REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA ACCREDITATION SERVICE

FOR THE YEAR ENDED 30 JUNE, 2023

Kenya
Accreditation
Service
... Delivering Trust

Kenya Accreditation Service (KENAS)

Annual Report and Financial Statements for the Financial Year ended 30th June 2023

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

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1 Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AFRAC	African Accreditation Cooperation
CAB	Conformity Assessment Body
CASCO	Conformity Assessment Standards Committee
CEO	Chief Executive Officer
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
EASA	European Union Aviation Safety Agency
EAAB	East Africa Accreditation Board
IAF	International Accreditation Forum
ICPAK	Institute of Certified Public Accountants of Kenya
ILAC	International Laboratory Accreditation Cooperation
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KENAS	Kenya Accreditation Service
PFM	Public Finance Management
PPE	Property Plant & Equipment
WTO	World Trade Organization

B: Glossary of Terms

Accreditation is a third-party attestation related to a conformity assessment body conveying a formal demonstration of its competence to perform specific conformity assessment tasks.

Assessment is the process undertaken by an accreditation body to determine the competence of a conformity assessment body based on standard(s) and/or other normative documents for a defined scope of accreditation.

Assessor is person assigned by KENAS to perform, alone or as part of an assessment team, an assessment of a conformity assessment body.

Conformity assessment activity is activity undertaken or service provided by a conformity assessment body when evaluating conformity of a product or service, which include, but are not limited to, testing, calibration, inspection, certification of management systems, persons, products, processes and services, provision of proficiency testing, production of reference materials, validation and verification.

Conformity Assessment Body is a body that carries out conformity assessment services, including calibration, certification, testing, inspection, medical testing, proficiency testing and production of reference materials and verification.

Fiduciary Management is members of Management are directly entrusted with the responsibility of financial resources of the organisation.

Team Leader is an assessor who is given the overall responsibility for the management of an assessment

<table>
<tr><th>No.</th><th>Directors</th><th>Details</th></tr>
<tr><td>3.</td><td>
Dr. Leah Chelagat
MCAP, BTh</td><td>Independent Director (born 1967)
Appointed 22nd June 2023
Dr. Leah Chelagat holds a Masters' Degree Counselling & Psychology from BIBU International University, a BA Theological Studies from BIBU International University and a Certificate in International Mediation from Mediate University. She is the Managing Director & Founder 1 Pome Granite International Ltd.

Leah's areas of expertise include Strategic Planning, Financial Analysis, Business Acumen, Project Management, Risk Management and Team Building with over 20 years' experience as a multiple start up Investor.

Leah was appointed as an independent Director in June 2023. She is the chair of the Technical and Strategy Committee and a member of the Finance and Investment Committee.</td></tr>
<tr><td>4.</td><td>
Mr. Zedekiah Orioki
BAEcon, Dip</td><td>Independent Director (born 1962)
Appointed 22nd June 2023
Zedekiah Orioki holds a Bachelor of Arts Degree (Economics) and Diploma in Purchasing and Supplies. He has over thirty (30) years' experience in public and commercial purchasing, store management and Supply Chain Management.

He previously served in diverse roles such as Chief Officer, Supply Chain department at the Geothermal Development Company-(GDC), Senior Purchasing Officer, Kenya Medical Research Institute- KEMRI, Stores Manager at DT Dobie Motors and Store manager at CMC Motors Group K. Limited. He brings a diverse skill set in supply chain processes, systems and compliance requirements.
Zedekiah was appointed as an independent Director in June 2023. He is the chair of the Finance and Investment Committee and a member of the Human Resource and Administration committee.</td></tr>
</table>

No.	Directors	Details
5.	 **Mr. Waiganjo Dickson Macharia** LLB, PGD, Advocate of the high court of Kenya	***Independent Director (born 1972)*** ***Appointed 22nd June 2023*** Waiganjo Dickson Macharia has a Bachelor of Law (LLB) degree from the University of South Gujarat and a Diploma of Law from the Kenya School of Law. He was admitted to the roll of Advocates on 4th October 1999. He is the Managing partner at Macharia Waiganjo and Nyakoe Advocates where he specializes in conveyancing, civil and commercial matters. He has over 23 years' experience in Legal, regulatory and Compliance matters which are essential in shaping good governance. Waiganjo was appointed as an independent Director in June 2023. He is the chair of the Audit and Risk Committee and a member of the Human Resource and Administration Committee.
6.	 **Ms. Stella Osoro,** MA, BA, CPA(K)	***Alternate to the Principal Secretary, The National Treasury (born 1984)*** ***Appointed 17th November 2015*** Stella Osoro has a Master of Arts in Economics and a Bachelor of Arts in Economics from the University of Nairobi. She is a Certified Public Accountant of Kenya (CPA-K). She Currently works at the National Treasury and Planning as a Principal Economist. Stella was appointed alternate to the CS, National Treasury and Economic Planning in the year 2015. She is an experienced Public Sector Economist and Accountant. She is a member of the Audit Risk and Assurance and Finance and Investment Committees of the Board.

