

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA ENABLING ACTIVITIES
FOR HFC PHASE-DOWN PROJECT
(GRANT NO.UNEP/KEN/SEV/81/TAS/01+)**

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

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

THE NATIONAL ASSEMBLY
PAPERS Laid

DATE: 13 MAR 2024 WED

Hon Owen Baya, MP
Deputy Leader, majority party
M. Ndo

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Project Name: Kenya Enabling Activities for HFC Phase - Down

Implementing Entity: Ministry of Environment, Climate Change and Forestry (MECC&F)

PROJECT GRANT/CREDIT NUMBER: UNEP/KEN/SEV/81/TAS/01+

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)

Table Contents

Page		
1.	Acronyms and Glossary of Terms	ii
2.	Project Information and Overall Performance	iii
3.	Statement of Performance against Project's Predetermined Objectives	xi
4.	Environmental and Sustainability reporting	xiii
5.	Statement of Project Management responsibilities	xv
6.	Report of the Independent Auditor on Financial Statements for Kenya Enabling Activities for HFC Phase - down <i>project</i>	xvii
7.	Statement of Receipts and Payments for the year ended 30th June 2023.	1
8.	Statement of Financial Assets as at 30 th June 2023	3
9.	Statement of Cashflow for the year ended 30 th June 2023	4
10.	Statement of Comparison of Budget and Actual amounts for year ended 30 th June 2023	6
11.	Significant Accounting Policies	7
12.	Notes to the Financial Statements	14
13.	Annexes	37

1. Acronyms and Glossary of Terms

HFCs	Hydro-fluorocarbons
UNEP	United Nations Environmental Programme
USD	United States Dollar
Msc	Masters of Science
Bsc	Bachelor of Science
NOU	National Ozone Unit
Kshs	Kenya Shillings
ODS	Ozone Depleting Substances
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is **Kenya Enabling Activities for HFC Phase - down**

Objective

- (i) The key objective of the project is to address the HFC phase down by implementing activities to facilitate ratification of Kigali Amendment and related development of a licensing system

Address

The project headquarters offices are located in, Nairobi County, Kenya.

The address of its registered office is:

National Ozone Unit
Ministry of Environment and Forestry
NHIF Building, Upper Hill,
P.O. Box 30126 - 00100
Nairobi

Telephone: 254-20-2730808/9, Ext. 1318, 1302

E-mail: psoffice@environment.go.ke

Website: www.environment.go.ke

Contacts: The following are the project contacts

Telephone: (254) 02 2730808/9 Ext. 1318

E-mail: marindanykirui@yahoo.com

Website: www.environment.go.ke

Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 23 August 2019
Project End Date:	The project end date is 1 st January 2021, but extended to Dec, 2022
Project Manager:	The project manager is Mr. Marindany Kirui
Project Sponsor:	The project sponsor is UNEP

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Environment and Forestry Ministry.
Project number	UNEP/KEN/SEV/81/TAS/01+
Strategic goals of the project	The strategic goals of the project are as follows: (i) Ratification of the Kigali Amendment (ii) HFC phase down
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (ii) Implementing activities to facilitate ratification of Kigali Amendment and related development of a licensing system (iii) Capacity building related activities for adopting alternatives to HFCs
Other important background information of the project	The project was approved by the 81 st meeting of the Executive Committee of the Multilateral Fund Secretariat to address the HFC phase down in the country. HFC refrigerants are the predominant alternatives to Ozone Depleting Substances (ODS) in the refrigeration servicing sector

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) HFC phase down (ii) Development of HFC licensing system
Project duration	The project started on 1st July 2021 and is expected to run until 30 June 2022

2.4 Bankers

The following are the bankers for the current year:

- (i) Central Bank of Kenya

2.5 Independent Auditor

The project is audited by the Auditor General, Office of the Auditor General

2.6 Roles and Responsibilities

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

Names	Title designation	Key qualification	Responsibilities
Eng. Festus K. Ng'eno	Principal Secretary	MSc. Environmental & Water System Engineering.	Accounting officer and approver of project expenditures.
Marindany L. Kirui	Coordinator, NOU	-M.Sc. in Environmental Pollution Control -B.Sc.(Hons) – Chemistry	-Oversee the implementation of the National Ozone Unit activities -Prepare project budgets and work plans - Prepare project' financial and progress reports - Conduct monitoring visits to project under Montreal Protocol -Coordinate Ozone Depleting Substances and HFC phase out and phase down activities

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

			<p>respectively in the country in consultation with the Ministry, Donor Agencies and key stakeholders</p> <ul style="list-style-type: none"> - Organize public awareness, sensitization, and educational programmes on ozone depleting substances and HFCs - Organize training workshops on ODS phase out and HFCs phase down targeted on key stakeholders -Coordinate data collection on ODS and HFCs consumption in the country. <p>Coordinate and provide advice to the ministry on matters related to compliance to the requirements of the Protocol.</p>
William Melau	Assistant Coordinator, NOU	<p>M.A. Project Planning and Management</p> <p>-B.A Business Administration</p>	<ul style="list-style-type: none"> -Provide financial and administrative services -Prepare quarterly progress reports on Ozone Depleting substances phase out and hydrofluorocarbons phase down activities; -Liaise with industries on the best available and affordable technologies on ODS phase out and HFCs phase-down; -Prepare necessary administrative paperwork of National Committee on Controlled Substances and HFCs members -Assist the Project Coordinator in implementation, data collection, monitoring and reporting to the ozone secretariat and Multilateral Fund Secretariat; and -Ensure that all projects documentation are properly maintained in hard and electronic copies in an efficient and readily accessible filing system for when required by relevant authorities.

Rose Wanga	Programme Assistant / Secretary	Secretarial Training and Management (Certificate)	<ul style="list-style-type: none"> - Arrange appointments and meetings and schedule meeting venues - Assist in preparation of meetings on Institutional Strengthening Project activities and liaise with lead/implementing agencies and other stakeholders - Disseminate information about meetings, provide secretarial services to meetings and circulate minutes and reports - Disseminate reports generated after the meetings and other events -Coordinate the input of ODS data -Preparation of salaries for staff - Supervision of the Office Messenger on handling incoming and outgoing mails - In charge of NOU equipment
Consolata Ameyya	Clerk/Messenger		<ul style="list-style-type: none"> - Keep record of all project files - Facilitate dispatch of letters - Carry out cleaning of the office - Photocopying - File of letters - Prepare office tea
Enock Maticha	Project Accountant	B.COM (Finance), CPA (K)	Financial Management

2.7 Funding summary

The Project is for duration of one year from 2019 to 2020 but with extension of the duration, with an approved budget of US\$ 135,000 (use donor currency) equivalent to Kshs 13,500,000 (1USD = KSHS 100) as highlighted in the table below:

Below is the funding summary:

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 USD	Kshs	Donor currency USD	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
UNEP	135,000	13,500,000	80,000	8,000,000	55,000	5,500,000
(ii) Loan	-	-	-	-	-	-
(iii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	135,000	13,500,000	80,000	8,000,000	55,000	5,500,000

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 (30th June 2023)	
	<i>Donor currency</i> USD <i>(A)</i>	<i>Kshs</i> <i>(A')</i>	<i>Donor currency</i> USD <i>(B)</i>	<i>Kshs</i> <i>(B')</i>	<i>Donor currency</i> USD <i>(A)-(B)</i>	<i>Kshs</i> <i>(A')-(B')</i>
(i) Grant						
Government of Australia	55,000	5,500,000	54,939	5,493,900	61	6,100
(i) Loan	-	-	-	-	-	-
(ii) Counterpart funds						
Government of Kenya					-	-
Total	55,000	5,500,000	54,939	5,493,900	61	6,100

Project information and overall performance (continued)

