

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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Irene Nduku

THE AUDITOR-GENERAL

ON

**COMBATING POACHING AND ILLEGAL
WILDLIFE TRAFFICKING IN KENYA
THROUGH AN INTEGRATED APPROACH
(CREDIT NO.00108406)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

STATE DEPARTMENT FOR WILDLIFE



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY

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RECEIVED

**PROJECT NAME: COMBATING POACHING AND ILLEGAL WILDLIFE
TRAFFICKING IN KENYA THROUGH AN INTEGRATED APPROACH (IWT-
KENYA PROJECT)**

**IMPLEMENTING ENTITY: STATE DEPARTMENT FOR WILDLIFE
PROJECT GRANT/CREDIT NUMBER: 00108406**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

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a) 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
IWT	Illegal Wildlife Trafficking
NT	National Treasury
PA	Protected Area
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.

b) Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Combating Poaching and Illegal Wildlife Trafficking in Kenya through an Integrated Approach (**IWT-Kenya Project**).

Objective

The Project aims to support and enhance the country's capacity to address issues of poaching and illegal wildlife trafficking in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.

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NSSF BUILDING, BLOCK 'A'

21st Floor, Eastern Wing

P.O. Box 41394-00100

NAIROBI

Contacts: Telephone: (254) 20-2724646

E-mail: www.pswildlife@tourism.go.ke

Website: www.tourism.go.ke

The project has two landscape coordinators, each of whom is stationed at the following landscapes:

- Maasai Mara Landscape Office, Narok county offices; and
- Tsavo Landscape Office, KWS Voi.

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	05/07/2019
Project End Date:	31/12/2025
Project Manager:	Netty Jemutai
Project Sponsor:	State Department for Wildlife

2.3 Project Overview

Line Ministry/State Department of the project	State Department of Wildlife
Project number	00108406 (UNDP Atlas Project ID)
Strategic goals of the project	The strategic goals of the project are as follows: [Long-term goal] Stability of baseline values of key wildlife species in the Tsavo and Maasai Mara ecosystems; and [Medium-term goal] 20% decrease in poaching & retaliation killings of elephants and rhinos in the Tsavo and Maasai Mara ecosystems.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening national and local capacity for effective IWT control in Kenya. (ii) Reducing poaching and illegal wildlife trade in threatened species in Tsavo and Maasai Mara Ecosystems. (iii) Strengthening Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems. (iv) Knowledge Management

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	<p>(v) Monitoring and Evaluation</p> <p>(vi) Gender Mainstreaming.</p>
Other important background information of the project	The IWT-Kenya project intends to prescribe a long-term solution in two project areas: the Maasai Mara and Tsavo ecosystems, via a highly coordinated approach within and between wildlife management and law enforcement authorities, as well as wildlife conservancies established by local communities.
Areas that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <p>(i) Gaps in legislation and regulations.</p> <p>(ii) Insufficient Coordinating and Law Enforcement Capacity for Wildlife management and Control of Poaching and Illegal Wildlife Trade.</p> <p>(iii) Underwhelming local community engagement.</p>
Project duration	The project document was signed off on 5 th of July 2019 and is expected to run until December 31 st 2025.

Project Information and Overall Performance (Continued)

2.4 Bankers

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

2.5 Independent Auditor

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

2.6 Roles and Responsibilities

Below are the people who are working on the project, their roles, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Silvia Museiya	Principal Secretary	Bachelor of Law (LLB), Bachelor of Education (B.Ed)	Provide strategic guidance to project implementation
2.Dr. Shadrack Ngene	National Project Director	Doctor of Philosophy (PhD) Spatial Ecology, Master of Science Wildlife Management	Supervise compliance of project implementation with policies, procedures and ensure consistency with national plans and strategies
3.Netty Jemutai	Project Manager /Coordinator	Masters degree, Bachelors Degree, Diploma in Project Management	Responsible for the overall management of the Project, including the mobilization of all project inputs, supervision over project staff, consultants and sub-contractors.

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4.CPA Wellington Magoi	Project Finance Officer	BCOM (Hons), Accounting, CPA(K)	Responsible for efficient and effective financial management, procurement and accounting function for the Project.
5.Abubakar Aden	Monitoring and Evaluation Officer	BSC(Hons), Economics and Statistics	Provide technical guidance on the Monitoring and evaluation components and support the project manager with running the project.
6.Boniface Chebii	Maasai Mara Landscape Coordinator	Bachelor of Science in Environmental Conservation and Natural Resources Management	Provide technical and strategic guidance and operational support for planning and implementation of landscape or community- specific activities.
7. John Mumo	Tsavo Landscape Coordinator	Bachelor of Science in Environmental Science	Provide technical and strategic guidance and operational support for planning and implementation of landscape or community- specific activities.

