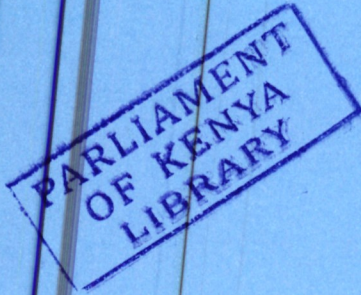


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

DATE: 07 DEC 2023

OF

Shiraz
Hon Owen Bayo, CBS, MP
Deputy Majority Leader
Miriam

THE AUDITOR-GENERAL

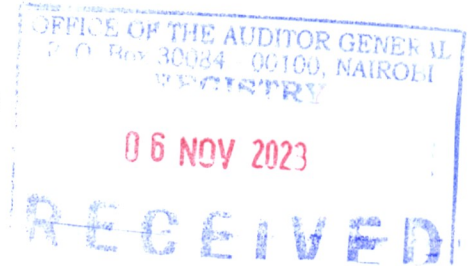
ON

**STRENGTHENING DROUGHT RESILIENCE
FOR SMALL HOLDER FARMERS AND
PASTORALISTS IN THE IGAD REGION
PROJECT NO. 03/DRESS-EA/07/OSS-KE/20**

**FOR THE YEAR ENDED
30 JUNE, 2023**

**MINISTRY OF ENVIRONMENT, CLIMATE
CHANGE AND FORESTRY**





**PROJECT NAME: STRENGTHENING DROUGHT RESILIENCE FOR SMALL
HOLDER FARMERS AND PASTORALISTS IN THE IGAD REGION**

**IMPLEMENTING ENTITY: STATE DEPARTMENT OF ENVIRONMENT AND
CLIMATE CHANGE**

PROJECT GRANT/CREDIT NUMBER: 03/DRESS-EA/07/OSS-KE/20

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023

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Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
DRESSEA	Strengthening Drought Resilience for small holder farmers and Pastoralist
Comparative FY	Financial year preceding the current financial year.
PS	Principal Secretary

2. Project Information and Overall Performance

2.1 Name and registered office

Name The project's official name is: *Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region*

Objective

The overall objective of the project is to increase the resilience of smallholder farmers and pastoralists to climate change risks mainly those related to drought, through the establishment of appropriate early warning systems and implementation of drought adaptation actions in the IGAD region.

The address of its registered office is:

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region

Address

Project unit
Ministry of Environment and Forestry
NHIF Building, Upper Hill,
P.O. Box 30126 - 00100
Nairobi.

Contacts:

The following are the project contacts

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

E-mail: psoffice@environment.go.ke

Website: www.environment.go.ke

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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is October 2020
Project End Date:	The project end date is September 2024
Project Manager:	The project Co-ordinator is Mr. Samuel Muchiri
Project Sponsor:	The project Sponsor is Adaptation Fund

2.3 Project Overview

Line Ministry/State Department of the project	The project is under supervision of State department Of Environment and Climate Change
Project number	03/DRESS-EA/07/OSS-KE/20
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <p>Component 1: Development and enhancement of a regional drought early warning system</p> <ul style="list-style-type: none"> • Increased use of effective Early Warning Systems by stakeholders through Efficient and effective drought early warning (DEWS) in place/developed, Institutional linkages for Early Warning (EW) information established, Feedback mechanism for EW information developed and Emergency plan for drought management is put in place. • Activities and projects being developed by project includes assess the status of early warning system (EWS) in the country and the update options of traditional EWS with modern EW technologies. Develop an EWS prototype to be used at the regional and national levels. Develop/Review EW information sharing frameworks at regional. National and sub-national levels. Develop an implementation action plan to operationalize the frameworks among

others

Component 2: Strengthening the capacity of stakeholders to manage drought risks due to climate change effects;

This is through strengthening and improving the adaptive capacity of various stakeholders including women and youth that are affected by climate change induced drought and contribute to drought adaptation and resilience in various ways. Such stakeholders include extension agents, artisans, local government or sub-national and national as well as regional leaders including technical and non-technical plus the smallholder farmers and pastoralists in the four selected countries/areas.

This project seeks to, first of all, understand the stakeholders' needs in drought adaptation and contribute to developing their capacity to plan and manage droughts if their resilience is to be enhanced. Based on such needs, capacity building plans including developing the appropriate tools and materials will be supported

Component 3: Drought and climate change adaptation actions;

This is through increasing resilience of smallholder farmers and pastoralists by supporting them to undertake concrete innovative and appropriate sustainable land, water, crops and livestock management measures or technologies.

This is by seeking to understand the current status of water security by focusing on surface and groundwater resources, soil and water conservation, crop and livestock production and sources of incomes.

This will be achieved through: developing soil and water conservation, water harvesting and storage structures e.g. simplified water jars, rock water harvesting, construction of

	<p>sunken sand dams and water ponds. Mini-irrigation systems to support crops during water stress will be constructed. Underground water sources e.g. construction of boreholes and water wells will be constructed. Drought resistant pastures and crops will be promoted to enhance the resilience of pastoralists and farmers.</p> <p>The competitive small grants scheme will focus on encouraging and rewarding the efforts of the most vulnerable among smallholder farmers and pastoralists such as the women, youth and elderly. Such efforts sought for evaluation will be on drought adaptation actions or IGAs. The innovativeness of the competitive grant scheme will include interventions on alternatives energy sources (solar, improved energy stoves, etc.), energy saving innovations, interlocking blocks and charcoal briquettes manufactured from household waste such as briquettes from crop residues will be promoted</p> <p>Component 4: Knowledge management and awareness creation;</p> <p>There is limited awareness on drought risks and adaptation actions amongst stakeholders leading to poor planning and responses to drought risks and disasters with low crop and livestock yields hence food insecurity and low incomes. This component seeks to support knowledge generation, packaging, and dissemination between and across stakeholders in various institutions within the targeted countries in the region.</p> <p>This will facilitate institutions to generate knowledge on drought risk management, undertaking study tours and exchange visits, documenting lessons learned or best practices and generally facilitating knowledge exchange. The information, lessons learned, best practices and innovative technologies will be documented and shared for the use by various stakeholders.</p>
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<p>Summary of Project Strategies for achievement of strategic goals</p>	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Establishment of the requisite coordination structures right from the regional to community level. The project has already established regional steering committee, national steering committee and county and community management units. (ii) Using of community participatory methods to enhance ownership and targeted response to community priorities. (iii) Active participation and collaboration with the respective counties for greater project sustainability
<p>Other important background information of the project</p>	<p>Kenya has developed National Adaptation Plan 2015-2030 that has identified short, medium- and long-term adaptation actions for various sectors to build adaptive capacity, resilience and minimize community vulnerabilities. The NAP 2015-2030 actions are further elaborated in the National Climate Change Action Plan (NCCAP) 2018-2022. The Ministry of Environment and Forestry received financing from the Adaptation Fund (AF) through the Sahara and Sahel Observatory (OSS) towards supporting Strengthening Drought Resilience for Small Holder Farmers and Pastoralists to help the country implement the NCCAP 2018-2022 and subsequent NCCAP's.</p>
<p>Areas that the project was formed to intervene</p>	<p>Kenya like many other developing countries are highly vulnerable to climate change, the country in its main climate change planning document that is National Climate Change Action Plan 2018-2022 indicated that the country needs 1.8 Trillion to implement the 5year document. Subsequently the National Determined Contribution updated by Kenya in December 2020 requires a total of USD 62B up to 2025 to implement. Raising this amount internally is quite a challenge and hence the development of projects and programs to resource mobilize to help the country implement these planning documents so as to attain the desired low carbon climate</p>

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	resilient development. The project will be implemented in Samburu and Kitui counties
Project duration	The project started on October 2020 and is expected to run until September 2024.

Project Information and Overall Performance (Continued)

2.4 Banker

The following are the bankers for the current year:

- (i) Central Bank of Kenya 1000495898 - Project Operating Account

(ii) 2.5 Independent Auditor

The project is audited by the Office of the Auditor General

2.6 Roles and Responsibilities

List the different people who are 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.