2.8 *Summary of Overall Project Performance:*

The project has been able to achieve the following:

- i. Increased awareness to policy makers and relevant key stakeholders on the ratification of Kigali Amendment and its benefits
- ii. Aligned Ozone and Climate policies to allow for implementation of the Kigali Amendment
- iii. Three sensitization workshops on identification of HFCs and their alternatives conducted
- iv. Organization and reporting of the training workshops for refrigeration and air conditioning (RAC) Technicians, Customs Officers and other enforcement officers in the country
- v. Reviewed Ozone Depleting Substances (ODS) Regulations to cover HFCs
- vi. Followed up with the approval of the ratification of the Kigali Amendment by the Cabinet

2.9 *Summary of Project Compliance:*

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

3. Statement of Performance against Project's Predetermined Objectives

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 agreement/ plan* are to:

- a) Conduct stakeholder consultative meetings on the ratification of the Kigali Amendment
- b) Sensitize the public on the phase down of HFCs and the Kigali Amendment
- c) Prepare, submit and follow up on ratification documents to Cabinet to facilitate the ratification process
- d) Revise the existing National Ozone Depleting Substances legislation and drafting the ODS alternatives regulations to allow early ratification of the Kigali Amendment
- e) Conduct sensitization workshops for Refrigeration and Air Conditioning (RAC) technicians on safe handling of HFCs and their alternatives

Progress on attainment of strategic development objectives

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

Kenya Enabling Activities for HFC Phase - down*Annual Report and Financial Statements for the financial year ended June 30, 2023*

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Enabling Activities for HFC Phase - down	To achieve a broader understanding of the provisions of the Kigali Amendment and to prepare the legislative basis for its ratification	Ratification documents to Cabinet prepared and submitted	Cabinet Memorandum on ratification of the Kigali Amendment	In FY 21/22 Cabinet Memorandum on ratification of the Kigali Amendment put in place
Kenya Enabling Activities for HFC Phase - down	To understand the training needs in the RAC servicing sector that would allow for a successful HFC phase down	Training needs for RAC sector identified	Number of training needs identified	In FY 21/22 a good number of RAC technicians trained
Kenya Enabling Activities for HFC Phase - down	To develop and update regulatory framework for establishing an HFC import/export licensing system	National ODS regulations revised for HFCs	Revised ODS regulations document in place	In FY 21/22, ODS Regulations were revised

4. Environmental and Sustainability Reporting

Kenya Enabling Activities for HFC Phase - down exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

2. Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organisation's products.

3. Employee welfare

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

4. Market place practices-

(The project should outline its efforts to):

a) Responsible Supply chain and supplier relations-

explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.

b) Responsible ethical practices

outline efforts to maintain ethical and anti- corruption practices and responsible political involvement.

c) Regulatory impact assessment

Safeguard citizen and stakeholder's rights.

5. Community Engagements

Give evidence of community engagement including charitable giving (cash & material), community social investment and any other forms of community. *(The project gives details of CSR activities carried out in the year and the impact to the society. The statement may also include how the organisation promotes education, sports, healthcare, labour relations, staff training and development, and water and sanitation initiatives).*

5. Statement of Project Management responsibilities

The *Principal Secretary*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down 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 (period) 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*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down 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*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down 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/period ended June 30, 2023, and of the Project's financial position as at that date. The *Principal Secretary*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down 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*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

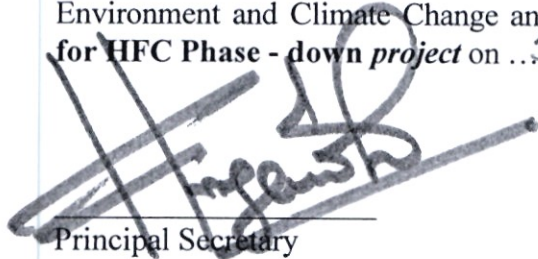
The Project financial statements were approved by the *Principal Secretary*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down project** on 2023 and signed by them.