2.7 Funding summary

The Project will run for a duration of 5 years from July 2017 to July 2025 (Extended to December 2025) with GEF funding of **US\$ 3,826,605** equivalent to **KShs 410,977,377** and annual Government of Kenya counterpart funding. The project document includes co-financing in the form of in-kind contribution as part of Government of Kenya and Responsible Parties (RPs) contribution towards the project output. This includes related works to enhance implementation of the project. The commitment letters are summarised as follows:

- I. **State Department of Wildlife (SDW) USD 8,750,000:** The project was initially handled by Ministry of Environment and Natural Resources as shown in the commitment letter signed in 2017. However, SDW, being the implementing entity since project sign-off, has taken over the in-kind contribution.
- II. **Taita-Taveta County Government (TTCG) USD 960,211:** The previous county government signed the commitment letter and the current government is yet to formally commit funds to the project but supports all project activities in the landscape.
- III. **Tsavo Conservation Group (TCG) N/A:** (Tsavo Conservation Group, which had initially committed USD 2,460,000 to the project, but has since pulled out before project start-up, hence its in-kind contribution, is no longer applicable.
- IV. **Kenya Wildlife Conservancies Association (KWCA) USD 275,000.**
- V. **Maasai Mara conservancies Association (MMWCA) : USD 3,120,000.**

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 2024)		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						
UNDP –Kenya	3,826,605	410,977,377	2,441,212	262,186,136	1,385,393	148,791,241
(ii) Counterpart funds						
Government of Kenya	8,750,000	939,750,000	488,623	52,478,057	8,261,377	887,271,943
Total	12,576,605	1,350,727,377	2,929,835	314,664,193	9,646,770	1,036,063,184

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	<i>Donor USD</i>	<i>Kshs</i>	<i>Donor USD</i>	<i>Kshs</i>	<i>Donor USD</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
UNDP -Kenya	2,441,212	262,186,136	2,372,115	254,765,116	69,097	7,421,020
(i) Counterpart funds						
Government of Kenya	488,623	52,478,057	488,623	52,478,057	-	-
Total	2,929,835	314,664,193	2,860,738	307,243,173	69,097	7,421,020

Project information and overall performance (continued)**2.8 Summary of Overall Project Performance:****Overview**

The Project is financed by the **GEF trust fund through UNDP-Kenya** to the tune of **USD 3,826,605** and benefits from parallel co-financing by the Kenyan government, county governments and key wildlife associations, resulting in a total project value of **USD 19,392,268**. The project document was signed off by the **National Treasury** in July 2019 and is expected to be completed in December 2025.

Key Project Financing Amounts	
GEF/UNDP Grant Amount (2019-2024)	Kshs. 410,977,377
Counterpart funds (GoK) FY2023/24	Kshs. 5,000,000
Co-financing (in-kind contribution by GoK) (2019-2024)	Kshs. 939,750,000

Key Project Dates	
Project Document Signature Date (project start date):	Jul 5, 2019
Date of Inception Workshop	Jun 17, 2021
First Disbursement of Funds Date	Aug 24, 2020
Dates of Project Steering Committee/Board Meetings during reporting period	Jan 10, 2022
Expected Date of Mid-term Review by UNDP-Kenya	Jan 5, 2022
Expected Date of Terminal Evaluation by UNDP-Kenya	July 1, 2025
Original Planned Project Closing Date	December 31, 2025

Following the project document signing by The National Treasury on 5th July 2019 (the official project start date), the COVID pandemic occurred, which contributed significantly to delays in project start-up caused by the recurrent country-wide lockdowns, restrictions of movement and other regulations affecting the workplace. Consequently, State Department for Wildlife (SDW) and UNDP developed the 6-month project start-up plan that included:

- Budget capture in the National Budget Estimates;
- Opening of the project special deposit account with the Central Bank of Kenya;
- Appointment of signatories by SDW;
- Project Management Unit (PMU) recruitment and on boarding (completed in April 2021);
- Office space allocation by SDW;
- Procurement of project coordination equipment and furniture;

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- Inception workshop (held in June 2021 following the employment of the PMU);
- Constituting the Project Steering Committee (PSC); and
- Development of the 2020/21 Annual Workplan (AWP) and Budget.

The start-up phase had to address the systemic challenges to having the project captured as National Development support: the project needed to be captured in national budget estimates; and the work around the Kenyan Government moratorium on hiring of staff. The project administrative actions in the start-up plan were accomplished in November 2020. The critical tasks of the PMU recruitment and Inception Workshop that passed the project's Annual Workplan were completed in April 2021 and June 2021 respectively. The project implementation commenced with stakeholder mobilisation and firming up of the activities in the latter half of 2021.

The project is fully functional with all structures set in place and clear support from the State Department for Wildlife.

2.9 Summary of Project Compliance:

The project implementation is in accordance with Government of Kenya procedures and donor (UNDP) procedures as spelt out by the Project document.

c) 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 agreement/* plan are to:

- (i) Strengthen national and local capacity to effectively control IWT in Kenya
- (ii) Reducing poaching and illegal wildlife trade in threatened species in Tsavo and Maasai Mara Ecosystems
- (iii) Strengthen Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems
- (iv) Knowledge Management, M&E and Gender Mainstreaming

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives.

Project	Objective	Outcome	Indicator	Performance
Combatting Poaching and Illegal Wildlife Trafficking	Strengthen national and local capacity to effectively control IWT in Kenya	Increased national and local capacity to fight wildlife crime	Poaching rates of target species at program sites (Specifically, a reduction in PIKE trend for	-Draft national to combat poaching and illegal wildlife trade developed awaiting stakeholder engagement and validation.