Names	Title designation	Key qualification	Responsibilities
Eng.Festus K.Nge'no	Principal secretary	Msc Environmental & biosystem Engineering	Accounting Officer
Samuel Muchiri	National Project Coordinator	Msc Environmental Management	Project Coordinator
Leah	Project Assistant	Bachelor of Economics and Mathematics	Project assistant

2.7 Funding summary

The Project is for duration of 4 years from October 2020 to September 2024 with an approved budget of US\$ 2,491,480 (use donor currency) equivalent to Kshs 286,520,200 using a dollar rate of 115 as highlighted in the table below:

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 th June 2023)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency Kshs	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
Adaptation	2,491,480	286,520,200	249,967	30,590,615	2,241,512.50	255,929,584.45
Total	2,491,480	286,520,200	249,967	30,590,615	2,241,512.50	255,929,584.45
(ii) Counterpart funds						
Government of Kenya						
Total	2,491,480	286,520,200	249,967	30,590,615.55	2,241,512.50	255,929,584.45

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Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)		Unutilised balance to date (30 th June 2023)	
	Donor currency (A)	Kshs (A')	Donor currency (B)	Kshs (B')	Donor currency (A)-(B)	Kshs (A')-(B')
(i) Grant						
Adaptation Fund	249,967.50	30,590,615.55	53,855.42	2,767,900.00	196,112.08	27,847,915.55
Total	249,967.50	30,590,615.55	53,855.42	2,767,900.00	196,112.08	27,847,915.55
(i) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	249,967.50	30,590,615.55	53,855.42	2,767,900.00	196,112.08	27,847,915.55

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i) *Budget performance against actual amounts for current year and for cumulative to-date,*
- ii) *Physical progress based on outputs, outcomes, and impacts since project commencement,*
- iii) *Indicate the absorption rate for each year since the commencement of the project.*
- iv) *List the implementation challenges and recommended next steps.*

2.9 Summary of Project Compliance:

There were no cases of non-compliance with the applicable laws and regulations during the financial year.

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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3. Statement of Performance against Project’s Predetermined 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 *project’s 2021-2024* are to:

1. Developing and promoting regional investments in drought early warning systems (EWS) and improving the existing ones
2. Strengthening and improving the capacity of key stakeholders in drought risk management at regional, national and local levels
3. Facilitating smallholder farmers and pastoralists inputs to undertake innovative adaptation actions that reinforce their resilience to drought
4. Enhancing knowledge management and information sharing on drought resilience at the considered levels.

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-bund (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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region	The overall objective of the project is to increase the resilience of smallholder farmers and pastoralists to climate change risks mainly those	Improve the gross income through promoting the growth of drought-resistant crops and drought	Number of communities supported by the project Number of approved projects and fund disbursed to	The project has already established the foundation structures upon which the project activities will be implemented. The project has established; -Regional project steering committee – two meetings have been done already

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	<p>related to drought, through the establishment of appropriate early warning systems and implementation of drought adaptation actions in the IGAD region.</p>	<p>tolerant breeds of livestock, soil and water conservation measures and climate-smart agriculture.</p> <ul style="list-style-type: none"> ▪ Develop specific activities on value chain associated to adaptation needs. ▪ Reduce expenditure through bringing together the economic sectors and stakeholders. ▪ Develop new careers. 	<p>communities.</p> <p>Documents developed and reports from the project.</p>	<p>-National project steering committee</p> <p>Undertaken project awareness and community mobilization at the county level</p> <p>Established project management unit at the Ministry</p> <p>Identified project implementation sites at the counties</p> <p>County visit by the PMU and GWPEA to introduce the project to the county high level leadership done in August, 2021</p> <p>Baseline data collection for the DRESSEA project completed in both Kitui and Samburu County.</p> <p>M\$E online tool has been developed by regional consultant.</p> <p>Second Regional Project Steering Committee meeting held in Djibouti on 27th September 2021</p> <p>Supervisory mission undertaken by the OSS team from Tunis</p> <p>The funds for undertaking initial project preparatory work including project launch,</p>
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Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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			<p>first national steering committee meeting, finalization of the work plan and procurement plan totaling Kshs. 28,283,702.80 was received and utilized for this purpose.</p> <p>Project site selection have been done in the two counties.</p> <p>The project was launched in the country on 27th April 2022</p> <p>The first National Project Steering Committee was held on 27th April 2022 where the work plan and procurement plan for the next 2 years was approved</p>
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4. Environmental and Sustainability reporting

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists 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 adaptation 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

I. Sustainability strategy and profile -

The implementation of Strengthening Drought Resilience for Small Holder Farmers and Pastoralists contributes to building the community resilience and adaptive capacity bearing in mind the impact of climate change in Kenya ASAL regions.

The project will be implemented in close collaboration with the county governments of Kitui and Samburu, the project will be implementing in the respective county's county integrated development plan (CIDP's). The project will also be based at the respective county climate change units that are created by the Climate Change Act 2016 under the County Ministry's responsible for Climate Change. This will ensure that the project activities will be continue beyond the lifespan of the project.

II.Environmental performance

A better understanding of the interaction between climate, environment and human factors which impact the sustainable use of natural resources. The outcome will contribute in lowering the excess demand for natural resources through fair and equitable sharing of natural resources. Among other benefits to environment are efficient use of water, reduce the pressure on the ecosystems and preserve biodiversity, improved land management/conservation infrastructure, leading to reduced soil loss and increased quantity of agricultural produce, improving water resources for human and livestock populations and improve the efficiency of projects. These actions will enhance ability of the communities to better cope with impacts of droughts which are increasing becoming more frequent and intense in the ASAL areas of Kenya. This will eventually build resilience of the local communities to better cope with impacts of climate change.

Employee welfare

The project staff management will be based on the public services human resource manual and other respective laws and procedures.

1. Market place practices

The project in the procurement of goods and services will be done in compliance with Public Procurement and Asset Disposal Act 2015. This ensures that proper guidelines and processes are followed to enable smooth operations of the project, competitiveness and value for money is achieved. In addition, Vulnerable groups of Youth, Women and Disables will be incorporated in the quotations and tendering processes of the project.

2. Community Engagements-

This project targets to work directly with the pastoralists and smallholder communities in Samburu and Kitui counties. The project design is such that it uses participatory community development approaches that ensures that the target communities are at the core of decision making as it regards to project activities implementation. The project has already engaged the communities through the respective county government where the project sites have been selected. It also conducted a public consultation across the communities and county governments.

5. Statement of Project Management responsibilities

The *Principal Secretary* for the State Department of Environment and Climate Change and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *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, 2023.

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 State Department of Environment and Climate Change and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *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 State Department of Environment and Climate Change and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *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 year ended June 30, 2023, and of the Project's financial position as at that date. The *Principal Secretary* for State Department of Environment and Forestry and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *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 State Department of Environment and Climate Change and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *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.

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary* for the State Department of Environment and Climate Change and the *Project Coordinator* for Strengthening Drought Resilience for smallholder farmers and pastoralists in the IGAD Region *project* on 15/09 2023 and signed by:


.....
Eng. Festus K. Ng'eno
Principal Secretary

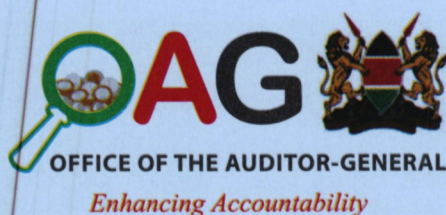

.....
Samuel Muchiri
Project Coordinator


.....
Enock Maticha
Project Accountant
ICPAK Member No: 23310



REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON STRENGTHENING DROUGHT RESILIENCE FOR SMALL HOLDER FARMERS AND PASTORALISTS IN THE IGAD REGION PROJECT NO. 03/DRESS-EA/07/OSS-KE/20 FOR THE YEAR ENDED 30 JUNE, 2023 - MINISTRY OF ENVIRONMENT, CLIMATE CHANGE AND FORESTRY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region set out on

Report of the Auditor-General on Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project No.03/DRESS-EA/07/OSS-KE/20 for the year ended 30 June, 2023 – Ministry of Environment, Climate Change and Forestry

pages 1 to 40, which comprise of the statement of financial assets as at 30 June, 2023, 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, the financial statements present fairly, in all material respects, the financial position of Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Project as at 30 June, 2023 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 Bilateral Financing Agreement between the Government of Kenya and the Sahara and Sahel Observatory-OSS dated 22 January, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region Management in accordance with ISSAI 130 on the 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts amounting to Kshs.60,000,000 against actual receipts amounting to Kshs.28,283,703 resulting to a shortfall of Kshs.31,716,297 or 53% of the budget. Similarly, the statement reflects actual expenditure amounting to Kshs.2,038,300 resulting to under expenditure of Kshs.57,961,700 or 97% of the budget.

The shortfall in receipts and under expenditure resulted to delay in implementation of the planned project activities.

2. Low Absorption of Donor Funds

Paragraph 2.7 on the funding summary budget reflects an amount of US\$2,491,480 equivalent to Kshs.286,520,200 as approved by the Adaptation Fund. However, as at 30 June, 2023 the project had received Kshs.30, 590,615.55 (US\$249,967.50) or 10% of

the budget with Kshs.255, 929,584.45 (US\$2,241,521.50) being undrawn balances. The undrawn balances show low absorption rate of 10% against 75% lapsed project period. The Management may not utilize all the project funds by the close date of September, 2024.

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

REPORT ON THE 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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Slow Implementation of the Project Annual Work Plan Activities

The National Project Steering Committee in their first meeting held on 27 April, 2022 approved the work plan, budget and the procurement plan for the first two years of project implementation. It is not clear why the approval of the work plan, budget and the procurement plan were done two years after the commencement of the project on October, 2020. Further, examination of the annual work plan revealed that only one activity has been implemented as per the approved annual work plan, three years after inception of the project.

