REPORT OF THE AUDITOR-GENERAL ON KENYA FOREST SERVICE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Forest Service set out on pages 1 to 50, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, the financial position of the Kenya Forest Service as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Forest Conservation and Management Act, 2016.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

1.1 Unresolved Prior Year Issues

(i) As previously reported, the financial statements as at 30 June, 2020 reflects property, plant and equipment balance of Kshs.1,679,377,425 out of which Kshs.890,201,139 relates to the value of buildings owned by the Service in various locations. The figure excludes unspecified value of rangers' houses that were constructed and donated to the Service by China Roads and Bridges Company during the year under review. In addition, contrary to the requirements of IPSAS 17, the land on which these buildings are erected had not been valued in the last seven years and/or disclosed separately.

(ii) In addition, the Service acquired all the assets of the former Forest Department including land vide Legal Notice No.151 of 2008 dated 28 November, 2008. However, out of the two hundred and sixty-five (265) gazetted forest blocks owned by the Service with an acreage of 2,585,526.44 hectares, only seventy-seven (77) blocks have title deeds while twenty-five (25) are at an advanced stage of title deed acquisition.

(iii) The acreage of 2,585,526.44 hectares includes undetermined area of land with land ownership disputes ongoing court cases between the Service and private parties.

(iv) There was illegal encroachments and excisions on forest land in various parts of the country of which a total of 555.9 hectares were illegally acquired by private parties in Kipkabus, Tingwa and Ngong forest. Further, in Uasin Gishu County, 29.5 hectares of land has operational installations in the forest land that were not formally permitted through a license and others which were licensed but remained unpaid for as tabulated below:

Institution	**Hectares**
Ministry of Energy	0.7
Kenya Airports Authority	1.0
Nabkoi Water Project	10.0
Kapsaret Water Project	1.8
County Cemetery	16.0
Total	**29.5**

Failure to have licenses for installations and to collect revenue results to loss of revenue and illegal use/occupation of the land.

1.2 Heritage Assets

As previously reported, Note 26 of the financial statements indicate that the Service has two hundred and sixty-five (265) gazetted forest blocks, some of which form part of conservation areas and nature reserves including the land, forest and allied forest resources therein and are such treated as heritage assets as per IPSAS 17. However, the Service did not disclose the specific forest blocks recognized as heritage assets as required by paragraph 9 and 12, of IPSAS 17.

Consequently, the accuracy and completeness of heritage assets as at 30 June, 2020 could not be ascertained.

1.3 Failure to Revalue Assets

Note 4(e) on property, plant, and equipment under the summary of significant accounting policies stipulate that cost includes expenditure that is directly attributable to the acquisition of the items. Further, IPSAS 17 Section 31 stipulates that revaluations should be carried out regularly, so that the carrying amount of an asset does not differ materially from its fair value at the balance sheet date.

The Service has a policy document to guide in the management of its assets; mainly the valuation, recording and capitalization of assets, method and rate of depreciation, impairment of assets, the procedures of write offs and disposal. However, the Management did not avail any evidence that valuation has been carried out as stipulated in the policy document.

In the circumstances, the fair statement of assets in the financial statements could not be confirmed.

2.0 Forest Plantations

2.1 Omission of Plantations Land

As previously reported, Note 27 to the financial statements reflects biological assets balance of Kshs.71,869,497,972 (2019 - Kshs.65,829,634,562) as at 30 June, 2020. However, the value of the land on which the plantations are located was not separately disclosed under property, plant and equipment or investment property as required by IPSAS 27. The IPSAS further requires that biological assets, other than bearer plants, that are physically attached to the land be measured as biological assets separately from the land. In addition, it is not clear whether the plantations have been treated as property, plant and equipment, investment property or biological assets. Further, a detailed register showing the plantations land owned by the Service had not been maintained.

In the circumstances, it has not been possible to confirm whether the biological assets balance of Kshs.71,869,497,972 as at 30 June, 2020 is fairly stated.

2.2 Impairment of Plantations

The following was noted in relation to impairment of plantations.

(i) As previously reported, Note 27(ii) to the financial statements reflects impairment to forest plantations of Kshs.5,843,000 (2019 - Kshs.122,809,496) representing a decrease of 95% or Kshs.116,966,496 from the previous year. However, although impairment was recognized in the statement of changes in equity for the year ended 30 June, 2020, significant assumptions made in the estimation of the fair value of the trees such as 15% of the trees planted will not attain maturity due to natural factors could be factual but it may not be possible for the Service to determine whether cash inflow and outflow could accrue evenly throughout the useful life and figures cannot be quantified.

(ii) As previously reported, in Mau and North Rift Conservancies, 227.7 hectares of mature and young plantations valued at Kshs.75,974,850 in the previous year were burnt. The loss resulted to 42-fold compared to the previous year. Poaching of mature trees, poles, withies, and uprooting of young seedlings was reported in all the conservancies. This reduced the values of standing stock by Kshs.5,843,000 during the year under review.

(iii) As previously reported, the Service had not disclosed or explained the basis (method and assumptions) for the impairment amount as well as the categories and distinction of its biological assets as required by IPSAS 26.

(iv) No disclosure had been made on changes to the carrying amount of the biological assets. Therefore, it was not clear if the biological assets were disclosed using fair value measurements as required by IPSAS 27.

Consequently, the total impairment value for plantations amounting to Kshs.5,843,000 as at 30 June, 2020 could not be confirmed.

3.0 Long Outstanding Receivables from Exchange Transactions

(i) As previously reported, the receivables from exchange transactions balance of Kshs.451,346,810 includes long outstanding debts of Kshs.247,716,405 out of which debts amounting to Kshs.75,024,727 are owed by Government Agencies and Media houses whose transmitters are located within Kenya Forest Service land. The license charges had not been paid for by 30 June, 2020 as the license fee is said to have been paid to the Government owned Kenya Broadcasting Corporation. In addition, a review of debtors aging analysis confirmed that some debtors have been outstanding for several years, some since year 2010.

(ii) As previously reported, the minutes of the special Board of Directors meeting dated 14 November, 2018, Ref. Special Board/Min 5/11/2018 (Chairman's remarks) stated that the proprietors of Kipini Conservancy owed the Service Kshs.19 million. The conservator (Kipini) communicated to the Management of the Service offering to give 5,000 hectares in lieu of payment and requested that the Government purchases the remaining hectares. The Board advised the Management to write to the parent Ministry to request Treasury for money to purchase the land. However, the advice of the Board was not acted on. Further, the debt of Kshs.19 million was omitted from the financial statements, thus understating the receivables from exchange transactions by the same amount.

In the circumstances, it was not possible to confirm the receivables from exchange transactions balance of Kshs.451,346,810 as at 30 June, 2020 as fairly stated.

4.0 Revenues and Appropriation in Aid

4.1 Inappropriate Recognition of Revenue from Non-Exchange Transactions

As previously reported, the statement of financial performance for the year ended 30 June, 2020 reflects revenue from non-exchange transactions of Kshs.4,887,885,834 and deficit for the year of Kshs.1,083,477,250. The revenue amount of Kshs.4,887,885,834 includes Kshs.278,809,682 reflected as transfers from other Governments in Note 7 to the financial statements. The audit of the component revealed that the receipts had related conditions attached that would give rise to a liability to repay the amounts.

As previously reported, although deferred income was recognized as required by IPSAS 23, the statement of changes in net assets for the year ended 30 June, 2019 reflects an adjustment of Kshs.66,431,615 (2018 - Kshs.124,110,416) made to the revenue reserves which has been described as refunds to different donors after the closure of specific projects for the financial year 2017/2018 and beyond. Further, donor related grants received during the year have not been recognized as income over the periods including the year under review.

In the circumstances, the accuracy and completeness of the revenue from non-exchange transactions balance of Kshs.4,887,885,834 could not be confirmed.

4.2 Plantation Revenue and Seeds and Seedlings

As previously reported, the Service earned Kshs.401,441,795; (2019 - Kshs.660,580,099) as Appropriation-in-Aid (AIA) mainly from forest and related forest products. In the same period, the Service spent Kshs.110,260,931 (2019 - Kshs.42,826,674) for trees seeds and seedlings and Kshs.207,812,226 (2019 Kshs.15,660,107) for tree planting activities. During the year under review, the Service produced a total of 39,522,634 seedlings in 290 tree nurseries under its management. The Service facilitated the planting of 23,060,253 tree seedlings against a planned target of 250,000,000 seedlings during the two tree planting seasons. This was 9.2% achievement on the overall target which was associated to low funding and effects of COVID-19 pandemic.

In the same period, the Service partnered with stakeholders and facilitated production of 92,065,123 seedlings against a production of 201,698,436 seedlings in 2017/2018. New stocked area established was 4,826.1 hectares compared to total acreage of 7,898 done in the previous year, a decrease of 27%. In natural forest conservation, the Service further performed poorly leading to non-realization of the set targets as follows:-

(i) Protection for natural regeneration planted 588,393 hectares against annual target of 900,000 hectares.

(ii) Enrichment planting was done at 783 hectares against a target of 3,000 hectares.

(iii) Areas cleared off invasion species was 281 hectares against the set target of 450 hectares.

Further, because of the Government forest moratorium, the Service did not earn any revenue as compared to 2019 when it realized Kshs.252 million with respect to plantation revenue. The moratorium was placed three years ago with the aim of aiding increasing the forest stocking and rehabilitation of the degraded areas which would consequently increase the national tree cover. From the above analysis, the efforts made and the achievements realized in the year, the forest cover increased by 0.03 hectares against a target of 0.06 hectares (50%). These activities declined against a backdrop of increased funding from the Government under National Tree Planting Program.

In addition, the expenditure on seeds and seedlings increased slightly. It is not clear whether the planting regime undertaken by the Service match with the international standards which should be geared towards increasing the national tree coverage by 10% every year.

Consequently, it has not been possible to confirm the propriety of Kshs.318,073,157 incurred for the year ended 30 June, 2020.

5.0 Aircraft Operations and Maintenance Cost

As reported previously, the Service acquired a caravan aircraft and helicopter to enhance its accessibility to forested areas and other transport related needs. During the year under review, the Service incurred Kshs.11,270,836 for aircraft operating, Kshs.28,966,865 for maintenance and Kshs.11,603,390 for insurance, all totalling Kshs.51,841,091 (2019 - Kshs.40,003,753). In addition, the aircraft and helicopter were leased out for private

functions and earned the Service Kshs.4,961,572 (2019 - Kshs.2,438,590). However, no travel logs of the aircraft and helicopter were provided to indicate the journeys the two had been used for and the rates applied in order to verify the revenue generated.
Consequently, it was not possible to determine whether the aircrafts were being utilized for official duties, the completeness of the revenue earned of Kshs.4,961,572 and propriety of the total aircraft costs of Kshs.51,841,091 could not be confirmed.

6.0 Unsupported Special Operations Expenditure

As previously reported, Note 19 to the financial statements reflects general expenses balance of Kshs.1,384,778,791 which included an expenditure of Kshs.77,054,328 (2019 - Kshs.100,421,322) on special operations. This expenditure was incurred on imprests issued to various District Forest Officers and Regional Commandants for purchase of goods and services and allowances to forest rangers. However, the Management did not provide reports to support the special activities on forest protection.

In the circumstances, it has not been possible to confirm the propriety of the expenditure of Kshs.77,054,328 on special operations.

7.0 Unconfirmed Trade and Other Payables

The Service has a financial obligations of Kshs.4,032,820,595 which was omitted from trade and other payables from exchange transactions balance of Kshs.169,026,549 and which have been outstanding for a long period as analysed below: -

Creditor	Amount Owed (Kshs.)	Comments
Kenya Revenue Authority	3,974,441,972	The Service has engaged a tax consultant to conduct a health check and spearhead the negotiations on the pending taxation payments.
National Industrial Training Authority (NITA)	39,410,010	Statutory levy that the Service failed to remit to NITA from January 2008 to December 2018. From January, 2019 to date the Service has paid the principal amount of Kshs.19,388,600 but have requested NITA for waiver of Kshs.39,410,010 of interest and penalties accrued.
Ministry of Transport, Infrastructure, Housing and Urban Development	18,968,613	Outstanding market rent for houses belonging to the Ministry of transport and housing but occupied by the Service employees. A joint team is reviewing to inform the accurate outstanding amount
Total	**4,032,820,595**	

The Service may not have discharged its statutory obligations when they fell due and risks accruing high interests and penalties.

In the circumstances, it has not been possible to confirm that trade and other payables from exchange transactions of Kshs.169,026,549 as at 30 June, 2020 is fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Forest Service Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled the 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 the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Going Concern Assumption

The statement of financial position reflects current liabilities of Kshs.554,861,519 and current assets of Kshs.1,161,644,191 resulting to a positive working capital of Kshs.606,782,672. However, the current liabilities are exclusive of the statutory obligations amounting to Kshs.4,032,820,595 comprising of Kshs.3,974,441,972; Kshs.39,410,010 and Kshs.18,968,613 relating to Kenya Revenue Authority, National Industrial Training Authority (NITA) and Ministry of Transport, Infrastructure, Housing and Urban Development respectively. Had the outstanding statutory obligations been included, the current liabilities would have been Kshs.4,587,682,114 resulting to negative working capital of Kshs.3,426,037,923.