<table>
<tr><th>No.</th><th>Directors</th><th>Details</th></tr>
<tr><td>7.</td><td>
Ms. Ruth Wanyonyi
MScFin, BFin, CPA (K).</td><td>***Alternate to the Principal Secretary, State Department of Industry (born 1982)***
Appointed 19th January 2023
Ruth Wanyonyi is a holder of a Master of Science Degree in Finance from JKUAT, Bachelor of Commerce in Finance from KCA University and is a Certified Public Accountant (K) with membership at ICPAK. She serves as the Ag. Head of Accounting Unit at the State Department for Industry. She joined the department in June 2018 having previously worked at various Ministries Departments Agencies.
Ruth was appointed as an alternate to the Principal Secretary, State Department for Industry in January 2023. She is a member of the Audit and Risk and Finance and Administration Committees of the Board.</td></tr>
<tr><td>8.</td><td>
Mr. Hezbon K'ogollah
MBA, BscFood, PGD</td><td>***Independent Director (born 1982)***
Exited on 15th June 2023
Hezbon K'ogollah holds a Masters of Business Administration (Operations Management) from University of Nairobi, a Bachelor of Science in Food Science & Technology (Hons) from University of Nairobi and a Post Graduate Diploma in Military Science from Egerton University. He has over fifteen (15) years' experience in the public and commercial manufacturing sector, end to end operations and Supply Chain Management.
He was an independent director and served as Chair of the Audit and Risk Assurance Committee and member of the Finance Investment Committee.</td></tr>
<tr><td>9.</td><td>
Mr. Simon Saining'u
MBA, BscFin</td><td>***Independent Director (born 1969)***
Exited on 15th June 2023
Simon Saining'u holds an MBA in Finance from USIU and a Bachelor of Science in Mathematics and Statistics. He is a Finance and Mathematics expert with over 30 years' experience in the public sector.
He has certifications in Institutional Re-Engineering and Change Management and Strategic Planning & Management from the Kenya School of Government, Senior Management Development Programme, ESAMI from Egerton University, Customer Relationship Management from Kenya Revenue Authority, Project Management Excellence from Deloitte, Business Performance Improvement from KPMG Training</td></tr>
</table>

No.	Directors	Details
		Solutions and Performance Management from Institute of Personnel Management. He was an independent director and served as Chair of the Finance Investment Committee and member of the Technical and Strategy Committee
10	 **Ms. Evah Adega Oduor** MBA, MSc, BSc, QI	***Chairperson (born 1957)*** ***Exited on 26th April 2023*** Evah Adega Oduor holds an MSc in Biochemistry, a Master's in Business and Administration and a BSc in Biochemistry from the University of Nairobi. Evah is a Standards and Quality Infrastructure Expert with 20 years' experience currently working with Physicalische Technishe Bundeseinstalt (PTB) as a Quality Infrastructure Expert on a project dealing with Up-grading of Quality Infrastructure in Africa for the Organisational development of Africa Standardization Electrotechnical Commission (AFSEC). Evah is an Independent Consultant/ Director IEC Africa Regional Centre, Nairobi, Kenya. She has immensely contributed to Standards Development, International Trade and Quality Assurance Training in Standardisation and Conformity Assessment. She was appointed as the Chairperson of the KENAS Board in October 2021
11	 **Dr. Nancy N. Muriuki,** PhD, MBA, BCom. Dip., CPS(K)	***Independent Director (born 1963)*** ***Retired on 16th March 2023*** Nancy Muriuki holds a PhD in Organisational Leadership from Regent University USA, an MBA from the University of Nairobi, a Certified Secretary (CS) from KASNEB, a Bachelor of Commerce (Business Administration) from the University of Nairobi and a Diploma in Management from the Kenya Institute of Management. She is a member of the Institute of Human Resources Management of Kenya (IHRM-K) and Institute of Certified Secretaries (ICS) and is an adjunct lecturer at the Pan Africa Christian University (PAC) in Nairobi. Nancy's areas of expertise include Governance and Leadership, Human Resource Management/ Development, and Corporate Secretarial Practice and has over 32 years of experience.

