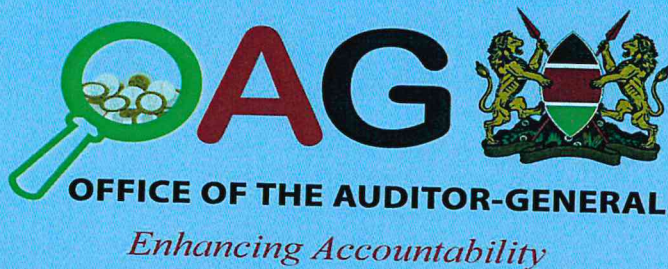


REPUBLIC OF KENYA



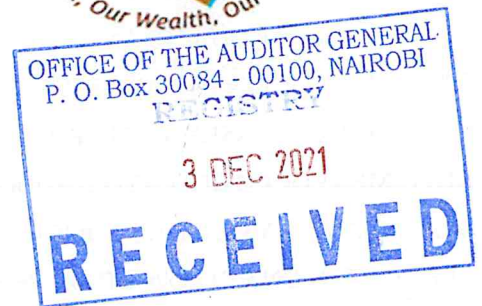
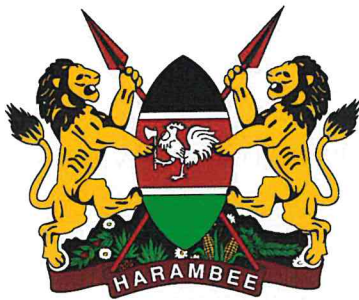
THE NATIONAL ASSEMBLY PAPERS LAID		REPORT
DATE:	02 FEB 2022	DAY: Wed
TABLED BY:	Majority Whip	OF
CLERK-AT THE-TABLE:	Finlay M.	THE AUDITOR-GENERAL

ON

**SUPPORT TO THE ATTAINMENT OF VISION
2030 THROUGH DEVOLVED LAND REFORMS
IN COMMUNITY LAND OF KENYA PROJECT
NO. GCP/KEN/085/EC (LETTER OF
AGREEMENT NO. FAOR 2018/001)**

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

NATIONAL LANDS COMMISSION



Project Name: SUPPORT TO THE ATTAINMENT OF VISION 2030 THROUGH DEVOLVED LAND REFORMS IN COMMUNITY LANDS OF KENYA

Implementing Entity: NATIONAL LAND COMMISSION

PROJECT GRANT/CREDIT NUMBER: LETTER OF AGREEMENT (LOA) NO.2018/001
GCP/KEN/085/EC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2021

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

The project's official name: **SUPPORT TO THE ATTAINMENT OF VISION 2030 THROUGH DEVOLVED LAND REFORMS IN COMMUNITY LANDS OF KENYA**

Objective/Output:

- 1) Development of a rangeland annexe to the county spatial planning monitoring and oversight guidelines.
- 2) Launch of rules and guidelines for Historical Land Injustices adjudication process.
- 3) Establishment of National Guidelines on Large Scale Land Acquisition (LSLA).
- 4) Development of a report to advise the National Government on a comprehensive programme for the registration of title in land throughout Kenya

Address: National Land Commission,
Ardhi House,
P.O. Box 44417-00100,
Nairobi,
Kenya.

Contacts: The following are the project contacts

Telephone: (254) 2718050

E-mail: info@landcommission.go.ke

Website: www.landcommission.go.ke

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.2 Project Information

Project Start Date:	The project start date is 1 st July 2015
Project End Date:	The project end date is 30 th September 2019
Project Manager:	Mr Samuel Okenyi Odari, Deputy Director, NLC
Project Sponsor:	European Union (EU) and Food and Agriculture Organisation (FAO) of the United Nations

