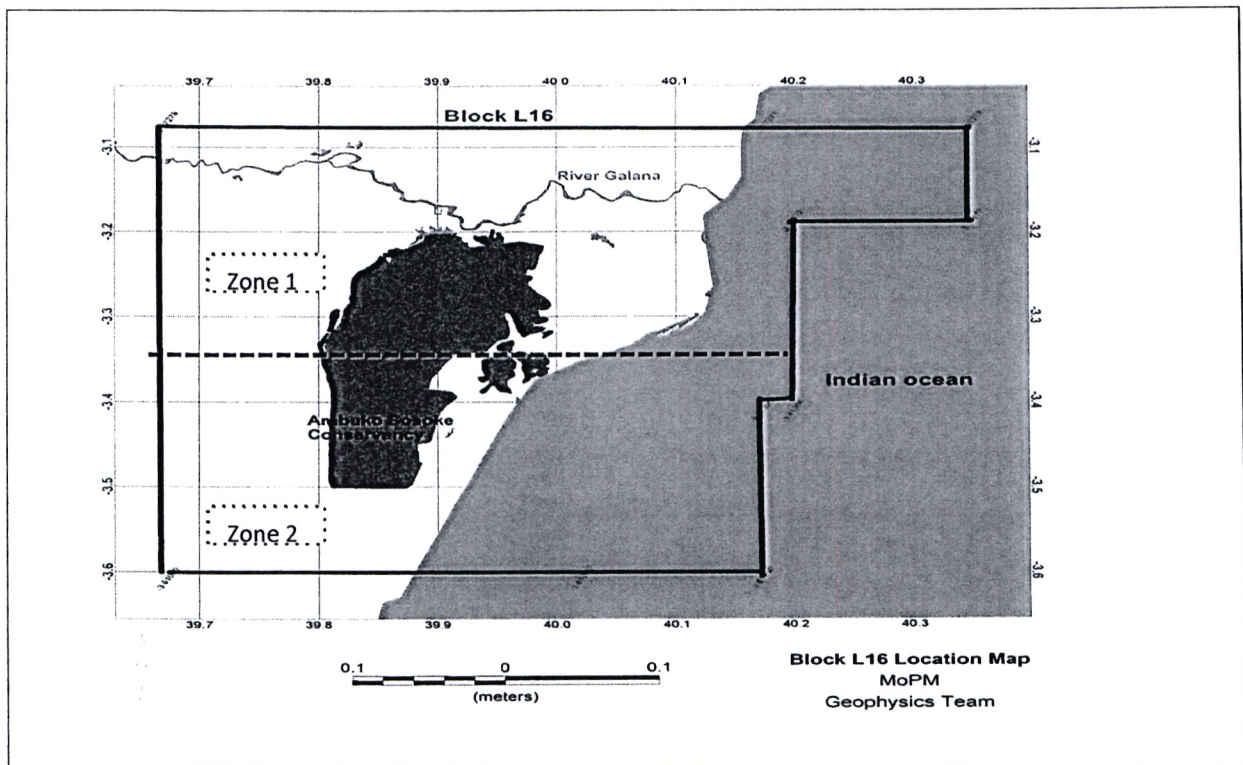
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During the FY 2021/22 the Department;

- Reviewed final FDP as submitted by the Contractor, a review report was prepared.
- Commenced review of the long form Agreements which are key bottlenecks for the Project Oil Kenya.

6. Primary Data Acquisition and Interpretation Block L16 Lamu Basin

The projects aim is to determine petroleum prospectively as well as attract oil companies to invest in the open petroleum blocks.



Block L16 Location in Lamu Basin Coastal Kenya

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During the FY 2021/22 the department;

- Acquired, processed and interpreted gravity data from 350 gravity stations in zone 2 of the Block.
- Acquired, processed and interpreted magnetic data from 200 magnetic stations in zone 2 of the Block.
- Conducted Geochemical and Geological survey in zone 1 that included; sampling for geochemical analysis to establish the presence of potential source rocks, reservoir rocks and cap rocks, physical characterization of probable shales and sandstones along river channels, road cuttings and outcrops by examining their mineralogy and carbon content, analysis of the sediments, rock samples and groundwater for trace metal content to determine the elements in groundwater for information on the Geochemistry of the Lamu Basin Block L16 Zone 1.

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Geophysics team acquiring gravity data from gravity stations in Block L16

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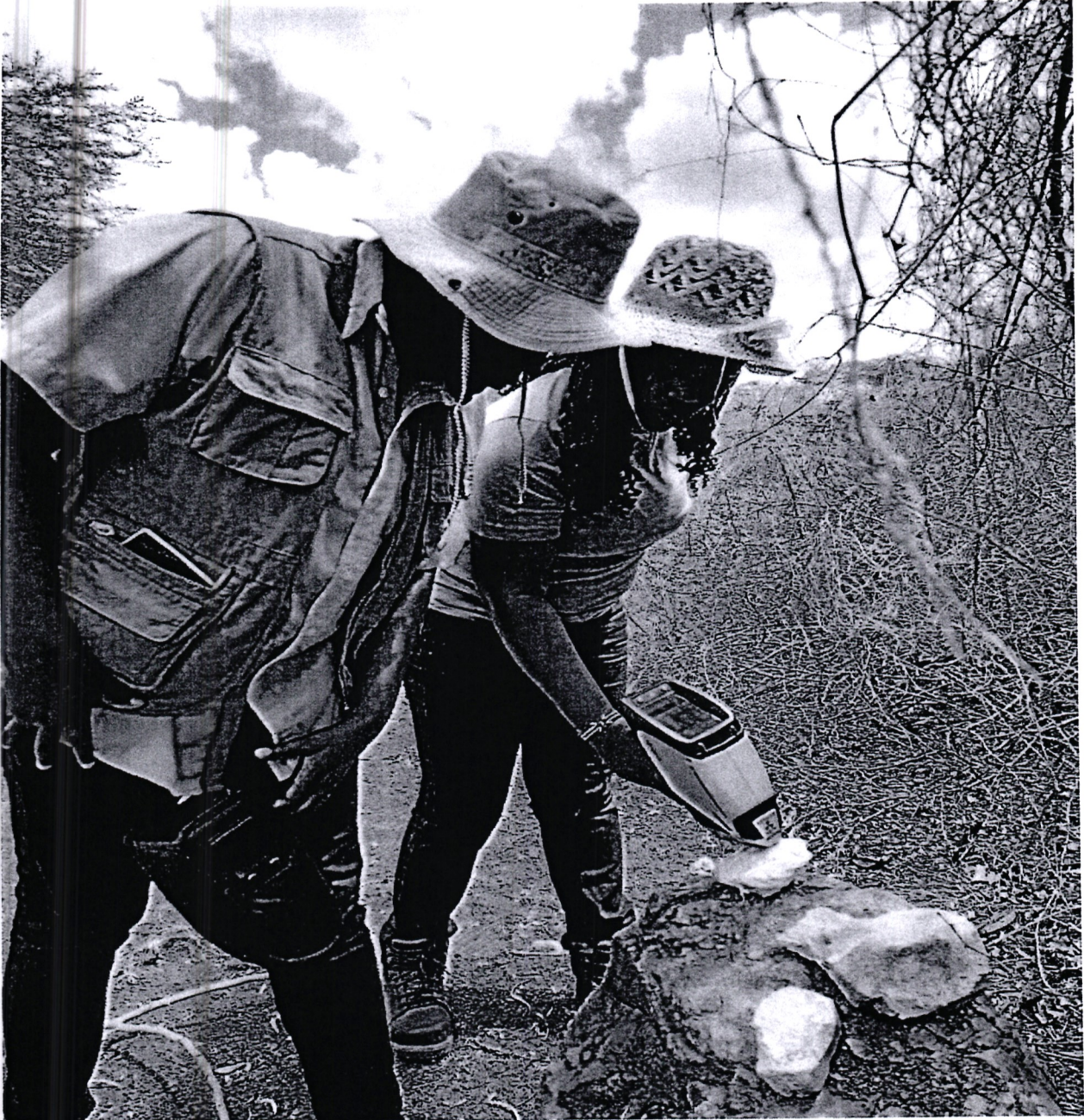
Magnetic data acquisition Block L16

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Geological survey in Block L16

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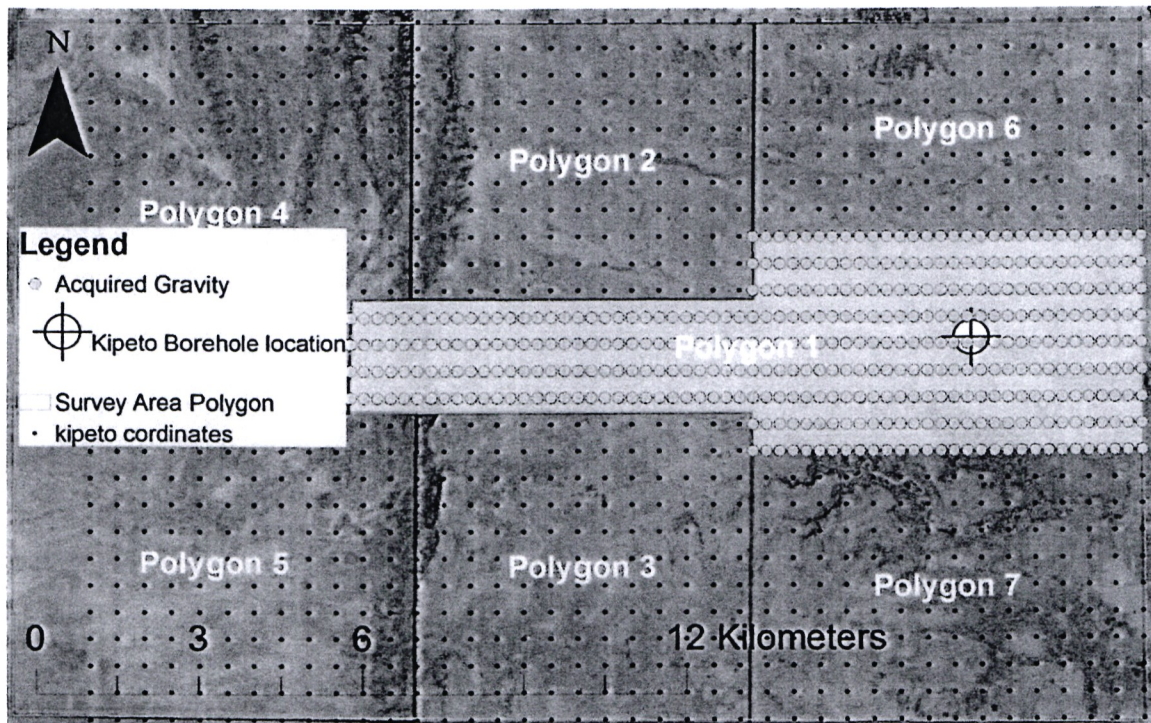


Geochemical rock analysis using XRF

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7. Geological and Geophysical data acquisition in Kipeto Gas Prospect

The Department undertook Geological and Geophysical surveys of the Kipetu Gas Prospect in Kajiado County.

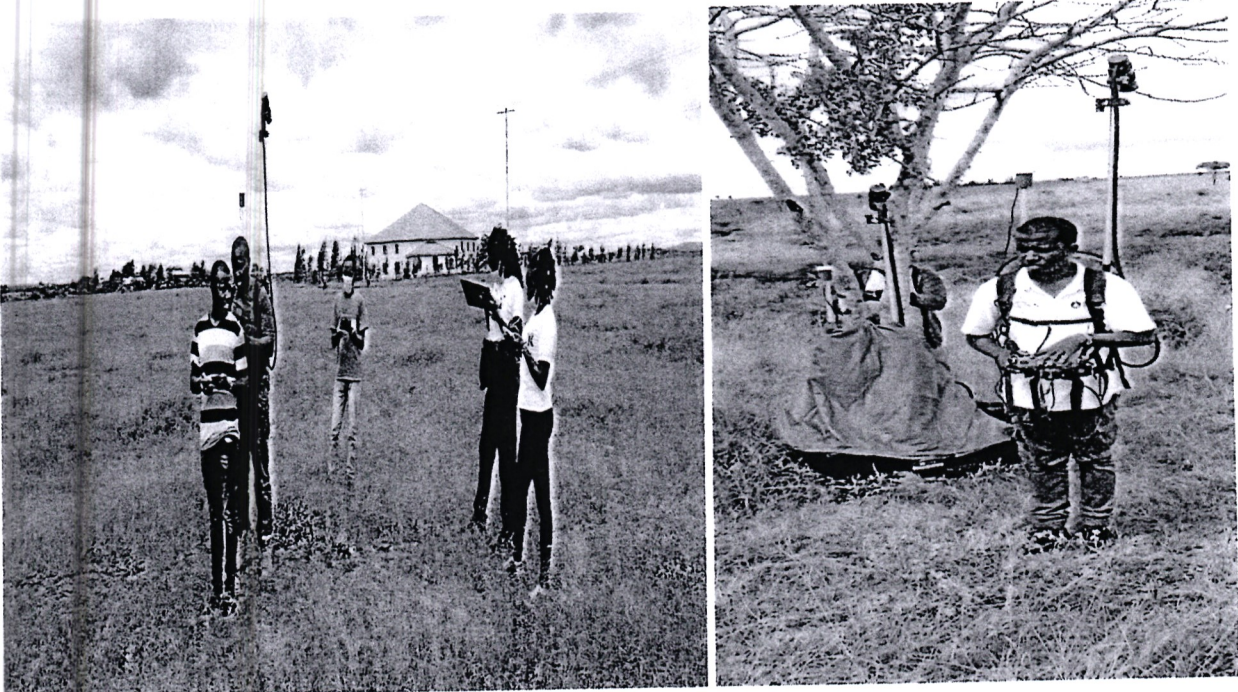


Kipeto Gas Prospect Survey area divided into polygons for ease of mapping

During the FY 2021/22 the Department;

- Acquired processed and interpreted Gravity data from 250 gravity stations
- Acquired processed and interpreted Magnetic data from 150 magnetic stations
- Conducted field training to the interns and attaches on field geophysical data acquisition procedures.