No.	Directors	Details
		She was an independent Director and served as Chair of the Audit & Risk Assurance and Finance & Investment Committees
12.	 **Mr. Danson M. Ngaari,** MBA, BSc. Global Health, PGDipCDTech.	***Independent Director (born 1962)*** ***Exited on 5th July 2023*** Danson M. Ngaari has a Master's of Business and Administration (International Business) from the open University of Malaysia, Bachelor of Global Contemporary Health from the University of Hertfordshire U.K), Postgraduate Diploma in Dental Technology from the Kenya Medical Training Institute and Pre-Clinical Studies from the University of Nairobi. He has over 20 years of experience in management, institutional leadership, and Governance. Danson is a member of the Kenya Dental Technologist Association and various community Associations. He is an independent Director at KENAS, is the current Chair of the Finance & Investment Committee and the immediate past Chair of the Human Resource & Administration Committee
13.	 **Mr. Alex Gatundu,** LLM, Dip.LLB	***Independent Director (born 1972)*** ***Retired on 13th January 2023*** Alex Gatundu has a Bachelor of Law (LLB) degree from the University of Nairobi and a Diploma of Law from the Kenya School of Law. He was admitted to the roll of Advocates in December 1998, and he specialises in Civil and Commercial law practice. He has 22 years' experience in Law practice, and he is the Managing Partner of Gatundu & Co Advocates. He is a Certified Retirement Benefits Trustee and has held several leadership positions at the African Bar Association (Kenya Forum) and the Law Society of Kenya. Alex was appointed as an independent Director in January 2020. He was the Chair of the Technical & Strategy Committee and member of the Technical and Strategy Committee

No.	Directors	Details
14.	 **Mr. Duncan Nyale** Msc.IT, BSc. IT, Dip.IT	***Independent Director (born 1981)*** ***Retired on 13th January 2023*** Duncan Nyale holds a MSc in Information Systems from Kisii University, a Bsc in Information Technology and a Diploma in Information Technology from the Jomo Kenyatta University of Agriculture and Technology. He is a seasoned Technical, Public Policy and Administration advisor with over 15 years' experience in Corporate Governance, Information and Communication Technologies (ICT) and Education. Duncan is a Lecturer and a former Ag. Director of the Directorate of Computing and e-Learning at the Cooperative University of Kenya. He was appointed as an independent Director in January 2020. He was the Chair of the Human Resource & Administration Committee and member of the Technical & Strategy Committee.
15.	 **Ms. Patricia Aruwa,** MA-Dev, BSc.	***Alternate to the Principal Secretary, State Department of Industry (born 1969)*** ***Replaced on 19th January 2023*** Patricia Aruwa holds a Master's Degree in Development Studies from the University of Nairobi and a Bachelor's Degree in Agriculture and Home Economics from Egerton University. She has also undertaken various training courses including Project Planning, Environmental Governance, Leadership and Management. Patricia has 29 years in Public Service, 10 years of these having been in monitoring and evaluation. She currently serves in the Business Environment and Private Sector Development Directorate of the State Department for Industrialization. She is the Alternate to the PS State Department for Industrialization since November 2021. She was a member of the Finance & Investment, Human Resources & Administration and Technical & Strategy Committees of the Board

No.	Directors	Details
16.	 **Mr. Martin Chesire** MBA, MSc. BSc., CQP(UK), MIoD(K)	***Chief Executive Officer (born 1973)*** ***Reappointed on 19th March 2021*** Mr. Martin Chesire is a quality infrastructure professional with over twenty years working with national, regional and international organizations and development partners. He has a Master of Science in Quality Management and Business Excellence from the University of Stirling (Scotland) and Executive Master of Business Administration in International Management from the Université de Genève (Switzerland). He is a graduate of Moi University (Kenya) with a Bachelor of Science in Chemistry. Mr. Chesire worked at the International Organization for Standardization (ISO) in Geneva (Switzerland) and prior to that at the Kenya Bureau of Standards (KEBS). He is a Chartered Quality Professional (U.K.) and a member of the Institute of Directors of Kenya (IoDK).

4 Key Management Team

Martin Chesire
Chief Executive Officer
EMBA, MSc. BSc., CQP(UK), MIoD(K)

Susanah Munyiri-Ochieng
Chief Manager, Certification, Inspection and Verification
MBA, BSc., Dip. QI, MIoD(K)

Lucy Nancy Muthoni Namu
Chief Manager, Laboratories
MSc, BSc. PGDSc. PGDA

John Mburu Kamau
Chief Manager, Corporate Services
MBA, BCom., CPA(K), CPS(K)

Elijah Kandie
Manager, Internal Audit
BBM, CPA(K), MIIA(K)

 **Joyce Wangui Gichuru** Manager, Scheme Development, Training and Advocacy MAIR, B.Sc. (Agriculture)	 **Henry Maxwell Wandabwa** Manager, Finance and Accounts MBA, BCom., CPA(K)
 **Flormina Musee Ngina** Manager, Supply Chain Management MBA, BBA, MCIPS (UK), MKISM	 **Walter Manyibe Nyamwaya** Principal Legal Officer LLB, PGDI, CS

Francis Olalo
Ag. Corporation Secretary
LLB, CPS

5 Chairperson's Statement

On behalf of the Board of Directors of Kenya Accreditation Service (KENAS), I present the 13th Annual Report and Financial Statement for the Financial Year 2022/2023.

KENAS plays a key role in the national, regional and international arena working with partners to strengthen the quality infrastructure through accreditation. In the period under review, KENAS participated in regional and international engagements organized and hosted by quality and standards organizations such as ILAC, IAF, AFRAC, EAAB, ISO, and the WTO. KENAS also hosted members of the EAAB and the EAC Secretariat with the aim of deepening accreditation in the East African region to facilitate trade and quality services to citizens.