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Approval of the Project Financial Statements

The Project financial statements were approved by the *Principal Secretary*, State Department for Environment and Climate Change and the *Project Coordinator* for **Kenya Enabling Activities for HFC Phase - down project** on ...30.11.2023 and signed by them.



Principal Secretary
Eng. Festus Ng'eno



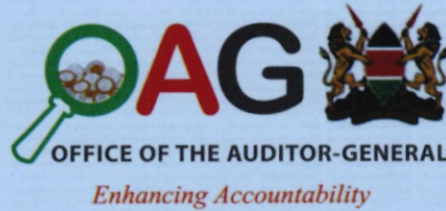
Project Coordinator
Marindany Kirui



Project Accountant:
Enock Maticha
ICPAK Member No: 23310

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Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ENABLING ACTIVITIES FOR HFC PHASE-DOWN PROJECT (GRANT NO.UNEP/KEN/SEV/81/TAS/01+) 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 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

Qualified Opinion

I have audited the accompanying financial statements of Kenya Enabling Activities for HFC Phase-Down Project (Grant No.UNEP/KEN/SEV/81/TAS/01+) set out on pages

Report of the Auditor-General on Kenya Enabling Activities for HFC Phase-Down Project (Grant NO.UNEP/KEN/SEV/81/TAS/01+) for the year ended 30 June, 2023 - Ministry of Environment, Climate Change and Forestry

1 to 38, which comprise the statement of financial assets as at 30 June, 2023 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Enabling Activities for HFC Phase-Down 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 Grant Agreement between the United Nations Environment Programme and the Government of Kenya signed on 23 August, 2019 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unsurrendered Imprests

The statement of financial assets reflects a nil balance in respect to imprests and advances balance. However, examination of imprest records revealed that imprests amounting to Kshs.721,300 had not been surrendered at the time of audit in September, 2023.

In the circumstances, the accuracy and completeness of the nil balance imprest balance could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Enabling Activities for HFC Phase-Down Project 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 qualified opinion.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Failure to Maintain Project Bank Account

During the year under review, the project did not maintain a separate bank account and cash book but relied on the Ministries development cash book for recording its transactions. This is contrary to Regulation 76(1) of the Public Finance Management (National Government) Regulations, 2015 states for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.

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

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with 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

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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement 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 controls 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 controls 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

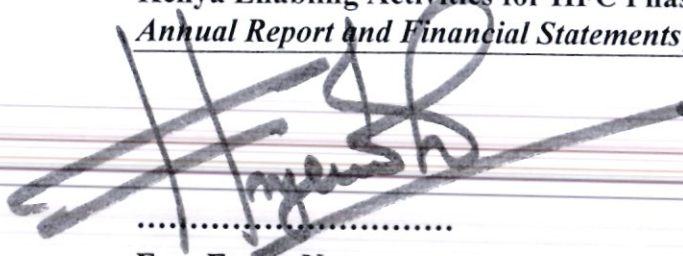
Nairobi

04 December, 2023

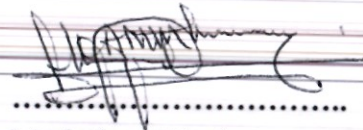
2. Statement of Receipts and Payments for the year ended 30th June 2023.

	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)
		2022/2023			2021/2022			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities	1	-	-	-				
Proceeds from domestic and foreign grants	2	-		-	5,500,000	-	5,500,000	5,500,000
Loan from external development partners	3	-		-	-	-	-	-
Miscellaneous receipts	4	-		-	-	-	-	-
Total receipts		-	-	-	5,500,000	-	5,500,000	5,500,000
Payments								
Compensation to employees	5	-		-				
Purchase of goods and services	6	1,472,100		1,472,100	4,021,800	-	4,021,800	5,493,900
Social security benefits	7	-		-	-	-	-	-
Acquisition of non-financial assets	8	-		-	-	-	-	-
Transfers to other government entities	9	-		-	-	-	-	-
Other grants and transfers /payments	10	-	-	-	-	-	-	-
Total payments		1,472,100	-	1,472,100	4,021,800	-	4,021,800	5,493,900
Surplus/ (deficit)		(1,472,100)	-	(1,472,100)	1,478,200	-	1,478,200	6,100