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Magnetic data acquisition of the Kipetu Gas Prospect, Kajjado County



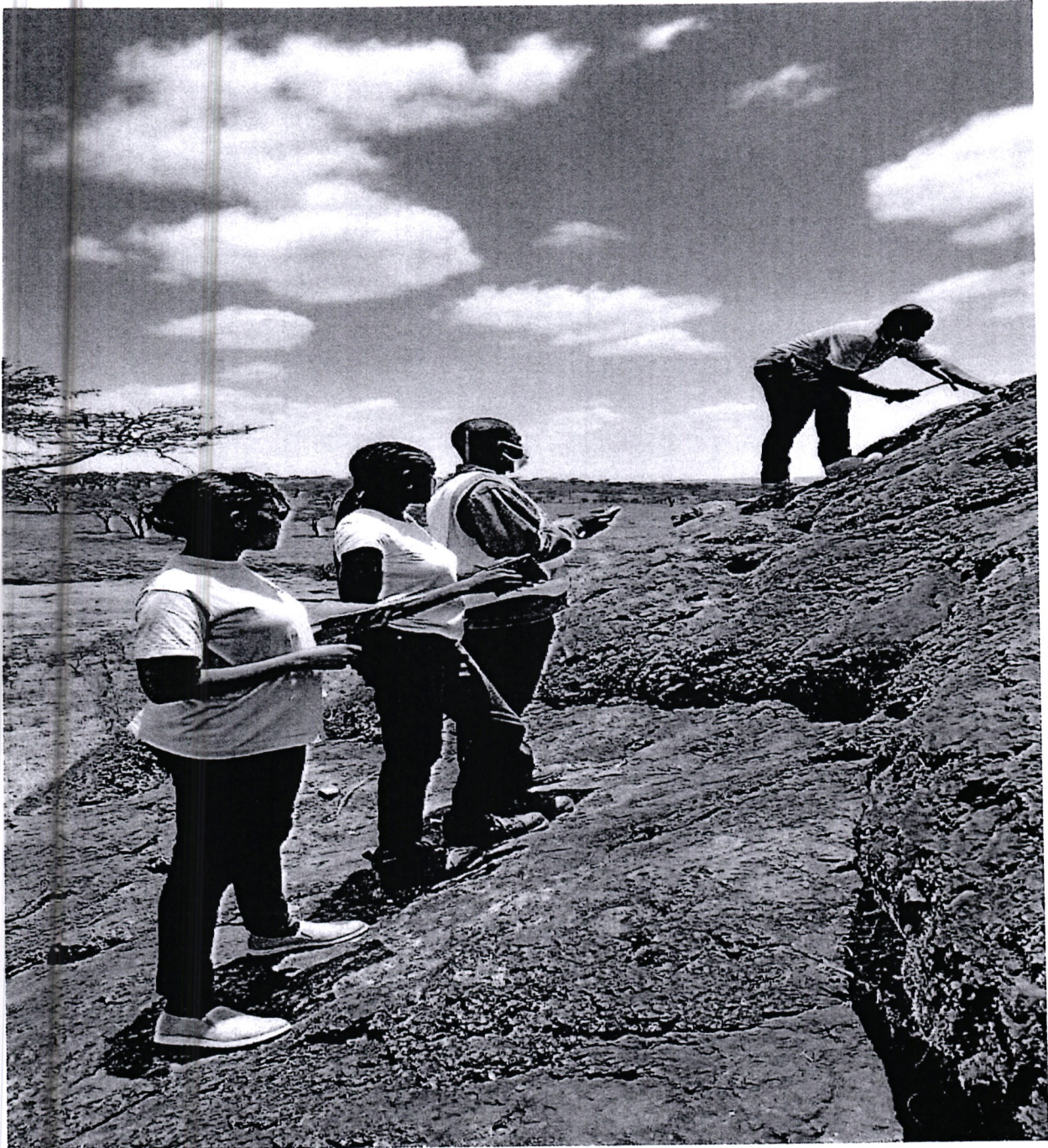
Gravity data acquisition of the Kipetu Gas Prospect, Kajjado County

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Students on attachment and intern being taught about the Magnetometer in the field as officers prepare for data acquisition.

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Geochemical sample collection the Kipetu Gas Prospect, Kajiado County

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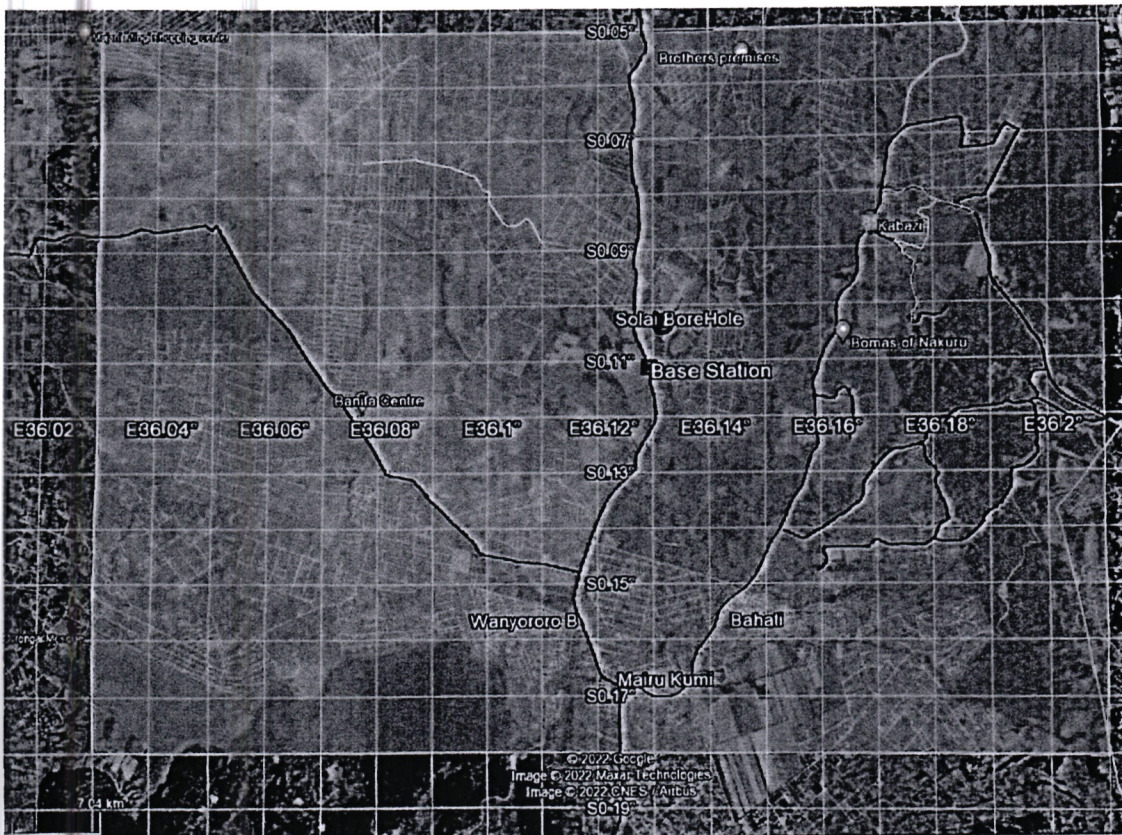


Geological mapping of the Kipetu Gas Prospect, Kajiado County

8. Geological and Geophysical data acquisition in Solai Gas Prospect

The Department undertook Geological and Geophysical surveys of the Kipetu Gas Prospect in Kajiado County.

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Solai Gas Prospect Survey area showing Geophysical stations

During the FY 2021/22 the Department;

- Acquired processed and interpreted Gravity data from 250 gravity stations
- Acquired processed and interpreted Magnetic data from 125 magnetic stations
- Conducted field training to the interns and attaches on field geophysical data acquisition procedures and
- Carried out geological and geochemical mapping of the area to identify geological structures and investigate possible source of the gas.

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Gravity data acquisition of the Solai Gas Prospect, Kajiado County

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Geological Mapping of Solai Gas prospect

9. Optimization of the Mombasa – Nairobi (Line 5) and PS10(Nairobi Terminal) Tanks

The Mombasa – Nairobi product pipeline (Line 5) and PS 10 tanks were commissioned on 30th June 2018. The first product was received on 30th July 2018. Optimization of Line 5 is ongoing through efficiency initiatives such as pumping schedules to optimize on electricity consumption and larger batch scheduling.

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10. Security of Supply of petroleum products

Throughput

This is quantity in cubic meters (M³) of petroleum products delivered and issued to oil marketers at delivery points which include Moi International Airport - PS12, Jomo Kenyatta International Airport – PS9, Konza –PS8, Nairobi Terminal – PS 10, Nakuru Depot – PS 25, Kisumu Depot – PS 28, Eldoret Depot – PS 27 and KOSF to Shimanzi Oil Terminal and any other designated point.

During the period under review, a cumulative throughput performance of 7,404,967M³ was achieved against a target of **8,025,133.32 M³**. The main contributor to the inability to achieve the planned throughput performance was a decline in the export market, a shift by Oil Marketing Company's (OMC's) from lifting product from KPC depots to alternative depots e.g. Petro City.

In addition, the following activities were also undertaken to ensure continued security of supply of petroleum products:

i. **Adjudication of Petroleum Tenders and Enforcement of Open Tender System (OTS) Terms and Conditions.**

Projection of the petroleum product demand was done and tenders were invited, opened and awarded to winners within timelines. Further, the Ministry ensured compliance to the open tender system terms and conditions by referring defaulters in the OTS to EPRA.

ii. **Vessel Scheduling Committee Meetings (VSM)**

Forty-eight (48) vessel scheduling meetings were held in which vessels were scheduled in line with the demand for petroleum products. The State Department also ensured that all vessels for both Shimanzi Oil Terminal (SOT) and Kipevu Oil

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Terminal (KOT) berthed on time to ensure security of supply of petroleum products as well as minimizing demurrage costs.

iii. Monitoring Petroleum Stocks

The State Department monitored stocks position at the various KPC depots on a daily basis to ensure there are no stock outs in the country for efficiency of supply of petroleum products.

Iv. Eradication of Fuel Adulteration, Dumping and illegal LPG Refilling

The project aims to effectively monitor and enforce quality assurance standards to alleviate dumping and adulteration of petroleum products to ensure that quality and secure petroleum products are marketed nationally and regionally. During the period under review, a total of 14,280 sample tests were carried out in petroleum outlets across the country.

EMERGING ISSUES

- Global price volatility of crude oil has resulted in reduced investment in oil and gas exploration by international oil companies.
- Regional re-alignment which has led to oil and gas importation and transportation through the Central Corridor.
- Closure of the refinery and integration of KPC and KPRL to enhance utilization of the latter's facilities.
- Need to develop a national oil and chemical spill contingency plan for the exploration/exploitation activities.

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- Develop and review regulations to manage chemicals and hazardous waste from oil processes. Recommend and develop appropriate technology for the management of these wastes.
- Adherence to the requirements of climate change Act 2016 on compliance on levels of Green House Gases (GHGs) emission reduction.

CHALLENGE FACED DURING PROGRAMMES AND PROJECTS IMPLEMENTATION

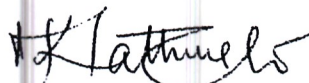
- Loss of transit market share of petroleum products exported to neighboring countries
- High community expectations in the oil, gas and mining exploration and development which slow down the pace of project implementation.
- Inadequate skilled local professionals in the sector.
- Gender mainstreaming in oil and gas projects.

RECOMMENDED WAY FORWARD

- Need for strategic partnership for project financing, execution and skills transfer.
- Need to develop strategies and respective legislation for management of community expectations.
- Need to strengthen national and county governments' collaboration and other stakeholders engagement at all stages of programme/project development.
- Linkages with other sectors with a coordinated approach in the implementation of the various flagship projects. The collaboration will entail capacity building with various technical institutions, environmental matters, occupational safety and health services concerns amongst others.

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- There is need to strengthen the involvement of relevant local professionals in all phases of project implementation, including conceptualization, design, construction and commissioning to ensure capacity building and knowledge transfer.
- Need to come up with strategies to mitigate negative impacts on fluctuating global commodity prices and marketing trends which affect returns on investment.
- Enhancing capacity building in the counties in the oil and gas sector through partnerships with the national government, TVET training institutions, Universities and investors.



Amb.(Dr) Monica K. Juma (Oxon), EGH
Cabinet Secretary
Ministry of Petroleum and Mining

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3. Statement by the Principal Secretary/ Accounting Officer

Summary of Financial Performance

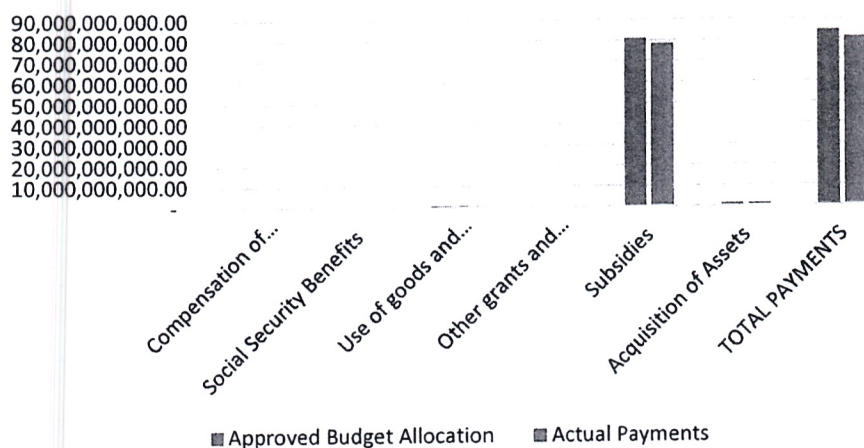
Budget Utilization

The Ministry spent **Kshs. 80,903,946,458.00** against an approved budget of Kshs. **84,414,749,076.00** representing an absorption of **96%**. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

| PAYMENTS | Approved Budget Allocation | Actual Payments | Variance |
|----------------------------|-----------------------------------|--------------------------|-------------------------|
| Compensation of Employees | 562,000,000.00 | 521,816,961.70 | 40,183,038.30 |
| Social Security Benefits | 2,576,423.00 | 1,335,703.35 | 1,240,719.65 |
| Use of goods and services | 875,321,501.00 | 636,677,018.55 | 238,644,482.45 |
| Other grants and transfers | 481,000,000.00 | 479,000,000.00 | 2,000,000.00 |
| Subsidies | 81,025,016,597.00 | 78,146,386,660.30 | 2,878,629,936.70 |
| Acquisition of Assets | 1,468,834,555.00 | 1,118,730,114.10 | 350,104,440.90 |
| TOTAL PAYMENTS | 84,414,749,076.00 | 80,903,946,458.00 | 3,510,802,618.00 |

