



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 23 FEB 2021

DAY.

Tuesday

PREPARED BY:

L. D. M.

CLERK-AT THE-TABLE:

Mainah Manjira

PARLIAMENT OF KENYA LIBRARY

THE AUDITOR-GENERAL

ON

**NATIONAL ACTION PLAN ON ARTISANAL
SMALL – SCALE GOLD MINING
NO. AFR/NAP ASGM PROJECT/C/10-2016**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**MINISTRY OF ENVIRONMENT AND
FORESTRY**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
31 DEC 2020
RECEIVED

Project Name: National Action Plan on Artisanal Small – Scale Gold Mining

Implementing Entity: Ministry of Environment and Forestry

PROJECT GRANT/CREDIT NUMBER: AFR/NAP ASGM PROJECT/C/10-2016

**THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 23 FEB 2021**

**FOR THE FINANCIAL YEAR ENDED
BY: JUNE 30, 2020**

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

**THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 23 FEB 2021**

CLERK AT THE TABLE:
BY:
TABLED

CONTENTS	PAGE
1. PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2. STATEMENT OF PERFORMANCE AGAINST PROJECT’S PREDETRMINED OBJECTIVES	viii
3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY	ix
REPORTING	ix
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xi
5. REPORT OF THE INDEPENDENT AUDITORS ON THE NAP PROJECT	xii
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020.....	1
7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2020	2
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020.....	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS	4
10. NOTES TO THE FINANCIAL STATEMENTS.....	5
11. OTHER IMPORTANT DISCLOSURES	24
12. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR’S RECOMMENDATIONS	28
13. ANNEXES.....	29

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is: **National Action Plan on Artisanal Small – scale Gold Mining**

Objective: The key objective of the project is to protect human health and the environment through the reduction of the risks posed by the unsound use, management and release of mercury in the artisanal and small-scale gold mining sector by developing a National Action Plan to aid reduce the use of mercury and mercury compounds in, and the emissions and releases to the environment of mercury from, artisanal and small-scale gold mining and processing in accordance to Annex C of the Minamata Convention on Mercury. The NAP has four components and each component includes information on project activities, outcomes and outputs as below;

1. Component 1: Regional information exchange, capacity building and knowledge generation
2. Component 2: Establishment of coordination mechanism and organization of process
3. Component 3: Develop a national overview of the ASGM sector, including baseline estimates of mercury use and practices.
4. Component 4: Develop, endorse and submit to the Minamata Convention Secretariat a NAP on ASGM.

The address of its registered office is:

National Action Plan on Artisanal Small – scale Gold Mining
Project unit
Ministry of Environment and Forestry
NHIF Building, Upper Hill,
P.O. Box 30126 - 00100
Nairobi

Telephone: 254-20-2730808/9, Ext. 1258,

E-mail: psoffice@environment.go.ke

Website: www.environment.go.ke

Contacts: The following are the project contacts

E-mail: napasgm@environment.go.ke

Website: www.environment.go.ke

<http://nap.environment.go.ke/>

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

1.2 Project Information

Project Start Date:	The project start date is April 2017
Project End Date:	The project end date is July 2020
Project Manager:	The project Coordinator is Mr. Cyrus Mageria
Project Sponsor:	The project sponsor is GEF

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Environment and Forestry.
Project number	1108103300

<p>Strategic goals of the project</p>	<p>The strategic goals of the project are as follows:</p> <p>Component 1: Regional information exchange, capacity building and knowledge generation</p> <ul style="list-style-type: none"> • Develop an implementation work plan that mirrors the regional work plan approved at the regional meeting in Pretoria, South Africa on October 3-4, 2016. The workplan will be the basis for tracking implementation in each country. The work plan has to be finalized prior to the disbursement of initial funds to the partner. • Activities and projects being developed by project partners including Africa Institute, UNEP and World Bank. Designate Country project coordinator with the mandate of being the lead person and contact point for the project and liaison with the Africa Institute. • Roaster of key stakeholders and their roles constituting the project national coordination mechanism in the development of the NAP has been developed that has been coordinating the project. • Minutes of project coordination mechanism meetings throughout the project duration. <p>component 2: Establishment of Coordination Mechanism and organization of process; Through the Establishment of Coordination Mechanism and organization of process the project has extensively involved a wide range of stakeholders in the following forums;</p> <ul style="list-style-type: none"> • Project inception workshop at Naivasha. • The training of miners conducted in Kilgoris-Narok County • The activity done through steering meetings and stakeholders forums <p>Component 3: Develop a national overview of the ASGM sector, including baseline estimates of mercury use and practices; A draft Comprehensive report on the country’s national overview of the ASGM sector, including baseline estimates of mercury uses and practices has been drafted by experts and is under review for the different sections.</p> <ol style="list-style-type: none"> a) Workplan, outreach plan, timeline and overall budget for the implementation of the plan and its periodical review; b) Evaluation mechanism for the NAP; <p>Component 4: Develop, endorse and submit to the Minamata Convention Secretariat a NAP on ASGM; Identification of roadmap for NAP endorsement and submission.</p>
---------------------------------------	---