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			<p>elephants to below 50% at each site; and for rhinos and big cats, a reduction in poaching rates to reverse population declines - compared to baseline levels at start of project</p> <p>Increase in proportion of poaching-related arrests that result in prosecution</p> <p>Increase in the Number of multi-disciplinary and/or multi-jurisdictional intelligence-led enforcement operations</p>	<p>-Delivered 3 rapid response and patrol vehicles in Maasai Mara landscape.</p> <p>-Delivered 2 anti-poaching patrol vehicles to KWS – Tsavo</p> <p>-Delivered 10 motor bikes to Tsavo (6 TTWCA & 4 KWS)</p> <p>-Delivered 10 motor bikes to MMCA</p> <p>-Constituted a multi – Agency anti-poaching Task force between KWS, Narok county government and MMWCA.</p>
<p>Combatting Poaching and Illegal Wildlife Trafficking</p>	<p>Reducing poaching and illegal trade in threatened</p>	<p>Increased effectiveness of Conservancies, PAs and local</p>	<p>Increased community engagement to live with,</p>	<p>-Construction of Tsavo security systems (Voi & Kasigau) complete.</p> <p>-100 rangers trained at</p>

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	species in Tsavo and Maasai Mara ecosystems	law enforcement agencies to control poaching and IWT in Tsavo and Maasai Mara Ecosystems	manage, and benefit from wildlife. Increase in the benefits received by communities from sustainable (community-based) natural resource management activities and enterprises	Manyani Law Enforcement Academy. -Trained law enforcement Agencies on CITES (60 – Tsavo 40- Mara.) -Equipped Maasai Mara with Anti-poaching Task Force VHF radio.
Combatting Poaching and Illegal Wildlife Trafficking	Strengthen Community Wildlife Conservancies in Tsavo and Maasai Mara Ecosystems	Strengthened Community Wildlife Conservancies and benefits for local communities from CBWM and CBNRM in Tsavo and Maasai Mara Ecosystems.	Area of forest resources restored in the landscape, stratified by forest management actors (increase compared to baseline levels at start of project) increase in integrated landscape management practices and restoration plans to	-Equipped rangers with uniforms and protective gear in Mara. -Mara management plan developed and Gazetted. -Trained board of directors and managers on conservancy's governance and LAMP (Leadership and management) for Mbale, Orpua and Mbokishi. -Development of management plans for 4 conservancies; Dawida & Mbale at draft stage. Mara Ripoi & Mbokishi

			maintain forest ecosystem services and sustain wildlife by government, private sector and local community actors, both women & men	at validation stage.
Combatting Poaching and Illegal Wildlife Trafficking	Knowledge Management, M&E and Gender Mainstreaming	Lessons learnt by the project through participatory M&E and gender mainstreaming are used nationally and internationally	Improved coordination among program stakeholders and other partners, including donors Programme monitoring system successfully developed and deployed and the Establishment of a knowledge exchange platform to support program stakeholders	-Maasai Mara Landscape gender mainstreaming strategy 2023-2028 in process. -Tsavo landscape community engagement workshops on gender mainstreaming, it is a continuous process. Conducted community awareness and education meetings.

d) Environmental and Sustainability reporting

The Combatting Poaching and Illegal Wildlife Trafficking project exists to transform lives. This is our purpose; the driving force behind everything we do. It is what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability

4.1 Sustainability strategy and profile

The project therefore enhances human dignity by protecting the environment and their livelihoods. This is in line with the Article 1 of Universal Declaration of Human rights: ‘all human beings are born free and equal in dignity’, as it enables communities to live a dignified life. In the Constitution of Kenya, it also addresses Article 42: On Environment ‘Every person has the right to a clean and healthy environment, and Article 43 on Economic and social rights, ‘Every person has the right--(c) to be free from hunger and to have adequate food of acceptable quality’ through protection of livelihoods.

4.2 Environmental performance

The project aims to reduce threats to wildlife population in Kenya, manage the competing land use claims on the rangelands and improve wildlife security and PA adjacent community engagement in the Maasai Mara and Tsavo landscapes. This will build the enforcement capacity for the reduction of bushmeat hunting; retaliatory attacks to wildlife predation and destruction; poaching; and illegal wildlife trafficking.

The project therefore directly supports environmental sustainability by tackling poaching and illegal wildlife trade through application of incentives and disincentives as well as improving the enabling environment for enforcement of wildlife protection laws. Likewise, improved operations, intelligence and prosecution of wildlife crime perpetrators will lead to effective law enforcement and provide sufficient deterrence against wildlife crime. Strengthening of the conservancies in the PA adjacent areas will create space for wildlife dispersal and distribution within their traditional range; and the increased benefits to the community will enlist their engagement as frontline wildlife security

actors by provision of the intelligence and non-engagement in poaching. In addition, through benefit sharing mechanisms and provision of sustainable livelihood strategies, local communities will be motivated to align their land use and livelihood activities with conservation goals and refrain from illegal activities that are ecologically destructive.

Rangeland management regimes to be adopted will also enhance the carrying capacity of the landscape that will positively impact the pastoralist livelihoods of the Maasai community and address the human wildlife conflicts that arise from competing land uses in two landscapes.

4.3 Employee welfare

According to Part II B.5 of the Human Resource Policies and Procedures Manual for the Public Service (IWT-Kenya Project) May 2016.