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Budget Utilization

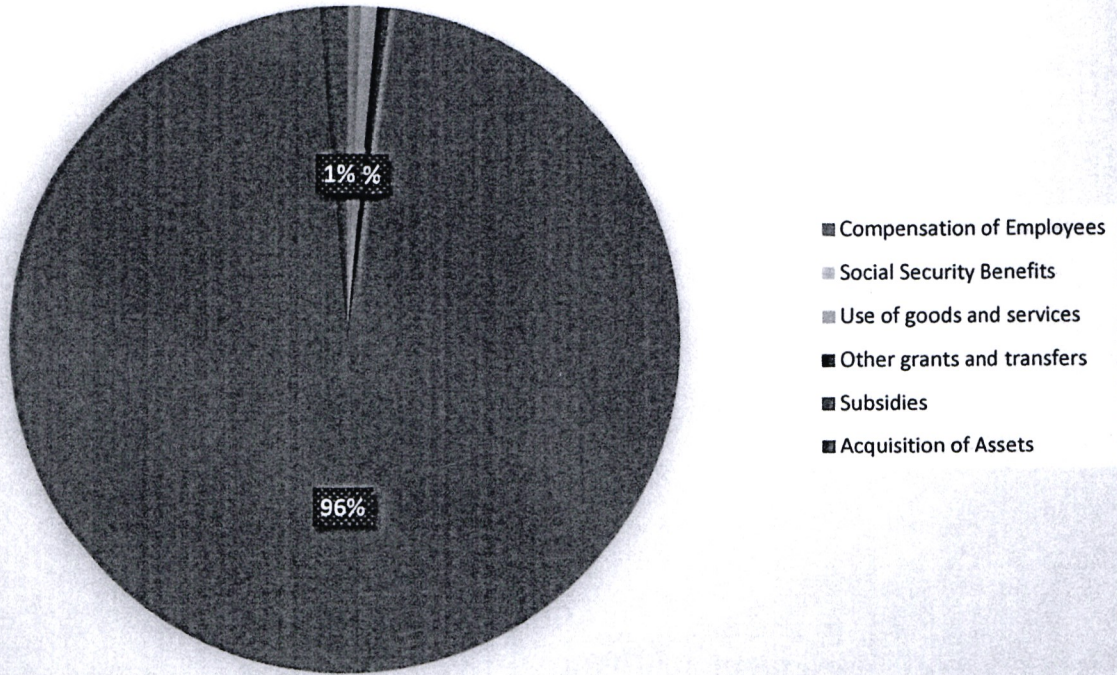


Budget Utilization per economic item

| PAYMENTS | 2021-2022 |
|----------------------------|--------------------------|
| Compensation of Employees | 521,816,961.70 |
| Social Security Benefits | 1,335,703.35 |
| Use of goods and services | 636,677,018.55 |
| Other grants and transfers | 479,000,000.00 |
| Subsidies | 78,146,386,660.30 |
| Acquisition of Assets | 1,118,730,114.10 |
| TOTAL PAYMENTS | 80,903,946,458.00 |

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2021-2022



| Financial Performance | Year to 30 th June 2022 |
|-----------------------------|------------------------------------|
| | Kshs |
| Total Receipts | 80,977,290,039.60 |
| Total Payments | 80,903,946,458.00 |
| Surplus for the Year | 73,343,581.60 |

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Current Year Performance

Receipts

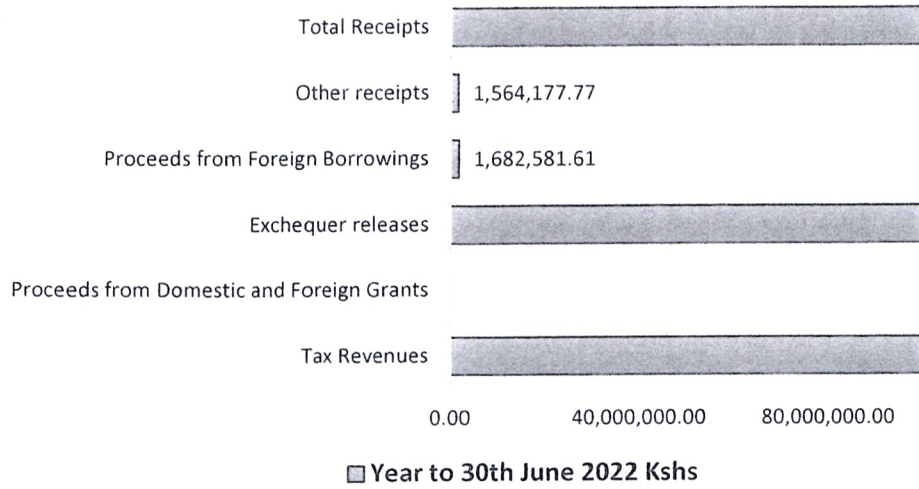
The Ministry's total receipts summed up to Kshs. 80,977,290,039.60 comprising mainly of Tax revenues, Exchequer releases, grants & borrowings, and AIA. The total receipts increased by 97% due to the increased budgetary provision in the year.

| | Year to 30th June 2022 |
|---|--------------------------|
| | Kshs |
| Tax Revenues | 23,759,484,497.15 |
| Proceeds from Domestic and Foreign Grants | |
| Exchequer releases | 56,893,129,603.75 |
| Proceeds from Foreign Borrowings | 168,258,161.30 |
| Other receipts | 156,417,777.40 |
| Total Receipts | 80,977,290,039.60 |

Total Receipts Breakdown

The diagram above depicts the share of major categories of receipts for the fiscal year ended 30th June 2022. The major source of funding for the Ministry of Petroleum and Mining is Exchequer releases that account for 70.26% of the total receipts.

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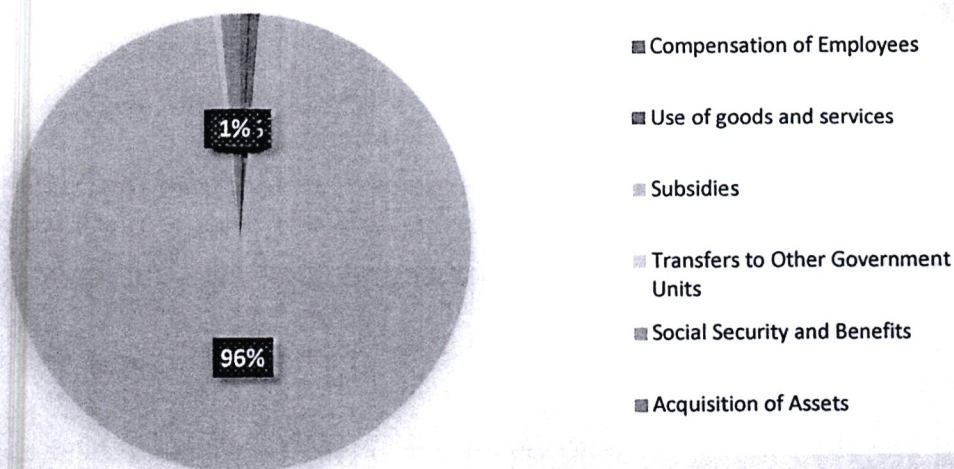
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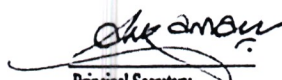
Payments

The Ministry's payments mainly comprise of subsidies

| | Kshs |
|-------------------------------------|--------------------------|
| Payments | Year to 30th June 2022 |
| | Kshs |
| Compensation of Employees | 521,816,961.70 |
| Use of goods and services | 636,677,018.55 |
| Subsidies | 78,146,386,660.30 |
| Transfers to Other Government Units | 479,000,000.00 |
| Social Security and Benefits | 1,335,703.35 |
| Acquisition of Assets | 1,118,730,114.10 |
| TOTAL PAYMENTS | 80,903,946,458.00 |

**PAYMENTS DISTRIBUTION PIECHART FY
2021/2022**




 Principal Secretary
 Andrew Kamau, CBS

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4. Statement of Performance against Predetermined Objectives for FY2021/22

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

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

- To strengthen the Policy, Legal and Institutional framework for the Petroleum development and accelerating the speed of completion of projects;
- To ensure there is capacity development in the Oil/Gas and minerals sector;
- To improve access to competitive, reliable and safe supply of petroleum products to all Kenyans;
- To promote Sustainable petroleum reserves;
- To promote Efficient utilization and conservation of oil and gas;
- To promote Exploration and development of fossil fuel resources;
- To optimize utilization of both human and financial resources.
- To explore alternative financing models for Petroleum sub-sector projects.
- To enhance Public-Private Partnerships in the provision of oil and gas facilities and services;

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable,

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achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

A Progress on attainment of Strategic development Objectives

| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|---|------------------------------------|--------------------|--|--|--------------|--------|----------|---|
| | | | | | Target(s) | Actual | Variance | |
| Exploration and Distribution of oil and Gas | SP.1 Exploration of Oil and Gas | Upstream Petroleum | Petroleum Blocks Reviewed | Number of petroleum blocks reviewed for creation and gazettelement of new blocks | 63 | 63 | 0 | Review of petroleum block is dependent on the acreage of blocks surrendered by IOCs as required by the PSC.1. Review of block coordinates and boundaries is ongoing to inform drafting of the revised Petroleum Exploration Block Map. |
| | | | Petroleum Exploration blocks licensed to IOCs. | Number of new production sharing contracts (PSC) signed. | 5 | 0 | (5) | <ul style="list-style-type: none"> Target not achieved. Signing of PSCs has delayed awaiting the conducting of Bid Rounds in line with Petroleum Act 2019. However, Data packages for onshore blocks prepared to facilitate the bid rounds. Contract for offshore 3D seismic multivalent data acquisition was signed and in force |
| | | | South Lokichar Field Development Plan (FDP). | Finalized Field Development Plan. | - | - | - | <ul style="list-style-type: none"> South Lokichar Field Development concept reviewed, draft FDP and Phase II Plan revised. The contractor (Tullow) was granted a conditional extension to execute a revised work program and budget and submit a finalized FDP by December 2021. |
| | | | Appraisal and Exploration Wells | Number of Exploration and Appraisal Wells Drilled | - | - | - | <ul style="list-style-type: none"> Data from Pate-2 exploration well under review to inform the drilling campaign of Pate -3 exploratory/appraisal well. Milima Prospect in Block L11B (offshore Lamu Basin) ready for drilling. The operator ENI is |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|---------------|---------------|--|---|--------------|--------|-----------|---|
| | | | | | Target(s) | Actual | Variance | |
| | | | | | | | | <ul style="list-style-type: none"> almost through with the process of getting approvals for mobilization. Drilling of Development wells is dependent on the completion of the South Lokichar FDP and the attainment of the Final Investment Decision (FID). |
| | | | Petroleum Exploration Blocks marketed Nationally and Internationally | Number of Petroleum Exploration Blocks marketed | 31 | 31 | 0 | <ul style="list-style-type: none"> Marketing of open Petroleum Blocks was undertaken through international oil and gas conferences held virtually due to the Covid – 19 pandemic. |
| | | | Geological Data Acquisition | Number of Geological Reports | 1 | 1 | 0 | <ul style="list-style-type: none"> Geological mapping undertaken in upper left quadrant of block L16. Geological surveys in Solai gas prospects. |
| | | | Geophysical Data Acquisition | Number of Geophysical Reports | 1 | 1 | 0 | <ul style="list-style-type: none"> Acquisition, processing and interpretation of gravity and magnetic data in zone 1 of block L16 completed. Geophysical surveys in Kipetu gas prospects |
| | | | Geological and Geophysical Specialized Equipment | Assorted Specialized Equipment | 1 | 2 | 1 | <ul style="list-style-type: none"> Transient Electromagnetics (TEM) and Magnetotelluric (MT) equipment acquired, tested and commissioned for use in the data acquisition. MT was purchased at the supplementary. |
| | | | Barrels of Early Oil delivered to KPRL storage terminal | Number of barrels delivered | 400,000 | 0 | (400,000) | <ul style="list-style-type: none"> Trucking of crude oil from the field in South Lokichar to the storage terminal halted |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|---------------|-----------------|---|---------------------------------|--------------|--------|----------|---|
| | | | | | Target(s) | Actual | Variance | |
| | | | | | | | | <ul style="list-style-type: none"> following a lapse of the Early Oil Pilot Scheme Agreement (EOPSA) in June 2020. Monitoring of decommissioning of EOPS facilities and marketing of the stored crude oil planned. |
| | | | FEED [1] and ESIA [2] for the proposed Lokichar-Lamu crude oil export pipeline. | ESIA and FEED reports | - | - | - | <ul style="list-style-type: none"> ESIA and FEED for the Lokichar-Lamu Pipeline was completed in FY 2019/2020. ESIA Report submitted to NEMA and is undergoing public engagement. The ongoing project activities include land surveying and inquiries along the crude oil pipeline route; development of land acquisition and resettlement framework, and stakeholder engagements. |
| | | | Export market survey for the crude oil | Market survey report | - | - | - | Market survey was not completed due to Covid19 but will be fast tracked to ascertain marketability of the Kenyan crude oil in the international market. |
| | | | Decommissioning of EOPS Facilities | Decommissioning Report | - | - | - | The Ministry is working in collaboration with the KJV on the decommissioning of EOPS facilities to ensure it is in line with Early Oil Pilot Scheme Agreement (EOPSA). |
| | | | Auditing of EOPS Costs | Audit Report | - | - | - | Auditing of the EOPS costs is near completion to ascertain the costs as claimed by the contractor (KJV) |
| | | Kenya Petroleum | Kenya Petroleum Technical | Officers trained in oil and gas | 320 | 245 | -75 | <ul style="list-style-type: none"> The variance is attributed to Covid -19 containment measures. |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | Remarks |
|-----------|---------------|---------------------------------------|-----------------------------|---------------------------|--------------|--------|--|
| | | | | | Target(s) | Actual | |
| | | Technical Assistance Project (KEPTAP) | Assistance Project (KEPTAP) | | | | <ul style="list-style-type: none"> • Other key programs/ workshops undertaken include; <ul style="list-style-type: none"> - Stakeholder engagement and dialogue with special considerations to vulnerable groups, indigenous, pastoral populations, - Water management in oil and gas projects & operations, - Environmental Auditing - upstream Oil & Gas, - Advanced Health Management in oil and gas developments, - Health Impact Assessment and development of a frame work for onshore & offshore hydrocarbon escape prevention - Preparedness & response capacity development |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | Remarks | |
|-----------|---------------|---------------|---|-------------------------------|--------------|--------|---------|---|
| | | | | | Target(s) | Actual | | Variance |
| | | | Task Order Reports | Number of Task Orders Report | 4 | 4 | 0 | <ul style="list-style-type: none"> The first 2 task orders provided analysis of Kenyan Production Sharing Contract mechanism for blocks 10BB & 13T which supported Gok in the successful development of Heads of Terms agreements (HOTs) duly concluded and signed. The other 2 task focused on the review of KJV Model, development of Gok Project Model and financial modeling capacity building. |
| | | | Legal advisory on recoverable costs audit | Number of Task Orders Reports | 4 | 4 | 0 | <ul style="list-style-type: none"> This assignment set out to provide legal support on all matters emanating from Cost Recovery Audit. All the 4 task orders on the negotiations/settlement phase with the oil operators have been executed as planned. |
| | | | Health, Safety, Social and Environmental Safeguards Regulations and Manuals | Number of Regulations | 6 | 6 | 0 | <p>The review of Biodiversity, Waste Management, Air Quality, water quality, oil spill and Chemical Regulations for NEMA completed and approved.</p> <ul style="list-style-type: none"> The Development / review of Environmental Inspection and Monitoring Manual Completed and Approved. |
| | | | | Number of Manuals | 1 | 1 | 0 | |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|---------------|---------------|------------------------------------|--|--------------|--------|----------|---|
| | | | | | Target(s) | Actual | Variance | |
| | | | Project Oversight and Coordination | Monitoring, Evaluation and Impact assessment reports | 4 | 4 | 0 | <ul style="list-style-type: none"> 3 Quarterly project implementation progress reports submitted capturing key achievements, challenges and mitigation strategies; 4th Quarter report consolidated into the Draft Project Completion Report (PCR) submitted in June 2021. KEPTAP Project Completion Report capturing from commencement, achievements of project development objective and the envisaged outputs as spelt out in the PAD (relevance, efficacy, sustainability, impact) completed and advanced draft submitted – awaiting World Bank's final review and approval. |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|---------------|---------------|---|---|--------------|--------|----------|--|
| | | | | | Target(s) | Actual | Variance | |
| | | | Petroleum Data Management | National Data Centre enhancement report | 1 | 0 | (1) | The procurement process was terminated in December 2020 and with KEPTAP's six months extension period, restarting the procurement process was not feasible given that it would require at least 12 months to fully execute the assignment. |
| | | | | Geoscience Data acquisition report | 1 | 1 | 0 | The Geoscience data acquisition and interpretation plan completed and approved to support licensing of blocks. |
| | | | | Hydrocarbon Reserves Audit Report | 1 | 0 | (1) | The Interim Reserves Audit Report submitted and approved. The final reserves audit report and Competent Persons Report (CPR) expected to be approved before project closure date of August 31st 2021 |
| | | | Strengthening and reforms of petroleum institutions | Nock Transformation Plan | 1 | 1 | 0 | The NOCK Final Transformation Plan has been duly completed and approved by NOCK team – the plan includes project strategy, implementation plan, implementation progress and proposals on way forward for NOCK. |
| | | | | National Petroleum | 1 | 0 | (1) | The draft final Plan and the financial and economic models submitted and approved |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|-----------------------------------|----------------------|---|--|--------------|--------|----------|---|
| | | | | | Target(s) | Actual | Variance | |
| | | | | Master Plan | | | | |
| | | | | Petroleum Policy | 1 | 1 | 0 | The National petroleum policy has been developed. |
| | SP.2: Distribution of Oil and Gas | Downstream Petroleum | Fuel Marking | Number of samples tested from different distribution points. | 9,500 | 20,575 | 11,075 | The activity aims at ensuring compliance, prevent diversion of products meant for export into the local market and eradicate illegal LPG refilling. Over performance is attributed to the increase of retail stations in the country that necessitated frequent sampling and testing to check for adulteration & dumping. |
| | | | Petroleum Sector Stakeholders Engagements | No. of engagement reports | 24 | 24 | 0 | This output is achieved through bi weekly stakeholder engagement meetings to track the supply of petroleum products for purposes of ensuring reliable supply and mitigate against stock outs. 24 reports have been prepared. |
| | | | LPG Storage facilities constructed | No of bulk storage facilities constructed | 1 | 0 | (1) | The underperformance was attributed to the revision of budget. |
| | | | LPG cylinder outlets constructed | No. of storage facilities | 70 | 0 | (70) | A challenge occurred during the procurement of Cylinder Smart Metering services and technical |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | | Remarks |
|-----------|---|-----------------------------|--|-------------------------------------|--------------|--------|-----------|---|
| | | | | | Target(s) | Actual | Variance | |
| | | | LPG cylinders distributed | No. of cylinders distributed | 150,000 | 20,000 | (130,000) | support which affected the planned civil works for the storage facilities. The target was not met due to challenges in the procurement of LPG cylinder smart meters for which there were unresponsive bids. However, the Ministry has in place a framework contract for a period of three years to meet the target number of LPG cylinders for distribution. An initial 20,000 6Kg new LPG cylinders have been procured under this framework |
| | | | LPG Skids installed | No. of LPG skids | 24 | 0 | (24) | There was revision of budget for construction of Skids |
| | | | Real time monitoring devices installed in LPG filling stations | No. of real time monitoring devices | 10 | 0 | (10) | There was no budget allocation for procurement of Real time monitoring devices in LPG filling stations |
| | | | Petroleum Policies and Plans | National Petroleum Master Plan | 1 | 1 | 0 | The National Master Plan coordinated under sub- programme 1 |
| | SP.3: Administration and support services | Administration and Planning | | National Petroleum Policy | 1 | 1 | 0 | The National Petroleum Policy coordinated under sub- programme 1 |