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



.....
Eng. Festus Ngeno
Principal Secretary



.....
Marindany Kirui
Project Coordinator



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

Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

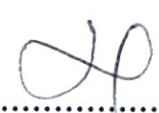
3. Statement of Financial Assets as at 30th June 2023

Description	Note	2022/2023	2021/2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	11.A	6,100	1,478,200
Cash Balances	11. B	-	-
Cash equivalents (Short-term deposits)	11.C	-	-
Total Cash and Cash equivalents		6,100	1,478,200
Imprests and Advances	12	-	-
Total Financial Assets		6,100	1,478,200
Financial Liabilities			
Third party Deposits and Retention	13	-	-
Net Assets		6,100	1,478,200
Represented By			
Fund Balance B/fwd.	14	1,478,200	-
Prior Year adjustments	15	-	-
Surplus/(Deficit) for the Year		(1,472,100)	1,478,200
Net Financial Position		6,100	1,478,200

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/10/2023 and signed by:


 Eng. Festus Ngeno
 Principal Secretary


 Marindany Kirui
 Project Coordinator


 Enock Maticha
 Project Accountant
 ICPAK Member No: 20310

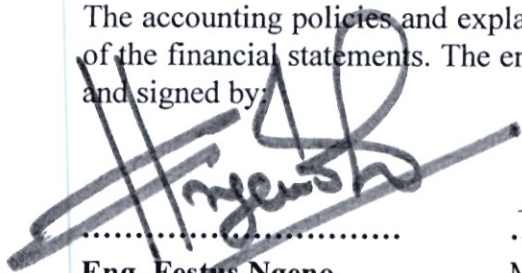
4. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	-	-
Proceeds from domestic and foreign grants	2	-	5,500,000
Miscellaneous receipts	4	-	-
Total receipts		-	5,500,000
Payments			
Compensation of employees	5	-	-
Purchase of goods and services	6	1,472,100	4,021,800
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Total Payments		1,472,100	4,021,800
Net receipts/(payments)		(1,472,100)	1,478,200
Adjustments during the year			
Prior year adjustments	15	-	-
Decrease/(increase) in accounts receivable	16	-	-
Increase/(decrease) in accounts payable:	17	-	-
Net cash flow from operating activities		(1,472,100)	1,478,200
Cashflow from investing activities			
Acquisition of non-financial assets	8	-	-
Net cash flows from investing activities		-	-
Cash flow from financing activities			
Proceeds from foreign borrowings	3	-	-

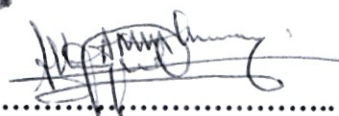
Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		(1,472,100)	1,478,200
Cash and cash equivalent at beginning of the year	11	1,478,200	-
Cash and cash equivalent at end of the year	11	6,100	1,478,200

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/10/2023 and signed by:



.....
Eng. Festus Ngeno
Principal Secretary



.....
Marindany Kirui
Project Coordinator

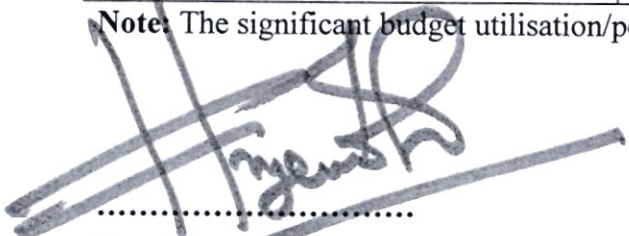


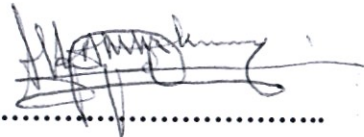
.....
Enock Maticha
Project Accountant
ICPAK Member No: 23310