The Service was able to conduct and accomplish its mandate in providing accreditation and training of CABs in line with set standards. The Kenya Accreditation Service Act 2019 mandates KENAS to participate in the formulation and monitoring of national, regional and international accreditation guidelines and standards to ensure that global trade facilitation is enhanced for Kenya.

The Board, in its continued efforts to attain financial sustainability, steered KENAS to an improved financial position. The Board also approved policies aimed at building stakeholder and customer confidence in KENAS products and services. These policies were aimed at ensuring prudent financial management, and safeguarding the long-term financial sustainability of the service.

To enhance institutional capacity in service delivery in line with the strategic plan, the Board approved a recruitment plan for additional staff. Further, it directed the implementation of the staff training plan and granted for office relocation to expand the available facilities and work stations for the staff.

Further, in its effort to mitigate the risk of misuse and false claims of accreditation and enhance protection of its intellectual property rights, the Board approved a rebranding project to reposition KENAS in the quality infrastructure arena.

In the year under review, KENAS went through effects of global economic decline which impacted attainment of its planned goals. These include; slow uptake of accreditation services and the delayed appointments of board members that affected KENAS ability to provide timely strategic direction.

For the financial year 2023/2024, the Board will prioritize monitoring the advancement of the EAPK-Project's implementation and realignment of the KENAS strategic plan toward ensuring financial stability and sustainability.

Finally, I would like to thank the KENAS Board both current and outgoing, the Committee Chairs and and Management for their dedication and commitment which led to KENAS making good progress. I also wish to extend my gratitude to the Ministry of Investments, Trade and Industry for close collaboration and guidance to the Board and KENAS where necessary.

ngeny BIWOTT
Chairperson of the Board

Date: 18/12/2023

6 Report of the Chief Executive Officer

I am pleased to report another successful year for KENAS, despite the slowdown in delivery during the first quarter occasioned by the extended electioneering period. In the year ended 30th June 2023, we recorded an 11% growth in Appropriation in Aid, and we received the second-highest number of applications in a single year since our establishment. Because of this, we recruited several staff members and qualified additional assessors to match the demand and maintain good service delivery. In sum, our financial performance was aligned with our expectations, and our expenditures were within the budget target, marking the return to positive financial results.

Strategic Focus

The Financial Year (FY) 2022/2023 marked the third year in implementing our Strategic Plan 2020-2024, which comprises six (6) strategic pillars, and during the second quarter, we undertook the mid-term evaluation to facilitate alignment of our Strategic Plan 2020-2024 Government's Bottom-up Economic Transformation Agenda (BETA) and the Fourth Medium Term Plan 2023-2028 of Kenya's Vision 2030. The overall achievement was 67% against the Strategic Plan two and half years of implementation. To this end, I am pleased to highlight the initiatives and achievements for the third year of the Strategic Plan 2020-2024 implementation as presented in this 13th Annual Report and Financial Statements for the Financial Year 30th June 2023.

At the outset of FY 2022/2023, we continued strengthening our service delivery by formulating four (4) client-focused policies essential to enhance the transparency of our fees and charging practices, namely, estimation of person-days for assessment, group and multi-site accreditation, application for flexible scope accreditation, and travel and accommodation policies. As a result, in October 2022, we transferred the responsibility for arrangements for travel and accommodation to be undertaken by Clients directly. These policies enabled KENAS to free up its liquidity of approximately 27 Million (FY 2021/2022), reduce the credit control efforts and set the stage for reviewing the 2012 pricing model to be implemented in the coming FY 2023/2024.

Regional and International Commitments

KENAS actively strengthened its position in international and regional accreditation engagement with IAF, ILAC, and AFRAC. As a result, in the FY 2022/2023, KENAS attained an impressive 97% participation score overall, reflecting our valuable contributions to influencing accreditation policies and standards. In addition, we continued to live our commitment to being a "Standards First" accreditation body by participating in formulating international standards and guidelines on conformity assessment and accreditation within the ISO Committee on Conformity Assessment (CASCO) and the maintaining a consistent presence and influence at the World Trade Organization (WTO) Technical Barrier to Trade Committee (TBT).

Overall, notably, several KENAS Staff hold several leadership roles, namely, AFRAC Vice-Chair Mutual Recognition Arrangements Committee (MRA), AFRAC Vice Chair Technical Committee and AFRAC Chair Marketing Communications Committee, AFRAC Evaluator Working Group, and ISO/CASCO WG 57 Convenor Mentee among others. Furthermore, KENAS provided AFRAC and Arab Accreditation Cooperation (ARAC) with Peer Evaluators for several Evaluations undertaken.

Within the East Africa Community (EAC), during the year, KENAS, through the support of partners, hosted the 6th East Africa Accreditation Board meeting in Nairobi, attended by Accreditation bodies and National Accreditation Focal Points from five (5) partner States.