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| Programme | Sub-Programme | Delivery Unit | Key Output | Key Performance Indicator | FY 2021/2022 | | Remarks | |
|-----------|---------------|---------------|---------------------------------|---------------------------|--------------|--------|---------|---|
| | | | | | Target(s) | Actual | | Variance |
| | | | | Strategic Plan | 1 | 1 | 0 | The Ministry's Strategic Plan finalized |
| | | | Monitoring and Evaluation (M&E) | M&E Reports | 4 | 0 | (4) | The underperformance was due to Covid – 19 Pandemic that restricted movement. |
| | | HRM&D | Capacity Building and Trainings | No. of officers trained | 158 | 225 | 67 | The over-performance is attributable to group trainings. |

5. Environmental and Sustainability Reporting

Background

Community development as stipulated in the Production sharing contract is primarily a strategic means which the government ensures how well the company is achieving its goals or benchmarks for social responsibility. In reference to Production Sharing contracts for licensed Blocks, article 1.4.2. For the purposes of auditing, the Government may examine and verify, at reasonable times all charges and credits relating to the petroleum production Sharing Contract' operations. Also, in line with the PSC's the Government through the relevant departments and stakeholders monitors all Corporate Social Responsibility programs together with Community Development Projects and assess its level of acceptance to the host community.

Sustainability

The Ministry evaluates community projects carried out by contractors in their respective blocks the Ministry in particular Establishes;

- Guidelines and procedures in place in management of community projects
- The impact the social projects have to the host community
- The extent of community involvement/ participation in identification, procuring, evaluating and management of the projects
- The cost of the project as reported in the contractor's books of account and ensure accuracy and transparency.
- The scope of the assignment is to conduct audit of community development projects

Environmental Performance

The Ministry is guided by Environmental Management and Coordination Act (EMCA 2015) in monitoring environmental impacts Ministry also insists on the individual company's policy on Health Safety and Environment and check consistency with the existing regulations and laws.

Market place practices-

The organization should outline its efforts to:

- a) Responsible competition Practice.
Explain how the organization ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors
- b) Responsible supply chain and supplier relations – explain how the organization maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.

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- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices
- d) Product stewardship-outline efforts to safeguard consumer rights and interests. 47

- a) Use of open tender method, which is the most competitive method of procurement
- b) The Ministry continually register suppliers in various categories of goods, works and services
 - Suppliers visits our offices and are given audience
 - Suppliers are informed of problems about their contracts which is resolved through audience to rectify any problems with their contracts amicably for the interest of both parties.
 - Contract period can be extended for suppliers to complete deliveries as per requests
 - The Ministry rarely punish our suppliers by not cashing their bid bonds.
- c) Market surveys are regularly conducted
 - Technical officers from technical Ministry also ensure they continually research to understand up-to date information in relation to changes in technology and technological product.
- d) The Ministry ensure that product specifications meet the set standard and threshold as prescribed in the Public Procurement and Asset Disposal Act, 2015 e.g environmental concerns, minimum wage requirements and Tax Compliance requirements.

Community Engagements-

The Ministry conducts stakeholders' forums in all the active Blocks including other Projects like Crude Pipeline and EOPS. Community Liaison Officers have been recruited, the community are constantly engaged on all petroleum operations in their area.

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6. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the Ministry of Petroleum and Mining is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the Ministry of Petroleum and Mining accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Accounting Officer in charge of the Ministry of Petroleum and Mining further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

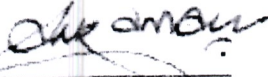
The Accounting Officer in charge of the Ministry of Petroleum and Mining confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer

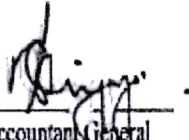
MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The Ministry of petroleum and Mining's financial statements were approved and signed by the Accounting Officer on 30 September 2022.


Principal Secretary
Andrew Kamau, CBS


Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

MINISTRY OF PETROLEUM AND MINING
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For the year ended 30th June, 2022

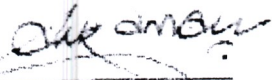
7. Report of the Independent Auditors on the Ministry of Petroleum and Mining

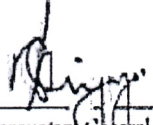
MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

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Approval of the financial statements

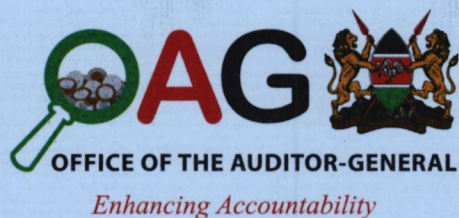
The Ministry of petroleum and Mining's financial statements were approved and signed by the Accounting Officer on 30 September 2022.


Principal Secretary
Andrew Kamau, CBS


Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MINISTRY OF PETROLEUM AND MINING FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ministry of Petroleum and Mining set out on pages 59 to 90, which comprise of the statement of financial assets and

Report of the Auditor-General on Ministry of Petroleum and Mining for the year ended 30 June, 2022

liabilities as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows, summary statement of appropriation - recurrent and development combined for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Ministry of Petroleum and Mining as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misclassification of Expenditure

The statement of receipts and payments reflects an expenditure of Kshs.636,677,019 in respect of use of goods and services, as disclosed in Note 7 to the financial statements. Included in this amount is an expenditure of Kshs.2,024,677 incurred on foreign travel and subsistence. However, review of the expenditure records revealed that Kshs.1,097,843 was in respect of domestic travel and subsistence allowance though charged under foreign travel and subsistence allowance.

Similarly, the statement reflects acquisition of assets amount of Kshs.1,118,730,114, as disclosed under Note 10 to the financial statements. Included in this amount is Kshs.1,005,288,436 which was incurred on research studies, project preparation, design and supervision out of which an amount of Kshs.4,533,266 was recurrent in nature and ought to have been charged under office and general supplies component.

In the circumstances, the accuracy of the amounts reported against the expenditure items in the statement of receipts and payments could not be confirmed.

2. Unsupported Transfer of Funds to other Entities

The statement of receipts and payments reflects Kshs.479,000,000 in respect of grants and transfers to other Government entities, as disclosed in Note 8 to the financial statements. Included in this amount are transfers to the National Oil Corporation (NOCK), amounting to Kshs.250,000,000 which was transferred for the purpose of Petroleum Exploration in Block 14T, Kshs.200,000,000 to Energy and Petroleum Regulatory Authority (EPRA) for the purpose of fuel marking and Kshs.29,000,000 to the National Mining Corporation. However, the basis for the disbursement was not clear given that the funds were transferred without detailed work plans from the three entities, to justify the disbursement. In addition, none of ten recipient entities made the expenditure returns to the Ministry as evidence that the funds were utilized for intended purposes.

In the circumstances, the completeness of the transferred amount of Kshs.479,000,000 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Pending Bills

The financial statements reflect pending bills balance of Kshs.132,775,321 as disclosed in Note (a) to other important disclosures in the financial statements. However, the bills were not settled and did not form a first charge in the year under review contrary with the Government policy.

Failure to settle bills during the year to which they relate distorts the budget implementation of the subsequent year as the outstanding bills form a first charge on resources available.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with the Public Sector Board in the Presentation of the Financial Statements

The financial statements presented for audit review did not include prior year balances as per the format prescribed by the Public Sector Accounting Standards Board (PSASB).

In the circumstances, the presentation of the financial statement does not conform to the requirements of the Public Sector Accounting Standards Board.

2. Delayed implementation of the Mwananchi LPG Enhancement Project

Mwananchi Liquefied Petroleum Gas (LPG) Project was initiated by the defunct Ministry of Energy and Petroleum in 2016 and was intended to promote use of modern cooking fuels among the low-income households. The project entails supply and distribution of Liquefied Petroleum Gas (LPG) cylinders, grills, and burners to households at subsidized prices, and erection of facilities to store the cylinders at local distribution points. The National Oil Corporation of Kenya was engaged to implement the project with the role of ensuring that the LPG components were distributed to the targeted households.

The project was to be implemented in two modules whereby Module I entailed distribution of subsidized filled 6 Kg cylinders fitted with a grill and a burner in eleven (11) piloted sub-Counties in Nairobi. Module II involved distribution of filled 6 Kg cylinders with a smart metering device, a horse pipe and 2 low burner tabletop cookers.

As reported in previous years, at least 79,057 of the 357,355 6 kg gas cylinders were found to be defective by an independent inspector who was contracted by the Ministry following safety concerns raised by consumers, which led to suspension of the project in 2019.

An audit verification carried out on 15 December, 2022, revealed that the 6 kg cylinders purchased in Module I and 72,000 two-burner low pressure tabletop cookers purchased in Module II of the project were yet to be distributed and were lying at the warehouses rented by the Ministry and NOCK.

As at 30 June, 2022, an amount of Kshs.1,104,781,654 had been incurred for the purchase of LPG cylinders and accessories, inspection of the cylinders and accessories and purchase of two-burner low pressure tabletop cookers.