In addition, clause Article 10 to the Grant Agreement on extension circumstances stipulates the agreement may only be extended in the event of force majeure or objectively explained circumstances. It further explains that the MEF shall submit an

extension request approved by the Adaptation Fund Designated Authority to the OSS at least one year before the Project closing date. However, Management has not made any request for extension of the project end date.

It is therefore doubtful if the Project would be completed within the stipulated time frame of September 2024.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Project or cease its 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 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 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 sustain 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


 CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 November, 2023

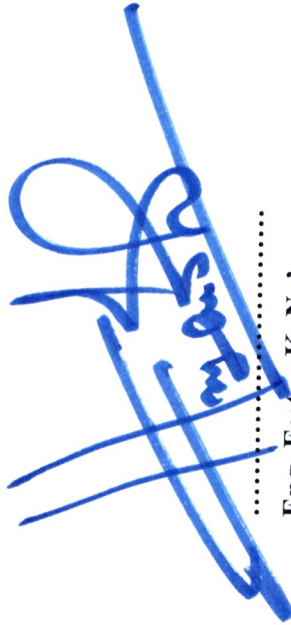
7. Statement of Receipts and Payments for the year ended 30th June 2023.


Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
	FY 2022/2023						
	FY 2021/2022						
Receipts							
1							
2	28,283,702.80	-	28,283,702.80	2,306,912.75	-	2,306,912.75	30,590,615.55
3							
4	-	-	-		-	-	-
Total receipts	28,283,702.80	-	28,283,702.80	2,306,912.75	-	2,306,912.75	30,590,615.55
Payments							
5	60,000.00	-	60,000.00				60,000.00
6	1,978,300.00	-	1,978,300.00	704,600.00	-	704,400.00	2,682,700
7							
8							
9							
10							


*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
/payments								
Total payments		2,038,300.00	-	2,038,300.00	704,600.00	-	704,400.00	2,742,700
Surplus/ (deficit)		26,245,402.80	-	26,245,402.80	1,602,512.75	-	1,602,512.75	27,847,915.55

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


.....
Eng. Festus K. Ng'eno
Principal Secretary


.....
Samuel Muchiri
Project Coordinator


.....
Enock Maticha
Project Accountant
ICPAK Member No: 233jp

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023

8. Statement of Financial Assets as at 30th June 2023

Description	Note	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	27,847,915.55	1,577,312.75
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		27,847,915.55	1,577,312.75
Imprests and Advances	12	-	25,200.00
Total Financial Assets		27,847,915.55	1,602,512.75
Financial Liabilities			
Third party Deposits and Retention	13	-	-
Net Assets		27,847,915.55	1,602,512.75
Represented By			
Fund Balance B/fwd.	14	1,577,312.75	-
Prior Year adjustments	15	25,200.00	-
Surplus/(Deficit) for the Year		26,245,402.80	1,602,512.75
Net Financial Position		27,847,915.55	1,602,512.75

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 15/09 2023 and signed by:

.....
 Eng. Festus K. Ng'eno
 Principal Secretary

.....
 Samuel Muchiri
 Project Coordinator

.....
 Enock Maticha
 Project Accountant
 ICPAK Member No: 23310

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023

9. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	28,283,702.80	2,306,912.75
Miscellaneous receipts	4	-	-
Total receipts		28,283,702.80	2,306,912.75
Payments			
Compensation of employees	5	60,000.00	-
Purchase of goods and services	6	1,978,300.00	729,600.00
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Total Payments		2,038,300.00	729,600.00
Net receipts/(payments)		-	-
Adjustments during the year			
Prior year adjustments	15	25,200.00	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
Net cash flow from operating activities		26,270,602.80	1,577,312.75
Cashflow from investing activities			
Acquisition of non-financial assets	8	-	-
Net cash flows from investing activities		-	-
Cash flow from financing activities		-	-


Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
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Description	Notes	FY 2022/2023	FY 2021/2022
		Kshs	Kshs
Proceeds from foreign borrowings	3	-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		26,270,602.80	1,577,312.75
Cash and cash equivalent at beginning of the year	11	1,577,312.75	-
Cash and cash equivalent at end of the year	11	27,847,915.55	1,577,312.75


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 15/09 2023 and signed by:



Eng. Festus K. Ng'eno
Principal Secretary



Samuel Muchiri
Project Coordinator



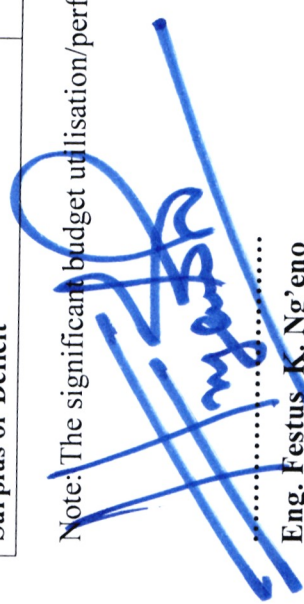
Enock Maticha
Project Accountant
ICPAK Member No: 23310

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

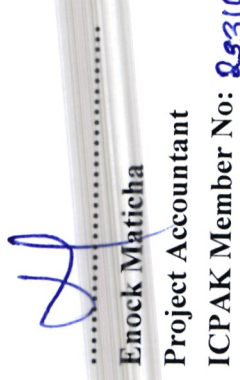
10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023.

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	127,000,000	67,000,000	60,000,000	28,283,702.80	31,716,297.20	47.14%
Proceeds from domestic and foreign grants						
Proceeds from borrowings						
Miscellaneous receipts						
Total Receipts	127,000,000	67,000,000	60,000,000	28,283,702.80	31,716,297.20	47.14%
Payments						
Compensation to employees						
Purchase of goods and services	127,000,000	67,000,000	60,000,000	2,038,300.00	57,961,700.00	3.4%
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						
Other grants and transfers						
Total Payments	127,000,000	67,000,000	60,000,000	2,038,300.00	57,961,700.00	3.4%
Surplus or Deficit	-	-	-	26,245,402.80	(26,245,402.80)	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.


.....
Eng. Festus K. Ng'eno
Principal Secretary


.....
Samuel Muchiri
Project Coordinator


.....
Enock Maticha
Project Accountant
ICPAK Member No: 29310

11. Significant Accounting Policies

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

a) 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.

b) Reporting entity

The financial statements are for DRESSEA Project under the State Department of Environment and Climate Change. The financial statements are for the reporting entity DRESSEA Project as required by Section 81 of the PFM Act, 2012 .

c) 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.

d) Recognition of receipts

Strengthening Drought Resilience for Smallholder Farmers and Pastoralists in the IGAD Region Project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

Significant Accounting Policies (continued)

Transfer from Exchequer is 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.

ii) External Assistance

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

iii) 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 at the time associated cash is received.

iv) 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.

v) Proceeds from borrowing.

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

vi) 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.

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

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

ii) 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.

iii) Interest on borrowing

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

iv) 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.

Significant Accounting Policies (continued)

v) 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.

f) 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.

g) 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.

Significant Accounting Policies (Continued)

h) 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.

i) Imprests and Advances

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.

j) 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 6** of this financial statement is a register of the contingent liabilities in the year.

Significant Accounting Policies (Continued)

k) 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.

l) 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' 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.

m) 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*.

Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) 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.

q) 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, 2023

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note xx of these financial statements*.

Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	FY 2022/2023	FY 2021/2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through State Department of Environment and Climate Change</i>			
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	-	-
Counterpart funds Quarter 3	-	-	-
Counterpart funds Quarter 4	-	-	-
Total (See Annex 3)	-	-	-
<i>Other transfers from government entities</i>			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total	-	-	-

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	Date received	FY 2022/2023				FY 2021/2022		Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)								
Adaptation Fund	20/12/2022	229,967.50	28,283,702.8	-	-	28,283,702.80	2,306,912.75	30,590,615.55
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	-
Insert name of international organization	-	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-	-
Total		229,967.50	28,283,702.80	-	-	28,283,702.80	2,306,912.75	30,590,615.55

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners

During the financial period to 30 June 2023, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	Date received	FY 2022/2023				FY 2021/2022		Cumulative to date
		Amount in loan currency (Insert currency)	Loans received in actual amount Kshs	Loans received as direct payment* Kshs	Total amount in Kshs	Total amount in Kshs	Kshs	
Loans received from bilateral Donors (Foreign Governments)	-	-	-	-	-	-	-	
Insert name of foreign Government	-	-	-	-	-	-	-	
Insert name of foreign Government	-	-	-	-	-	-	-	
Loans received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-	
Insert name of international organization	-	-	-	-	-	-	-	
Insert name of international organization	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	-	

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	FY 2022/2023		FY 2021/2022 Total receipts	Cumulative to- date (from inception) Kshs
	Receipts controlled by the entity in Cash Kshs	Receipts controlled by third parties Kshs		
Property income	-	-	-	-
Sales of goods and services	-	-	-	-
Administrative fees and charges	-	-	-	-
Fines, penalties, and forfeitures	-	-	-	-
Voluntary transfers other than grants	-	-	-	-
Refund of unspent imprest	-	-	-	-
Total	-	-	-	-