Recruitment will be undertaken on the basis of fair competition and merit; representation of Kenya's diverse communities; adequate and equal opportunities to all gender, youth, members of all ethnic groups, persons with disabilities and minorities

4.4 Market place practices-

a) Responsible Supply chain and supplier relations-

a) To ensure responsible competition, and transparency, procurement, opportunities, are issued to minimum of three bidders, all the procurement is done online and published on the government tender's portal for public scrutiny.

b) A list of registered suppliers is maintained and continuously updated where suppliers are selected to participate in procurement opportunities, the IWT-Kenya project to ensure prompt payment to all suppliers for goods /services rendered.

c) The preferred method of procurement is through open tender. Procurement opportunities are advertised through daily newspapers, the ministry website (on behalf of IWT-Kenya) and treasury tender portal. All interested suppliers are given equal chance to participate. Through the inspection

and acceptance committee and involvement of the user's department, the IWT-Kenya ensures genuine products are delivered to the satisfaction of the specifications by the organization.

b) Responsible ethical practices

The project therefore enhances human dignity by protecting the environment and their livelihoods. This is in line with the Article 1 of Universal Declaration of Human rights: 'all human beings are born free and equal in dignity', as it enables communities to live a dignified life. In the Constitution of Kenya, it also addresses Article 42: On Environment 'Every person has the right to a clean and healthy environment, and Article 43 on Economic and social rights, 'Every person has the right--(c) to be free from hunger and to have adequate food of acceptable quality' through protection of livelihoods.

c) Regulatory impact assessment

The project regulatory impact assessments have not been done. Safeguard citizen and stakeholder's rights

4.5 Community Engagements

The project is therefore expected to improve the lives and livelihoods of the local communities by protecting biodiversity, improve human security as communities in the areas have suffered because of the human-wildlife conflicts, insecurity caused by poachers and loss of livelihoods due to diminishing biodiversity; which provides direct employment (i.e., tourism sector) and deprive people of full utilization of their environment, thus affecting livelihood diversification and food security. The projects operate in two community PA of Maasai Mara and Tsavo Conservancy through working with wildlife conservation stakeholders.

e) Statement of Project Management responsibilities

The Principal Secretary for the State Department for Wildlife and the Project Coordinator for ***IWT -Kenya Project*** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024.

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 Wildlife and the Project Coordinator for ***IWT-Kenya project*** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department of Wildlife and the Project Coordinator for ***IWT-Kenya project*** is of the opinion that the Project's financial statements give a true and fair view of the

IWT -Kenya Project
Annual Report and Financial Statements for the financial year ended June 30, 2024

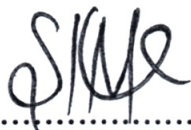
state of Project's transactions during the financial year/period ended June 30th, 2024, and of the Project's financial position as at June 30th 2024.

The Principal Secretary for the State Department of Wildlife and the Project Coordinator for *IWT-Kenya project* further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Principal Secretary for the State Department of Wildlife and the Project Coordinator for *IWT-Kenya project* confirm that the Project has fully complied 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

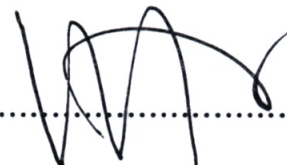
The Project financial statements were prepared by the Project Finance officer, approved by the Principal Secretary for the State Department for Wildlife and the Project Coordinator for IWT-Kenya Project on 4 | 11 2024, and signed by them.


.....

Silvia Museiya
Principal Secretary


.....

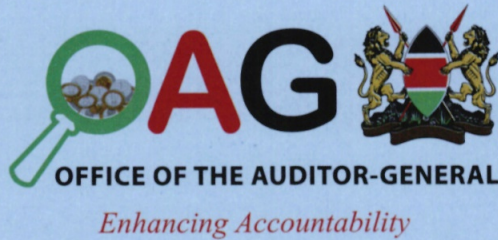
Netty Jemutai
Project Manager


.....

CPA Wellington-Magoi
Project Finance Officer
ICPAK Member No: 3740

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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COMBATING POACHING AND ILLEGAL WILDLIFE TRAFFICKING IN KENYA THROUGH AN INTEGRATED APPROACH (CREDIT NO.00108406) FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR WILDLIFE

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 is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Unmodified Opinion indicates that the books of accounts and underlying records agree with the financial statements and that no material misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and 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 Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) set out on pages 1 to 20, which comprise of the statement of financial assets as at 30 June, 2024 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 30 June, 2024 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 Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended 30 June, 2024 in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement Number: 00108406 dated 23 May, 2019 between the United Nations Development Programme and the Government of Kenya 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 Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.211,000,000 and Kshs.128,157,613 respectively, resulting to an under-funding of Kshs.82,842,387 or 39% of the budget. However, the Project spent an amount of Kshs.123,679,590 against actual receipts of Kshs.128,157,613 resulting to an under-utilization of Kshs.4,478,023 of the actual receipts.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, However, Management had not resolved the issues as at 30 June, 2024.

Other Information

Conclusion

The Management is responsible for the information set out on pages (i) to (xxiv) which comprise of Acronyms and Glossary of Terms, Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statement and my audit report thereon.

Basis for Conclusion

In connection with my audit on Combating Poaching and Illegal Wildlife Trafficking in Kenya Through an Integrated Approach (IWT-Kenya) financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Construction of Facilities for Security Hub at KWS Tsavo Conservation Area and Kasigau

The Project through the State Department of Wildlife entered into a contract with a company for the construction of facilities for security hub at KWS Tsavo Conservation Area and Kasigau on 08 November, 2022 at a contract sum of Kshs.52,231,554. The contract duration was ten (10) months with completion scheduled for August, 2023. The contractor requested for an extension for four (4) months vide letter dated 08 September, 2023 which was granted by the contract implementation team that sat on 15 December, 2023 but whose minutes were not clear on the start and end of the extension period. However, as at the time of physical inspection in October, 2024 the works were still ongoing and the contractor had not completed. Further, the following other audit observations were made:

- i. The contract has since delayed yet total certified works of Kshs.41,225,410 representing 77% of the total amount had been paid.
- ii. No project progress reports and site visit minutes for the same were provided for audit.