In addition, there were uncertainties in the implementation of the project due to lack of critical policies and plans such as project implementation plan, strategy detailing how the project was started and overall sustainability plan, a beneficially identification mechanism for the LPG cylinders and 20,000 low burner tabletop cookers. Further, there was no smart metering service and technical support for dispensing LPG from the source point to consumers who constituted the point of use.

In the circumstances, it could not be confirmed that the public obtained value for money on the Kshs.1,104,781,654 incurred in the implementation of the project.

3. Irregular Payment of Special Duty Allowance

The statement of receipts and payments reflects expenditure on compensation of employees amounting to Kshs.521,816,962, as disclosed in Note 5 to the financial statements. Included in this amount is Kshs.1,059,482 paid as special duty allowance to

employees who performed duties which were of higher grades. However, the amount was paid despite the Public Service Commission directive issued in December, 2021 requiring review of organization structures and staff establishment, and a succession management be put in place across the Public Service. The Commission further directed that payment of special duty allowance should henceforth cease and vacant positions be declared for competitive filling.

In the circumstances, Management was in breach of the law.

4. Delayed Completion of Office Partitioning Works

The Ministry on 24 November, 2021 entered into a lease agreement with Kenya Accountants and Secretaries National Examinations Board (KASNEB) for office space measuring 36,339 square feet at Upper hill area in Nairobi. The lease agreement was signed on 19 May, 2022 for a period of six (6) years and backdated to 1 December, 2021. Effectively, rent was payable from 1 December, 2021. The Ministry thus, paid rent amounting to Kshs.28,453,719 for the period from 01 December, 2021 to 30 June, 2022.

However, as at the time of audit in December 2022, the Ministry had not occupied the leased offices due to incomplete works and continued to pay rent for the offices. Management indicated that the office partitioning works were due to be completed on 31 December, 2022, after the contractor requested for two extensions.

In the circumstances, it was not possible to confirm that the Ministry realized value for money on rent incurred for the leased building.

5. Non-Compliance with the Data Protection Act, 2019

During the year under review, the Ministry did not appoint a Data Protection Officer contrary to Section 24 of the Data Protection Act, 2019, to carry out the data protection functions. Further, Management did not register the Ministry as either a Data Controller or Data Processor or both with the Data Protection Commissioner's Office contrary to Section 18 of the Act, which requires such registration.

In the circumstances, Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness

of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Establish a Public Finance Management Committee

During the year under review, the Ministry had two operational committees in place comprising of the Training Committee and the Ministerial Human Resource Management Advisory Committee (MHRMAC). However, the Public Finance Management Standing Committee envisaged under Regulation 18(1) of the Public Finance Management (National Government) Regulations, 2015 was yet to be constituted and operationalized at the Ministry.

In the circumstances, the effectiveness of the finance department could not be confirmed.

2. Lack of a National Upstream Petroleum Advisory Committee

During the year under review and earlier years, the Ministry did not have a National Upstream Petroleum Advisory Committee as required in Section 12 of the Petroleum Act, 2019. The Act outlines the functions of the Committee to include advising the Cabinet Secretary on upstream petroleum operations.

In the absence of the Committee, it was not possible to confirm how the outlined functions were being performed.

3. Lack of a National Petroleum Policy and Plan

During year under review, the Ministry did not have a National Policy on Petroleum Operations contrary to Section 5(1) and Section 6(1) of the Petroleum Act, 2019. In addition, a National Petroleum Strategic Plan had not been developed and published. The Act, stipulates that the Strategic Plan and the National Petroleum Policy serve as a guide for the implementation of the national policy on petroleum operations.

In the absence of the policy and strategic plan on petroleum operations, it was not possible to confirm how the petroleum operations were guided.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and for assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Ministry to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Ministry to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

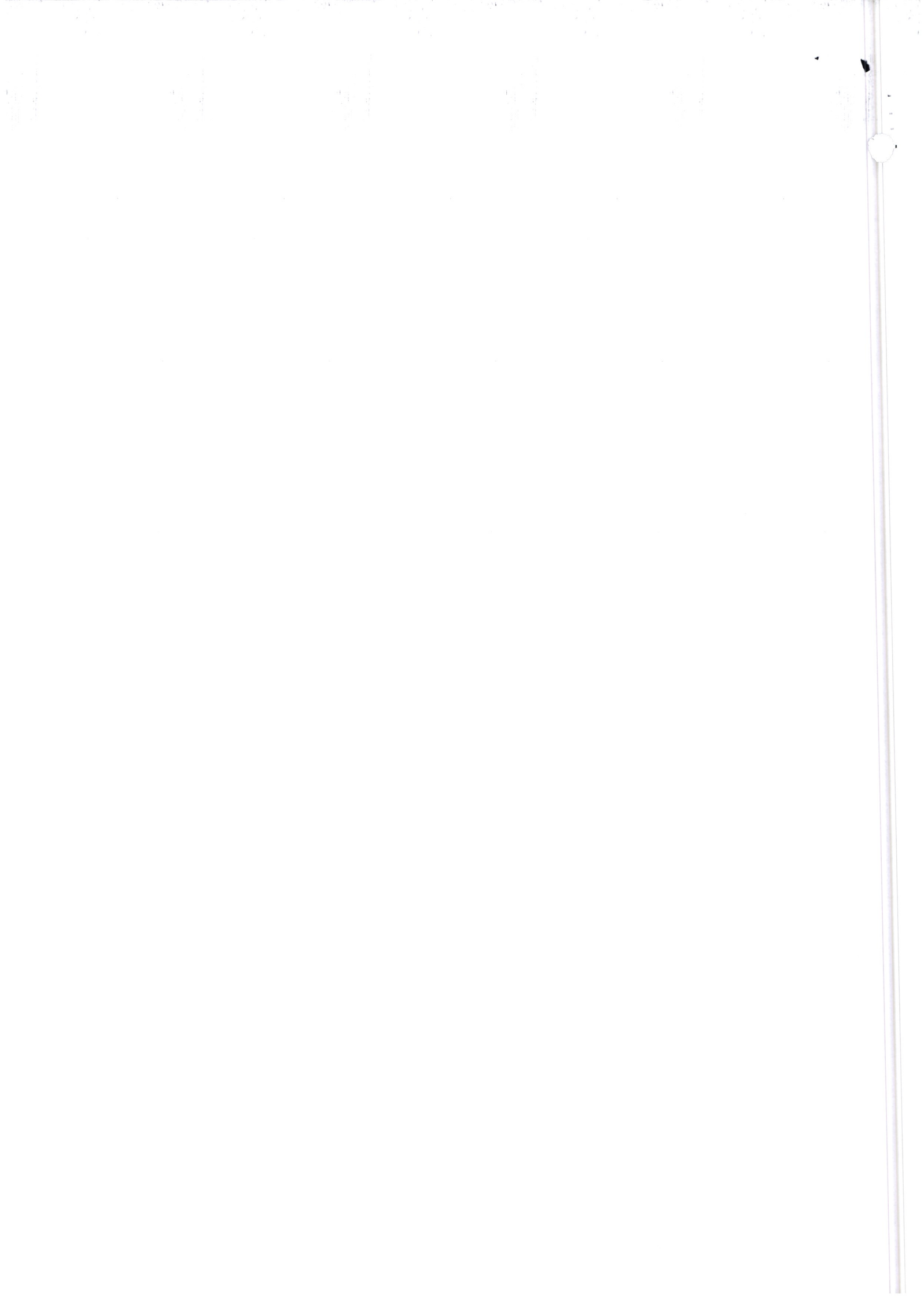
I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

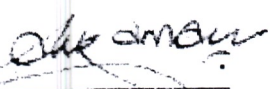
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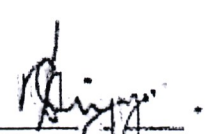


8. Statement of Receipts And Payments for the Year Ended 30th June 2022

| | Note | 2021-2022 |
|-------------------------------------|------|--------------------------|
| | | Kshs |
| RECEIPTS | | |
| Tax Receipts | 1 | 23,759,484,497.15 |
| Exchequer releases | 2 | 56,893,129,603.75 |
| Proceeds from Foreign Borrowings | 3 | 168,258,161.30 |
| Other Revenues | 4 | 156,417,777.40 |
| TOTAL RECEIPTS | | 80,977,290,039.60 |
| PAYMENTS | | |
| Compensation of Employees | 5 | 521,816,961.70 |
| Use of goods and services | 7 | 636,677,018.55 |
| Subsidies | 9 | 78,146,386,660.30 |
| Transfers to Other Government Units | 8 | 479,000,000.00 |
| Social Security and Benefits | 6 | 1,335,703.35 |
| Acquisition of Assets | 10 | 1,118,730,114.10 |
| TOTAL PAYMENTS | | 80,903,946,458.00 |
| SURPLUS/DEFICIT | | 73,343,581.60 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 September, 2022 and signed by:


Principal Secretary
Andrew Kamau, CBS

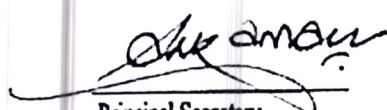

Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068


MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

9. Statement of Assets and Liabilities as at 30th June 2022

| | Note | 2021-2022 |
|---|------|----------------------|
| | | Kshs |
| FINANCIAL ASSETS | | |
| Cash and Cash Equivalents | | |
| Bank Balances | 11 | 90,044,880.10 |
| Total Cash and cash equivalent | | 90,044,880.10 |
| Accounts receivables – Outstanding Imprests | 12 | 981,803.00 |
| TOTAL FINANCIAL ASSETS | | 91,026,683.10 |
| FINANCIAL LIABILITIES | | |
| Accounts Payables – Deposits and retentions | 13 | 16,092,541.50 |
| NET FINANCIAL ASSETS | | 74,934,141.60 |
| REPRESENTED BY: | | |
| Fund Balance b/fwd | 14 | 4,711,329.95 |
| Refund to National Treasury | | -3,120,769.95 |
| Surplus | | 73,343,581.60 |
| NET FINANCIAL POSSITION | | 74,934,141.60 |

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 September, 2022 and signed by:


Principal Secretary
Andrew Kamau, CBS


Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

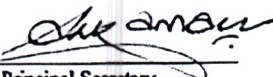
MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022


10. Statement of Cash Flows for The year Ended 30th June 2022

| | | 2021-2022 |
|--|----|--------------------------|
| | | Kshs |
| Tax Revenues | 1 | 23,759,484,497.15 |
| Transfers from National Treasury | 2 | 56,893,129,603.75 |
| Other Revenues | 4 | 156,417,777.40 |
| | | 80,809,031,878.30 |
| Payments for operating expenses | | |
| Compensation of Employees | 5 | 521,816,961.70 |
| Use of goods and services | 7 | 636,677,018.55 |
| Transfers to Other Government Units | 8 | 479,000,000.00 |
| Subsidies | 9 | 78,146,386,660.30 |
| Social Security Benefits | 6 | 1,335,703.35 |
| Adjusted for: | | 79,785,216,343.90 |
| Adjustments during the year | 15 | (730,738.35) |
| | | |
| Net cash flow from operating activities | | 1,024,546,272.75 |
| | | |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| | | |
| Acquisition of Assets | 10 | 1,118,730,114 |
| Net cash flows from Investing Activities | | -1,118,730,114.10 |
| CASHFLOW FROM BORROWING ACTIVITIES | | |
| Proceeds from Foreign Borrowings | 4 | 168,258,161.30 |
| Net cash flow from financing activities | | 168,258,161.30 |
| NET INCREASE IN CASH AND CASH EQUIVALENT | | 74,074,319.95 |
| Cash and cash equivalent at BEGINNING of the year | | 15,970,560.15 |
| Cash and cash equivalent at END of the year | | 90,044,880.10 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30 September, 2022 and signed by:


Principal Secretary
Andrew Kamau, CBS


Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068


11. Statement of Comparison of Budget and Actual Amounts for FY 2021-2022


Development and Recurrent Combined

| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilization Difference e=c-d | % of Utilization f=d/c % |
|---|-------------------------|--------------------------|--------------------------|---------------------------------|--|-----------------------------|
| RECEIPTS | | | | | | |
| Tax Receipts-(AIA) | 1,924,000,000.00 | 24,985,575,711.00 | 26,909,575,711.00 | 23,759,484,497.15 | 3,150,091,213.85 | 88.29% |
| Proceeds from Domestic and Foreign Grants | 746,989,623.00 | (8,387,928.00) | 738,601,695.00 | 156,417,777.40 | 582,183,917.60 | 21.18% |
| Exchequer releases | 996,540,965.00 | 55,575,339,193.00 | 56,571,880,158.00 | 56,893,129,603.75 | (321,249,445.75) | 100.57% |
| Other Receipts | 224,209,180.00 | (29,517,668.00) | 194,691,512.00 | 168,258,161.30 | 26,433,350.70 | 86.42% |
| TOTAL RECEIPTS | 3,891,739,768.00 | 80,523,009,308.00 | 84,414,749,076.00 | 80,977,290,039.60 | 3,437,459,036.40 | 95.93% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 579,000,000.00 | (17,000,000.00) | 562,000,000.00 | 521,816,961.70 | 40,183,038.30 | 92.85% |
| Use of goods and Services | 1,108,556,105.00 | (233,234,604.00) | 875,321,501.00 | 636,677,018.55 | 238,644,482.45 | 72.74% |
| Subsidies | - | 81,025,016,597.00 | 81,025,016,597.00 | 78,146,386,660.30 | 2,878,629,936.70 | 96.45% |
| Transfers to Other Government Units | 509,000,000.00 | (28,000,000.00) | 481,000,000.00 | 479,000,000.00 | 2,000,000.00 | 99.58% |
| Social Security Benefits | 2,576,423.00 | - | 2,576,423.00 | 1,335,703.35 | 1,240,719.65 | 51.84% |
| Acquisition of Assets | 1,692,607,240.00 | (223,772,685.00) | 1,468,834,555.00 | 1,118,730,114.10 | 350,104,440.90 | 76.16% |
| TOTAL PAYMENTS | 3,891,739,768.00 | 80,523,009,308.00 | 84,414,749,076.00 | 80,903,946,458.00 | 3,510,802,618.00 | 95.84% |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

The entity financial statements were approved on 30 September, 2022 and signed by:


Principal Secretary
Andrew Kamau, CBS


Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

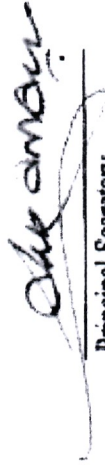
MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Recurrent

| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilization Difference e=c-d | % of Utilization f=d/c % |
|---|-----------------------|--------------------------|--------------------------|---------------------------------|--|-----------------------------|
| RECEIPTS | | | | | | |
| Tax Receipts-(AIA) | - | 24,985,575,711.00 | 24,985,575,711.00 | 22,111,125,774.20 | 2,874,449,936.80 | 88.50% |
| Proceeds from Domestic and Foreign Grants | 738,601,695.00 | - | 738,601,695.00 | 156,417,777.40 | 582,183,917.60 | 21.18% |
| Exchequer releases | 227,000,000.00 | 55,999,849,384.00 | 56,226,849,384.00 | 56,642,035,093.25 | 415,185,709.25) | 100.74% |
| Other Receipts | | | | | | |
| TOTAL RECEIPTS | 965,601,695.00 | 80,985,425,095.00 | 81,951,026,790.00 | 78,909,578,644.85 | 3,041,448,145.15 | 96.29% |
| PAYMENTS | | | | | | |
| Compensation of Employees | 579,000,000.00 | (17,000,000.00) | 562,000,000.00 | 521,816,961.70 | 40,183,038.30 | 92.85% |
| Use of goods and Services | 351,903,819.00 | (27,108,008.00) | 324,795,811.00 | 217,480,896.70 | 107,314,914.30 | 66.96% |
| Subsidies | - | 81,025,016,597.00 | 81,025,016,597.00 | 78,146,386,660.30 | 2,878,629,936.70 | 96.45% |
| Transfers to Other Government Units | 29,000,000.00 | - | 29,000,000.00 | 29,000,000.00 | - | 100.00% |
| Social Security Benefits | 2,576,423.00 | - | 2,576,423.00 | 1,335,703.35 | 1,240,719.65 | 51.84% |
| Acquisition of Assets | 3,121,453.00 | 4,516,506.00 | 7,637,959.00 | 4,860,802.05 | 2,777,156.95 | 63.64% |
| TOTAL PAYMENTS | 965,601,695.00 | 80,985,425,095.00 | 81,951,026,790.00 | 78,920,881,024.10 | 3,030,145,765.90 | 96.30% |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

The entity financial statements were approved on 30 September, 2022



Principal Secretary
Andrew Kamau, CBS



Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number. 5068

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Development

| Receipt/Expense Item | Original Budget a | Adjustments b | Final Budget c=a+b | Actual on Comparable Basis d | Budget Utilization Difference e=c-d | % of Utilization f=d/c % |
|---|-------------------------|-------------------------|-------------------------|------------------------------------|---|--------------------------------|
| RECEIPTS | | | | | | |
| Tax Receipts-(AIA) | 1,924,000,000.00 | - | 1,924,000,000.00 | 1,648,358,722.95 | 275,641,277.05 | 85.67% |
| Proceeds from Domestic and Foreign Grants | 8,387,928.00 | (8,387,928.00) | - | - | - | 0.00% |
| Exchequer releases | 769,540,965.00 | (424,510,191.00) | 345,030,774.00 | 251,094,510.50 | 93,936,263.50 | 72.77% |
| Proceeds from Foreign Borrowings | 224,209,180.00 | (29,517,668.00) | 194,691,512.00 | 168,258,161.30 | 26,433,350.70 | 86.42% |
| TOTAL RECEIPTS | 2,926,138,073.00 | (462,415,787.00) | 2,463,722,286.00 | 2,067,711,394.75 | 396,010,891.25 | 83.93% |
| PAYMENTS | | | | | | |
| Use of goods and services | 756,652,286.00 | (206,126,596.00) | 550,525,690.00 | 419,196,121.85 | 131,329,568.15 | 76.14% |
| Transfer to other government units | 480,000,000.00 | (28,000,000.00) | 452,000,000.00 | 450,000,000.00 | 2,000,000.00 | 99.56% |
| Acquisition of Assets | 1,689,485,787.00 | (228,289,191.00) | 1,461,196,596.00 | 1,113,869,312.05 | 347,327,283.95 | 76.23% |
| TOTAL PAYMENTS | 2,926,138,073.00 | (462,415,787.00) | 2,463,722,286.00 | 1,983,065,433.90 | 480,656,852.10 | 80.49% |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

The entity financial statements were approved on 30 September, 2022 and signed by:



Principal Secretary
Andrew Kamau, CBS



Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Budget Execution by Programmes and Sub-Programmes

| Programme/Sub-programme | Final Budget | Indicators | Outcomes | Actual on | Budget utilization |
|---|--------------------------|------------|----------|--------------------------|-------------------------|
| | 2022 | | | comparable basis | |
| | Kshs | | | Kshs | Kshs |
| Exploration and Distribution of Oil and Gas | 83,756,254,181.00 | | | 80,425,971,389.65 | 3,330,282,791.35 |
| Oil and Gas exploration | 2,324,624,722.00 | | | 1,979,145,093.35 | 345,479,628.65 |
| Distribution of petroleum and gas | 172,000,000.00 | | | 76,358,827.80 | 95,641,172.20 |
| | 81,259,629,459.00 | | | 78,370,467,468.50 | 2,889,161,990.50 |
| General Administration & Planning and Support Services | 255,567,691.00 | | | 214,819,757.80 | 40,747,933.20 |
| Mining Policy & Development Coordination | 255,567,691.00 | | | 214,819,757.80 | 40,747,933.20 |
| Mineral Resource Management | 327,540,859.00 | | | 220,736,946.85 | 106,803,912.15 |
| Mineral Resources Development | 29,654,707.00 | | | 10,780,273.40 | 18,874,433.60 |
| Geological survey and mineral exploration | 297,886,152.00 | | | 209,956,673.45 | 87,929,478.55 |
| Total | 84,339,362,731.00 | | | 80,861,528,094.30 | 3,477,834,636.70 |

Significant Accounting Policies

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

1. Statement of Compliance and Basis of Preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the Ministry of Petroleum and Mining. The financial statements encompass the reporting entity as specified under section 81 of the Finance Act 2012 and also comprise of the following development projects implemented by the entity:

i) Kenya Petroleum Technical Assistance Project

3. Reporting Currency

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

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied to the reporting Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources only when the related cash has actually been received by the Entity.

. Tax Receipts

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MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

SIGNIFICANT ACCOUNTING POLICIES

Transfers from the Exchequer

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

External Assistance

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2022, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

Other receipts

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

Recognition of payments

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

Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Use of Goods and Services

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

Interest on Borrowing

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

Repayment of Borrowing (Principal Amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

Acquisition of Fixed Assets

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

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

5. In-kind contributions

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

6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

7. Cash and Cash Equivalents

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

Restriction on Cash

Restricted cash represents amounts that are limited /restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2022, this amounted to Kshs 16,092,541.50 compared to Kshs 11,351,720.20 in prior period as indicated on note 13.

There were no other restrictions on cash during the year.

SIGNIFICANT ACCOUNTING POLICIES

8. Accounts Receivable

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

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

10. Pending Bills

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

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2021 for the period 1st July 2021 to 30th June 2022 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

12. Comparative Figures

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

SIGNIFICANT ACCOUNTING POLICIES

13. Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2022.

14. Errors

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

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

12. Notes to The Financial Statements

1 TAX REVENUES

| | | 2021-2022 |
|--|-----------------------------|--------------------------|
| | | Kshs |
| | Taxes on Goods and Services | 23,759,484,497.15 |
| | Total | 23,759,484,497.15 |

(These are monies received from Petroleum Development Levy Fund and Petroleum Training Levy Fund to cater for the State department for petroleum development expenditure and fuel subsidy).

2 EXCHEQUER RELEASES

| Description | 2021/2022 |
|--|--------------------------|
| | Kshs |
| Total Exchequer Releases for quarter 1 | 237,561,859.10 |
| Total Exchequer Releases for quarter 2 | 307,284,111.75 |
| Total Exchequer Releases for quarter 3 | 6,867,377,350.35 |
| Total Exchequer Releases for quarter 4 | 49,480,906,282.55 |
| Total | 56,893,129,603.75 |

The Ministry of Petroleum and Mining received the total budgeted exchequer for both development and recurrent

3 PROCEEDS FROM FOREIGN BORROWINGS

| | | 2021-2022 |
|--|-------------------------------------|-----------------------|
| | | Kshs |
| | Foreign Borrowing - Direct Payments | 168,258,161.30 |
| | Total | 168,258,161.30 |

These amounts borrowed were part of the funding for the Kenya Petroleum Technical Assistance Project (KEPTAP)

MINISTRY OF PETROLEUM AND MINING
 Reports and Financial Statements
 For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 OTHER REVENUES

| Description | 2021-2022 |
|---|-----------------------|
| | Kshs |
| Administrative fees and charges collected | 29,417,777.40 |
| Incidental Sales by Non-Markets | 127,000,000.00 |
| Total | 156,417,777.40 |

5 COMPENSATION OF EMPLOYEES

| | 2021/2022 |
|--|-----------------------|
| | Kshs |
| Basic salaries of permanent employees | 336,148,757.85 |
| Basic wages of temporary employees | 9,574,359.90 |
| Personal allowances paid as part of salary | 176,093,843.95 |
| Total | 521,816,961.70 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SOCIAL SECURITY AND BENEFITS

| | 2021/2022 |
|--|---------------------|
| | Kshs |
| Government Pension and Retirement Benefits | 1,335,703.35 |
| Total | 1,335,703.35 |

7 USE OF GOODS AND SERVICES

| | 2021/2022 |
|--|-----------------------|
| | Kshs |
| Utilities, supplies and services | 7,669,220.00 |
| Communication, supplies and services | 8,605,302.25 |
| Domestic travel and subsistence | 31,515,164.00 |
| Foreign travel and subsistence | 2,024,677.00 |
| Printing, advertising and information supplies & services | 3,134,145.00 |
| Rentals of produced assets | 31,747,746.30 |
| Training expenses | 162,672,592.60 |
| Hospitality supplies and services | 98,903,268.40 |
| Insurance costs | 0 |
| Specialized materials and services | 24,834,499.65 |
| Office and general supplies and services | 7,537,721.95 |
| Other operating expenses | 187,083,018.30 |
| Routine maintenance – vehicles and other transport equipment | 10,314,845.25 |
| Routine maintenance – other assets | 47,652,216.30 |
| Fuel oil and lubricants | 12,982,601.55 |
| Exchange Rate Losses | 0 |
| Total | 636,677,018.55 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

The above transfers were made to the following self-reporting entities in the year

| Description | Recurrent Kshs | Development Kshs | Total Kshs |
|--|-------------------|-----------------------|-----------------------|
| Transfers to SAGAs and SCs | | | |
| Current Grants to Government Agencies and other Levels of Government | 29,000,000.00 | | 29,000,000.00 |
| Capital Grants to Government Agencies and other Levels of Government | | 450,000,000.00 | 450,000,000.00 |
| | | | |
| TOTAL | 29,000,000 | 450,000,000.00 | 479,000,000.00 |

9 SUBSIDIES

| Description | 2021-2022 Kshs |
|-----------------------------------|--------------------------|
| Transfers to SAGAs and SCs | |
| Subsidies to Public Corporations | |
| Subsidies to Private Enterprises | 78,146,386,660.30 |
| | |
| TOTAL | 78,146,386,660.30 |

10 ACQUISITION OF ASSETS

| Non Financial Assets | 2021/2022 Kshs |
|--|-------------------------|
| Overhaul and Refurbishment of Construction and Civil Works | |
| Overhaul of Vehicles and Other Transport Equipment | |
| Purchase of Office Furniture and General Equipment | 248,600.00 |
| Purchase of Specialised Plant, Equipment and Machinery | 113,193,078.00 |
| Research, Studies, Project Preparation, Design & Supervision | 1,005,288,436.10 |
| Rehabilitation of Civil Works | |
| Total | 1,118,730,114.10 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 BANK ACCOUNTS

| Name of Bank, Account No. & currency | Amount in bank account currency | Indicate whether recurrent, Development, deposit e.t.c | Exc rate (if in foreign currency) | 2021/2022 Kshs |
|--------------------------------------|---------------------------------|--|-----------------------------------|----------------------|
| Central Bank of Kenya, Recurrent | - | - | - | 1,565,159.65 |
| Central Bank of Kenya, Development | | | | 3,894,231.95 |
| Central Bank of Kenya, Deposit | | | | 16,092,541.50 |
| Central Bank of Kenya, KEPTAP | | | | 68,492,947.00 |
| Total | | | | 90,044,880.10 |

12 ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

| Description | 2021-2022 Kshs |
|---------------------|-------------------|
| Government Imprests | 981,803.00 |
| Total | 981,803.00 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

List of officers with outstanding imprests

| <i>Name of Officer or Institution</i> | <i>Date Imprest Taken</i> | <i>Amount Taken</i> | <i>Amount Surrendered</i> | <i>Balance</i> |
|---------------------------------------|---------------------------|---------------------|---------------------------|-------------------|
| | | <i>Kshs</i> | <i>Kshs</i> | <i>Kshs</i> |
| JOHN WAITA | | 698,703 | | 698,703 |
| MARTIN NYAKINYE | | 73,500 | | 73,500 |
| LINDA ONYANCHA | | 50,000 | | 50,000 |
| DAISY CHEPKOECH | | 159,600 | | 159,600 |
| | | | | 981,803.00 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 ACCOUNTS PAYABLE

| Description | 2021-2022 |
|--------------------|----------------------|
| | Kshs |
| Deposits | 16,092,541.50 |
| Total | 16,092,541.50 |

These are monies received from Kenya national boundary office to pay for a company that was charged with the responsibility of procuring seismic data reprocessing and reinterpretation services upon completion of the exercise, which had to be verified by the Ministry before making payment.