Institutional Capacity developments

During FY 2020/2021, KENAS formulated a three-year human resource plan consistent with the Strategic Plan 2020-2024 with the objective of enhancing institutional capacity and governance. In the year under review, KENAS continued implementing the Human Resource Instruments Policy Instrument of 2019, recruited and onboarded nineteen (19) new Staff to strengthen the workforce, and promoted others. Besides, all KENAS management level Staff were trained at the Kenya School of Government, with two (2) attending the Strategic Leadership Development Programmes (SLDP), seventeen (17) in Senior Management Courses (SMC), and four (4) Supervisory Courses concluding the institutional pending skills gaps earlier identified in FY 2020/2021.

Furthermore, given the increase in the KENAS workforce and the opportunity provided by the lease expiry at the previous Office location (Embankment Plaza), KENAS relocated to a new Office location on Masaba Road. Through the Office Improvement and Remodelling Project (OIR Project), KENAS successfully moved to its new location on 28th December 2022.

The new offices allowed a purposeful design of a modern work environment. As such, KENAS introduced significant improvements that allowed for major transformation, facilitated employee culture change and reduced power distance. The new Office now features a complete dynamic open-space design for all Staff to comply with existing Public Service guidelines, customer-friendly consultation areas outside workstations to increase confidentiality, the co-locating of Staff in teams within close distance with supervisors to increase communication, a training centre with more meeting rooms to encourage and empower Staff to innovate, ideate, and debate issues eliminating bureaucracy but a potential revenue stream through hire out of meeting room space, and finally locating the Boardroom appropriately to guarantee effective arm's length distance between Management and Board.

Further, to address the emerging issue of misuse of KENAS logo and marks, we initiated a rebranding project that informed the development of a new logo, accreditation symbols, and brand identity. The rebranding is an effort to not only position KENAS but also mitigate the risk of misuse and false claims of accreditation and enhance the protection of its intellectual property rights. The new brand identity features a new logo, a new mark design in new colours, and brand identity user guidelines.

Operational and Financial performance

Under the accreditation and assessments, KENAS successfully processed seventy-three (73) applications for new accreditation and extension of scope, undertook one hundred and ninety-three (193) assessments, and accredited twenty-three (23) new CABs. As a result, the total number of accreditations was two hundred and sixty (260) at the end of June 2023. In addition, a few initiatives were directed at expansion efforts and its goal to enhance regional accreditation. As a result, KENAS accredited its first clients in Somalia and South Sudan, bringing the coverage to nine (9) African countries; the existing ones are Ghana (3), Rwanda (4), Tanzania (19), The Gambia (1), Sudan (1), and Uganda (10). Sadly, we withdrew twelve (12) accredited bodies in Kenya for various reasons, including failure to meet their financial obligations.

Under training and capacity building, KENAS conducted thirty (30) training programmes targeting individuals and groups, covering generic requirements in the normative conformity assessment standards and their application. These training programmes aim to enhance capabilities within the quality infrastructure, including raising awareness of the revised ISO 15189:2022 standard.

In the financial year 2022/2023, KENAS experienced notable revenue growth, with its Appropriations-In-Aid (A-in A) increasing by 11% from KES 106 million in the previous financial year to KES 117 million. Thus, it contributed to an overall growth in revenues from Kshs. 251.4 million to Kshs. 367.3 million, an increase of 46%.

Looking ahead at the coming year FY 2023/2024, our key priority will be the implementation of the Enhancement of Accreditation Project in Kenya (EAPK) and the alignment of the KENAS Strategic Plan to ensure KENAS attains financial stability and in line with its sustainability pathway.

Lastly, I sincerely thank the Board of Directors and our parent Ministry for their leadership, counsel, and support throughout the year. Also, I thank most sincerely all our clients and stakeholders who have continued to support us and provided immense feedback and ideas on our level of service. Finally, thanks to the Management team and Staff for their dedication to the KENAS mission.

I look forward to advancing another year towards our vision to be "a symbol of trust in quality, safety and environmental assurance".

Martin Chesire
CHIEF EXECUTIVE OFFICER

7 Statement of Performance against Predetermined Objectives for FY 2022/2023

KENAS has six (6) strategic pillars and objectives within the current Strategic Plan for the FY 2020/2021 to FY 2024/2025. These strategic pillars are as follows:

Pillar 1: Accreditation and Assessments;
Pillar 2: Knowledge Transfer and Advisory;
Pillar 3: Marketing Communication and Advocacy;
Pillar 4: Financial Sustainability;
Pillar 5: Internal Business Processes: and
Pillar 6: Institutional Capacity and Governance.

KENAS developed its annual work plan based on the six (6) strategic pillars listed above. Assessment of the Board's performance against its annual work plan was done on a quarterly basis. KENAS achieved its performance targets set for the FY 2022/2023 period for its six (6) strategic pillars, as indicated in the table 5.