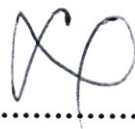
5. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts	5,500,000		5,500,000	-	-	-
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	5,500,000	-	5,500,000	-	-	-
Payments						
Compensation to employees	-	-	-	-	-	-
Purchase of goods and services	5,500,000	-	5,500,000	1,472,100	4,027,900	26.8%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	-	-	-	-	-	-
Total Payments	5,500,000	-	5,500,000	1,472,100	4,027,900	26.8%
Surplus or Deficit	-	-	-	-	-	-

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


 Eng. Festus Ngeno
 Principal Secretary


 Marindany Kirui
 Project Coordinator


 Enock Maticha
 Project Accountant
 ICPAK Member No: 23310

6. 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 **Kenya Enabling Activities for HFC Phase - down project** under the State Department of Environment and Climate Change. The financial statements are for the reporting entity **Kenya Enabling Activities for HFC Phase - down 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

Kenya Enabling Activities for HFC Phase - down project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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.

Significant Accounting Policies (continued)

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

Kenya Enabling Activities for HFC Phase - down *project* 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 15 of these financial statements.*

7. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	2022/2023	2021/2022	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry of Environment, Climate Change and Forestry</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>			
	-		
	-		
Total	-	-	-
Appropriations-in-Aid	-	-	-
Total	=	=	=

Note: There were no transfers from government entities during the financial year 2022/2023

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	2022/2023						2021/2022	Cumulative to date
	Date received	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)								
UNEP Funds		-	-	-	-	-	5,500,000	5,500,000
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		-	-	-	-	-	5,500,000	5,500,000

Note: There was no donor funding received during the financial year under review.

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 Name of Donor	2022/2023					2021/2022	Cumulative to date
	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount in Kshs	Total amount in Kshs	
		(Insert currency)	Kshs	Kshs	Kshs	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			-		-		-

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2022/2023			2021/2022	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Property income					
Sales of goods and services					
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere*					
Total	-		-		-

Note: There were no miscellaneous receipts during the year.

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2022/2023			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
Basic salaries of permanent employees	-		-	-	-
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	-		-	-	-

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

Description	2022/2023			2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	1,152,100	-	1,152,100	3,568,800	4,720,900
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising, and information supplies	-	-	-	-	-
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	320,000	-	320,000	453,000	773,000
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Total	1,472,100	=	1,472,100	<u>4,021,800</u>	<u>5,493,900</u>

Notes to the Financial Statements (Continued)

7. Social Security Benefits

Description	2022/2023			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	
Government pension and retirement benefits	-		-		-
Social security benefits in cash and in kind	-		-		-
Employer social benefits in cash and in kind	-		-		-
Total	-		-		-

Notes to the Financial Statements (Continued)

8. Acquisition of Non-Financial Assets

Description	2022/2023			2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of buildings					
Construction of buildings					
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Overhaul & refurbishment of construction and civil works					
Purchase of vehicles & other transport equipment					
Overhaul of vehicles & other transport equipment					
Purchase of household furniture & institutional equipment					
Purchase of office furniture & general equipment					
Purchase of specialised plant, equipment and machinery					
Rehabilitation & renovation of plant, equipment & machinery					

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Description	2022/2023			2021/2022	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
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: There were no acquisition of non-financial assets during the financial year under review and previous year 2021/2022

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

Note: There were no transfers to other government entities

Notes to the Financial Statements (Continued)

10. Other Grants, Transfers and Payments

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

Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank accounts (Note 11A)	6,100	1,478,200
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	-
Total	<u>6,100</u>	1,478,200