14 FUND BALANCE BROUGHT FORWARD

| | 2021/2022 |
|----------------------|---------------------|
| | Kshs |
| Bank accounts | 15,970,560.15 |
| Accounts Receivables | 92,490.00 |
| Accounts Payables | (11,351,720.20) |
| Total | 4,711,329.95 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

Accounts payables related to deposits in the state department

15. ADJUSTMENTS DURING THE YEAR

| | 2021/2022 |
|-----------------------------|---------------------|
| | Kshs |
| Refund to National Treasury | 3,120,769.95 |
| Adjustments on payables | 889,313.00 |
| Adjustments on receivables | (4,740,821.30) |
| Total | (730,738.35) |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CHANGES IN RECEIVABLE

| Description of the error | 2021 - 2022 |
|---|-------------------|
| | KShs |
| Outstanding Imprest as at 1 st July 2020 (A) | 92,490.00 |
| Imprest issued during the year (B) | 486,851,802.51 |
| Imprest surrendered during the Year (C) | 485,962,489.51 |
| Net changes in account receivables D= A+B-C | 981,803.00 |

17 CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

| Description of the error | 2021- 2022 |
|--|----------------------|
| | KShs |
| Deposit and Retentions as at 1 st July 2021 (A) | 11,351,720.20 |
| Deposit and Retentions held during the year (B) | 4,740,821.30 |
| Deposit and Retentions paid during the Year (C) | |
| Net changes in account payables D= A+B-C | 16,092,541.50 |

18. RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of Petroleum and Mining

- Energy and Petroleum Regulatory Authority (EPRA)
- National Mining Corporation (NMC)
- National Oil Corporation (NOCK)

Related party transactions:

| | 2021- 2022 |
|---------------------------------------|-----------------------|
| | Kshs |
| Transfers to EPRA | 200,000,000.00 |
| Transfers to NMC | 29,000,000.00 |
| Transfers to National Oil corporation | 250,000,000.00 |
| Total | 479,000,000.00 |

MINISTRY OF PETROLEUM AND MINING
Reports and Financial Statements
For the year ended 30th June, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

OTHER IMPORTANT DISCLOSURES

a. PENDING ACCOUNTS PAYABLE (See Annex 1)

| | Balance b/f FY 2020/2021 | Additions for the period | Paid during the year | Balance c/f FY 2021/2022 |
|-----------------------------|-----------------------------|-----------------------------|-------------------------|-----------------------------|
| Description | Kshs | Kshs | Kshs | Kshs |
| Construction of buildings | | | | |
| Construction of civil works | | | | |
| Supply of goods | 0.00 | 54,780,667.06 | 1,697,040.00 | 53,083,627.06 |
| Supply of services | 117,423,524.00 | 35,632,142.30 | 73,363,972.40 | 79,691,693.90 |
| Total | 117,423,524.00 | 90,412,809.36 | 75,061,012.40 | 132,775,320.96 |

b. External Assistance

| | FY 2021/2022 |
|---|-----------------------|
| Description | Kshs |
| External assistance received in cash | 0.00 |
| External assistance received as loans and grants | 242,892,701.50 |
| External assistance received in kind- as payment by third parties | 168,258,161.00 |
| Total | 411,150,862.50 |

a) External assistance relating loans and grants

| | FY 2021/2022 |
|--|-----------------------|
| Description | Kshs |
| External assistance received as loans | 242,892,701.50 |
| External assistance received as grants | 0 |
| Total | 242,892,701.50 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Undrawn external assistance

| | Purpose for which the undrawn external assistance may be used | FY 2021/2022 |
|--------------------------------------|---|-----------------------|
| Description | | Kshs |
| Undrawn external assistance – loans | The funds will be utilized to implement various activities as per the annual work plans and budget and in line with the project appraisal documents | 33,367,235.00 |
| Undrawn external assistance – grants | | 545,681,657.00 |
| Total | | 579,048,892.00 |

c).Classes of providers of external assistance

| | FY 2021/2022 |
|-----------------------|-----------------------|
| Description | Kshs |
| Use of goods | 168,258,161.00 |
| Acquisition of assets | 0.00 |
| Total | 168,258,161.00 |

e) Purpose and use of external assistance

| | FY 2021/2022 |
|---------------------------|-----------------------|
| Description | Kshs |
| Use of goods and services | 168,258,161.00 |
| Acquisition of Assets | |
| TOTAL | 168,258,161.00 |

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

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

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| | FY 2021/2022 |
|---------------------|-----------------------|
| Description | Kshs |
| Multilateral donors | 411,150,863.00 |
| Total | 411,150,863.00 |

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

| | FY 2021/2022 | FY 2020/2021 |
|--------------------------------|-----------------------|-----------------------|
| Description | Kshs | Kshs |
| Multilateral donors-World bank | 168,258,161.00 | 418,080,413.00 |
| Total | 168,258,161.00 | 418,080,413.00 |

Progress On Follow Up Of Prior Years Auditor's Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|--|-----------------------------------|--|
| 1. | Report on the Financial Statements <ul style="list-style-type: none"> • Variance between Financial Statements and General Ledger • Unsupported Adjustments • Unsupported payments to staff and suppliers • Misclassification of Expenditure | The two sets of records have been reconciled | HAU | UNRESOLVED | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 1. | Other Matter <ul style="list-style-type: none"> • Pending bills | | HAU | UNRESOLVED | |
| 1. | Report on Lawfulness and Effectiveness in use of Public Resources <ul style="list-style-type: none"> • Irregular Prepayment of Fuel • Unaccounted for Transfers to Other | The supporting documents were all availed | HAU | UNRESOLVED | |
| 2. | | | | | |
| 3. | | | | | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|--|-----------------------------------|--|
| 4. | <p>Government Entities</p> <ul style="list-style-type: none"> • Purchase of Defective LPG Gas Cylinders • Irregular Procurement of Equipment | <p>The payments were fully supported</p> | | | |
| 4.1 | <ul style="list-style-type: none"> • Two Burner Low Pressure Table Cookers | | | | |
| 4.2 | <ul style="list-style-type: none"> • Supply, Delivery, Testing and Commissioning of Magnetometer | | | | |
| 5. | <ul style="list-style-type: none"> • Non-Compliance with Financial Reporting Template | | | | |
| 6. | <ul style="list-style-type: none"> • Irregular payments of Allowances to staff | | | | |
| 7. | | | | | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Focal Point person to resolve the issue (Name and designation) | Status: (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|--|-----------------------------------|--|
| | <ul style="list-style-type: none"> Staff Over-establishment | | | | |
| 1. | <p>Report on effectiveness of Internal Controls, Risk Management and Governance</p> <ul style="list-style-type: none"> Implementation of Mwananchi LPG Enhancement Project. Delays in Handover of Functions to Energy and Petroleum Regulatory Authority | Measures have been put in place to ensure that the functions are fully implemented | HAU | UNRESOLVED | |
| 2. | | | | | |

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;

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(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Principal Secretary
Andrew Kamau, CBS



Deputy Accountant General
Charles Liyayi Shidzugane
ICPAK Member Number: 5068

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13. ANNEXES

Annex 1 - Analysis of Pending Accounts Payable

| Supplier of Goods or Services | Original Amount | Date Contracted | Amount Paid To- Date | Outstanding Balance | Outstanding Balance |
|-------------------------------|-----------------|-----------------|-------------------------|---------------------|---------------------|
| | A | B | C | D=A-C | 2,021.00 |
| Criptopus Enterprises | 494,000.00 | 2021/2022 | - | 494,000.00 | |
| Sonny Tech Investment Agency- | 318,780.00 | 2021/2022 | - | 318,780.00 | |
| Lavinda Limited | 337,500.00 | 2021/2022 | - | 337,500.00 | |
| Sonny Tech Investment Agency | 69,780.00 | 2021/2022 | - | 69,780.00 | |
| Teryland General Supply | 1,069,500.00 | 2021/2022 | - | 1,069,500.00 | |
| Chriso Auto Garage | 515,000.00 | 2021/2022 | - | 515,000.00 | |
| Benris Investments Limited | 434,000.00 | 2021/2022 | - | 434,000.00 | |
| Frontal Enterprises Ltd | 212,000.00 | 2021/2022 | - | 212,000.00 | |
| Madara Motors Services | 346,000.00 | 2021/2022 | - | 346,000.00 | |
| Mustral General Traders Ltd | 204,720.00 | 2021/2022 | - | 204,720.00 | |

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| | | | | |
|-----------------------------------|---------------|-----------|---|---------------|
| Define Link Enterprises | 416,000.00 | 2021/2022 | - | 416,000.00 |
| Kamalunya Enterprises | 245,000.00 | 2021/2022 | - | 245,000.00 |
| Jimmon Cleaning Services | 150,506.10 | 2021/2022 | - | 150,506.10 |
| Longrock Tours and Travel Limited | 32,960.00 | 2021/2022 | - | 32,960.00 |
| Hadak Enterprises | 321,550.00 | 2021/2022 | - | 321,550.00 |
| NayahnginalInvestimnt | 633,396.00 | 2021/2022 | - | 633,396.00 |
| Tenchi Agencies | 747,500.00 | 2021/2022 | - | 747,500.00 |
| Bewada Enterprises | 285,000.00 | 2021/2022 | - | 285,000.00 |
| Crystal Valuers Limited | 12,646,097.00 | 2021/2022 | - | 12,646,097.00 |
| Safaricom Ltd | 235,000.00 | 2021/2022 | - | 235,000.00 |
| Mingasa Investments | 386,000.00 | 2021/2022 | - | 386,000.00 |
| Stewambo Investments | 720,000.00 | 2021/2022 | - | 720,000.00 |
| Mustral General Traders Ltd | 1,153,706.00 | 2021/2022 | - | 1,153,706.00 |
| Mustral General Traders Ltd | 2,114,003.00 | 2021/2022 | - | 2,114,003.00 |
| Rosma Travel Limited | 39,000.00 | 2021/2022 | - | 39,000.00 |
| Primate Tours Ltd | 29,820.00 | 2021/2022 | - | 29,820.00 |

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| | | | | |
|---|------------|-----------|---|------------|
| Redledge Africa Venture | 29,445.00 | 2021/2022 | - | 29,445.00 |
| Longrock Tours and Travel Limited | 22,100.00 | 2021/2022 | - | 22,100.00 |
| Primate Tours Ltd | 47,480.00 | 2021/2022 | - | 47,480.00 |
| Flight Center Travel Limited | 79,800.00 | 2021/2022 | - | 79,800.00 |
| Rosma Travel Limited | 56,990.00 | 2021/2022 | - | 56,990.00 |
| Longrock Tours and Travel Limited | 38,000.00 | 2021/2022 | - | 38,000.00 |
| Zakale Expeditions | 103,080.00 | 2021/2022 | - | 103,080.00 |
| Regent Property Consultants | 539,400.00 | 2021/2022 | - | 539,400.00 |
| Longrock Tours and Travel Limited | 41,100.00 | 2021/2022 | - | 41,100.00 |
| Elevator General Services Limited | 25,698.00 | 2021/2022 | - | 25,698.00 |
| Jobus Fleet Services Ltd | 194,472.00 | 2021/2022 | - | 194,472.00 |
| PS State Department of Broadcasting & Telecommunication | 98,793.00 | 2021/2022 | - | 98,793.00 |
| Kenya Institute of Management Ltd | 87,000.00 | 2020/2021 | - | 87,000.00 |
| State Department for Broadcasting Telecommunication | 292,106.75 | 2021/2022 | - | 292,106.75 |
| Government Press | 725,000.00 | 2021/2022 | - | 725,000.00 |
| State Department for Broadcasting Telecommunication | 292,106.25 | 2021/2022 | - | 292,106.25 |

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| | | | | |
|--|--------------|-----------|---|--------------|
| The Kenya National Trading Corporation | 1,473,058.95 | 2021/2022 | - | 1,473,058.95 |
| The Kenya National Trading Corporation | 5,178,490.55 | 2021/2022 | - | 5,178,490.55 |
| The Kenya National Trading Corporation | 1,473,058.95 | 2021/2022 | - | 1,473,058.95 |
| Ministry of Works Sports Club | 297,432.00 | 2021/2022 | - | 297,432.00 |
| Ministry of Works Sports Club | 55,080.00 | 2021/2022 | - | 55,080.00 |
| Kenya Safari Lodges | 168,000.00 | 2021/2022 | - | 168,000.00 |
| Ministry of Works Sports Club | 75,888.00 | 2021/2022 | - | 75,888.00 |
| M/s Jimmon Cleaning Services | 150,506.10 | 2021/2022 | - | 150,506.10 |
| Rosma Travel Limited | 39,000.00 | 2021/2022 | - | 39,000.00 |
| Zakale Expeditions | 39,000.00 | 2021/2022 | - | 39,000.00 |
| Longrock Tours and Travel Limited | 38,000.00 | 2021/2022 | - | 38,000.00 |
| Attic Tours and Travel | 173,400.00 | 2021/2022 | - | 173,400.00 |
| Rossac Enterprises | 2,850,000.00 | 2021/2022 | - | 2,850,000.00 |
| Internet Traders | 3,985,200.00 | 2021/2022 | - | 3,985,200.00 |
| Nairobi City water & Sewerage Co. Ltd | 404,709.06 | 2020/2021 | - | 404,709.06 |
| Kenya Institute of Management | 87,000.00 | 2020/2021 | - | 87,000.00 |

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| | | | | | |
|--|--------------|-----------|---|--------------|--------------|
| Kenya School of Government | 78,880.00 | 2020/2021 | - | 78,880.00 | 78,880.00 |
| Kenya School of Government | 256,500.00 | 2020/2021 | - | 256,500.00 | 256,500.00 |
| Nairobi City water & Sewerage Co. Ltd | 70,300.00 | 2020/2021 | - | 70,300.00 | 70,300.00 |
| Kenya School of Government | 609,000.00 | 2020/2021 | - | 609,000.00 | 609,000.00 |
| Standard Group Plc | 210,412.00 | 2020/2021 | - | 210,412.00 | 210,412.00 |
| Office of the Attorney General | 922,735.00 | 2020/2021 | - | 922,735.00 | 922,735.00 |
| Kenya Institute of Highway and Building Technology | 30,688.00 | 2020/2021 | - | 30,688.00 | 30,688.00 |
| Kenya Institute of Highway and Building Technology | 30,688.00 | 2020/2021 | - | 30,688.00 | 30,688.00 |
| Kenya School of Government - Embu | 1,448,200.00 | 2020/2021 | - | 1,448,200.00 | 1,448,200.00 |
| Government Guest House GSA | 78,400.00 | 2020/2021 | - | 78,400.00 | 78,400.00 |
| Lleycharma Agencies | 1,019,400.00 | 2020/2021 | - | 1,019,400.00 | 1,019,400.00 |
| Quebeat Entertainment Events Management Sound System | 492,000.00 | 2020/2021 | - | 492,000.00 | 492,000.00 |
| Quebeat Entertainment Events Management Sound System | 492,000.00 | 2020/2021 | - | 492,000.00 | 492,000.00 |
| Gian General Supplies | 2,292,500.00 | 2020/2021 | - | 2,292,500.00 | 2,292,500.00 |
| Emperor Merchants | 5,887,000.00 | 2020/2021 | - | 5,887,000.00 | 5,887,000.00 |
| Online Visionary Supplies | 4,200,900.00 | 2020/2021 | - | 4,200,900.00 | 4,200,900.00 |