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	FY 2022/2023			FY 2021/2022		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments		
-	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees	60,000		60,000.00			60,000
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	60,000		60,000			60,000

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	FY 2022/2023			FY 2021/2022 Total payments Kshs	Cumulative to- date Kshs
	Payments made in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs		
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	1,228,800	-	1,228,800	704,400	1933,200
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	122,500	-	122,500	-	122,500
Insurance costs	-	-	-	-	-
Specialized materials and services(branded Materials)	494,000	-	494,000	-	494,000
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment(fuel)	133,000	-	133,000	-	133,000
Routine maintenance- other assets	-	-	-	-	-
Exchange rate losses/gains (net)	-	-	-	-	-
Total	1,978,300	-	1,978,300	704,400	2,682,700

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Notes to the Financial Statements (Continued)
7. Social Security Benefits

Description	FY 2022/2023			FY 2021/2022		Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Total Payments	
	Kshs	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	-	-	-	-	-	-

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Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	FY 2022/2023			FY 2021/2022	Cumulative to-date
	Payments made in Cash Kshs.	Payme nts made by third parties Kshs.	Total payments 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	-	-	-	-	-
Purchase of household furniture & institutional equipment	-	-	-	-	-
Purchase of office furniture & general equipment	-	-	-	-	-
Purchase of specialised plant, equipment and machinery	-	-	-	-	-

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Description	FY 2022/2023			FY 2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
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	-	-	-	-	-

Note: The project procured a project vehicle, laptops and External disk Aps but they were erroneously paid by the Government money the project will refund the money in 2023/2024 financial year.

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Notes to the Financial Statements (Continued)

9. Transfers to other Government Entities

During the financial period to 30 June 2023, we transferred funds to reporting government entities as shown below:

Description	FY 2022/2023		FY 2021/2022		Cumulative to-date
	Payments made in Cash Kshs	Payments made by third parties Kshs	Total payments Kshs	Total payments Kshs	
Transfers to National Government entities	-	-	-	-	-
Ministry ABC	-	-	-	-	-
Project XYZ	-	-	-	-	-
Transfers to County Governments					
County ABC	-	-	-	-	-
County XYZ	-	-	-	-	-
Total	=	=	=	=	=

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Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

Description	FY 2022/2023			FY 2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	-	-	-	-
Transfers to lower levels of government e.g. schools	-	-	-	-	-
Miscellaneous payments	-	-	-	-	-
Total	-	-	-	-	-

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Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bank accounts (Note 11A)	27,847,915.55	1,577,312.75
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	27,847,915.55	1,577,312.75

DRESS EA has one number of project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	FY 2022/2023	FY 2021/2022
	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 No 1000495898]	27,847,915.55	1,577,312.75
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others (<i>specify</i>)		
Total local currency balances	27,847,915.55	1,577,312.75
Total bank account balances	27,847,915.55	1,577,312.75

Notes to the Financial Statements (Continued)

Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2023 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

Description	FY 2022/2023	FY 2021/2022
	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)	=	=

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Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	FY 2022/2023	FY 2021/2022
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash in hand balances	=	=

11 C Cash equivalents (short-term deposits)

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	-	-
Co-Operative Bank of Kenya [A/C No.....]	-	-
Others (<i>Specify</i>)	-	-
Total	=	=

12. Imprests and Advances

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Government Imprests	-	25,200.00
Salary advances	-	-
Total	-	25,200.00

NOTE: Kshs.25,200 was a refund of unutilized imprest

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Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance Current FY 2022/2023	Balance Comparative FY 2021/2022
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>Officer 1</i>	-	-	-	-	25,200.00
<i>Officer 2</i>	-	-	-	-	-
<i>Officer 3</i>	-	-	-	-	-
<i>Officer 4</i>	-	-	-	-	-
<i>Officer 5</i>	-	-	-	-	-
<i>Programme 1</i>	-	-	-	-	-
Total	-	-	-	-	25,200.00

13. Deposits and Retention Monies

Description	FY 2022/2023		FY 2021/2022	
	Kshs		Kshs	
Retention				
Deposits				
Total				
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year				
1-2 years				
2-3 years				
Over 3 years				
Total				

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(Provide detailed explanations)

14. Fund Balance Brought Forward

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Bank accounts	1,577,312.75	-
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
Deposits and retention		
Total	1,577,312.75	-

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Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f FY 2021/2022 (audited financial statements)	Adjustments	Adjusted balance b/f FY 2022/2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Cash in hand	-	-	-
Imprests and advances	-	25,200	25,200
Deposits and retentions	-	-	-
Total		25,200.00	25,200

Note; The amount of Kshs.25,200 was refund of unutilized imprest.

16. Changes in Imprests and Advances

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Opening Receivables as at 1 st July 2022		
Closing account receivables as at 30 th June 2023		
Change in Imprests and advances		

17. Changes in Accounts Deposits and Retention

Description	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Deposit and Retentions as at 1 st July 2022		
Closing accounts payables as at 30 th June 2023		
Changes in deposit and retention		

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Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY 2021/2022	Additions for the year	Paid during the year	Balance c/f For Current FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings	-			
Construction of civil works	-			
Procurement of Vehicle	-	5,772,000.00		5,772,000.00
Supply of goods	-	1,145,900.00		1,145,900.00
Supply of services	-			
Total		6,917,900.00		6,917,900.00

2. Pending Staff Payables (See Annex 4b)

	Balance b/f from Comparative FY 2021/2022	Additions for the year	Paid during the year	Balance c/f for Current FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Union employees				
Others				
Total				

3. Other Pending Payables (See Annex 4c)

	Balance b/f FY 2021/2022	Additions for the year	Paid during the year	Balance c/f FY 2022/2023
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
Total	-	-	-	-

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Other Important Disclosures (Continued)

4. External Assistance

	FY 2022/203	FY 2021/2022
Description	Kshs	Kshs
External assistance received as grants	28,283,702.80	2,306,912.75
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	28,283,702.80	2,306,912.75

a). External assistance relating loans and grants

	FY 2022/2023	FY 2021/2023
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	28,283,702.80	2,306,912.75
Total	28,283,702.80	2,306,912.75

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2022/2023	FY 2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans			
Undrawn external assistance - grants		255,929,584.45	284,213,287.25
Total		255,929,584.45	284,213,287.25

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Other Important Disclosures (Continued)

c) Classes of providers of external assistance

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	-	-

d. Non-monetary external assistance

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
Goods		
Services		
Total	-	-

Other Important Disclosures (Continued)

e Purpose and use of external assistance

Payments made by third parties	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
Compensation to employees		
Use of goods and services		
Subsidies		
Transfers to other Government entities		
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	-	-

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f. External Assistance paid by third parties on behalf of (the Entity) by Source

	FY 2022/2023	FY 2021/2022
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
Total	-	-

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Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

5.1 Classification by Source

	FY 2022/2023	FY 2021/2022
Description	-	-
National government	-	-
Multilateral donors	-	-
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	-	-

5.2 Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	FY 2022/2023	FY 2021/2023
Description	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	-	-
Other payments	-	-
Total	-	-

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Other Important Disclosures (Continued)

6. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Compensation to Key Management	-	-
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties	-	-
Transfers from the Ministry/ department	-	-
Payments made on behalf of the project by other govt. entities	-	-
(Insert any other transfers received)	-	-
Total Transfers from related parties	-	-

7. Contingent Liabilities

Contingent liabilities	FY 2022/2023	FY 2021/2022
	Kshs	Kshs
Court case xxx against the project		
Bank guarantees in favour of other govt. entities		
Contingent liabilities arising from PPPs/ donor agreements		
Total	-	-

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>1. Budgetary control and performance</p> <p>The statement of comparison of budget and actual amounts reflects budgeted and actual receipts of Kshs. 80,000,000 and Kshs. 2,306,912.75 respectively resulting to under-funding of Kshs. 77,693,087.25 or 97% of the budget. Similarly, the statement reflects budgeted expenditure of Kshs. 80,000,000 against actual expenditure of Kshs. 729,600 resulting to under expenditure of Kshs. 79,270,400 or 99% of the budget. The under-</p>	<p>The reasons for under absorption of project funds in the financial year 2021/2022 are:</p> <ul style="list-style-type: none"> i. the project's first budget was captured in supplementary budget which was approved in March, 2022. ii. The National Project Steering Committee (NPSC) approved the work plan and procurement plan late in the financial year i.e 27th April, 2022. This was to trigger the disbursemen 	Not Resolved	Awaiting to appear before PAC at a later date

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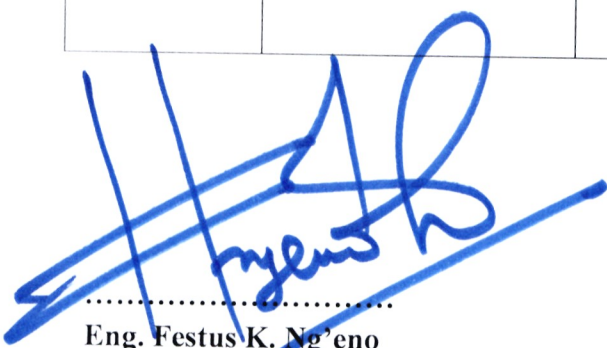
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>funding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>t of the project activity implementation funds.</p> <p>iii. The long process of project funds requests further delayed the implementation of the project activities as this was to be approved by donor. Until the end of the financial year, the project concentrated on project start-up activities. Being a new project, the main project activities will begin in the financial year</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		2022/2023.		
2.	<p>2. Delayed Release of Project Funds</p> <p>The statement of receipts and payments and Note 2 to the financial statements reflects receipts of Kshs. 2,306,912.75. The amount was transferred by the National Treasury to the Ministry's development bank account on 28 April, 2022. However, the Ministry transferred the amount to the project account on 5 July, 2022 after close of the financial year. No reason was given for the delay in transferring the</p>	<p>It's true that the receipts of Kshs. 2,306.912.75 was transferred to the project bank account after the closure of the financial year 2021/2022. A payment of Ksh. 2,306,912.75 transferring the funds to the project account was prepared on 22nd June,2022 but due to ifmis system challenges the process took longer than expected. However, the challenges were later addressed and the funds were transferred to project bank account on 30th June, 2022 and the same was credited to the project account on 5th July,</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>funds before the close of the financial year. Delay in release of project funds may result in low absorption of the budget and this may affect the development programmes of the project and provision of services to the public.</p>	<p>2022. These transactions were recorded in our books of accounts as transactions for financial year 2021/2022. Annex (i) & (ii)</p> <p>Bank reconciliation statement for the project account was prepared as at 30th June, 2022. Annex (iii)</p>		



.....
Eng. Festus K. Ng'eno
Principal Secretary



.....
Samuel Muchiri
Project Coordinator

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Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities					
Proceeds from domestic and foreign grants	60,000,000	28,283,702.80	31,716,297.20	47.1%	Under Exchequer issue
Proceeds from borrowings					
Miscellaneous receipts		25,200.00	25,200.00		
Total Receipts	60,000,000	28,308,902.80	31,691,097.20	47.1%	
Payments					
Compensation of employees					
Purchase of goods and services	60,000,000	2,038,300.00	57,961,700.00	3.4%	Under Exchequer issue
Social security benefits					
Acquisition of non-financial assets					
Transfers to other government entities					
Other grants and transfers					
Total payments	60,000,000	2,038,300.00	57,961,700.00	3.4%	Under Exchequer issue

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Annex 3: Reconciliation of inter-entity transfers

Project Name:			
Break down of transfers from the State Department of Environment and Climate Change			
a. Government Counterpart funding	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	20/12/202	28,283,702.80	
			FY 2022/2023
	Total	28,283,702.80	
B. Direct payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
	Total	-	
C. Others	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Total	28,283,702.80	
	Total (A+B+C)	28,283,702.80	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department
Project Coordinator
DRESS EA Project

Sign 

Sign 
Head of Accounting Unit
State Department of Environment and Climate Change

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Annex 4a: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted/ invoiced.	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	Comments
		a	b	c=a-b		
Construction of buildings	-	-		-	-	
1.	-	-		-	-	
2.	-	-		-	-	
Sub-Total						
Construction of civil works						
3.	-	-		-	-	
4.	-	-		-	-	
Sub-Total						
Supply of goods						
5.	Motor vehicle	5,772,000.00	-	5,772,000.00	-	The amount to be refunded back to GOK account in the FY 2023/2024
6.	lct equipment	1,145,900.00	-	1,145,900.00	-	
Sub-Total						
Supply of services						
7.		-		-	-	
8.		-		-	-	
Sub-Total						
Grand Total		6,917,900.00	-	6,917,900.00	-	

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Annex 4b: Analysis of Pending: Staff Bills

Name of Staff	Job Group	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY 2022/2023	Outstanding Balance Previous FY 2021/2022	Comments
Permanent Employees - Management							
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
Sub-Total							
Permanent Employees - Others							
3.	-	-	-	-	-	-	-
4.	-	-	-	-	-	-	-
Sub-Total							
Temporary employees							
5.	-	-	-	-	-	-	-
6.	-	-	-	-	-	-	-
Sub-Total							
Others (specify)							
7.	-	-	-	-	-	-	-
8.	-	-	-	-	-	-	-
Sub-Total							
Grand Total							

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Annex 4c: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY 2023	Outstanding Balance Previous FY 2021/	Comments
Amounts due to National Govt Entities	-	-	-	-	-	-	-
1.	-	-	-	-	-	-	-
2.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Amounts due to County Govt Entities	-	-	-	-	-	-	-
3.	-	-	-	-	-	-	-
4.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Amounts due to Third Parties	-	-	-	-	-	-	-
5.	-	-	-	-	-	-	-
6.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-
7.	-	-	-	-	-	-	-
8.	-	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-	-
Grand Total	-	-	-	-	-	-	-

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2022/23 (a)	Donations in form of assets (KShs) 2022/23 (b)	*Purchases/ Additions in the Year (KShs) 2022/23 (c)	** Disposals in the Year (KShs) 2022/23 (d)	Transfers in/(out) Kshs 2022/23 (d)	Closing Cost (KShs) 2023 (e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and structures						
Transport equipment	5,772,000.00					5,772,000.00
Office equipment, furniture and fittings						
ICT Equipment,	1,145,900.00					1,145,900.00
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
Total	6,917,900.00					6,917,900.00

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 6: Contingent Liabilities Register

	Nature of contingent liability	Remarks
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 7: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Reporting Period				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Strengthening Drought Resilience for Smallholder Farmers and Pastoralists (DRESS EA) in IGAD	The Strengthening Drought Resilience for Smallholder Farmers and Pastoralists (DRESS EA) project is a regional project, funded by the Adaptation Fund for a period of 4 years. The overall objective of the project is to increase the resilience of smallholder	The overall objective of the project is to increase the resilience of smallholder farmers and pastoralists to climate change risks, mainly those related to drought, through the establishment of appropriate early warning systems and the implementation of drought adaptation actions. More specifically, this project is intended to: Promote investments in drought early warning systems and improve the existing ones	<ol style="list-style-type: none"> 1. Efficient and effective EWS in place/developed 2. Institutional linkages for EW information established. 3. Feedback mechanism for EW information developed. 4. Emergency plan for Drought Management is put in place 5. Drought management plans 						

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

	<p>farmers and pastoralists to climate change risks mainly those related to drought, through the establishment of appropriate early warning systems and implementation of drought adaptation actions in the IGAD region. The project targets to consolidate synergies and adopt innovative and resilient drought management actions from selected IGAD region countries</p>	<ul style="list-style-type: none"> Strengthen and improve the capacity of key stakeholders in drought risks management at regional, national and local levels Support communities to undertake innovative adaptation actions that reinforce their resilience to drought Enhance knowledge management and information sharing on drought resilience at 	<p>(DMPs) integrating CC aspects and adaptation actions developed</p> <p>7. Adaptive capacity of institutions, farmers and pastoralists in drought management improved</p> <p>8. New/existing regional and National arrangements /networks for drought management supported</p> <p>9. Innovative water and soil conservation structures constructed</p> <p>10. Ground water sources established/</p>						
--	---	--	--	--	--	--	--	--	--

*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

	<p>including Djibouti, Kenya, Sudan and Uganda. The project will be implemented in Samburu and Kitui counties in Kenya</p>	<p>the considered levels</p>	<p>improved agricultural practices for improving crop production promoted</p> <p>11. Adaptive livestock and rangeland practices enhanced</p> <p>12. Adaptive environment for Ilholder farmers and pastoralists adaptive activities created</p> <p>13. Enabling environment for Ilholder farmers and pastoralists adaptive activities created</p> <p>14. Environmentally friendly IGAs ([e.g., Pottery, Bee keeping, Energy saving stoves, Briquettes making, and</p>						
--	--	------------------------------	--	--	--	--	--	--	--

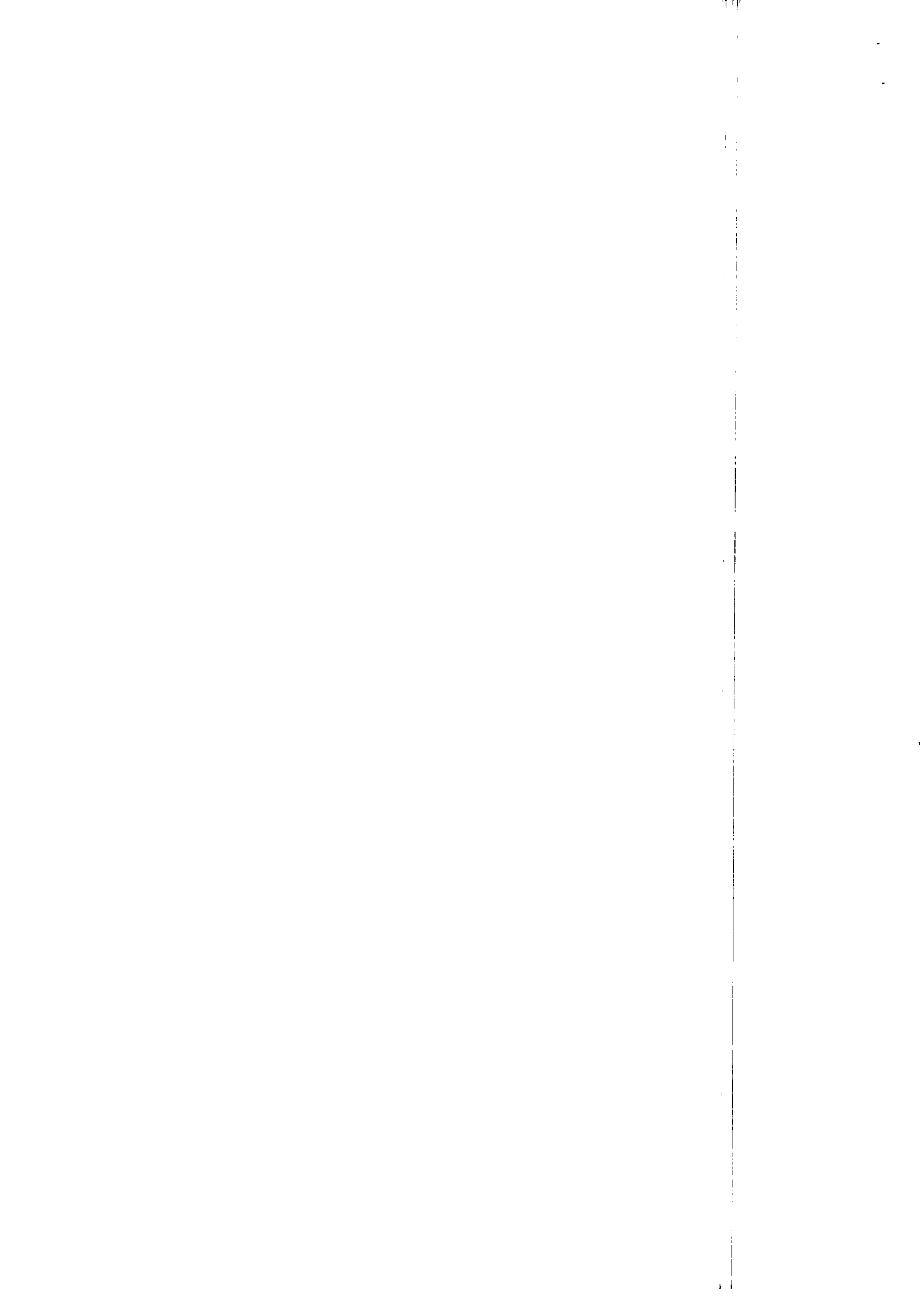
*Strengthening Drought Resilience for Small Holder Farmers and Pastoralists in the IGAD Region
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Annex 8: Reporting Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

Annex 9: Other Support Documents

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2023
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)
- v. GOK IFMIS comparison Trial Balance



REPUBLIC OF KENYA

Date: ...27TH JULY, 2023

Report of the Board of Survey on the Cash and Bank Balances of MINISTRY OF ENVIRONMENT AND FORESTRY (DRESSEA 1108) A/c 1000495898 as at the close of business on 30th June, 2023

The Board, consisting of – (Names and official titles).

RODNEY OMARI ---- ASSITANT SECRETARY - CHAIRMAN
 MARY RAGEN --- PRINCIPAL ACCOUNTANT - MEMBER
 ANTONY RUTTO -- ECONOMIST - MEMBER

Assembled at the CASH OFFICE- MINISTRY HQs

At.....10 a.m. (time) on the 27TH JULY 2023

and the following cash was produced

Notes	..	..	..	..	..	..	..	NIL
Silver	..	..	..	..	..	..	..	NIL
Copper	..	..	..	..	..	..	..
Cheques (as per details on reverse)	..	..	..	..	..	..	..	NIL
								<u>NIL</u>

It was observed that cheques amounting to Sh..... NIL.....cts..... had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demanitized coin or notes

The Cash Book reflected the following balances as at the close of business on the30TH JUNE, 2023

Cash on hand	..	..	..	..	..	..	Sh:	NIL
Bank balance	..	..	..	..	..	..	Sh:	28,152,915.55
								<u>28,152,915.55</u>

The Bank Certificate of Balance showed a sum of Sh... TWENTY-EIGHT MILLION, ONE HUNDRED AND FIFTY-TWO THOUSAND, NINE HUNDRED AND FIFTEEN, AND FIFTY-FIVE CENTS ONLY. (Sh. 28,152,915...cts 55.....)

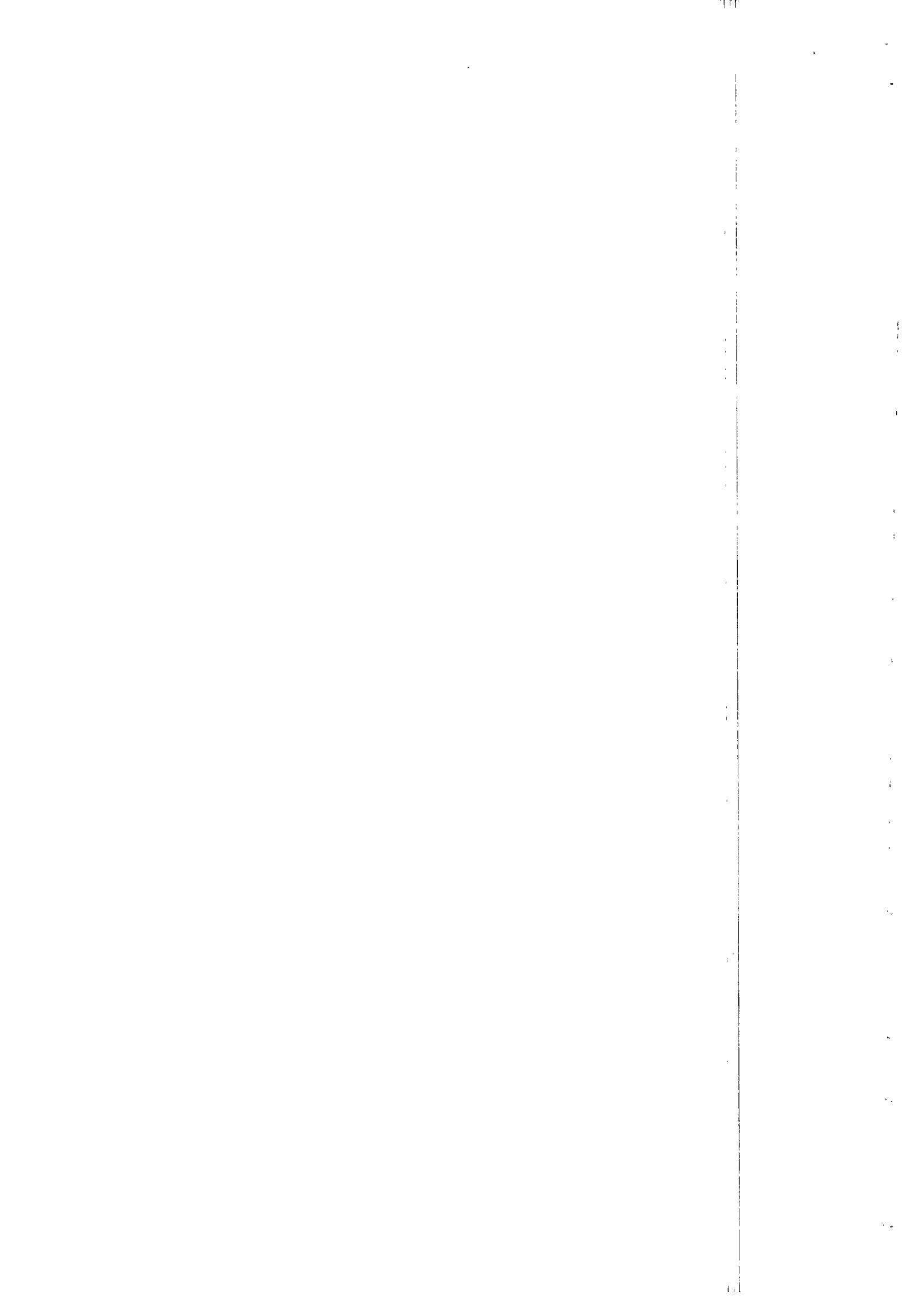
Standing to the credit of the account on 30th June, 2023.

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank reconciliation Statement (F.O.30) attached.