1.3 Project Overview for financial year 2020/2021

National Land Commission	The project is implemented by the National Land Commission (NLC) under the supervision of FAO
Project number	FAO/ NLC Project - Letter of Agreement (LOA) No. 2018/001 GCP/KEN/085/EC
Strategic goals of the project	Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Lands of Kenya (FAOKE)
Achievement of strategic goals	The project management aims to achieve the goals through the following means: Objective/Output: 1. Development of a rangeland annexe to the county spatial planning monitoring and oversight guidelines 2. Launch of rules and guidelines for Historical Land Injustices adjudication process 3. Establishment of National Guidelines on Large Scale Land Acquisition (LSLA) 4. Development of a report to advise the National Government on a comprehensive programme for the registration of title in land throughout Kenya
Project duration	The project started on 1st July 2015 and is expected to run until 30 September 2019 – 18 Months

1.4 Bankers

The following are the bankers for the current year:

National Bank of Kenya Limited
Hill Plaza Branch
Account Number 01001032980001
Nairobi

1.5 Auditors

The project is audited by the,

1. FAO Kenya Office
2. Office of the Auditor General



1.6 Roles and Responsibilities

During the period under review, the following staff were responsible for the project,

Names	Title designation	Key qualification	Responsibilities
Okenyi Samuel Odari	Project Manager	Masters Level	Coordination
Jacinta Katee	Project Assistant	Masters Level	Coordination assistant
Hassan Hussein	Project Accountant	Bachelors Level	Accounts preparation

1.7 Funding summary

The Second Phase of the project started from **9th April 2018** to **30th September 2019** with an approved budget of US\$ 100,330 equivalent to KShs 10,033,000.

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 2021		Undrawn balance to date	
	Donor currency (USD)	KShs	Donor currency (USD)	KShs	Donor currency (USD)	KShs
(i) Grant	(A)	(A ¹)	(B)	(B ¹)	(A)-(B)	(A)-(B)
Food and Agriculture Organization(FAO)	100,330	10,033,000	100,267.40	10,026,740	62.60	6,260
(ii)Counterpart funds	-	-	-	-	-	-
Government of Kenya	-	-	-	-	-	-
Total	-	-	-	-	-	-

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2021)	Cumulative Amount paid to date – (30 th June 2021)	Unutilised balance to date (30 th June 2021)	
	<i>Donor currency (USD)</i>	<i>Kshs</i>	<i>Donor currency (USD)</i>	<i>Kshs</i>
	(A)	(B ¹)	(A)-(B)	(A ¹)-(B ¹)
(i) Grant				
Food and Agriculture Organization(FAO)	100,330	10,033,000	62.60	6,260
(i) Counterpart funds				
Government of Kenya	-	-	-	-
Total	100,330	10,033,000	6,260	6,260

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

1.8 Summary of Overall Project Performance:

The project was able to execute activities under the following objectives/outputs;

1. Development of a rangeland annexe to the county Spatial planning monitoring and oversight guidelines
2. Launch of rules and guidelines for Historical Land Injustices adjudication process
3. Development of National Guidelines on Large Scale Land Acquisition
4. Development of a report to advise the National Government on a comprehensive programme for the registration of title in land throughout Kenya

1.9 Summary of Project Compliance:

The project complied with all regulations set forth by both the FAO and the National Treasury.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Value for money achievement

Output 1. Development of a rangeland annexe to the county spatial planning monitoring and oversight guidelines

A number of Activities have already been undertaken around this output being a stakeholder workshop held in Isiolo dated 29th to 30th April, 2019 and Nakuru dated 6th to 10th May, 2019 respectively.

Output 2. Launch of rules and guidelines for Historical Land Injustices adjudication process

The NLC HLI Team have carried out public participation, investigations and collection of claims in Tana River and Baringo Counties respectively.

Output 3. Development of National Guidelines on Large Scale Land Acquisition

Activities have already been undertaken relating to this output being stakeholder workshop held in Machakos dated 26th to 28th September, 2019.

Validation of Development of National Guidelines on Large Scale Land Acquisition

The Commission retreated to Naivasha dated 8th to 10th June, 2021 to prepare a final exit report in preparation of another LOA from food and Agriculture Organization (FAO).

Output 4. Development of a report to advise the National Government on a comprehensive programme

The Commission undertook and finalised development of Comprehensive registration report in six Counties.

3. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Secretary/ C.E.O of the Commission and the Project Coordinator for **NLC/FAO 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 30 June 2021. This responsibility includes:


- (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Project;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Secretary/ C.E.O of the Commission and the Project Coordinator for **NLC/FAO 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 Secretary/ C.E.O of the Commission and the Project Coordinator for **NLC/FAO 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, 2021, and of the Project's financial position as at that date. The Chief Executive officer of the Commission and the Project Coordinator for **NLC/FAO 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 Secretary/ C.E.O of the Commission and the Project Coordinator for **NLC/FAO 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.

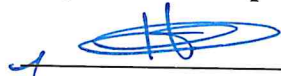
Approval of the Project financial statements

The Project financial statements were approved by the Secretary/CEO of the Commission and the Project Coordinator for **NLC/FAO Project** on **16th September, 2021** and signed by them.



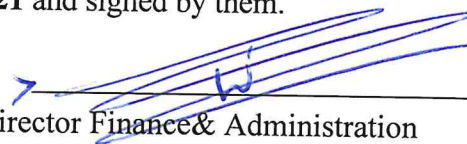
Ag.Secretary/CEO

Kabale Tache Arero



Project Co-ordinator

Samuel Okenyi Odari



Ag. Director Finance & Administration

CPA Bernard Cherutich ICPAK No5816

4. REPORT OF THE INDEPENDENT AUDITOR ON THE FAO PROJECT

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SUPPORT TO THE ATTAINMENT OF VISION 2030 THROUGH DEVOLVED LAND REFORMS IN COMMUNITY LAND OF KENYA PROJECT NO. GCP/KEN/085/EC (LETTER OF AGREEMENT NO. FAOR 2018/001) FOR THE YEAR ENDED 30 JUNE, 2021 - NATIONAL LANDS COMMISSION

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 government achieves value for money and that such funds are applied for intended purpose.
- C. Report on effectiveness of internal controls, risk management and governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

Report of the Auditor-General on Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement NO. FAOR 2018/001) for the year ended 30 June, 2021 - National Lands Commission

REPORT ON THE FINANCIAL STATEMENT

Opinion

I have audited the accompanying financial statements of Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement No. FAOR 2018/001) set out on pages 1 to 19, which comprise the statement financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement No. FAOR 2018/001) as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and the Public Finance Management Act, 2012 and comply with the Financing Agreement between The Food and Agriculture Organization of the United Nations (FAO) and the Government of the Republic of Kenya dated 29 September, 2016.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Information

My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

Report of the Auditor-General on Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project No. GCP/KEN/085/EC (Letter of Agreement No. FAOR 2018/001) for the year ended 30 June, 2021-National Lands Commission

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal

control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 sustaining 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 Support to the Attainment of Vision 2030 Through Devolved Land Reforms in Community Land of Kenya Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 December, 2021

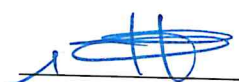
5. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD 30TH JUNE 2021.

	Note	2020/2021			2019/2020			Cumulative to date (From inception)
		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	
		KShs	KShs		KShs	KShs		KShs
RECEIPTS								
Transfer from government entities	9.2	-	-	-	2,006,600	-	2,006,600	2,006,600
Proceeds from domestic and foreign grants	9.3	-	-	-	1,996,400	-	1,996,400	29,116,710
TOTAL RECEIPTS		-	-	-	4,003,000	-	4,003,000	31,123,310
PAYMENTS								
Purchase of goods and services	9.4	593,960	-	593,960	2,471,120	-	2,471,120	29,119,520
Transfers to government entities	9.5	-	-	-	2,006,600	-	2,006,600	2,006,600
TOTAL PAYMENTS		593,960	-	593,960	4,477,720	-	4,477,720	31,126,120
REPLUS/DEFICIT		593,960	-	593,960	(474,720)	-	4,477,720	2,810

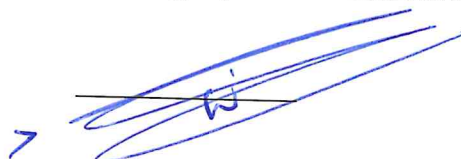
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Ag. Secretary/CEO
 Kabale Tache Arero



Project Co-ordinator
 Samuel Okenyi Odari




Ag. Director Finance & Administration
 CPA Bernard Cherutich ICPAK No5816

6. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		KShs	KShs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	9.6	6,260	600,220
Special Deposit Accounts Movement Schedule	9.7	-	-
Cash Balances	9.8	-	-
Cash Equivalents (short-term deposits)	9.9	-	-
Total Cash and Cash Equivalents		6,260	600,220
TOTAL FINANCIAL ASSETS		6,260	600,220
FINANCIAL LIABILITIES			
Payables- Deposits and Retentions		-	-
NET ASSETS		6,260	600,220
REPRESENTED BY			
Fund balance b/fwd	10	600,220	1,074,940
Surplus/(Deficit) for the year		(593,960)	(474,720)
NET FINANCIAL POSITION		6,260	600,220

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



 Ag.Secretary/CEO
Kabale Tache Arero



 Project Co-ordinator
Samuel Okenyi Odari




 Ag. Director Finance & Administration
CPA Bernard Cherutich ICPAK No5816

7. STATEMENT OF CASHFLOW FOR THE PERIOD 30TH JUNE 2021

		2020-2021	2019-2020
	Note	KShs	KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities			
Proceeds from domestic and foreign grants	9.3	-	2,006,600
Payments from operating activities			
Purchase of goods and services	9.4	593,960	(2,471,120)
Transfers to other government entities	9.5	-	2,006,600
Total Payments		593,960	(4,477,720)
Net cash flow from operating activities		593,960	(474,720)
CASHFLOW FROM INVESTING ACTIVITIES			
Net cash flows from Investing Activities		-	-
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities		-	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		(593,960)	(474,720)
Cash and cash equivalent at BEGINNING of the year		600,220	1,074,940
Cash and cash equivalent at END of the year		6,260	600,220

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 _____ 2021 and signed by:



 Ag. Secretary/CEO
Kabale Tache Arero



 Project Co-ordinator
Samuel Okenyi Odari




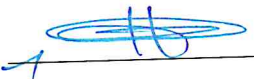
 Ag. Director Finance & Administration
CPA Bernard Cherutich ICPAK No5816


8. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	-	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-	-
Total Receipts	-	-	-	-	-	-
Payments						
Purchase of goods and services	600,220	-	600,220	593,960	6,260	99%
Transfers to other government entities	-	-	-	-	-	-
Total Payments	600,220	-	600,220	593,960	6,260	99%

Notes: 1. No receipts were received from Donor & GOK during the financial year 2020/2021.
 2. Payments were in respect of projects closure expenses and paid from bank balances


 Ag. Secretary/CEO
Kabale Tache Arero


 Project Co-ordinator
Samuel Okenyi Odari


 Ag. Director Finance & Administration
CPA Bernard Cherutich ICPAK No5816

9. SIGNIFICANT ACCOUNTING POLICIES

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

9.1 Basis of Preparation

9.1.1 Statement of compliance and basis of preparation

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

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

9.1.2 Reporting entity

The financial statements are for the Project Support to the attainment of Vision 2030 through Devolved Land Reforms in Community Lands of Kenya under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

9.1.3 Reporting currency

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

9.1.4 Significant Accounting Policies

a) Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

External assistance is 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 the time associated cash is received.

b) 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.

Significant Accounting Policies (Continued)

c) Proceeds from borrowing

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

d) 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

e) Recognition of payments

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

i) Compensation of 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.

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

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.

Significant Accounting Policies (Continued)

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.

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.

h) Accounts receivable

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

Significant Accounting Policies (Continued)

i) 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.

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

j) Contingent Assets

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

Significant Accounting Policies (Continued)

k) Pending bills

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

l) 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.

m) 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.