In view of the above delayed project, value for money on project and its intended purpose may not be achieved.

2. Delay in the Design and Publishing of the National Wildlife Strategy (2023-2028)

The statement of receipts and payments reflects direct payments AIA amount of Kshs.49,046,912 as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.1,924,200 paid to a consultant. The Project Management awarded a consultancy contract to develop a National Strategy to combat poaching and illegal wildlife trade (IWT) on 24 August, 2023 at contract sum of Kshs.2,606,000. The contract was to take five (5) months from 24 August, 2023 to 28 December, 2023 as per consultancy workplan. Review of documents provided for audit revealed that an amount of Kshs.1,824,200 was paid to the consultant yet the consultancy had not been completed. Therefore, the time frame for the contract was not adhered to, since the contract duration had elapsed.

In the circumstances, value for money in the expenditure of Kshs.1,824,200 that had already been paid to the consultant could not be confirmed.

3. Delayed Development and Implementation of Conservancy Management Plans

The statement of receipts and payments reflects direct payments AIA amount of Kshs.49,046,912 as disclosed in Note 2 to the financial statements. Included in the amount is Kshs.5,232,920 and Kshs.2,992,800 all totalling Kshs.8,225,720 paid to two (2) consultants. The Project Management awarded a contract for consultancy to develop a conservancy management plan for Mbokishi and Mara-Ripoi Conservancies on 31 July, 2023 at a contract sum of Kshs.6,542,400. The contract was expected to be

completed by 31 March, 2024 as per the work plan. Review of documents provided for audit revealed that an amount of Kshs.5,232,920 was paid to the consultant. However, Management plans for the two conservancies are in draft stage and have not been submitted to the Cabinet Secretary for approval and gazettelement for implementation.

Further, the Project Management also awarded a contract for consultancy to develop a Conservancy Management Plan for Mbale and Dawida Conservancies on 10 July, 2023 and 31 October, 2023 respectively at a combined cost of Kshs.9,976,000. The contract was expected to be completed by 30 November, 2023 as per the work plan and programme. Review of documents provided for audit revealed that an amount of Kshs.2,992,800 was paid to the consultant. However, Management plans for the two conservancies are at inception stage yet the consultancy was supposed to have been completed by 28 February, 2024.

In the circumstances, value for money on the expenditure of Kshs.8,225,720 that had already been paid for developing conservancies management plans could not be confirmed.

4. Non-Disclosure of In-Kind Contributions

The project grant document indicates that the Illegal Wildlife Trafficking (IWT) project was to be implemented in a span of five (5) years, effective from the date the agreement was signed. The total cost of the project was USD 19,392,268. This was to be financed through a Global Environment Facility (GEF) cash grant of USD 3,826,605 and USD 15,565,663 in-kind contributions by the project implementation partners. The project is expected to close in less than 12 months. However, there are no records showing how much the implementing partners have contributed in-kind since inception of the project to date. Further, the project was to be implemented in phases, component 1 to 4 with budgeted amounts and expected outcomes per year. However, there are no detailed reports indicating how far the project outcomes have been achieved and the budgetary allocations absorbed per outcome per year. Therefore, there is ambiguity in project implementation and utilization of resources.

In the circumstances, the Project may experience under funding, resulting in inability to fully implement the expected outcomes, thereby denying the beneficiaries the expected benefits.

5. Low Absorption of Funds and Undrawn Balances

The project information and overall performance reflects that the Project signed an agreement for funding from UNDP and Government of Kenya combined amount of Kshs.1,350,727,377 out of which only Kshs.314,664,193 had been received as at 30 June, 2024 resulting to undrawn balance of Kshs.1,036,063,184 leading to low absorption of funds. Although the projects period was extended to 31 December, 2025, funds amounting to Kshs.1,036,063,184 had not been absorbed,

In the circumstances, there is risk that the project's timelines would end without implementing all the planned activities and therefore not meeting all the projects objectives.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require 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 and 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

Failure of the Audit Committee and the Internal Audit Function to Perform their Duties

Review of the audit committee minutes revealed that the internal audit function did not carry out any audits during the year under review. Further, the internal audit unit annual work plan for the financial year 2023-2024 indicated that the function had planned to audit the UNDP project (Combating Poaching and Illegal Wildlife Trafficking). However, no such audit reports were provided for audit.

In the circumstances, effectiveness of Audit Committee and the Internal Audit Function in providing internal checks and balances to the project could not be confirmed

The audit was conducted in accordance with 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by African Development Bank Financing Agreement Credit No.00108406 dated 23 May, 2019 between the United Nations Development Programme and the Government of Kenya, I report based on my audit, that;

- i. 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.
- ii. Adequate accounting records have been kept by the Project, so far as it appears from the examination of those records; and,

- iii. The Project's financial statements agree with the accounting records and returns.

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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.



FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 November, 2024

g) Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	Receipts and payments controlled by the entity	Payments made by third parties-UNDP	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		FY 2023-2024			FY 2022-2023			
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Receipts								
Transfer from Government entities (GOK)	1	5,000,000	-	5,000,000	28,000,000	-	28,000,000	52,478,057
Proceeds from domestic and foreign grants AIA (UNDP)	2	74,110,700	-	74,110,700	43,086,929	-	43,086,929	136,765,686
Direct Payments AIA	2		49,046,912	49,046,912		-		125,420,450
Miscellaneous receipts - UNDP			-			-		
Total receipts		79,110,700	49,046,912	128,157,612	71,086,929	-	71,086,929	314,664,193
Payments								
Compensation to employees	3	16,616,429	2,827,060	19,443,489	9,329,756	-	9,329,756	44,921,437
Purchase of goods and services	4	58,016,248	10,050,920	68,067,168	55,573,345	-	55,573,345	137,618,740
Acquisition of non-financial assets		-	23,624,303	23,624,303	5,006,310	-	5,006,310	92,158,367

IWT -Kenya Project

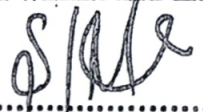
Annual Report and Financial Statements for the financial year ended June 30, 2024


	Note	Receipts and payments controlled by the entity	Payments made by third parties UNDP	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to date (From Inception)
Other Capital Grants and Transfer		-	12,544,629	12,544,629	-	-		32,544,629
Total payments		74,632,677	49,046,912	123,679,589	69,909,411	-	69,909,411	307,243,173
Surplus/ (deficit)		4,478,023	-	4,478,023	1,177,518	-	1,177,518	7,421,020

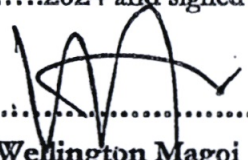
Receipts of Ksh 79,110,700 comprises of Ksh 5,000,000 paid by State Department for Wildlife in respect of Government counterpart fund, Ksh 74,110,700 paid by UNDP through direct payment modality.

The compensation of employee is made up of Ksh.16,616,429 Purchase of goods and services amounts to Kshs 58,016,248, no amount was spent on acquisition of assets by the Government of Kenya through counterpart funds.

The Project financial statements were prepared by the Project Finance Officer and approved by the Principal Secretary for the State Department of Wildlife and the Project Coordinator for IWT-Kenya Project on.....⁴.....2024 and signed by them.

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 Silvia Museiya
 Principal Secretary

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 Netty Jemutai
 Project Manager

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 CPA Wellington Magoi
 Project Finance Officer
 ICPAK No.3740

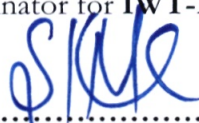
IWT- Kenya Project

Annual Report and Financial Statements for the financial year ended June 30, 2024

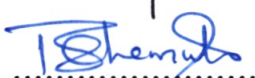
h) Statement of Financial Assets as at 30th June 2024

Description	Note	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	6	7,421,020	2,942,997
Cash Balances		-	-
Cash equivalents (Short-term deposits)		-	-
Total Cash and Cash equivalents		7,421,020	2,942,997
Total Financial Assets		7,421,020	2,942,997
Financial Liabilities			
Third party Deposits and Retention		-	-
Net Assets		7,421,020	2,942,997
Represented By			
Fund Balance B/fwd.		2,942,997	1,765,479
Prior Year adjustments		-	-
Surplus/(Deficit) for the Year		4,478,023	1,177,518
Net Financial Position		7,421,020	2,942,997

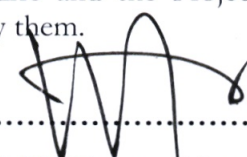
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Project financial Statements were prepared by the Project Finance officer, approved by the Principal Secretary for State Department for Wildlife and the Project Coordinator for **IWT-Kenya Project** on 4/11 2024, and signed by them.



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Silvia Museiya
Principal Secretary



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Netty Jemutai
Project Manager



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CPA Wellington Magoi
Project Finance Officer
ICPAK Member No: 3740

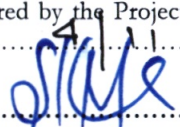
IWT -Kenya Project**Annual Report and Financial Statements for the financial year ended June 30, 2024****i) Statement of Cashflow for the year ended 30th June 2024**

Description	Notes	FY 2023-2024	FY 2022-2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	5,000,000	28,000,000
Proceeds from domestic and foreign grants	2	74,110,700	43,086,929
Miscellaneous receipts	-	-	-
Total receipts		79,110,700	71,086,929
Payments			
Compensation of employees	3	(16,616,429)	(9,329,756)
Purchase of goods and services	4	(58,016,248)	(55,573,345)
Other grants and transfers -	-	-	-
Total Payments		(74,632,677)	(64,903,101)
Net receipts/(payments)		4,478,023	6,183,828
Adjustments during the year			
Prior year adjustments		-	-
Net cash flow from operating activities		-	-
Cashflow from investing activities			
Acquisition of non-financial assets		-	5,006,310
Net cash flows from investing activities		4,478,023	1,177,518
Cash flow from financing activities			
Proceeds from foreign borrowings		-	-
Net cash flow from financing activities		-	-
Net increase in cash and cash equivalents		4,478,023	1,177,518
Cash and cash equivalent at beginning of the year	11	2,942,997	1,765,479
Cash and cash equivalent at end of the year	11	7,421,020	2,942,997

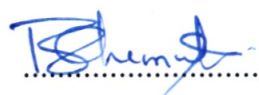
j) Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