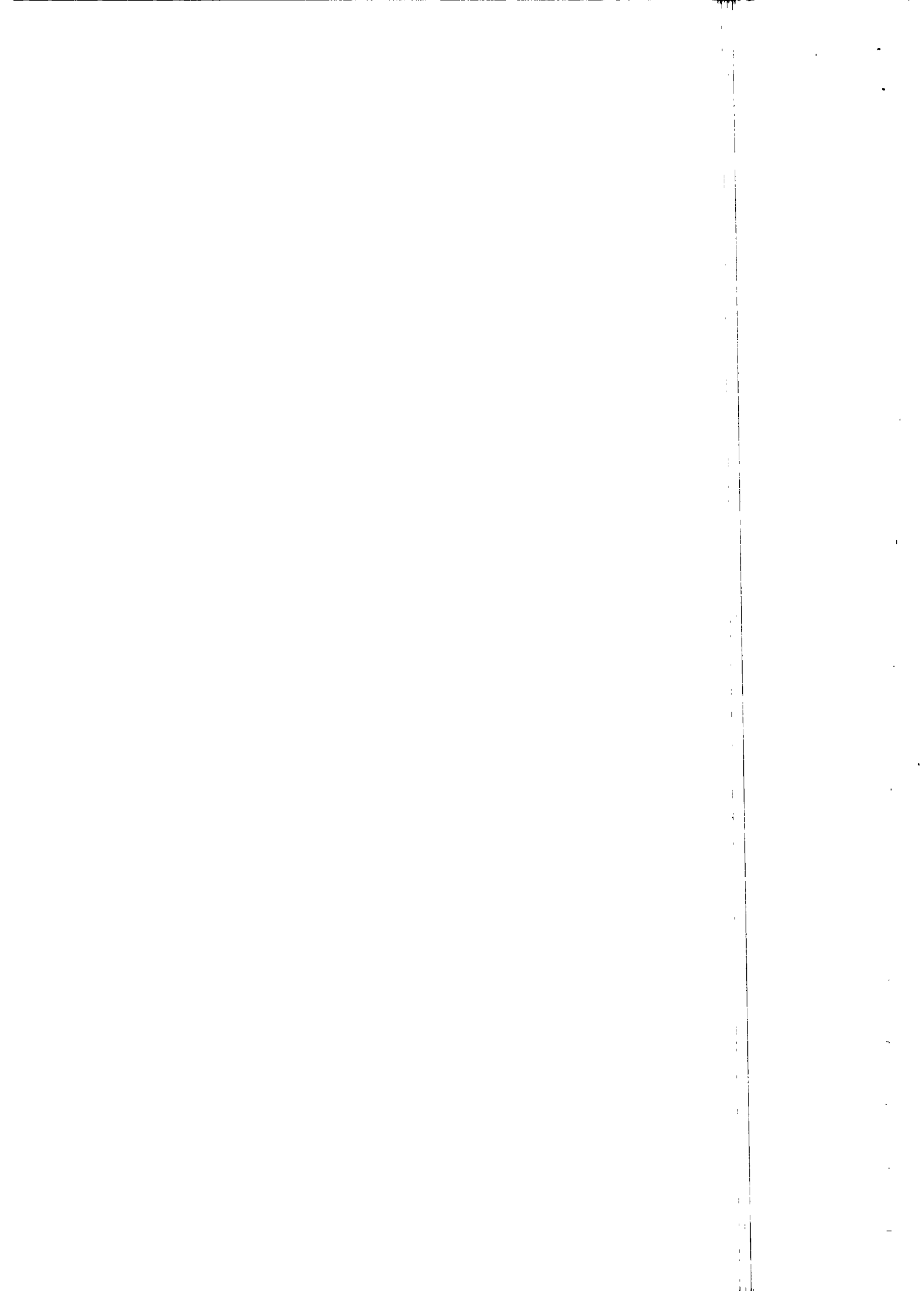
: RODNEY OMARI
 CHAIRMAN
 : MARY RAGEN
 : ANTONY RUTTO
 ATOR

Date: 27TH JULY, 2023

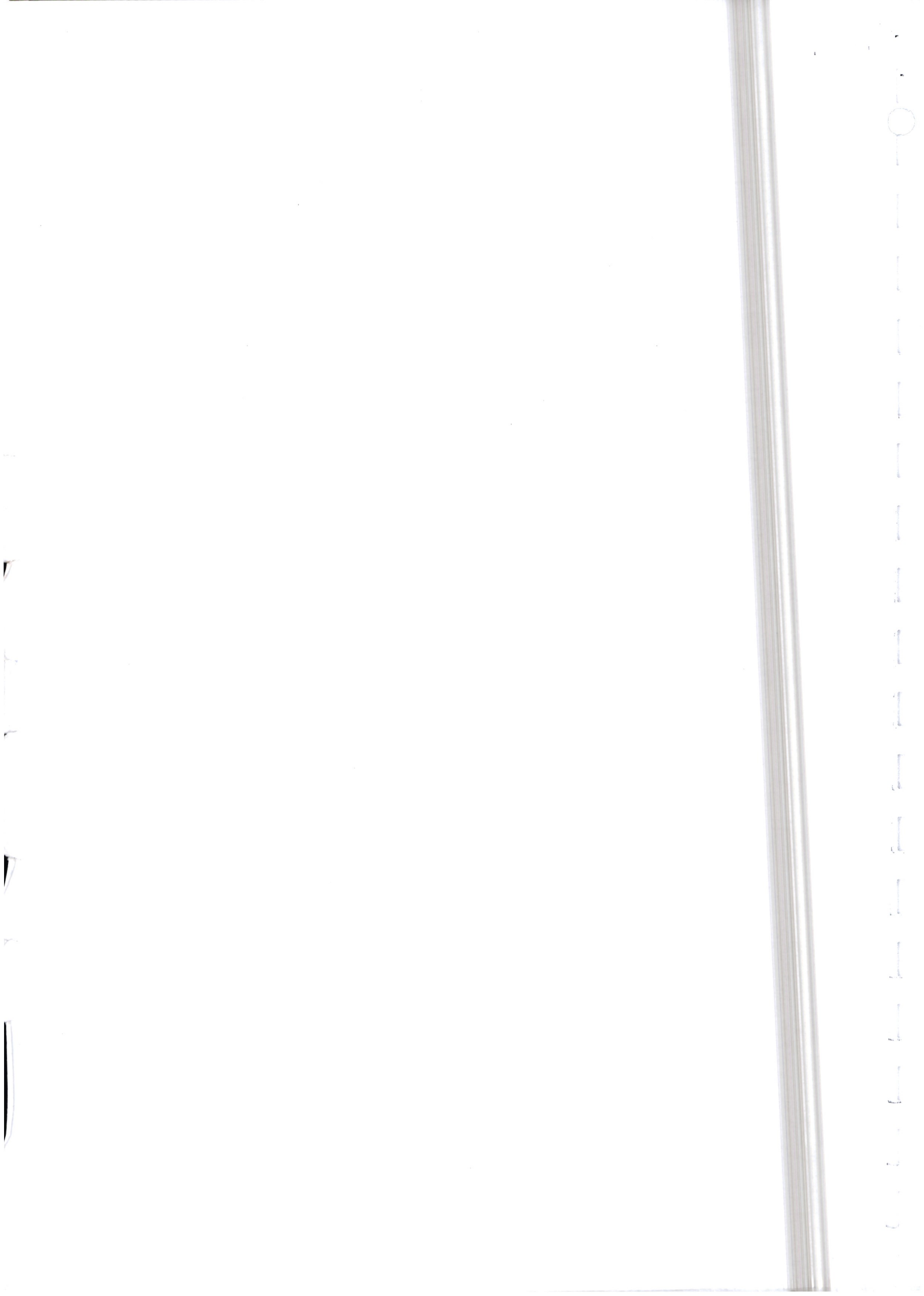
MEMBERS OF THE BOARD



REPUBLIC OF KENYA		F.O 30
MINISTRY OF ENVIRONMENT AND FORESTRY		
STRENGTH.DROUGHT RESILIENCE IGAD-1108 (ME&F) 2022/2023		
Account number : 1000495898		
BANK RECONCILIATION STATEMENT AS AT 30.06.2023		
		Kshs.
Balance as per bank certificate		28,152,915.55
Less		
1.Payments in cashbook not yet recorded in bank statement		305,000.00
2.Receipts in bank statement not yet recorded in cashbook		-
Add		
3.Payments in bank statement not yet recorded in casbook		-
4.Receipts in cashbook not yet recorded in bank statement.		-
Balance as per the cashbook.....		27,847,915.55
I certify that I have verified the bank balance in the cashbook with the bank statement and that the above reconciliation is correct		
<i>[Signature]</i>	DAG	15/07/23
Signature	Designation	Date
(All schedules are attached herewith)		
Prepared by: <i>[Signature]</i> Mbitwe		Signature <i>[Signature]</i>



REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C STRENGTH.DROUGHT RESILIENCE IGAD-1108 (ME&F) 2022/2023			
Account number : 1000495898			
BANK RECONCILIATION STATEMENT AS AT 30.06.2023			
PAYMENTS IN CASHBOOK NOT YET RECORDED IN BANK STATEMENT (SCHEDULE 1)			
C B DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
23/06/2023	Leah Nagolie	60,000.00	
23/06/2023	Rodney Omari	20,000.00	
23/06/2023	Brian Kintai	20,000.00	
23/06/2023	Frankline Mwetich	20,000.00	
23/06/2023	Eunice Mbithe	20,000.00	
23/06/2023	Rahma Ibrahim	20,000.00	
23/06/2023	Stella Kanyaru	20,000.00	
23/06/2023	James Maina	20,000.00	
23/06/2023	Justus Mukiri	20,000.00	
23/06/2023	Samuel Muchiri	20,000.00	
23/06/2023	John Kamau	20,000.00	
23/06/2023	Thomas Lerenten	20,000.00	
23/06/2023	Jemima Wanjiru	20,000.00	
	TOTAL	305,000.00	



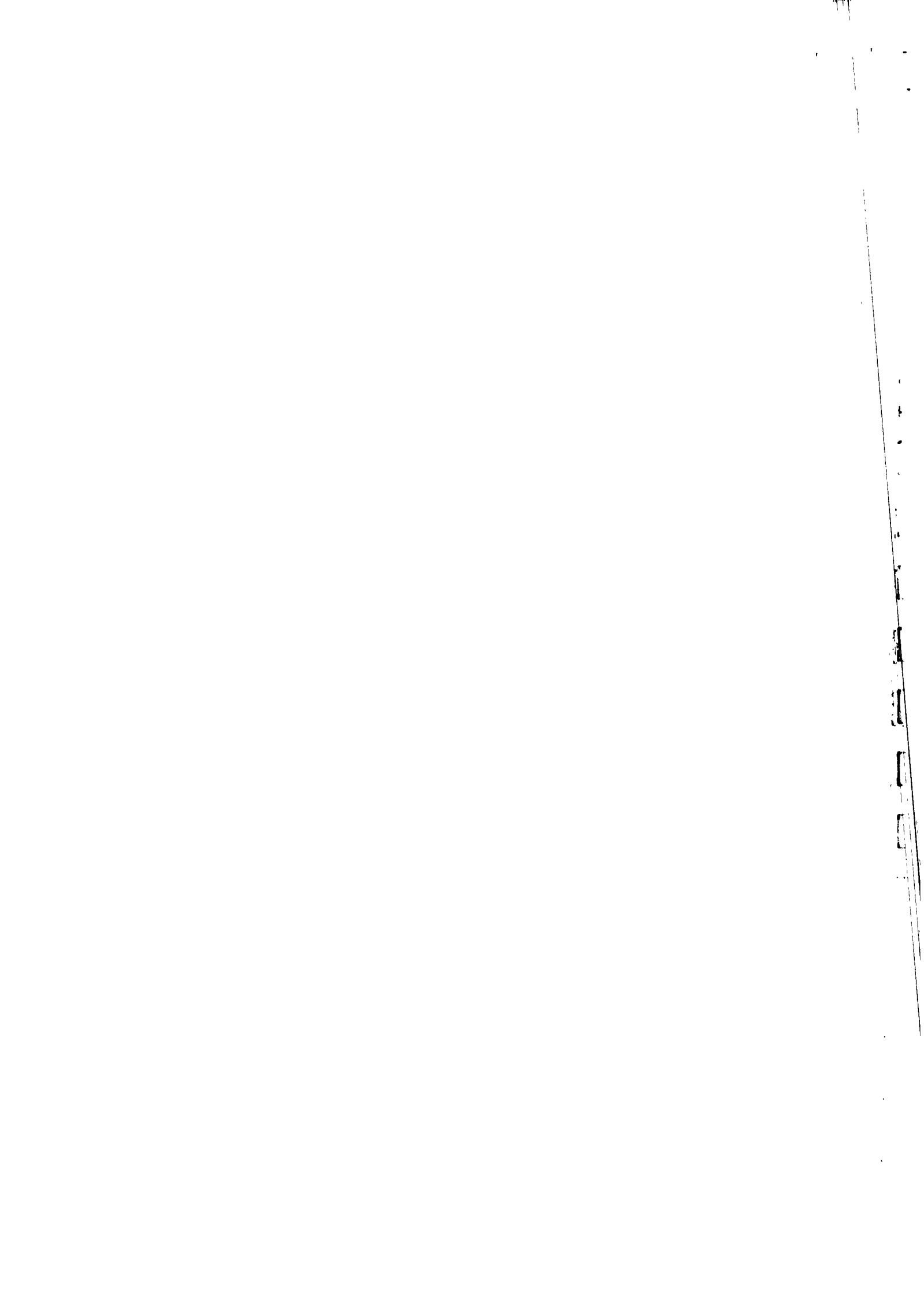
REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C STRENGTH.DROUGHT RESILIENCE IGAD -1108 (ME&F) 2022/2023			
Account number : 1000495898			
BANK RECONCILIATION STATEMENT AS AT 30.06.2023			
RECEIPTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 2)			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	



REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C STRENGTH, DROUGHT RESILIENCE IGAD-1108(ME&F) 2022/2023			
Account number : 1000495898			
BANK RECONCILIATION STATEMENT AS AT 30.06.2023			
PAYMENTS IN BANK STATEMENT NOT YET RECORDED IN CASHBOOK (SCHEDULE 3)			
DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	



REPUBLIC OF KENYA			
MINISTRY OF ENVIRONMENT AND FORESTRY			
A/C STRENGTH.DROUGHT RESILIENCE IGAD-1108 (ME&F) 2022/2023			
Account number : 1000495898			
BANK RECONCILIATION STATEMENT AS AT 30.06.2023			
RECEIPTS IN CASHBOOK NOT RECORDED IN BANK STATEMENT(SCHEDULE 4)			
C B DATE	PAYEE NAME	AMOUNT (Kshs.)	REMARKS
	TOTAL	NIL	



STRENGTHENING DROUGHT RESILIENCE IN THE IGAD REGION
 STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
 FOR THE YEAR ENDED 30TH JUNE 2023
 PART B: ACCOUNT RECONCILIATION STATEMENT

PROJECT No.

Bank Account No.1000494662 Held with Central Bank of Kenya

	NOTES	AMOUNT EURO	AMOUNT EURO
1 Amount advanced by IGAD			
Less			249,942.50
2 Total amount justified to IGAD			
3 Outstanding amount advanced to Designated Account			249,942.50
Represented by:			
4 Ending Designated Account Balance at 30.06.2023			
5 Amount claimed but not credited at 30.06.2023			
6 Amount withdrawn and not claimed as at 30.06.2023			-
7 Service charges (if not included in 5 & 6 above)			249,942.50
Less			-
8 Interest earning (if included in Designated Account)			
9 Total advance to Designated Account year ended 30.06.2023			249,942.50

Discrepancy between total appearing on lines 3 and 9

Notes:

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by ADB and provide reasons for not claiming the expenditures

The amount appearing on line 6 is eligible for financing by ADB and shall be documented in subsequent IFRs/SOEs

Signature

AUTHORIZED REPRESENTATIVE

RESOURCES MOBILIZATION DEPARTMENT - TREASURY DATE: 24-08-2023



SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2023
Account No.	1000494662
Depository Bank	CENTRAL BANK OF KENYA.
Address	CENTRAL BANK OF KENYA.
Related Loan	STRENGTH. DROUGHT RES. IN IGAD REG
Credit Agreement	
Currency	USD

Part A - Account Activity

Beginning balance of 1st July, 2022 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by World Bank	229,967.50
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	229,967.50
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June, 2023	0.00

**AUTHORISED REPRESENTATIVE
CENTRAL BANK OF KENYA**

SIGNATURE: _____

DATE

[Signature]
17/08/2023

**AUTHORISED REPRESENTATIVE
EXTERNAL RESOURCES
DEPARTMENT-TREASURY**

SIGNATURE: _____

DATE

[Signature]
24-08-2023

NOTE: The ending balance as per Central Bank of Kenya Ledger Account and the off-shore Special Account as at 30th June, 2023 have been reconciled and a copy of the supporting Reconciliation Statement is attached.



1000494662
 20220701
 20230630

ACCOUNT NUMBER: 1000494662

STATEMENT PERIOD: 01/07/2022 To 30/06/2023

ACCOUNT TITLE: STRENGTH IN DROUGHT RES. IN ROAD REG

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
	OPENING BAL :			0.00	
NO.	Value Date	Reference.No	Details	Debit	Credit
1	08/12/2022	FT22342BNT0G	FUNDING	0.00	229,967.50
2	20/12/2022	FT22354CGMV0	PA129582	-229,967.50	0.00
	CLOSING BALANCE :				0

END OF ACCOUNT STATEMENT

Favourites

TAM.E.STMT.OF.ACCTEPRM

More Options
 Clear Selection Find

Account equals v 1000494662
 Statement From equals v 20220701
 Statement To equals v 20230630

TAM.E.STMT.OF.ACCT.EPRM

54661