***National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020***

Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) A coordination mechanism has been established comprising of stakeholders from various institutions and consultants working together in ensuring development of a comprehensive NAP document (ii) Education and creation of awareness to miners in various counties where gold mining is done using mercury including Migori, Kakamega, Kisumu, Narok, Vihiga and Siaya. (iii) Public consultation across the gold mining counties to enrich the NAP from the miners and a wider stakeholder engagement. (iv) Developed a draft NAP.
Other important background information of the project	<p>Kenya is a signatory to the Minamata Convention on Mercury whose objective is to protect human health and the environment from mercury use and its emissions. The Ministry of Environment and Forestry received financing from the Global Environment Facility (GEF) towards developing the Kenya National Action Plan on Artisanal Gold Mining under the Minamata Convention on Mercury.</p>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following area:</p> <ul style="list-style-type: none"> (i) Develop a National Action Plan to address mercury use in ASGM Sector
Project duration	<p>The project started on April 2017 and is expected to run until July 2020</p>

1.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya 1000288547-Special Deposit Account
- (ii) Central Bank of Kenya 10003285518- Project operating account

1.5 Auditors

The project is audited by the Office of the Auditor General

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

**National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020**

Names	Title designation	Key qualification	Responsibilities
Cyrus Mageria	National Project Coordinator	Bsc Agriculture Msc Environmental Planning & Management PHD Environmental Planning & Management	Project Director
Meshack Ledama	Project Assistant	Bachelor of Science, Biochemistry	Project Assistant

1.7 Funding summary

The Project is for duration of 2 years from April, 2017 to July, 2020 with an approved budget of US\$ 366,000 (use donor currency) equivalent to Kes 36,600,000 using a dollar rate of 100 as highlighted in the table below:

Below is the funding summary:

Source of funds	Donor Commitment-		Amount received to date – (30 TH June , 2020)		Undrawn balance to date (30 TH June , 2020)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
GEF/UNEP	366,000	36,600,000	206,389.90	20,638,990	159,610.1	15,961,010
(ii) Counterpart funds						
Government of Kenya	10,000	1,000,000	00	00	00	00
Total	376,000	37,600,000	206,389.90	20,638,990	159,610.1	15,961,010

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES

Guidance

Refer to the project objectives from the Credit No and project ID which inform the program budget and annual budget. Report on the extent of the project's progress in attaining the program plan. Report on the metrics met, objectives yet to be met, challenges and opportunities of the project in implementation of its plan

Enumerate all the objectives of the project as per the program plan

Introduction

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

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

- a) To develop a Kenya National Action Plan (NAP) to reduce the use of mercury and mercury compounds in and the emissions and releases to the environment of mercury from Artisanal and Small – scale Gold Mining Sector.
- b) To contribute to the implementation of the Minamata Convention on Mercury through the reduction of the risks posed by the unsound use, management and release of mercury in the Artisanal and Small – scale Gold Mining Sector in Kenya.
- c) To develop a roster of key stakeholders and their roles constituting the project national coordination mechanism in the development of the NAP project.
- d) Education and creation of awareness to miners in various counties where gold mining is done using mercury including Migori, Kakamega, Kisumu, Narok, Siaya and Vihiga.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

***National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020***

Project	Objective	Outcome	Indicator	Performance
National Action Plan on Artisanal and Small – scale Gold Mining	To develop a National Action Plan to reduce the use of mercury and mercury compounds in and the emissions and releases to the environment of mercury from artisanal and Small – scale Gold Mining Sector.	National Action Plan draft is in place supported by consultants’ reports.	National Action Plan draft is in place.	In FY 19/20 National Action Plan training workshop to Stakeholders and miners conducted on the procedures and guidelines of developing a NAP and baseline estimates of mercury use in ASGM sector. Development of the National Action Plan for ASGM.