Table 3: Performance against predetermined objectives

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Accreditation and Assessments	Deliver value added assessments and accreditation services	Number of new CABs accredited	Accredit forty-five (45) new CABs	The Service accredited twenty-three (23) new CABs. The variance is attributed to delays in the closure of non-conformities, postponement of client assessments, and unavailability of assessors.
		Number of CABs assessed	Assess 305 CABs	The Service assessed one hundred and ninety-three (193) CABs this was due to the unavailability of assessors and the rescheduling of assessments by clients.
		New and extension of scope applications reviewed	Review 64 applications for both new applicants and extension of scopes	KENAS reviewed seventy-three (73) applications from new applicants and extension of scopes.
Pillar 2: Knowledge Transfer and Advisory	Strengthen accreditation assessment resource capabilities	Training programmes delivered	Deliver forty-five (45) training programmes	KENAS delivered thirty (30) training sessions. Variance was due to low registration that led to rescheduling or cancellations.
		% of assessment personnel	Identify and qualify assessment personnel	Trained thirty-eight (38) team leaders and twenty-nine (29) assessors resulting in 100% achievement.

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		identified and qualified		
Pillar 3: Marketing, Communication and Advocacy	Enhance KENAS brand visibility	Advocacy and Awareness programmes organized	Organize advocacy and awareness programmes	KENAS hosted key events, participated in CSR activities and commemorated partner events.
Pillar 4: Financial Sustainability	To enhance the Service's financial ability to meet its mandate	Increased funds	Secure Kshs. 109 million for Project Funding	KENAS was allocated Kshs. 100 million in the FY 2023/2024 development budget
			Raise Kshs 120 million as Appropriation in Aid	KENAS raised a total of Kshs. 117 (98%). The variance was due to deferment of assessment and training activities.
			Cooperate with Development partners to fund key projects	KENAS cooperated and received support from KCAA and EASA- CORSIA
Pillar 5: Internal Business Processes	Minimise turnaround time for services	Reduced turnaround time for key services	Reduce the duration for accreditation to three (3) months	The Service improved its turn-around time for accreditation services from 5 months to 4 months 3 weeks
	Improve service delivery	Automation index	Increased Automation Index (Target 71.7%)	An automation survey was conducted resulting in an automation index of 72.5%.
Pillar 6: Institutional Capacity and Governance	Strengthen Institutional Capacity and Governance	% implementation of recruitment plan	Implement recruitment plan	Recruited nineteen (19) staff.
		Level of Strategic Plan implementation	Monitor and evaluate implementation of the Strategic Plan	KENAS has been consistently monitoring the implementation of its Strategic Plan for the period 2020 to 2024, and the current progress stands at 67% completion.
		EA-AB Operational plan	Collaborate and support EAC Secretariat to plan and fund operationalization of EA-AB	During the meeting hosted by KENAS for the EA-AB, an operational plan was formulated and officially adopted.
		% of Board Members trained	Train and build capacity of 100% Board Members	100% Board members trained on *Mwongozo* code of Governance

8 Corporate Governance Statement

The KENAS Board is accountable to the Kenyan Government through the Ministry of Investments, Trade and Industry, ensuring legal compliance, governance standards, and alignment with the *Mwongozo* Code of Conduct and the Kenya Accreditation Service Act 2019, Section 7.

Board composition

As summarised in table 6, nine (9) persons served as Directors at different times, all of whom, except for the CEO and two alternates to the Principal Secretaries, are independent non-executive Directors.

Table 4: Board Composition

No.	Name	Appointed or reappointed	Role	Details
1.	Mr. ngeny BIWOTT	25th April 2023	Chairperson	1st term
2.	Ms. Grace Otieno	15th June 2023	Member, Independent	1st term
3.	Dr. Leah Chelagat	22nd June 2023	Member, Independent	1st term
4.	Mr. Zedekiah Orioki	22nd June 2023	Member, Independent	1st term
5.	Mr. Dickson Waiganjo	22nd June 2023	Member, Independent	1st term
6.	Ms. Ruth Wanyonyi	19th January 2023	Director, Alternate to PS State Department for Industry	Continuous term
	Ms. Patricia Aruwa	1st November 2021		Replaced
7.	Ms. Stella Osoro	17th November 2021	Director, Alternate to CS The National Treasury and Economic Planning	Continuous Term
8.	Mr. Martin Chesire	19th March 2021	Ex-officio member, Chief Executive Officer	Reappointed
9.	Mr Simon Sainingu	5th August 2022	Member, Independent	Replaced
10.	Mr Hezbon K'ogollah	13th July 2022	Member, Independent	Replaced
11.	Ms Evah A. Oduor	8th October 2021	Chairperson	Replaced
12.	Dr. Nancy N. Muriuki	17th March 2020	Member, Independent	Replaced
13.	Mr. Alex Gatundu	13th January 2020	Member, Independent	Retired
14.	Mr. Duncan Nyale	13th January 2020	Member, Independent	Retired
15.	Mr Danson M. Ngaari	14th November 2019	Member, Independent	Replaced

Board Committees

Finance and Investment; Audit and Risk Assurance; Human Resource and Administration; and Technical and Strategy Committees of the Board were maintained to aid in efficient discharge of duties and oversight obligations.