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						
Transfer from Government of Kenya	111,000,000	-	111,000,000	5,000,000	106,000,000	5%
Proceeds from domestic and foreign grants	100,000,000	-	100,000,000	74,110,700	25,889,300	74%
Proceeds from domestic and foreign grants AIA	-	-	-	49,046,913	(49,046,913)	-
Miscellaneous receipts	-	-	-	-	-	-
Total Receipts	211,000,000		211,000,000	128,157,613	82,842,387	61%
Payments						
Compensation to employees	18,200,000	-	18,200,000	16,616,429	1,583,571	91%
Purchase of goods and services	92,800,000	-	86,800,000	58,016,248	34,783,752	63%
Social security benefits	-	-	-	-	-	-
Acquisition of non-financial assets	-	-	-	-	-	-
Transfers to other government entities	-	-	-	-	-	-
Other grants and transfers	100,000,000	-	100,000,000	49,046,913	50,953,087	49%
Total Payments	211,000,000	-	211,000,000	123,679,590	87,320,410	35%
Surplus or Deficit				4,478,023	(4,78,023)	

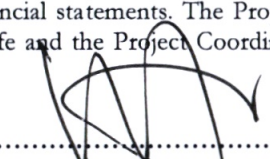
The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements. The Project financial statements were prepared by the Project finance officer and approved by the Principal Secretary for the State Department for Wildlife and the Project Coordinator for IWT-Kenya Project on.....2024 and signed by them.



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Silvia Museiye
 Principal Secretary



.....
Netty Jemutai
 Project Manager



.....
CPA Wellington Magoi No.3740
 Project Finance Officer

k) Significant Accounting Policies

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

l) 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.

2 Reporting entity

The financial statements are for IWT–Kenya Project under the State Department for Wildlife. The financial statements are for the reporting entity (IWT–Kenya Project) as required by Section 81 of the PFM Act, 2012 .

3 Reporting Currency

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

4 Recognition of receipts

IWT–Kenya 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.

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.

a. 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.

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.

b. 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.

c. 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

d. 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.

e. Imprests and Advances

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

f. Contingent Liabilities

A contingent liability is:

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

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

g. Contingent Assets

- 11 IWT-Kenya 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 State Department for Wildlife 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.

a. 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.

b. 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)

c. 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.

d. 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 recognized in the statements of receipts and payments.

e. 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.

f. 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, 2024.

g. Prior period adjustments

There were no prior period adjustments relate to errors and other adjustments noted arising from previous year.

12. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	FY 2023-2024	FY2022-2023	Cumulative to-date (from inception)
	Kshs	Kshs	Kshs
<i>Counterpart funding through Ministry Tourism, Wildlife and Culture – State Department for Wildlife</i>			
Counterpart funds Quarter 1		5,000,000	
Counterpart funds Quarter 2	5,000,000	5,000,000	
Counterpart funds Quarter 3		5,000,000	
Counterpart funds Quarter 4		13,000,00	47,748,057
Total (See Annex 3)	5,000,000	28,000,000	52,478,057
Total	5,000,000	28,000,000	52,478,057

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30th June 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	FY2023-2024					FY 2022-2023	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 Multilateral Donors (International Organizations)	Jul -Sep 2023	-	28,608,500	17,309,930	-	45,918,430	12,765,886	69,082,004
	Oct-Dec 2023	-	-	17,871,596	-	17,871,596	-	30,278,729
	Jan-Mar 2024	-	24,100,200	3,234,413	-	27,334,613	10,804,000	54,182,028
	Apr-Jun 2024	-	21,402,000	10,630,974	-	32,032,974	19,517,043	51,550,017
Total			74,110,700	49,046,913	-	123,157,613	43,086,929	205,092,778

Notes to the Financial Statements (Continued)

3. Compensation to Employees

Description	FY2023-2024			FY 2022-2023	Cumulative to- date
	Payments made by the Entity in Cash -GOK	Payments made by third parties - UNDP	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic wages of temporary employees	16,616,429	2,827,060	19,443,489	9,329,756	44,921,437
Total	16,616,429	2,827,060	19,443,489	9,329,756	44,921,437

Notes to the Financial Statements (Continued)

4. Purchase of Goods and Services

Description	Insert Current FY 2023-2024			Insert Comparative FY 2022-2023	Cumulative to-date
	Payments made in Cash - GOK	Payments made by third parties- UNDP	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies, and services	-	-	-	0	6,565,399
Contracted professional services-consultancies	-	-	-	4,594,266	4,594,266
Other operating expenses – specialized materials and supplies	-	-	-	33,600	33,600
Domestic travel, accommodation, sundry expenses and daily subsistence	19,489,657	-	19,489,657	12,329,915	44,850,038
Publishing & Printing, advertising, and information supplies	-	-	-	1,793,995	2,751,605
Board, Committees, conferences – Hospitality expenses	31,142,833	-	31,142,833	25,865,283	56,050,506
Other operating expenses - general	1,453,196	-	1,453,196	1,599,560,	5,486,798
Refined fuels and lubricants	3,998,174	-	3,998,174	8,591,926	14,589,340
Routine maintenance- other assets	1,932,388	-	1,932,388	764,800	2,697,188
Total	<u>58,016,248</u>	=	<u>58,016,248</u>	<u>55,573,345</u>	<u>137,618,740</u>

Notes to the Financial Statements (Continued Notes to the Financial Statements (Continued))

5. Acquisition of Non-Financial Assets

Description	FY 2023-2024			FY 2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	
Transport Equipment	-	-	-	-	40,961,102
Purchase of household furniture & institutional equipment	-	-	-	995,280	6,900,716
Construction of buildings	-	20,692,104	-	4,011,030	9,840,698
Total	=	<u>20,692,104</u>	=	<u>5,006,310</u>	<u>57,702,516</u>