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Two-to-three pages

National Action Plan on Artisanal and Small – scale Gold Mining Project exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the Health pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

1. Sustainability strategy and profile -

The project has been involved in the developing a National Action Plan (NAP) for Artisanal and Small – scale Gold Mining (ASGM) sector to address the effects of mercury to human health and the environment. This is an action plan to be used to implement the Global Opportunities for Long term Development in the ASGM sector to reduce and where feasible eliminate the use of mercury in this sector which will be reviewed after every three years. Development of the NAP contributes to the implementation of the Minamata Convention on Mercury through the reduction of the risks posed by the unsound use, management and release of mercury in the Artisanal and Small – scale Gold Mining Sector in Kenya.

In addition, the project conducted a public consultation to the miners on the importance of the National Action Plan for ASGM across the gold mining counties using mercury. This will make the miners take the precautions on the effects of mercury.

The project has been able to conduct education and creation of awareness to miners in various counties where gold mining is done using mercury including Migori, Kakamega, Kisumu, Narok, Siaya and Vihiga on the negative effects of mercury to miners and community health and the environment.

2. Environmental performance

The project has recommended and advocated the use of Best Environmental Practices and Best Alternative Technologies in the management of mercury in the artisanal gold mining sector attributed to both mining communities and the environment. The project through the NAP has addressed the alternative technologies to be replaced with the use of mercury by the miners.

3. Employee welfare

National Action Plan training workshop to Stakeholders and miners conducted on the procedures and guidelines of developing a NAP and baseline estimates of mercury use in ASGM sector. The Project procured Four Consultancies based on merits to conduct a field work on mercury baseline survey in Kakamega, Migori, Narok, Siaya and Vihiga.

4. Market place practices-

The project in the procurement of Four Consultancies using the Ministry's procurement procedures in compliance with public procurement and Asset Disposal Act 2015. This ensures that proper guidelines and processes have been followed to enable smooth operations of the project, competitiveness and value for money is achieved. In addition, Vulnerable groups of Youth, Women and Disables have been incorporated in the quotations and tendering processes of the project.

5. Community Engagements-

The project engaged in the training workshop to Stakeholders and miners conducted on the procedures and guidelines of developing a NAP and baseline estimates of mercury use in ASGM sector. It also conducted a public consultation across the gold mining communities.

(The organisation gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives)

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The *Principal Secretary* for the **Ministry of Environment and Forestry** and the *Project Coordinator* for **National Action Plan on Artisanal Small – scale Gold Mining project** are responsible for the preparation and presentation of the Project’s financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial period ended on 30th June, 2020. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The *Principal Secretary* for the **Ministry of Environment and Forestry** and the *Project Coordinator* for **National Action Plan on Artisanal Small – scale Gold Mining project** accept responsibility for the Project’s financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public-Sector Accounting Standards.

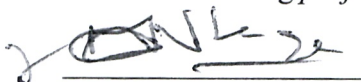
The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for National Action Plan on Artisanal Small – scale Gold Mining *project* are of the opinion that the Project’s financial statements give a true and fair view of the state of Project’s transactions during the financial period ended **June 30th, 2020**, and of the Project’s financial position as at that date.

The *Principal Secretary* for Ministry of Environment and Forestry and the *Project Coordinator* for National Action Plan on Artisanal Small – scale Gold Mining *project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

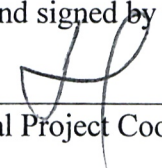
The *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for National Action Plan on Artisanal Small – scale Gold Mining *project* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Principal Secretary* for the Ministry of Environment and Forestry and the *Project Coordinator* for National Action Plan on Artisanal Small – scale Gold Mining *project* on _____ 2020 and signed by them.



Principal Secretary



National Project Coordinator

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON NATIONAL ACTION PLAN ON ARTISANAL SMALL – SCALE GOLD MINING NO. AFR/NAP ASGM PROJECT/C/10-2016 FOR THE YEAR ENDED 30 JUNE, 2020 - MINISTRY OF ENVIRONMENT AND FORESTRY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Action Plan on Artisanal Small - Scale Gold Mining Project set out on pages 1 to 28, which comprise of the statement of financial assets as at 30 June, 2020, statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015 . I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Action Plan on Artisanal Small - Scale Gold Mining Project as at 30 June, 2020, 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 Memorandum of Understanding for Project Cooperation No. AFR/NAP ASGM PROJECT/C/10-2016 between the Government of the Republic of Kenya and the African Institute dated 11 April, 2017 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

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 effects of the matters described in the Basis for Conclusion on Lawfulness and effectiveness in use of public resources, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Compliance with the International Public Sector Accounting Standards

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.21,000,000 and Kshs.1,500,000 respectively resulting to an under-funding of Kshs.19,500,000 or 93% of the budget. Similarly, the statement reflects final payments budget and actual on comparable basis of Kshs.19,000,000 and Kshs.11,243,234 respectively resulting to an under-funding of Kshs.7,756,766 or 41% of the budget. The Project expenditure was based on the previous year's saving as only Kshs 1,500,000 was realised. Management has not also given any explanations for the material deviations between the budget and actual amounts contrary to the Public Sector Accounting Standards Board and as required by The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June 2019.

The Management is therefore 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi


31 December, 2020


*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*


6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020		2018/2019		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KShs	KShs	KShs	KShs	KShs
RECEIPTS						
Transfer from Government entities	9.3		1,500,000		-	1,500,000
Proceeds from domestic and foreign grants	9.4		-		20,638,990	20,638,990
Loan from external development partners	9.5		-		-	-
Miscellaneous receipts	9.6		-		-	-
TOTAL RECEIPTS			1,500,000		20,638,990	22,138,990
PAYMENTS						
Compensation of employees	9.7		720,000		996,429	1,716,429
Purchase of goods and services	9.8		10,523,234		8,484,026	19,007,260
Social security benefits	9.9		-		-	-
Acquisition of non-financial assets	9.10		-		-	-
Transfers to other government entities	9.11		-		-	-
Other grants and transfers and payments	9.12		-		-	-
TOTAL PAYMENTS			11,243,234		9,480,455	20,723,689
SURPLUS/(DEFICIT)			(9,743,234)		11,158,535	1,415,301

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


Principal Secretary
Name:


Project Coordinator
Name:


Project Accountant
Name
ICPAK Member Number: 5429

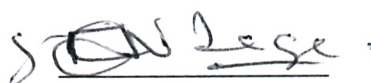
(IPSAS 1.3.24 requires an entity to separately disclose third party payments separately on the statement of receipts and payments. These are payments made by development partners directly on behalf of the entity. In recognising these transactions, the receipts must be equal to the payments made and therefore there is no surplus or deficit.)


**National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020**


7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE, 2020

	Note	2019-2020 KShs	2018-2019 KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.13.A	1,415,301	11,158,535
Cash Balances	9.13.B	-	-
Cash Equivalents (short-term deposits)	9.13.C	-	-
Total Cash and Cash Equivalents		1,415,301	11,158,535
Accounts receivables – Imprest and Advances	9.14	-	-
TOTAL FINANCIAL ASSETS		1,415,301	11,158,535
REPRESENTED BY			
Fund balance b/fwd	9.15	11,158,535	-
Prior year adjustments	9.16		
Surplus/(Deficit) for the year		(9,743,234)	11,158,535
NET FINANCIAL POSITION		1,415,301	11,158,535

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2020 and signed by:


Principal Secretary
Date


Project Coordinator
Date



Project Accountant
Date
ICPAK Member Number: 5429

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

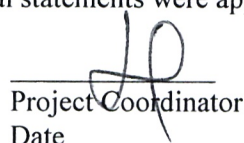
8. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2020

		2019-2020	2018-2019
	Note	KShs	KShs
Receipts from operating activities			
Transfer from Government entities	9.3	1,500,000	-
Proceeds from domestic and foreign grants	9.4	-	20,638,990
Miscellaneous receipts	9.6	-	-
Payments from operating activities			
Compensation of employees	9.7	720,000	996,429
Purchase of goods and services	9.8	10,523,234	8,484,026
Social security benefits	8.9	-	-
Transfers to other government entities	9.11	-	-
Other grants and transfers	9.12	-	-
Adjustments during the year			
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	9.17	-	-
Increase/(Decrease) in Accounts Payable: (deposits and retention)	9.18	-	-
Prior Year Adjustments	9.16	-	-
Net cash flow from operating activities		(9,743,234)	11,158,535
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.10	-	
Net cash flows from Investing Activities			
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	-	
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(9,743,234)	11,158,535
Cash and cash equivalent at BEGINNING of the year		11,158,535	-
Cash and cash equivalent at END of the year		1,415,301	11,158,535

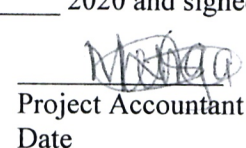
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on _____ 2020 and signed by:



Principal Secretary
Date



Project Coordinator
Date



Project Accountant
Date

ICPAK Member No: 5420

National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	2000,000	-	2,000,000	1,500,000	500,000	75%
Proceeds from domestic and foreign grants	19,000,000	-	19,000,000	-	19,000,000	0%
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	21,000,000	-	21,000,000	1,500,000	19,500,000	7.14%
Payments						
Compensation of employees	720,000	-	720,000	720,000	0	100%
Purchase of goods and services	18,280,000	-	18,280,000	10,523,234	7,756,766	57.57%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	19,000,000	-	19,000,000	11,243,234	7,756,766	59.17%

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.



Principal Secretary
Date



Project Coordinator
Date



Project Accountant
Date

ICPAK Member No: 5429

10. NOTES TO THE FINANCIAL STATEMENTS

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

9.1. Basis of Preparation

9.1.1. Statement of compliance and basis of preparation

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

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

9.1.2. Reporting entity

The financial statements are for the Project National Action Plan for Artisanal and Small – scale Gold Mining under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3. Reporting currency

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

9.2. Significant Accounting Policies

a) Recognition of receipts

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

• Transfers from the Exchequer

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

• External Assistance

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

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

Proceeds from borrowing

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

Undrawn external assistance

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

- **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.

b) Recognition of payments

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

- **Compensation of employees**

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

- **Use of goods and services**

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

- **Interest on borrowing**

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

- **Acquisition of fixed assets**

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

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

c) In-kind donations

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

d) Cash and cash equivalents

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

Restriction on cash

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

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

f) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 4** of this financial statement is a register of the contingent liabilities in the year.

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

g) Contingent Assets

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

h) Pending bills

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

i) Budget

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

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

j) Third party payments

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

k) Exchange rate differences

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.

n) 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.

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. RECEIPTS FROM GOVERNMENT OF KENYA

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

	2019/20	2018/19	Cumulative to-date(from inception)
	KShs	KShs	
<i>Counterpart funding through Ministry of Environment and Forestry</i>			
Counterpart funds Quarter 1			
Counterpart funds Quarter 2	1,500,000	-	1,500,000
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
	=	=	=
<i>Other transfers from government entities</i>			
Ministry xx			
Ministry xy			
Project zxy			
Agency xz			
Appropriations-in-Aid			
Total	<u>1,500,000</u>	<u>=</u>	<u>1,500,000</u>

[Provide explanation as necessary noting that “Other transfers from government entities” is not the counterpart funding which is the government’s share of contribution towards the implementation of the project as mandated by the Project Agreement.]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.4. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2020 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2019/20	2018/19
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Insert name of foreign Government	-		-	-	-	-	-
Grants Received from Multilateral Donors (International Organisations)							
UNEP	25/5/2018		7,534,990				7,534,990
UNEP	7/5/2019		13,104,000			-	13,104,000
Grants Received from Local Individuals and organisations							
Insert name of individual or local organization	-		-	-	-	-	-
Total	-		20,638,990	-	-	-	20,638,990

* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project. Projects should ensure that the adequate documents and support document is requested from the donors to support this grant.