Consequently, the Service's going concern assumption is dependent on the support of the Government.

Key Audit Matters

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

Other Matter

1. Utilization of Information Technology (IT)

The financial statements under review indicate the net book value for computers and ICT assets as Kshs.23,793,377 (2019 - Kshs.28,118,479) and the value of intangible assets as Kshs.18,012,014 (2019 - Kshs.27,220,970) all totalling Kshs.41,805,391. It was noted that the Service was still experiencing inadequate IT infrastructure in terms of suitable systems (software), ICT personnel and appropriate hardware. The slow adaptation of ICT services was noted despite having invested over Kshs.9,156,805 (2019 - Kshs.11,455,250) on computerization. The use of Geographical Information System (GIS) was still not effective in the surveillance and monitoring of forests activities such as illegal logging, theft of firewood or forest fires. The system was not linked to any devices positioned in the forests for prompt surveillance and GIS was not interfaced with the aim of surveillance and monitoring of forests.

2. Biological Assets - Plantations Valuation Method

As previously reported, the valuation process used by the Service had the following inadequacies:

(i) Shortcomings where saw millers paid full invoice value but tree stands remained un-harvested for longer periods, even longer than the stipulated one-year period.

(ii) Rebates were issued to saw millers who encountered defective trees during harvesting thereby reducing the invoice value. This scenario results to reconciliation issues between the plantation department and the revenue section which sometimes remained outstanding for long periods unresolved.

(iii) Likelihood of collusion amongst the saw millers, inventory team, Chief Conservator of Forests (CCF) office and the Ecosystem Conservation (EC) office was evident.

(iv) Further there was no evidence of any reconciliation between the allocated, invoiced, paid, removed and even remaining materials on the ground.

(v) Lack of plantation register and an overall plantation management plan has adversely affected the accountability of the country's forest cover.

Consequently, the Management may fail to attain the revenue targets due to the cited limitations.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Report 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. Unauthorized Acquisition of Legal Services

As previously reported, Note 19 to the financial statements includes legal and arbitration expenses amounting to Kshs.35,684,853 (2019 - Kshs.15,437,610). During the year under review, it was noted that various lawyers or law firms were engaged in offering legal services on behalf of Kenya Forest Service.

The Management did not explain why an approval to hire legal services was not sought from Attorney-General and the procurement methods used to procure the law firms. In addition, reports of pending and finalized litigations as at 30 June, 2020 were not availed for audit review.

Consequently, the Service was in breach of the law and it was not possible to confirm whether value for money was obtained.

2. Outstanding Temporary Imprest

Note 25 to the financial statements reflects Kshs.45,913,860 (2019 - Kshs.60,367,594) being receivables from non-exchange transactions for the Service as at 30 June, 2020.

The balance include Kshs.12,339,548 being temporary imprest which had not been surrendered by the close of the year as required by Section 71(4) of Public Finance Management Act No.18 of 2012.
In the circumstances, the Management was in breach of the Law.

3. Un-updated Asset Register

During the year under review, the Service acquired various assets through development projects under its management. These assets include among others motor vehicles, computers, and other office equipment. The assets register produced for audit scrutiny did not comply with the requirement that the assets register which should include Development Project's assets and liabilities separately in line with the National Treasury Circular No.5/2020 of 25 February, 2020. All assets appear to have been procured directly by the Service.

In the circumstances, the Management was in breach of the law and National Treasury circulars.

4. Conflicting Laws in Establishment of the Kenya Forest Service

The Service has continued to experience challenges due to conflicting sectoral policies, laws and regulations governing the management of forests and other natural resources. The laws governing Kenya Wildlife Service (KWS), Kenya Water Towers Agency (KWTA) as well as the process of transferring the devolved forestry functions have negatively affected the implementation of the devolved forestry functions.

Under the circumstances, it was difficult to draw the boundaries of each entity resulting to conflict in the Management of the resources.

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, 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

Enterprise Resource Planning (ERP)

The Service acquired an Enterprise Resource Planning (ERP) system to manage its operations. The ERP had several modules including revenue collection module used in the management of revenue collection. An analysis of the revenue collection module revealed that the Service operated both a manual and electronic system in the collection of revenue.

Manual receipt books were used to collect revenue then subsequently an electronic internal receipt was issued to clear the initial collected revenue and recognize or account for the revenue in the system. The management did not explain why the manual system and electronic system were used interchangeably.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual 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 Service's ability to continue 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 Service or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Service's financial reporting process, reviewing the effectiveness of how the Service 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service'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 Service to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service 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

11 February, 2022