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| | | | | | |
|--|--------------|-----------|---|--------------|--------------|
| Optiveil Enterprises Limited | 494,000.00 | 2020/2021 | - | 494,000.00 | 494,000.00 |
| Kenya School of Government Nairobi | 78,880.00 | 2020/2021 | - | 78,880.00 | 78,880.00 |
| Nairobi City Water and Sewerage Company Ltd. | 70,300.00 | 2020/2021 | - | 70,300.00 | 70,300.00 |
| Kenya School of Government Nairobi | 256,500.00 | 2020/2021 | - | 256,500.00 | 256,500.00 |
| Kenya School of Government Nairobi | 609,000.00 | 2020/2021 | - | 609,000.00 | 609,000.00 |
| Government Guest House Garissa | 78,400.00 | 2019/2020 | - | 78,400.00 | 78,400.00 |
| Telcom Kenya | 42,331.00 | 2020/2021 | - | 42,331.00 | 42,331.00 |
| Mombasa Beach Hotel | 303,400.00 | 2019/2020 | - | 303,400.00 | 303,400.00 |
| Mombasa Beach Hotel | 748,500.00 | 2019/2020 | - | 748,500.00 | 748,500.00 |
| Cooperative University of Kenya | 933,000.00 | 2019/2020 | - | 933,000.00 | 933,000.00 |
| Digital Apples Limited | 216,000.00 | 2019/2020 | - | 216,000.00 | 216,000.00 |
| Standard Group Ltd | 210,412.00 | 2019/2020 | - | 210,412.00 | 210,412.00 |
| Granite Travels Ltd | 2,117,629.00 | 2019/2020 | - | 2,117,629.00 | 2,117,629.00 |
| Lilly dove travels | 2,059,063.00 | 2019/2020 | - | 2,059,063.00 | 2,059,063.00 |
| Granite travels | 1,726,955.00 | 2019/2020 | - | 1,726,955.00 | 1,726,955.00 |
| Ride on travels | 247,163.00 | 2019/2020 | - | 247,163.00 | 247,163.00 |

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| | | | | | |
|--------------------------|--------------|-----------|---|--------------|--------------|
| The travel Hubs | 1,947,328.00 | 2019/2020 | - | 1,947,328.00 | 1,947,328.00 |
| Granite travel | 3,233,479.00 | 2019/2020 | - | 3,233,479.00 | 3,233,479.00 |
| Silver Care Agencies | 194,910.00 | 2019/2020 | - | 194,910.00 | 194,910.00 |
| The Sechu Plaza Hotel | 171,000.00 | 2019/2020 | - | 171,000.00 | 171,000.00 |
| Naivasha Rocky Eco Hotel | 730,000.00 | 2019/2020 | - | 730,000.00 | 730,000.00 |
| Naivasha Rocky Eco Hotel | 472,000.00 | 2019/2020 | - | 472,000.00 | 472,000.00 |
| Fina Garden Resort | 116,000.00 | 2019/2020 | - | 116,000.00 | 116,000.00 |
| Imperial Hotel | 297,000.00 | 2019/2020 | - | 297,000.00 | 297,000.00 |
| Ride on Agencies | 1,195,335.00 | 2019/2020 | - | 1,195,335.00 | 1,195,335.00 |
| Wildbeest Safaris | 120,000.00 | 2019/2020 | - | 120,000.00 | 120,000.00 |
| Ride on Agencies | 591,140.00 | 2019/2020 | - | 591,140.00 | 591,140.00 |
| Ride on Agencies | 401,279.00 | 2019/2020 | - | 401,279.00 | 401,279.00 |
| Naivasha Rocky Eco | 768,000.00 | 2019/2020 | - | 768,000.00 | 768,000.00 |
| Chambai Springs Hotel | 80,000.00 | 2019/2020 | - | 80,000.00 | 80,000.00 |
| African Touch Safaris | 224,540.00 | 2019/2020 | - | 224,540.00 | 224,540.00 |
| Chamwa Motors | 73,660.00 | 2019/2020 | - | 73,660.00 | 73,660.00 |

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| | | | | | |
|------------------------|------------|-----------|---|------------|------------|
| Wamera Auto Mechanical | 29,928.00 | 2019/2020 | - | 29,928.00 | 29,928.00 |
| Jokib Ventures | 110,500.00 | 2019/2020 | - | 110,500.00 | 110,500.00 |
| Dantech Motors | 498,500.00 | 2019/2020 | - | 498,500.00 | 498,500.00 |
| Chamwa Motors | 21,460.00 | 2019/2020 | - | 21,460.00 | 21,460.00 |
| Dantech Motors | 16,644.00 | 2019/2020 | - | 16,644.00 | 16,644.00 |
| Chamwa Motors | 23,200.00 | 2019/2020 | - | 23,200.00 | 23,200.00 |
| Dantech Motors | 28,884.00 | 2019/2020 | - | 28,884.00 | 28,884.00 |
| Chamwa Motors | 299,860.00 | 2019/2020 | - | 299,860.00 | 299,860.00 |
| Dantech Motors | 56,074.00 | 2019/2020 | - | 56,074.00 | 56,074.00 |
| Chamwa Motors | 83,694.00 | 2019/2020 | - | 83,694.00 | 83,694.00 |
| Dantech Motors | 31,111.00 | 2019/2020 | - | 31,111.00 | 31,111.00 |
| Chamwa Motors | 29,298.00 | 2019/2020 | - | 29,298.00 | 29,298.00 |
| Hadassah Hotel | 875,000.00 | 2019/2020 | - | 875,000.00 | 875,000.00 |
| Dantech Motors | 252,880.00 | 2019/2020 | - | 252,880.00 | 252,880.00 |
| Imperial Hotel | 82,500.00 | 2019/2020 | - | 82,500.00 | 82,500.00 |
| Chamwa Motors | 399,000.00 | 2019/2020 | - | 399,000.00 | 399,000.00 |

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| | | | | | |
|----------------------------|--------------|-----------|---|--------------|--------------|
| Masade Hotel | 1,608,000.00 | 2019/2020 | - | 1,608,000.00 | 1,608,000.00 |
| Wamera Auto & Mechanical | 58,786.00 | 2019/2020 | - | 58,786.00 | 58,786.00 |
| Chamwa Motors | 25,878.00 | 2019/2020 | - | 25,878.00 | 25,878.00 |
| Ovation Travel Ltd | 599,915.00 | 2019/2020 | - | 599,915.00 | 599,915.00 |
| Green Bay Travel Ltd | 147,110.00 | 2019/2020 | - | 147,110.00 | 147,110.00 |
| Chamwa Motors | 751,889.00 | 2019/2020 | - | 751,889.00 | 751,889.00 |
| Premih General Supplies | 40,900.00 | 2019/2020 | - | 40,900.00 | 40,900.00 |
| Allussa SS Investment | 1,513,190.00 | 2019/2020 | - | 1,513,190.00 | 1,513,190.00 |
| Premih General Supplies | 260,900.00 | 2019/2020 | - | 260,900.00 | 260,900.00 |
| Premih General Supplies | 837,500.00 | 2019/2020 | - | 837,500.00 | 837,500.00 |
| Lake Naivasha Resorts | 436,000.00 | 2019/2020 | - | 436,000.00 | 436,000.00 |
| Prideinn Paradise Hotel | 329,000.00 | 2019/2020 | - | 329,000.00 | 329,000.00 |
| AIC Kapsabet Bible College | 180,000.00 | 2019/2020 | - | 180,000.00 | 180,000.00 |
| Imperial Hotel | 951,500.00 | 2019/2020 | - | 951,500.00 | 951,500.00 |
| ACK Diocese of Kericho | 115,000.00 | 2019/2020 | - | 115,000.00 | 115,000.00 |
| Wildbeest Safaris | 125,000.00 | 2019/2020 | - | 125,000.00 | 125,000.00 |

MINISTRY OF PETROLEUM AND MINING

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| | | | | | |
|--------------------------------------|------------|-----------|---|------------|------------|
| Jayfay Enterprise | 372,059.00 | 2019/2020 | - | 372,059.00 | 372,059.00 |
| Toyota Kenya | 309,722.00 | 2019/2020 | - | 309,722.00 | 309,722.00 |
| Chamwa Motors | 751,889.00 | 2019/2020 | - | 751,889.00 | 751,889.00 |
| Chemsil General Merchants | 570,984.00 | 2019/2020 | - | 570,984.00 | 570,984.00 |
| Jayfay Enterprises | 708,000.00 | 2019/2020 | - | 708,000.00 | 708,000.00 |
| Flight Centre Travel Limited | 107,700.00 | 2019/2020 | - | 107,700.00 | 107,700.00 |
| Jeta General Supplies | 358,800.00 | 2019/2020 | - | 358,800.00 | 358,800.00 |
| Dantech Motors | 28,884.00 | 2019/2020 | - | 28,884.00 | 28,884.00 |
| Grown Motors Group Limited | 332,497.00 | 2019/2020 | - | 332,497.00 | 332,497.00 |
| FairrateTyres & Auto Marts | 997,750.00 | 2019/2020 | - | 997,750.00 | 997,750.00 |
| Wise Air & Holiday | 655,000.00 | 2019/2020 | - | 655,000.00 | 655,000.00 |
| Mngiwa General Contractors | 769,931.20 | 2019/2020 | - | 769,931.20 | 769,931.20 |
| Electro Brothers General Contractors | 885,312.00 | 2015/2016 | - | 885,312.00 | 885,312.00 |
| Safari Park Hotel, Nairobi | 532,000.00 | 2015/2016 | - | 532,000.00 | 532,000.00 |
| MFI Documents Solutions Limited | 143,200.00 | 2015/2016 | - | 143,200.00 | 143,200.00 |
| All Day Technologies | 819,600.00 | 2017/2018 | - | 819,600.00 | 819,600.00 |

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| | | | | | |
|--|--------------|-----------|---|-----------------------|--------------|
| All Day Technologies | 5,040,000.00 | 2017/2018 | - | 5,040,000.00 | 5,040,000.00 |
| Stead Fast | 1,875,600.00 | 2017/2018 | - | 1,875,600.00 | 1,875,600.00 |
| Aventure Limited | 2,098,924.05 | 2016/2017 | - | 2,098,924.05 | 2,098,924.05 |
| Aventure Limited | 7,477,448.00 | 2016/2017 | - | 7,477,448.00 | 7,477,448.00 |
| Lleycharma Agencies | 1,019,400.00 | 2020/2021 | - | 1,019,400.00 | 1,019,400.00 |
| Quebeat Entertainment & Events Management & Sound System | 492,000.00 | 2020/21 | - | 492,000.00 | 492,000.00 |
| Quebeat Entertainment & Events Management & Sound System | 492,000.00 | 2020/21 | - | 492,000.00 | 492,000.00 |
| Gian General Supplies | 2,292,500.00 | 2020/21 | - | 2,292,500.00 | 2,292,500.00 |
| Emperor Merchants | 5,887,000.00 | 2020/21 | - | 5,887,000.00 | 5,887,000.00 |
| Online Visionary Supplies | 4,200,000.00 | 2020/21 | - | 4,200,000.00 | 4,200,000.00 |
| Optiveil Enterprises Ltd. | 494,000.00 | 2020/21 | - | 494,000.00 | 494,000.00 |
| | | | | 132,775,320.96 | |

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For the year ended 30th June, 2022

Annex 2 – Summary of Fixed Asset Register

| Asset class | Historical Cost b/f (Kshs) 2021/2022 | Additions during the year (Kshs) | Disposals during the year (Kshs) | Transfers in/(out) during the year | Historical Cost c/f (Kshs) 2020/2021 |
|--|--------------------------------------|----------------------------------|----------------------------------|------------------------------------|--------------------------------------|
| Land | | | | | |
| Buildings and structures | | | | | |
| Transport equipment | 19,453,000 | | | | 19,453,000 |
| Office equipment, furniture and fittings | 3,721,136.00 | 248,600.00 | | | 3,969,736.00 |
| ICT Equipment | 0.00 | | | - | 0.00 |
| Machinery and Equipment | 924,672,690.05 | 113,193,078.00 | | | 1,037,865,768.05 |
| Biological assets | 0.00 | | | | 0.00 |
| Infrastructure Assets- Roads, Rails | 0.00 | | | | 0.00 |
| Heritage and cultural assets | 0.00 | | | | 0.00 |
| Intangible assets | 4,885,107,907.40 | 1,032,936,841.65 | | - | 5,918,044,749.05 |
| Work in Progress | | | | | |
| Total | 5,832,954,733 | 1,146,378,519.65 | | - | 6,979,333,252.65 |

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)

Annex 3 – List of Projects Implemented By The State Department For Petroleum

| Ref | Project Name | Principal activity of the project | Accounting Officer | Project consolidated in these financial statements (yes/no) |
|-----|--|-----------------------------------|--------------------|---|
| 1 | KENYA PETROLEUM TECHNICAL ASSISTANCE PROJECT | | | YES |
| | | | | |

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Annex 4 – List of SCS, SAGAS and Public Funds Under The State Department For Petroleum

| Ref | SC, SAGA or Public Fund's name | Principal activity of entity | Accounting Officer | Amount transferred during the year | Inter- entity reconciliations done?(yes/no) |
|-----|---|--|--------------------|------------------------------------|---|
| 1 | NATIONAL OIL CORPORATION(NOCK) | Petroleum supply chain covering the upstream oil and gas exploration, midstream petroleum infrastructure development and downstream marketing of petroleum products. | | 140,000,000 | |
| 2 | RNERGY AND PETROLEUM REGULATORY AUTHORITY | Regulating the energy and petroleum sector | | - | |
| 3 | PETROLEUM DEVELOPMENT LEVY FUND | Funding of the development budget | | (996,797,982.50) | |
| 4 | PETROLEUM TRAINING LEVY FUND | Funding of the development budget | | (141,525,051.10) | |

Annex 5 – Contingent Liabilities Register

| | Nature of contingent liability | Payable to | Currency | Estimated Amount Kshs | Expected date of payment | Remarks |
|---|--------------------------------|----------------------------|----------|-----------------------|------------------------------|---------|
| 1 | Pending court case | Accurate Power Systems Ltd | Kshs | 18,935,850 | By end of the Financial Year | |
| 2 | Pending court case | Surge Energy Ltd | Kshs | 196,101,528 | By end of the Financial Year | |
| 3 | Pending court case | All Day Technologies Ltd | Kshs | 5,859,600 | By end of the Financial Year | |
| | | | | 220,896,978.00 | | |

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes