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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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ON

**KFS-CAPACITY DEVELOPMENT PROJECT FOR
SUSTAINABLE FOREST MANAGEMENT IN
KENYA (CADEP) (GRANT NO. 22)**

**FOR THE YEAR ENDED
30 JUNE, 2021**

KENYA FOREST SERVICE





PROJECT NAME

CAPACITY DEVELOPMENT PROJECT FOR SUSTAINABLE FOREST
MANAGEMENT IN THE REPUBLIC OF KENYA

IMPLEMENTING ENTITY

KENYA FOREST SERVICE

PROJECT GRANT NO. 22

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 June, 2021

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



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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name:

Kenya Forest Service- Capacity Development Project for Sustainable Forest Management in the Republic of Kenya

Objective:

The key objective of the project is sustainable forest management activities are promoted in Kenya towards achievement of the national forest cover target of 10%

Address:

The project headquarters offices are Kenya Forest Service, Nairobi , Kenya.

The address of its registered office is:

Capacity Development Project for Sustainable Forest Management in the Republic of Kenya
Kenya Forest Service Headquarters
P.O Box 30513 00100
Nairobi

The project also has no other offices/branches

Contacts:

The following are the project contacts

Telephone: (254) 020-2020285

E-mail: info@kenyaforestservice.org

Website: www.kenyaforestservice.org

1.2 Project Information

Project Start Date:	The project start date is May-2016
Project End Date:	The project end date is May,2021 but extended to the end of October 2021 due to Covid 19 disruption
Project Manager:	The project Manager is Mr. Peter Ngugi Nduati
Project Sponsor:	The project sponsor is Government of Japan through JICA and the Government of Kenya(GOK) which will supplement the activities not covered by the donor.

1.3 Project Overview

Line Ministry	The project is under the supervision of the Ministry of Environment and Forestry
Project number	22
other important background of the Project	About 80% of the country is arid or semi-arid area in Kenya. Within the country, forest area is approximately 7.8% according to the FRA 2015 and use of fuel wood and conversion of the forests for agricultural use are problems that continue to devastate forest resources. Moreover, Kenya is considered one of the countries that could be more susceptible to climate change, considering that it is located in the Sub-Saharan African region. Therefore, promoting Reducing Emissions of greenhouse gases from Deforestation and Forest Degradation (REDD+) and developing capacity for sustainable forest management are important issues for the development from the aspect of increasing forest area and mitigating climate change. In this situation, the national government of Kenya set a goal to increase the forest covers rate from 7.2% (as measured in 2010) to 10% by 2030 in its national constitution established in 2010 and the “Vision 2030” (2008) which is a national development plan.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: I. Implement and monitor capacities of forest-related policies/strategies at the national level are enhanced. II. Build Capacities of public and private sectors, and NGOs/CBOs to promote tree growing in ASALs are enhanced through forestry extension activities. III. Technical capacities for REDD+ readiness activities and forest monitoring for sustainable forest management in KFS are strengthened. IV. The capacity of breeding techniques for drought tolerant trees(Melia volkensii and Acacia tortilis) in KEFRI is improved. V. Enhancement of regional cooperation in matters of reduction of extreme drought conditions in the horn of Africa regionis intensified by promoting knowledge sharing and transfer of technologies for strengthening the resilience to climate change and drought in Sub-Saharan Africa.
Project Duration	The project started on 1 st July 2016 and is expected to run until 30 th June 2021

1.4 Bankers

The following are the bankers for the current year:

Co-operative Bank
Stima Plaza Branch,
P.O. Box 38764 – 00100
Nairobi

Capacity Development Project for Sustainable Forest Management in the Republic of Kenya
shillings account number 01141532868703

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1.5 Auditors

Auditor General
Office of The Auditor General,
Anniversary tower, University Way
P.o Box 30084
NAIROBI

1.6 Roles and responsibilities

Names	Title	Key Qualification	Responsibilities
Peter NgugiNduati	Program Coordinator	B.Sc Forestry (Hons), MSc Environmental Science	Coordination of the day to day activities of the Program.
John Mburu	Ag. Principal Procurement Officer	Procurement expert	Responsible for the Management of the procurement process of goods and services and safety of assets
CPA Anthony K Weru	Manager Finance & Accounting	BCOM (Finance) CPA-K	Implementation of Finance and accounting functions of the program
Peter Sirayo	Assistant Coservator of Forests	B.SC Forestry	<ul style="list-style-type: none"> • Implementation of REDD+ and Climate Change • Farmers Field School Methodology
Diana Kishiki	Assistant Coservator of Forests	B.SC Forestry	<ul style="list-style-type: none"> • Implementation of REDD+ and Climate Change • Farmers Field School Methodology
Amina Osman Guyo	Assistant Coservator of Forests	B.SC Forestry	Farmers Field School Methodology
Katsuro Saito	Jica Forest Expert	Forest Extension Expert	Co-ordination of day to day activities of the program
Keter Thomas K	Finance & Accounting	BCOM (Finance)	Finance and accounting functions of the program

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1.7 Funding summary

The Project is for duration of five years from 2016 to 2021 with an approved budget of equivalent to KShs 420,000,000 annually as highlighted in the table below:

Below is the funding summary:

Source of funds	Commitment-	Amount received to date		Undrawn balance to date
		30-Jun-21	30-Jun-21	30-Jun-21
	<i>KShs</i>	<i>KShs</i>		<i>KShs</i>
	(A')	(B')		(A')-(B')
(i) Grant				
Government of Japan	1,550,000,000	1,373,007,785		176,992,215
(ii) Counterpart funds				
Government of Kenya	320,000,000	132,800,000		187,200,000
Total	1,870,000,000	1,505,807,785		364,192,215

1.8 Summary of Overall Project Performance:

- Donor Contribution

- The project is sponsored by Japan International Corporation Agency (JICA) whose contribution is mainly in kind. Donor Funds are not remitted to Kenya Forest Service.
- During the Financial year 2020/2021 donor expenditure amounted to KShs 282,000,000 Donor contributions in kind

- Government of Kenya Contribution

During the year under review, the Project received KShs 26,800,000.00 and incurred a cumulative expenditure of KShs 27,056,024.00 as Government of Kenya counterpart funding

1.9 Summary of Project Compliance:

- The Program has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority was issued for the implementation of the project.
- The Project's governance framework requires the stakeholders to uphold the highest professional, ethical, moral and legal standards. This is achieved through effective segregation of duties with clear checks and balances as articulated in the Project Loan/Credit Agreement, the PFM Act, 2012, the Project Design Report, the Implementation Manual and the Finance and Procurement Manuals.

1. The Project Joint Coordinating Committee (JCC)

This Committee is responsible for overseeing the implementation of the Project, approving the annual work plan and budget, and ensuring that the activities are in compliance with the donor and government policies.

2. The Parent Ministry- Ministry of Environment and Forestry

The parent ministry ensures that the Project's budget is captured in its development projects and disburses the government counterpart funding. The ministry reviews and tracks the Project's annual work plan and budget against the set targets and makes the approvals. The parent ministry also oversees the execution of the project coordinating team.

3. The Auditor

The Supreme Audit Institution in Kenya, that is, the Office of the Auditor General, is mandated by the Constitution of Kenya Chapter 12, Part 6, Article 229 which establishes the Office of the Auditor General. Chapter 15, Article 248, Section 3 and Article 249, Section 2 (a) and (b) and section 10 of the Public Audit Act, 2015 provide for the independence of the Office of the Auditor General.

The Auditor General is mandated to audit all national government entities, which include government development projects and present these statutory financial statements to the Parliament. This facilitates the submission of the audited report to the project's sponsors by 31 December each year.

4. County Project Coordinating:

Based in two county offices, this committee is responsible for facilitating and harmonizing the implementation of the Project at the county level. The roles of the technical heads of departments include coordinating of the project programs in line with the sectorial priorities in the respective counties, coordinating, guiding and participating in the development of action plans by

participatory identification of the projects to be financed under Capacity Development Project For Sustainable Forest Management In The Republic of Kenya Project, carrying out monitoring and evaluation of project's activities in the counties and offering oversight in the implementation of the project activities.

5. Project Coordinating Team (PCT)/Joint coordinating Committee

Joint coordinating committee is chaired by the principal secretary of MENRRDA to provide guidance to the project management unit and to facilitate inter-organizational coordination. JCC will be held at least once a year and whenever deemed necessary to carry out the following task:

- a. Approve the annual work plan
- b. Review overall progress of the project
- c. Conduct evaluation of the project
- d. Exchange opinion on major issues arising during its implementation

This team is based in Nairobi and is responsible for the project management and coordination functions. The PCT comprises of the Project Coordinator and a team of Technical Officers. The PCT is also supported by other administrative staff.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

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 KFS-Capacity Development 2018-2021 plan are to:

- a) Promote Sustainable Forest Management activities in Kenya towards attainment of 10% National Forest cover target.

Purpose

National capacity at the national and county levels for Sustainable Forest Management activities is strengthened.

a) By rehabilitating of degraded natural forest areas, develop and conserve all public natural forests

- Implementing forest and landscape restoration climate change mitigation strategies for forests and landscape restoration through promotion of growing improved *Melia volkensii* tree species especially in ASALS.
- Setting and developing a baseline of assessing carbon emissions known as Forest Reference Level FRL.
- Designing, developing and implementing the National Forest Monitoring System NFMS for the forest sector
- Supporting and facilitating the preparation and writing of Participatory Forest Management Plans PFMPs in Embu and TaitaTaveta counties.
- Supporting and facilitating the signing of Forest Management Agreements FMA between CFAs and County Governments.

b) By increasing forest cover outside public forest areas by Sourcing, packaging and dissemination of appropriate technologies and germplasm for farm and dryland forestry.

- Two tree seed orchards established in Kitui and Kibwezi to provide quality seed and seedlings of *Melia volkensii* tree species and a seed stand for *Acacia tortilis*.
- Target farmers in Kitui, Embu, Tharaka Nithi, Embu, Makueni, Taita Taveta, Kilifi and Kwale to promote planting of improved *Melia*.
- Running and managing about fifty farmers field schools FFS where over one thousand farmers have graduated after undergoing a one year FFS methodology program.

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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:

Project	Objective	Outcome	Indicator	Performance
Forestry extension in ASALs through public, private sector to promote tree growing in ASALs .	<ol style="list-style-type: none"> Participatory Forest Management Plans PFMP, Farmer Field schools FFS and other tools for forestry extension are applied Collaboration between public and private sectors , NGOs/CBOs is enhanced to promote tree growing in ASALs Seminars and trainings 	<ul style="list-style-type: none"> Four PFMPs completed and officially approved. Forest Management Agreements officially signed . Over fifty Farmer Field Schools established and conducted MOU/MOA signed between KOMAZA/KEFRI /CADEP Guidelines to on farm Melia volkensii growing in the dry land areas of Kenya prepared both in English and Kiswahili Selected target farmers and actual areas planted with improved Melia volkensii Training/seminar workshops conducted 	<ul style="list-style-type: none"> Approved PFMPs Signed FMAs Graduation of farmers lists and certificates of participation Printed copies of guidelines workshop/seminar training reports 	98% achievement
Technical capacities for REDD+ readiness activities and forest monitoring for sustainable forest management are strengthened.	<ul style="list-style-type: none"> Methodology for NFMS is established and documented Forest Information platform as a data base management function is developed FRL is established in consultation with other stakeholders and technical working group members and submitted to UNFCCC Creation Of Land Use/Land Cover Map 	<ul style="list-style-type: none"> Development of national forest monitoring system(NFMS) Establishment of Forest Reference Level FRL Designed and operational Forest Information Platform Complete Land Use/Land Cover maps FRL submission to UNFCCC report FRL technical Assessment Report from UNFCCC 	<ul style="list-style-type: none"> FRL report and documents maps FIP design NFMS document 	99% achievement
The capacities of breeding techniques for drought tolerant trees in KEFRI is improved	Promote social forestry, research and development of breeding for drought tolerant varieties,	Improved melia volkensii	Establishment of Breeding of improved melia volkensii in kitui	Distribution and Planting of improved Melia Volkensii
Create 2020 land cover/land use maps	Create 2020 land cover/land use maps	<ul style="list-style-type: none"> Improvement of guidance material for land cover/land use maps Creation of land cover/land use maps 2020 Analysis of land cover/land use change base Setting up of Forest Reference Level(FRL) for Kenya Revision of newly created Forest Reference Level(FRL) for Kenya 	2020 land cover/land use maps created	Improvement of FRL based on technical assessment of UNFCCC

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY

Project Capacity Development Project for Sustainable Forest Management 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 three 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 Service has aligned its operations with the new Global Development Agenda 2030 with its 17 Sustainable Development Goals (SDGs) and, Bonn Challenge among others. The Sustainable Development Goals succeeded the Millennium Development Goals as the international development agenda from 2016. The Service recognizes the importance of forests and trees in conserving biodiversity (SDG 15), tackling climate change (SDG 13), improving urban habitats (SDG 11), providing safe drinking water (SDG 6), supporting food security (SDG 2), reducing inequalities (SDG 10) and ending poverty (SDG 1), among other Sustainable Development Goals (SDGs). The Service has continued to realize positive trends, such as increasing awareness on forest preservation and increasing sustainable forest practices.

2. Environmental performance

- Promoting the REDD+ Readiness by setting and developing a National Forest Reference Level FRL and Designing, developing and implementing a National Forest Monitoring System.
- Developing capacity for sustainable forest management activities and developing aspect of increasing forest area and mitigating climate change through supporting the preparation and writing of Participatory Forest Management Plans PFMPs and conducting Farmer Field Schools FFS methodology, promotion of growing *Melia volkensii*.
- Establishment of two *Melia volkensii* seed orchards and one seed stand for *Acacia tortilis* provide quality seeds and seedlings for planting by farmers .

3. Employee welfare

The Projects Policies guiding the hiring process are Kenya Forest Service Human Resource policy and procedure manual together with a disability policy and a gender policy.

The Project recognizes its human capital to be strategic to the achievement of its objectives and has implemented as part of its policy. It also ensures staff carries out their duties in an ethical manner.

The Project continuously provides opportunity to build human capital capacities in terms of knowledge and skills improvement, attitude change and enhancing teamwork to all staff. This has been achieved by sponsoring staff for local and international training programs.

4. Market place practices-

The project is supporting basic market research for *Melia* products

5. Community Engagements-

During the year under review, there was no budget for community engagement on charitable, Community Social Investment and any other forms of corporate social responsibility (CSR).

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya 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 year ended on June 30, 2021. 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 Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya 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 Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2021, and of the Project's financial position as at that date. The Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya 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 Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya 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 under audit were used for the eligible purposes for which they were intended and were properly accounted for.

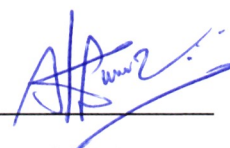
Approval of the Project financial statements

The Project financial statements were approved by the Chief Conservator of Forests and the Project Coordinator for Capacity Development Project for Sustainable Forest Management in the Republic of Kenya project on 24th November, 2021 and signed by them.



Chief Conservator of Forests

Name : Julius Kamau



Project Coordinator

Name: Peter Nduati

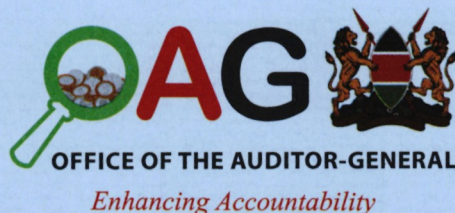


Project Accountant:

Name: CPA Anthony K Weru
ICPAK NO. 4869

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KFS-CAPACITY DEVELOPMENT PROJECT FOR SUSTAINABLE FOREST MANAGEMENT IN KENYA (CADEP) (GRANT NO. 22) FOR THE YEAR ENDED 30 JUNE, 2021- KENYA FOREST SERVICE

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, gazetted 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 control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (Grant No. 22) set out on pages 1 to 17 which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (Grant No.22) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement No.5543-KE dated 20 November 2015 between the Government of Japan through JICA and the Government of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsupported Direct Purchase of Goods and Services

The statement of receipts and payments reflects direct purchase of goods and services of Kshs.282,000,000 under Note 10.4 to the financial statements. However, the documents in support of the direct purchase of goods and service were not provided for audit.

Consequently, the validity and accuracy of the expenditure on direct purchase of goods and services of Kshs.282,000,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the KFS-Capacity Development Project for Sustainable Forest Management in Kenya (CADEP) (Grant No. 22) 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 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.

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, 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

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 audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with 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 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 Project's financial reporting process, reviewing the effectiveness of how the 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 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 noncompliance. 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 Project's 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.


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

06 December, 2021

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY 2020/21	FY 2019/20	Cumulative to Date
		Receipts and Payments controlled by the KFS Capacity Development	Receipts and Payments controlled by the KFS Capacity Development	
		Kes	Kes	
RECEIPTS				
Receipts from Government of Kenya	10.3	26,800,000	32,000,000	159,600,000
Receipts from Government of Japan	10.4	282,000,000	225,007,785	1,373,007,785
TOTAL RECEIPTS		308,800,000	257,007,785	1,505,807,785
PAYMENTS				
Purchase of Goods and Services Gok	10.5	27,056,024	34,329,606	132,356,796
Direct Purchase of Goods and Services Donor		282,000,000	200,807,785	1,273,807,785
Acquisition of non-financial assets-GOK	10.6	-	-	390,678
Acquisition of non-financial assets-JICA	10.7	-	24,200,000	99,200,000
TOTAL PAYMENTS		309,056,024	259,337,391	1,505,446,581
SURPLUS(DEFICIT)		(256,024)	(2,329,606)	361,204

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




Chief Conservator of Forests

Name: Julius Kamau



Project Coordinator

Name: Peter N. Nduati



Project Accountant:
Name: CPA Anthony K Weru
ICPAK NO. 4869

*KFS-Capacity Development Project for Sustainable Forest Management in the Republic of Kenya
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7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

	Note	FY 2020/2021	FY 2019/2020
		Kes	Kes
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	10.8	52,526	308,550
Total Cash and Cash Equivalents		52,526	308,550
TOTAL FINANCIAL ASSETS		52,526	308,550
REPRESENTED BY			
Fund balance broughtforward	10.10	308,550	2,638,156
Surplus/Deficit for the year		(256,024)	(2,329,606)
NET FINANCIAL POSITION		52,526	308,550

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 24th November, 2021 and signed by:



Chief Conservator of Forests

Name: Julius Kamau



Project Coordinator

Name: Peter N. Nduati



Project Accountant:

Name Name: CPA Anthony K Weru
ICPAK NO. 4869

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8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021


		FY 2020/2021	2019/20
	Notes		
Receipts for operating activities			
Transfer from Government entities	10.3	26,800,000	32,000,000
Proceeds from domestic and foreign grants	10.4	282,000,000	225,007,785
Total Receipts for operating activities		308,800,000	257,007,785
Payments for operating activities			
Purchase of goods and services	10.5	27,056,024	34,329,606
Transfers to other government entities		282,000,000	200,807,785
Total Payments for operating activities		309,056,024	259,265,654
Net cash flow from operating activities		(256,024)	21,870,394
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets-Donation in kind by JICA	10.7	-	24,200,000
Net cash flows from Investing Activities		-	24,200,000
CASHFLOW FROM FINANCING ACTIVITIES			
Proceeds from Foreign Borrowings		-	
Net cash flow from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENT		(256,024)	(2,329,606)
Cash and cash equivalent at BEGINNING of the year	10.10	308,550	2,638,156
CASH AND CASH EQUIVALENT AT END OF THE YEAR	10.8	52,526	308,550

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 24th November, 2021 and signed by:




Chief Conservator of Forests

Name: Julius Kamau



Project Coordinator

Name: Peter N. Nduati



Project Accountant:
Name: CPA Anthony K Weru
ICPAK NO. 4869

*KFS-Capacity Development Project for Sustainable Forest Management in the Republic of Kenya
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9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Original Budget	Adjust ments	Final Budget(c=a+ b)	Actual on ComparableB asis	Utilisation Variance	% of Utilisati on
	A	B	C	D	e=c-d	f=d/c %
RECEIPTS						
Transfer from Government entity	30,000,000	-	0,000,000	26,800,000	3,200,000	89
Proceeds From Foreign Grant(Contribution in Kind)	295,000,000	-	295,000,000	282,000,000	13,000,000	96
Total Receipts	325,000,000	-	325,000,000	308,800,000	16,200,000	95
PAYMENT						
Purchase of Goods And Services	30,000,000	-	30,000,000	27,085,672	2,914,328	90
Donation in Kind By Jica	295,000,000	-	295,000,000	282,000,000	13,000,000	96
Acquisition of Non Financial Assets	-	-	-	-	-	-
Total Payments	325,000,000	-	325,000,000	309,085,672	15,914,328	95


Note:

- The project is co-sponsored by Japan International Corporation Agency (JICA) and The Government of Kenya. The Donor contribution is mainly Donation in kind. Donor Funds are not remitted to Kenya Forest Service.
- The significant budget utilization/performance differences in the last column are explained in Annex 1 to these financial statements.




Chief Conservator of Forests

Name: Julius Kamau



Project Coordinator

Name: Peter N. Nduati



Project Accountant:
Name: CPA Anthony K Weru
ICPAK NO. 4869

10. NOTES TO THE FINANCIAL STATEMENTS

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

10.1 Basis of Preparation

10.1.1 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.

10.1.2 Reporting entity

The financial statements are for the Project KFS Capacity Development Project For Sustainable Forest Management in the Republic of Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

10.1.3 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.

10.2 Significant Accounting Policies

a) Recognition of receipts

The Project recognizes 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 to 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 from Japan Technical Cooperation Agency(JICA)

a) Recognition of receipts 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 recognized in the financial statements the time associated cash is received.

b) Recognition of payments

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

10.2 Significant Accounting Policies (Continued)

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.

b) Recognition of payments (continued)

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.

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 Kenya Forest Service -Capacity Development project in the form of actual goods and services rather than in money or cash terms. These donations include vehicles, equipment or personnel services. The financial value received for in-kind contributions by the project cannot 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 in kind is not recorded in Kenya Forest Service books of accounts.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, 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 Co-operative bank of Kenya 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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.

10.2 Significant Accounting Policies (Continued)

f) 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 Capacity Development 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.

g) 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.

h) 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.

During the year there were no receipts in form of direct payments from third parties.

i) 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

10.2 Significant Accounting Policies (Continued)

j) 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.

k) 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, 2021.

l) 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.

10.3 Receipts from Government of Kenya

These represent counterpart funding as follows:

Counterpart funding through State Department for Natural Resources	2020/21 Kshs	2019/20 Kshs	Cumulative to Date Kshs
Counterpart funds Quarter 1	13,800,000	15,000,000	73,800,000
Counterpart funds Quarter 2		5,000,000	60,000,000
Counterpart funds Quarter 3	13,000,000	12,000,000	73,000,000
Counterpart funds Quarter 4	-		60,000,000
TOTAL	26,800,000	32,000,000	266,800,000

10.4 PROCEEDS FROM FOREIGN GRANTS (DONATION IN KIND)

JICA	Financial year 2020/21 Kshs	Financial year 2019/20 Kshs	Cumulative to Date Kshs
Grant Received From JICA	282,000,000	225,007,785	1,373,007,785
TOTAL	282,000,000	225,007,785	1,373,007,785

This were direct payment grant (Donation in Kind) represent the payment of goods and service done directly by the donor on behalf of Capacity Development Project and no supporting document presented to support this grant

10.5 Purchase of Goods and Services

These comprise the total value of goods and services consumed by the Project.

	FY 2020/21	FY 2019/20	Cumulative to date
	Kshs	Kshs	Kshs
Communication, supplies and services	10,000	20,000	129,648
Domestic travel and subsistence	21,709,202	26,471,167	100,277,339
Travel cost- international	-	-	792,504
Training expenses	4,199,800	5,903,400	22,630,770
Refined fuel	925,000	1,050,000	4,639,880
Hospitality supplies and services	140,200	100,000	291,316
Office and general supplies and services	10,000	50,000	381,910
Maintenance of building-non residential	28,800	223,640	710,040
Other operating expenses	33,022	318,420	1,459,197
Routine maintenance – vehicles and other transport equipment	-	192,979	28,363,746
Total	27,056,024	34,329,606	132,637,701

Utilities, supplies and services include payments for water and electricity. Domestic travel and subsistence are payments made in relation to monitoring and management of the implementation of the Project. Other routine expenses include sundry payments made by the Project, including bank charges, routing office maintenance and office supplies.

10.6 ACQUISITION OF NON FINANCIAL ASSETS

Details	Payment Made By The Entity In cash	Payment Made by The Entity In cash	Cumulative To Date
	FY 2020/21	FY 2019/20	
	Kshs	Kshs	Kshs
Purchase of Office Furniture's and General Equipment	-	-	390,678.00
Total	-	-	390,678.00

10.7 NON- FINANCIAL ASSETS-DONATION IN KIND BY DONOR (JICA)

Description	Details	No	Status	Amount	
Laptops	HP 17.3 touch screen Intel core i7	2	Delivered	2,000,000.00	
Laminatin Machine	Double sided A0 size laminator	1	Delivered	12,000,000.00	
Back up devise	Digital Linear Tape	HPE	1	Delivered	5,000,000.00
Remote sensing software No.1 for desktop	ERDAS IMAGINE 2016 version	cisco	1	Delivered	1,200,000.00
L3 Switching Hub	Rack Mount Type	cisco	1	Delivered	2,000,000.00
UPS	Schneider Electric Smart UPS	APC	2	Delivered	2,000,000.00
	Sub total			24,200,000	

10.8 CASH AND CASH EQUIVALENT

	FY 2020/21	FY 2019/20
BANK ACCOUNT	52,526.15	308,550
Total	52,526.15	308,550

10.8 A Bank Accounts

i) KFS Capacity Development Project Bank Accounts

Local Currency Accounts	FY 2020/21	FY 2019/20
Co-operative Bank of Kenya [A/c No: 01141532868703]	52,526.15	308,550
Total local currency balances	52,526.15	308,550

10.9 Outstanding Imprest and Advances

There was no outstanding imprest or advances as at 30 June 2021

10.10 Fund Balance Brought Forward

	FY 2020/21	FY 2019/20
	Kshs	Kshs
Bank Accounts at the beginning of financial year	308,550	2,638,156
Cash in Hand	-	-
Cash and Cash Equivalent (short Term Deposits)	-	-
Outstanding Imprest and advances	-	-
Total	308,550	2,638,156

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11 PENDING ACCOUNTS PAYABLE

These schedules of pending bills are provided for disclosure purposes since the financial statements are prepared on cash basis. These comprise of unpaid bills that the Project had incurred as a result of contracted goods and services as at the end of the FY 2020/2021 as shown below.

	PAYEE	DATE PAID	AMOUNT
1.	Astorian Grand Hotel	30 th June 2021	15,000.00
2.	Astorian Grand Hotel	30 th June 2021	126,000.00
	Total		141,000.00

12 PRIOR YEARS -DONATION IN KIND BY DONOR (JICA)

12.1 Non- Financial ASSETS-DONATION IN KIND BY DONOR (JICA)

Laptops	HP 17.3 touch screen Intel core i7	2	Delivered	2,000,000.00
Laminatin Machine	Double sided A0 size laminator	1	Delivered	12,000,000.00
Back up devise	Digital Linear Tape	1	Delivered	5,000,000.00
Remote sensing software No.1 for desktop	ERDAS IMAGINE 2016 version	1	Delivered	1,200,000.00
L3 Switching Hub	Rack Mount Type	1	Delivered	2,000,000.00
UPS	Schneider Electric Smart UPS	2	Delivered	2,000,000.00
	Sub total			24,200,000

12.2 ASSETS OTHER DIRECT PURCHASES (DONATION IN KIND BY DONOR JICA)

Maintenance for Remote sensing software No.1	1-year maintenance	ERDAS	2	Delivered	2,500,000.00
Maintenance for Remote sensing software No.2 for desktop	eCognition 9.2 Developer Included 1-year maintenance	Trimble	1	Delivered	
GIS software for desktop	ArcGIS for desktop advanced 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	1	Delivered	
Maintenance for GIS software for desktop	1-year maintenance for ArcGIS desktop advanced	ESRI	1	Delivered	
Maintenance for GIS software for desktop	ArcGIS for desktop standard 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	1	Delivered	
Maintenance for GIS software for desktop	ArcGIS for desktop standard 10.5 with spatial analyst, 3D analyst, geostatistics analyst, publisher	ESRI	2	Delivered	
Maintenance for GIS software for desktop	1-year maintenance for ArcGIS desktop standard	ESRI	1	Delivered	
Windows server 2012 r2 software license or updated one	Windows server 2012 r2 software license	Microsoft	4	Delivered	
Professional Service	Short term Contract to conduct FFS impact survey by JKUAT			Delivered	2,500,000.00

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Professional Service	Short term Contract to review and revise the Growing of Melia Guidelines(Cost/benefit) analysis	Delivered	2,500,000.00
Professional Service	Refining and revising National Forest Reference Level Frl		5,300,000.00
Printing Advertising and Information Supplies Services	Short term contract on designing the model for assessing livelihood improvement	Delivered	5,000,000.00
Printing Advertising and Information Supplies Services	Facilitation of preparation, writing, approval, launching of PFMPs(Kiangombe & Kianjiru) in Embu and FMA signing	Delivered	20,000,000.00
Daily Subsistence Allowances	Mbololo Mwambirwa PFMP launch and signing of FMA	ongoing	12,000,000.00
Daily Subsistence Allowances	Running and Facilitation of 10 FFS in Embu & 5 FFS for one year in Taita Taveta upto graduation	Delivered	10,000,000.00
Daily Subsistence Allowances	Improving and Refining the Forest Reference Level FRL - REDD+ TWG, Stakeholders workshops, UNFCCC Peer Reviewers, Contract to prepare the draft National FRL. Responses to preliminary questions and/or clarifications from Technical Assessment Team from UNFCCC. Modifying FRL and submission to UNFCCC.	Delivered	35,000,000.00
Salaries & Remuneration	JOFA/PASCO /JICA shuttle consultants and experts(Salaries & Air tickets)		20,000,000.00
DSA	Developing and Operationalizing the National Forest Monitoring System NFMS(FIP)	Ongoing	15,000,000.00
Routine Maintenance-Vehicle and Others	Fuel, Maintenance, Insurance, of JICA vehicles, Motor cycles		17,000,000.00
Hospitality Supplies and Services	Conference facilities for various workshops		10,000,000.00
Printing Advertising and Information Supplies Services	Printing of calendars, magazines, Melia guidelines 9English & Kiswahili) and journals		5,000,000.00
Supplies for Production	Maintenance of seed orchards for Melia volkensii and Acacia tortilisseedstands in Tiva Kitui and Kibwezi Maintenance of nineMelia volkensii progeny sites spread across the country		12,000,000.00
Subsistence Allowances	Additional pilot inventory plots for FRL setting . Preparation of Land Cover/Land Use maps for year 2020.		5,000,000.00
Training Payments	Training 116 farmers from Embu, Tharaka Nithi, Makueni, Kitui, Taita Taveta, Kwale, Kilifi in Kitui KEFRI Center and purchasing and delivering 26,700 seedlings of Melia volkensii for earmarked farmers to plant in their farms.		7,007,785.00
Daily Subsistence Allowances	Signing of MOU/MOA between KOMAZA/KEFRI/CADEP		2,000,000.00
Administration Costs	Running office & administration, salaries fortechnical Interns		13,000,000.00
	Sub total		
	TOTAL		200,807,785.00



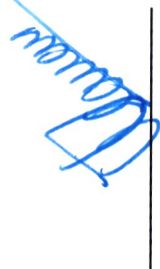
13 FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)	Status: (Resolved/ Not Resolved)	Timeframe:(Put a date when you expect the issue to be resolved)

Guidelines 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.



Chief Conservator of Forests

Name : Julius Kamau



Project Coordinator

Name: Peter Nduati

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