Board meeting attendance

As required by the *Mwongozo* Code of Governance, the Board dedicated adequate time to discharge its duty in leading KENAS effectively by holding five (5) full board meetings. Towards the end of the year under review could not convene one (1) meeting due to lack of quorum as a result of the vacancies as presented in table 7.

Table 5: Board meeting attendance summary

Director's Name	Meetings	Attended	% Attendance	Remarks
Mr. Dickson Waiganjo	0	0	0	Appointed on 22nd June 2023
Mr. Zedekiah Orioki	0	0	0	Appointed on 22nd June 2023
Dr. Leah Chelagat	0	0	0	Appointed in 22nd June 2023
Mr. Grace Otieno	0	0	0	Appointed in 15th June 2023
Mr. ngeny BIWOTT	0	0	0	Appointed on 26th April 2023, board composition not sufficient to hold the meeting.
Ms. Ruth Wanyonyi	2	2	100	Attended all, appointed in January 2023
Ms. Stella Osoro	6	6	100	Attended all
Ms. Evah Adega Oduor	4	4	100	Replaced on 25th April 2023
Mr. Simon Saining'u	4	4	100	Replaced on 14th June 2023
Mr. Hezbon K'ogollah	4	4	100	Replaced on 14th June 2023
Dr. Nancy N. Muriuki	4	3	75	Retired on 16th March 2023
Mr. Danson Ngaari	1	1	100	Replaced on 5th July 2022
Mr. Alex Gatundu	3	3	100	Retired on 13th January 2023
Mr. Duncan Nyale	3	3	100	Retired on 13th January 2023
Patricia Aruwa	3	3	100	Replaced on 18th January 2023

Roles and responsibilities of directors

The roles and responsibilities of the KENAS Board are as set under the Kenya Accreditation Service Act, 2019, Chapter 1, Paragraph 1.2 of the Code of Governance for State Corporations, Mwongozo, and the Board Charter.

Conflict of interest

Board members prevent conflicts of interest, uphold public trust, follow ethical statutes, and excuse themselves as per the Code of Conduct and Ethics.

Succession Planning

Succession planning was guided by the Code of Governance for State Corporations, Mwongozo, and Section 7 of the Kenya Accreditation Service Act 2019. The board members had varying appointment dates, which ensures there is no vacancy hindering the conduct of board business. However, this was affected in the year under review due to delays in the replacement of members whose contracts had expired. By the end of the year, the board membership was 89% complete, with only one (1) vacancy remaining for appointment.

Board Charter and Committee Terms of Reference

The Board ensured continued implementation of the Board Charter as approved in May 2022 and the Committee Terms of Reference as approved in April 2022.

Board remuneration

The Board of Directors is remunerated as per Section 27 of the KENAS Act 2019 and as determined by the Salaries and Remuneration Commission.

Board Performance

The board implemented a performance improvement plan for FY 2021/2022.

Appointment and removal of directors

Board appointments are in line with Article 27 of the Constitution and the KENAS Act 2019.

Board induction and training

Board members appointed from July 2022 to March 2023 received Mwongozo Code training from SCAC and ICS. A board retreat in February 2023 included risk management training for all members.

Board Ethics, Conduct, and Governance Audit

The Board adhered to ethics, laws, rules, and regulations and concluded the implementation of the recommendations from the FY 2019/2020 Legal, Compliance, and Governance Audit.

Going Concern

KENAS declared improved financial sustainability as of June 30, 2023, with operational surplus of Kshs. 13,381,124, current assets of Kshs. 127,059,238 and liabilities balances of Kshs. 116,649,671. The ability to continue as a going concern is supported by management's actions, which include a new business model and an approved allocation of Kshs 100 million for the EAP-K project in FY 2023/2024. As stated in the report, directors anticipate having sufficient resources to maintain operations, and there is no significant doubt about their capacity to fulfil their responsibilities throughout the ensuing year.

9 Management Discussion and Analysis

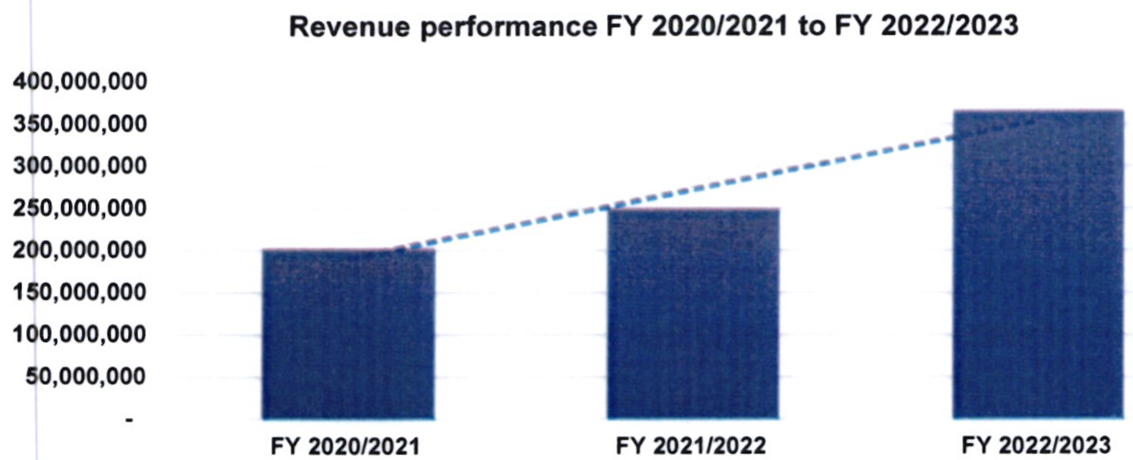
a) Summary of Financial Results against Budget