Kenya Enabling Activities Project has no project bank account. It uses the Ministry's Development bank account within the project implementation area and zero number of foreign currency designated accounts managed by the National Treasury as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	Insert Current 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.1000383968] Ministry Development Account	6,100	1,478,200
Kenya Commercial Bank [A/c No...]		
Co-operative Bank of Kenya [A/c No.....]	-	-
Others (<i>specify</i>)	-	-
Total local currency balances	6,100	1,478,200
Total bank account balances	6,100	1,478,200

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	2022/2023	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)		

Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

Notes to the Financial Statements (Continued)

11 B Cash in hand

Description	2022/2023	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	2022/2023	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	2022/2023	2021/2022
	Kshs	Kshs
Government Imprests		
Salary advances		
Total	-	-

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	Balance Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
Officer 1					
Officer 2					
Officer 3					
Officer 4					
Officer 5					
Programme 1					
Total					

13. Deposits and Retention Monies

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

Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

14. Fund Balance Brought Forward

Description	2022/2023	2021/2022
	Kshs	Kshs
Bank accounts	1,478,200	-
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retention	-	-
Total	1,478,200	-

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Imprests and advances			
Deposits and retentions			
Others (<i>specify</i>)			
Total	-	-	-

16. Changes in Imprests and Advances

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

17. Changes in Accounts Deposits and Retention

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

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
Total	-		-	-

2. Pending Staff Payables (See Annex 4b)

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

3. Other Pending Payables (See Annex 4c)

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

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Other Important Disclosures (Continued)

4. External Assistance

	2022/2023	2021/2022
Description	Kshs	Kshs
External assistance received as grants	-	5,500,000
External assistance received as loans	-	-
External assistance received in kind- as payment by third parties	-	-
Total	-	5,500,000

a). External assistance relating loans and grants

	2022/2023	2021/2022
Description	Kshs	Kshs
External assistance received as loans	-	-
External assistance received as grants	-	5,500,000
Total	-	5,500,000

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	2022/2023	2021/2022
Description		Kshs	Kshs
Undrawn external assistance - loans		-	-
Undrawn external assistance - grants		-	5,500,000
Total		-	5,500,000

Kenya Enabling Activities for HFC Phase - down*Annual Report and Financial Statements for the financial year ended June 30, 2023***Other Important Disclosures (Continued)***c) Classes of providers of external assistance*

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

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

d. Non-monetary external assistance

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

Other Important Disclosures (Continued)

e Purpose and use of external assistance

Payments made by third parties	2022/2023	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		

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

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

This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).

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

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity.

5.1 Classification by Source

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

(Third party payments may be done by other entities that are not providers of external assistance)

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

Payments made by third parties	2022/2023	2021/2022
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	-	-

N/B The above subclassification will be adopted based on the appropriate project's operations.

Other Important Disclosures (Continued)

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:

	2022/2023	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	2022/2023	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	-	-

(Give details- Update ANNEX 8 Contingent liabilities register)

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

13. Annexes

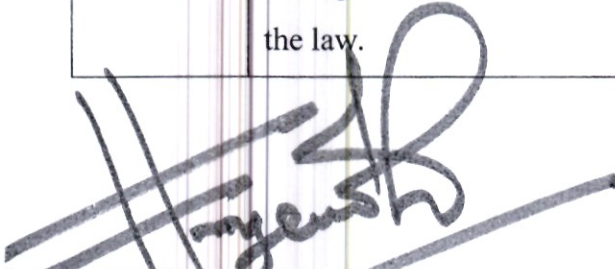
Annex 1: Prior Year Auditor-General's Recommendations