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2020 we received funding from development partners in form of loan negotiated by the National Treasury donors as detailed in the table below:

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
			KShs	KShs	2019/20	2018/19
Loans Received from Bilateral Donors (Foreign Governments)						
Insert name of foreign Government			-	-	-	-
Loans Received from Multilateral Donors (International Organisations)						
Insert name of international organization			-	-	-	-
Total			-	-	-	-

9.6. MISCELLANEOUS RECEIPTS

	2019/20			2018/19	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts		
	KShs	KShs	KShs		
Property income	-	-	-	-	
Sales of goods and services	-	-	-	-	
Administrative fees and charges	-	-	-	-	
Fines, penalties and forfeitures	-	-	-	-	
Voluntary transfers other than grants	-	-	-	-	
Other receipts not classified elsewhere	-	-	-	-	

[Provide explanation as necessary]

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.7. COMPENSATION OF EMPLOYEES

	2019/20			2018/19	Cumulative to date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
-	KShs	KShs	KShs	KShs	KShs
Basic salaries of permanent employees	720,000	-	720,000	996,429	1,716,429
Basic wages of temporary employees					
Personal allowances paid as part of salary					
Personal allowances paid as reimbursements					
Personal allowances provided in kind					
Pension and other social security contributions					
Compulsory national social security schemes					
Compulsory national health insurance schemes					
Social benefit schemes outside government					
Other personnel payments					
Total	<u>720,000</u>		<u>720,000</u>	<u>996,429</u>	<u>1,716,429</u>

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8. PURCHASE OF GOODS AND SERVICES

	2019/20			2018/19	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services		-	-	1,968,926	1,968,926
Communication, supplies and services	405,000	-	405,000	-	405,000
Domestic travel and subsistence	6,895,200	-	6,895,200	5,937,700	12,832,900
Foreign travel and subsistence					
Printing, advertising and – information supplies & services					
Rentals of produced assets					
Training payments					
Hospitality supplies and services	640,800	-	640,800	577,400	1,218,200
Insurance costs					
Specialised materials and services	2,582,234	-	2,582,234	-	2,582,234
Other operating payments					
Routine maintenance – vehicles and other transport equipment					
Routine maintenance- – other assets					
Exchange rate losses/gains (net)					
Total	10,523,234		10,523,234	8,484,026	19,007,260

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.9. SOCIAL SECURITY BENEFITS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Government pension and retirement benefits	-	-	-	-	-
Social security benefits in cash and in kind	-	-	-	-	-
Employer social benefits in cash and in kind	-	-	-	-	--
Total	-	-	-	-	-

[Provide explanation as necessary]

9.10. ACQUISITION OF NON-FINANCIAL ASSETS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Purchase of buildings	-	-	-	-	-
Construction of buildings	-	-	-	-	-
Refurbishment of buildings	-	-	-	-	-
Construction of roads	--	-	-	-	-
Construction of civil works	-	-	-	-	-
Overhaul & refurbishment of construction and civil works	-	-	-	-	-
Purchase of vehicles & other transport equipment	-	-	-	-	-
Overhaul of vehicles & other transport equipment	-	-	-	-	-

National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	--	-	-	-	-
Purchase of specialised plant, equipment and machinery		-	-	-	-
Rehabilitation & renovation of plant, equipment & machinery	-	-	-	-	-
Purchase of certified seeds, breeding stock and live animals	-	-	-	-	-
Research, studies, project preparation, design & supervision	-	-	-	-	-
Rehabilitation of civil works	-	-	-	-	-
Acquisition of strategic stocks	-	-	-	-	-
Acquisition of land	-	-	-	--	-
Acquisition of other intangible assets	-	-	-		-
Total	=	==	=	=	=

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.11. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2020, we transferred funds to reporting government entities as shown below:

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Transfers to National Government entities					
Ministry of Environment	-	-	-	-	-
NAP Project				-	--
	=	=	=	=	=
Transfers to County Government				-	
County ABC	-	--	-	-	-
County XYZ	-	-	-	-	-
TOTAL	=	=	=	=	=

We have confirmed that the beneficiary institutions have received the funds and have recorded these as inter-entity receipts. We have attached these duly signed confirmations as an Appendix to the financial statements.