Significant Accounting Policies (Continued)

n) 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.

o) 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.

p) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2021

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.3. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2021 we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in KShs	
						2020/21	2019/20
						KShs	KShs
		(USD)					
			KShs	KShs	KShs	KShs	KShs
Grants Received from Bilateral Donors (Foreign Governments)							
Food and Agriculture Organization (FAO)	26.06.2020	-	1,996,400	-	-	-	1,996,400
Grants Received from Multilateral Donors (International Organizations)	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

9.4.PURCHASE OF GOODS AND SERVICES

	2020/2021			2019/2020	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Utilities, supplies and services	-	-	-	-	-
Communication, supplies and services	-	-	-	-	-
Domestic travel and subsistence	573,000	-	573,000	1,636,700	20,966,054
Foreign travel and subsistence	-	-	-	-	-
Printing, advertising and information supplies	-	-	-	173,150	1,630,693
Rentals of produced assets	-	-	-	-	-
Training payments	-	-	-	-	-
Hospitality supplies and services	20,000	-	20,000	658,450	6,406,294
Insurance costs	-	-	-	-	-
Specialized materials and services	-	-	-	-	-
Other operating payments	-	-	-	-	-
Routine maintenance – vehicles and other transport equipment	-	-	-	-	-
Routine maintenance- other assets	-	-	-	-	-
Bank Charges	960	-	960	2,820	116,479
Total	593,960		593,960	2,471,120	29,119,520

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.5 TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2021, we transferred funds to reporting government entities as shown below:

	2020/2021			2019/2020	Cumulative to -date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total Payments	
	Kshs.	Kshs.	Kshs.	Kshs.	
Transfers to National Government entities	-	-	-	2,006,600	2,006,600
Total				2,006,600	2,006,600

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.6 CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	KShs	KShs
Bank accounts	6,260	600,220
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Total	6,260	600,220

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds for the financial year 2019/2020 and 2020/2021.

9.7 Special Deposit Accounts Movement Schedule

	2020/21	2019/20
	KShs	KShs
(i) NATIONAL LAND COMMISSION NBK UPPER HILL BRANCH (A/C NO: 01001032980001)		
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) CENTRAL BANK OF KENYA A/C		
Opening balance (as per the SDA reconciliation)	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	-	-
Closing balance (as per SDA bank account reconciliation attached)	-	-

The Special Deposit Account(s) reconciliation statement(s) have not been attached as *Appendix to* support these closing balances since we don't operate special deposit Account at Central Bank of Kenya

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.8 Cash In Hand

	2020/21	2019/20
	KShs	KShs
Location 1	-	-
Location 2	-	-
Location 3	-	-
Other locations (<i>specify</i>)	-	-
Total cash balances	≡	≡

9.9 Cash equivalents (short-term deposits)

	2020/21	2019/20
	KShs	KShs
National Bank of Kenya Upper Hill Branch (A/C No 01001032980001)	-	-
Total	-	-

10.FUND BALANCE BROUGHT FORWARD

	2020/2021	2019/20
	KShs	KShs
Bank accounts	600,220	1,074,940
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Total	600,220	1,074,940

11. PROGRESS ON FOLLOW UP OF PRIOR YEAR AUDITOR'S RECOMMENDATIONS

There were no issues raised by the external auditors during the previous audit

12. ANNEXES

ANNEX 1. - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget a	Actual on Comparabl e Basis b	Budget Utilization Difference c=a-b	% of Utilization d=b/a %	Comments on Variance(below 90% and over 100%)
Receipts					
Transfer from Government entities	-	-	-	-	-
Proceeds from domestic and foreign grants	-	-	-	-	-
Total Receipts					
Payments					
Purchase of goods and services	600,220	593,960	6,260	99%	-
Transfers to other government entities	-	-	-	-	-
Total payments	600,220	593,960	6,260	99%	-

APPENDICES

- i. Bank Reconciliations statement as at 30th June 2021
- ii. Board of Survey Report
- iii. GOK IFMIS comparison Trial Balance

*Support to the attainment of vision 2030 through devolved land reforms in community lands of Kenya
Reports and Financial Statements
For the financial year ended June 30, 2021*