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)
1035.	<p>Budgetary Control and Performance.</p> <p>The statement of comparison of budget and actual amount reflects final expenditure budget of Ksh. 5,500,000 against actual expenditure of Ksh. 4,021,800 resulting to under-expenditure of Ksh. 1,478,200 or 27% of the budget.</p> <p>The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>The project budgetary allocation for the year was Ksh. 5,500,000 and the actual expenditure was Ksh. 4,021,800. The under-expenditure was due to delayed disbursement of donor funds.</p>	Not resolved.	Awaiting to appear before PAC at a later date.
1036.	<p>Failure to maintain project bank account and cash book.</p> <p>During the year under review, the project did not maintain its separate bank account and cash book but relied on the Ministry's development cash book for recording its transactions. This is contrary to regulation 76 (1) of the Public Finance Management (National Government) Regulations ,2015</p>	<p>It's true that the project doesn't have a separate project bank account and cash book. This is due to the fact that the project started its activities late towards the end of the financial year and it was not possible to open an account in June.</p>	Not resolved.	Awaiting to appear before PAC at a later date.

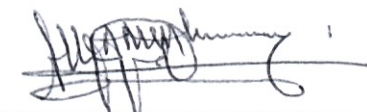
Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

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>which states that for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Kenya unless it is exempted by the Cabinet Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.</p> <p>In the circumstances, the project management was in breach of the law.</p>	<p>However, an excel cash book that records all the expenditure for the project was maintained. The process of opening a separate bank account for the project has been initiated. See copy of excel cash book attached.</p>		



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



.....
Marindany Kirui
Project Coordinator

Kenya Enabling Activities for HFC Phase - down

Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 2: Variance explanations - Comparative Budget and Actual amounts for 2022/2023

	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	5,500,000	-	-	-	The project did not receive donor funds during the financial year 2022/2023
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	5,500,000	-	-	-	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	5,500,000	1,472,100	4,027,900	26.8%	The project did not receive donor funds during the financial year 2022/2023
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Other grants and transfers	-	-	-	-	
Total payments	5,500,000	1,472,100	4,027,900	26.8%	-

Kenya Enabling Activities for HFC Phase - down
 Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 3: Reconciliation of inter-entity transfers

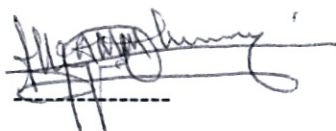
Project Name:		Kenya Enabling Activities Project		
Break down of transfers from the State Department of Environment and Climate Change				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			-	
		Total	-	
B.	Direct payments			
		Bank 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	-	
		Total (A+B+C)	-	

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

Note: There were no inter entity transfers during the financial year under review.

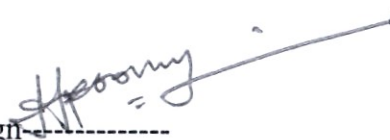
Project Coordinator
 Kenya Enabling Activities Project

Sign



Head of Accounting Unit
 State Department for Environment & Climate Change

Sign



Kenya Enabling Activities for HFC Phase - down
Annual Report and Financial Statements for the financial year ended June 30, 2023

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.						
6.						
Sub-Total						
Supply of services						
7.						
8.						
Sub-Total						
Grand Total						

Kenya Enabling Activities for HFC Phase - down
 Annual Report and Financial Statements for the financial year ended June 30, 2023

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	Outstanding Balance Previous FY	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	-		-				-

Annex 4c: Analysis of other Pending Payables

Name	Brief Description	Date Payable Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance Current FY	Outstanding Balance Previous FY	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.							
Sub-Total							
Others (specify)							
6.							
Sub-Total							
Grand Total							

Annex 5: Summary of Fixed Assets Register

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

Note:

There were no fixed assets acquired by the project during the year under review and previous financial years

Annex 6: Contingent Liabilities Register

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

Annex 7: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Kenya Enabling Activities for HFC phase-down	The Project has an overall objective of implementing the enabling activities to facilitate early ratification of the Kigali amendment adopted to phase down HFC – chemicals which have negative impacts on climate , as they have high Global Warming Potentials (GWPs).	To understand the training needs in the refrigeration and air conditioning (RAC) servicing sector that would allow for a successful HFC phase- down.	Sensitize the public on the Phase-down of HFCs and the Kigali Amendment					UNEP	UNEP MEF KRA Refrigeration Association (HEVAC)

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 (*Where applicable*)