*National Action Plan on Artisanal Small – Scale Gold Mining Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.12. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2019/20			2018/19	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KShs	KShs	KShs	KShs	KShs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	=	=	=	=	=

[Provide explanation as necessary]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13. CASH AND CASH EQUIVALENTS CARRIED FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts (Note 9.13A)	1,415,301	11,158,535
Cash in hand (Note 9.13B)	-	-
Cash equivalents (short-term deposits) (Note 9.13C)	-	-
Total	<u>1,415,301</u>	<u>11,158,535</u>

The project has one project accountant spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

9.13 A Bank Accounts

Project Bank Accounts

	2019/20	2018/19
	KShs	KShs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]	-	-
Kenya Commercial Bank [A/c No.....]	-	-
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total Foreign Currency balances	-	=
<u>Local Currency Accounts</u>	-	
Central Bank of Kenya [A/c No10003285518]	1,415,301	11,158,535
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total local currency balances	1,415,301	<u>11,158,535</u>
Total bank account balances		

National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

The balances in the Project’s Special Deposit Account(s) as at 30th June 2020 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

	2019/20	2018/19
	KShs	KShs
(i) A/c Name [A/c No.....]		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)		
(ii) A/c Name [A/c No.....]		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as *Appendix xx* support these closing balances.

9.13B Cash In Hand

	2019/20	2018/19
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	=	=

[Provide a cash count certificate for each location above]

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.13C Cash equivalents (short-term deposits)

	2019/20	2018/19
	KShs	KShs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	=

[Provide short appropriate explanations as necessary]

9.14. OUTSTANDING IMPRESTS AND ADVANCES

<i>Name of Officer or Institution</i>	<i>Amount Taken</i>	<i>Due Date of Surrender</i>	<i>Amount Surrendered</i>	<i>Balance 2020</i>	<i>Balance 2019</i>
<i>Officer 1</i>	-	-	--	-	-
<i>Xx institution</i>	-	-	-	-	-
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	--	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	=	=	-	-	-

9.15. FUND BALANCE BROUGHT FORWARD

	2019/20	2018/19
	KShs	KShs
Bank accounts	11,158,535	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Total	11,158,535	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.16. PRIOR YEAR ADJUSTMENT

	Balance b/f FY 2018/2019 as per Financial statements	Adjustments	Adjusted Balance b/f FY 2018/2019
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Accounts Payables	-	-	-
Receivables	-	-	-
Others (<i>specify</i>)	-	-	-

(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy.)

9.17. CHANGES IN RECEIVABLE

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Outstanding Imprest as at 1 st July 2019 (A)	-	-
Imprest issued during the year (B)	-	-
Imprest surrendered during the Year (C)	--	-
Net changes in account receivables D= A+B-C	-	-

9.18. CHANGES IN ACCOUNTS PAYABLE – DEPOSITS AND RETENTIONS

Description of the error	2019 - 2020	2018 - 2019
	KShs	KShs
Deposit and Retentions as at 1 st July 2019 (A)	-	-
Deposit and Retentions held during the year (B)	-	-
Deposit and Retentions paid during the Year (C)	-	--
Net changes in account receivables D= A+B-C	-	-

11. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLE (See Annex 2A)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Construction of buildings	-	-	-	-
Construction of civil works	-	-	-	-
Supply of goods	-	-	-	-
Supply of services	-	-	-	-
Total	-	-	-	-

10.2 PENDING STAFF PAYABLES (See Annex 2B)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Senior management	-	-	-	-
Middle management	-	-	-	-
Unionisable employees	-	-	-	-
Others	-	-	-	-
Total	-	-	-	-

10.3 OTHER PENDING PAYABLES (See Annex 2C)

Description	Balance b/f FY 2018/2019 Kshs	Additions for the period Kshs	Paid during the year Kshs	Balance c/f FY 2019/2020 Kshs
Amounts due to National Government entities	-	-	-	-
Amounts due to County Government entities	-	-	-	-
Amounts due to third parties	-	-	-	-
Total	-	-	-	-

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

OTHER IMPORTANT DISCLOSURES (Continued)

10.4 External Assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received in cash	-	-
External assistance received as loans and grants	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	-

a) External assistance relating loans and grants

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	-
Total	-	-

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2019/2020	FY 2018/2019
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	-
Total		-	-

c. Classes of providers of external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