[Provide explanation as necessary]

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Notes to the Financial Statements (Continued)

6. Cash And Cash equivalents

Description	Current FY2023-2024	Comparative FY2022-2023
	Kshs	Kshs
Bank accounts (Note 11A)	7,421,020	2,942,997
Total	<u>7,421,020</u>	2,942,997

IWT – Kenya project has two number of project accounts; a special deposit account and an operations account within the project implementation area managed by the State department of wildlife as listed below:

11. A Bank Accounts

Project Bank Accounts

Details	FY2023-2024	FY2022-2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Total local currency balances	7,421,020	2,942,997
Total bank account balances	7,421,020	2,942,997

Notes to the Financial Statements (Continued)**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30th June 2024 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	Current FY2023-2024	Comparative 2022-2023
	Kshs	Kshs
(i) A/C Name Special Deposit Account [A/c No 1000442368]		
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) Kenya Combating Illegal Wildlife Trade Projects-Operations A/c Name [A/c No 1000506539]		
Opening balance (as per the SDA reconciliation)	2,942,997	-
Total amount deposited in the account	74,110,700	43,086,929
Total amount withdrawn (as per Statement of Receipts & Payments)	74,632,677	41,909,4110
Closing balance (as per SDA bank account reconciliation attached)	<u>7,421,020</u>	<u>2,942,997</u>

Notes to the Financial Statements (Continued)

7. Fund Balance Brought Forward

Description	Current FY2023-2024	Comparative FY2022-2023
	Kshs	Kshs
Bank accounts	7,421,020	2,942,997
Total	7,421,020	2,942,997

Notes to the Financial Statements (Continued)

8. Prior Year adjustment

	Balance b/f Previous FY 2022- 2023 (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY2022-2023
Description of the error	Kshs	Kshs	Kshs
Bank account Balances	-	-	-
Total	-	-	-

Other Important Disclosures (Continued)

1. Related Party Disclosures

Related party transactions:

	Current FY2023-2024	Comparative FY2022-2023
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	3,600,000	808,167
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	3,600,000	808,167
Total Transfers from related parties		

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>Ambiguity in the Financing Agreement: The Financing Agreement states in section ‘IX Financial Planning and Management Funds Flow: “Both GoK and UN financial and procurement procedures will be utilized and adhered to as appropriate. The Project will adhere to the Public Financial Management Act (2012)”. However, this clause maybe in conflict with the Act as the UN financial and the procurement procedures are not in tandem with the Public Finance Management Act, 2012 and the Public Procurement and Asset Disposal Act, 2015. In the circumstances, continued application</p>	<p>There’s no ambiguity in the Financing agreement since the donor channels the funds through two models ; Revenue and AIA (Direct payments). Both UNDP and GOK are utilised depending on the model. And incase of unlikely conflict the donor procedures and regulations prevail.</p>	<p>Not Resolved</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)
	of the Financing Agreement with the above clause may result to non-adherence to the Public Finance Management Act, 2012.			
	<i>Non-disclosure of in kind contributions</i>	In kind contributions from some the implementing partners are non-monetary hence difficult to quantify.	Not Resolved	

Silvia Muscay

Name
Principal Secretary

Natty Jamutai

Name
Project Coordinator

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current 2023/2024

	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	111,000,000	5,000,000	106,000,000	5%	
Proceeds from domestic and foreign grants	100,000,000	74,110,700	25,889,300	74%	Low absorption due to few activities implemented
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	211,000,000	79,110,700	131,889,300	38%	
Payments					
Compensation of employees	18,200,000	16,616,429	1,583,571	90%	Almost within range, during the year the PMU was not fully constituted
Purchase of goods and services	92,800,000	58,016,248	34,783,752	63%	Some activities delayed due to long procurement process.
Acquisition of non-financial assets	-	-	-	-	
Other grants and transfers	100,000,00	-	100,000,000	-	
Total payments	211,000,000	74,632,677	136,367,323	35%	

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Annex 3: Reconciliation of inter-entity transfers

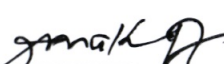
Project Name:				
Break down of transfers from the State Department of Wildlife				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	The FY to which the amounts relate
	Quarter 1			
	Quarter 2			
	Quarter 3		5,000,000	
	Quarter 4			
		Total	5,000,000	2023/2024
B.	Direct payments			
		Bank Statement Date	Amount (Kshs)	The FY to which the amounts relate
			-	
		Total	-	
C.	Others- UNDP Direct Cash Transfer			
		Bank Statement Date	Amount (Kshs)	The FY to which the amounts relate
		July-Sept 2023	28,608,500	
		Jan-March 2024	24,100,200	
		April-June 2024	21,402,000	
		Total	74,110,700	
		Total (A+B+C)	79,110,700	2023/2024

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

Project Coordinator
UNDP- IWT entity

Sign 

Head of Accounting Unit
State Department for Wildlife

Sign 

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) 2023/2024	**Disposals in the Year (KShs) 2023/2024	Transfers in/(out) Kshs 2023/2024	Closing Cost (KShs) 2023/24
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Transport equipment	40,961,102					40,961,102
House Hold Furniture and Institutional Equipment	6,900,716					6,900,716
Office equipment, furniture and fittings	9,840,698					9,840,698
Total	57,702,516					57,702,516