Provide details of the reasons for external assistance e.g. Economic development or welfare objective, Emergency relief, Trading activities etc

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

OTHER IMPORTANT DISCLOSURES (Continued)

d. Non-monetary external assistance

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
Goods	-	-
Services	-	-
Total	-	-

This may occur when goods such as vehicles, computers, medical equipment, food aid etc are contributed to a county by donors, NGO etc

N/B : Disclose the basis on which the value of goods and services were determined (This may be by : depreciated historical cost of physical assets, price attached on the goods, an assessment of value by the management of transferor, recipient on Third Party, Fair value measurement.

e Purpose and use of external assistance

PAYMENTS MADE BY THIRD PARTIES	FY 2019/2020	FY 2018/2019
	Kshs	Kshs
Compensation of Employees	-	-
Use of goods and services	-	--
Subsidies	-	-
Transfers to Other Government Units	-	-
Other grants and transfers	-	-
Social Security Benefits	-	-
Acquisition of Assets	-	-
Finance Costs, including Loan Interest	-	-
Repayment of principal on Domestic and Foreign borrowing	-	-
Other Payments	-	-
TOTAL	-	-

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

*National Action Plan on Artisanal Small – Scale Gold Mining Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

OTHER IMPORTANT DISCLOSURES (Continued)

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

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

	FY 2019/2020	FY 2018/2019
Description	Kshs	Kshs
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

**National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020**

12. PROGRESS ON FOLLOW UP OF PRIOR YEAR 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)
25/08/2020	Failure to maintain a separate Bank Account	Separate project bank account has since been opened	Project coordinator	Resolved	
			Mr. Mageria		

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;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


Principal Secretary


Project Coordinator

Date

Date

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	2000,000	1,500,000	500,000	75%	
Proceeds from domestic and foreign grants	19,000,000	-	19,000,000	0%	
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	21,000,000	1,500,000	19,500,000	7.14%	
Payments					
Compensation of employees	720,000	720,000	0	100%	
Purchase of goods and services	18,280,000	10,523,234	7,756,766	57.57%	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	19,000,000	11,243,234	7,756,766	59.17%	

Explain all variance below 90% and above 100%

- (i) Xxx
- (ii) Xxx
- (iii)Xxx

*National Action Plan on Artisanal Small – Scale Gold Mining Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
	a	b	c	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						

*National Action Plan on Artisanal Small – Scale Gold Mining Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

ANNEX 2B - ANALYSIS OF PENDING STAFF BILLS

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2019	Comments
		a	b	c	d=a-c		
Permanent Employees - Management							
1.							
2.							
3.							
Sub-Total							
Permanent Employees - Others							
4.							
5.							
6.							
Sub-Total							
Temporary employees							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

*National Action Plan on Artisanal Small – Scale Gold Mining Project
 Reports and Financial Statements
 For the financial year ended June 30, 2020*

ANNEX 2C - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date			Comments
		a	b	c	d=a-c		
Amounts due to National Govt Entities							
1.							
2.							
3.							
Sub-Total							
Amounts due to County Govt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							

*National Action Plan on Artisanal Small – Scale Gold Mining Project
Reports and Financial Statements
For the financial year ended June 30, 2020*

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KShs) 20xx/xx (a)	*Purchases/Additions in the Year (KShs) 20xx/xx (b)	**Disposals in the Year (KShs) 20xx/xx (c)	Transfers in/(out) Kshs 20xx/xx (d)	Closing Cost (KShs) 20xx (e)= (a)+ (b)-(c)+(-)d
Land					
Buildings and structures					
Transport equipment					
Office equipment, furniture and fittings					
ICT Equipment,					
Other Machinery and Equipment					
Heritage and cultural assets					
Biological assets					
Infrastructure assets roads, rails					
Intangible assets					
Work in Progress					
Total					

Notes

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

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

ANNEX 4 CONTINGENT LIABILITIES REGISTER

	Nature of contingent liability	Payable to	Currency	Estimated Amount Kshs	Expected date of payment	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						

APPENDICES

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations
- iii. Cash Count Certificate
- iv. Special Deposit Account(s) reconciliation statement(s)