The provided summary illustrates the budgetary trend for both revenue and expenditure over the period from the financial year 2020/2021 to 2022/2023, as presented in Table 8.

Table 6: Financial Results against Budget from FY 2022/2021 to 2022/2023

	Budget FY 2020/2021	Actual FY 2020/2021	Budget FY 2021/2022	Actual FY 2021/2022	Budget FY 2022/2023	Actual FY 2022/2023
Revenue	230,410,000	203,865,960	286,090,862	251,382,031	370,240,000	367,341,582
Expenditure	230,410,000	242,905,693	286,090,862	257,748,602	370,240,000	371,588,793

i) Revenue



The KENAS revenue grew by Kshs. 47,516,071(21%) from FY 2020/2021 to FY 2021/2022 and by Kshs 115,959,551 (46%) from FY 2021/2022 to FY 2022/2023 as is shown in Figure 1 and in Figure2.

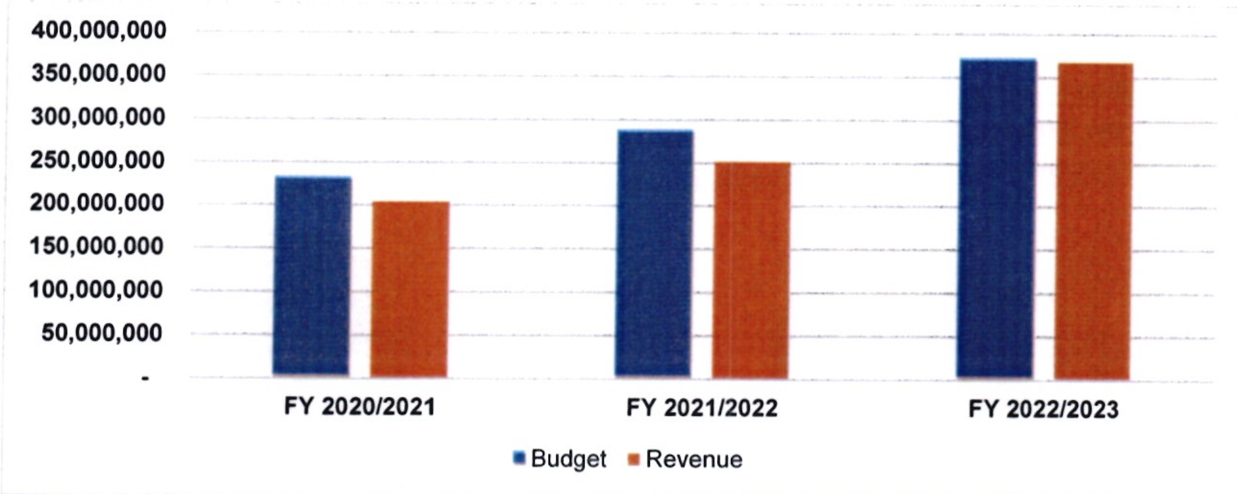


Figure 1: Revenue performance against the Budget from FY 2020/2021 to FY 2022/2023

j) Expenditure performance against budget

KENAS spent a total of Kshs. 371,588,793 against a total budget of Kshs. 370,240,000 resulting to an absorption rate of 100% an improvement from FY 2021/2022 and FY 2020/2021 which was at 90% and 105% respectively as shown in Figure 2.

ii) Expenditure trend analysis from FY 2020/2021 to FY 2022/2023

KENAS spent a total of Kshs. 371,588,793 out of which Kshs. 357,132,156 (96%) was recurrent and Kshs. 14,456,637 (4%) was development expenditure. The use of goods and services and employee costs expenses increased by 31% and 30% respectively due to the increased operations and recruitment of nineteen (19) staff in the year under review respectively. Additionally, recruitment of ten (10) board staff positions, a fully reconstituted board and development of rules of practice for the Accreditation Appeals Tribunal within the year under review, led to increased expenditure of remuneration of directors by 21%. Disposal of idle and unserviceable assets led to the 10% and decrease in depreciation and amortisation expenditure. Repairs and maintenance expenditure increased by 8% due to the ageing fleet coupled with the relocation costs. Development expenditure increased by 82% due to pre-project activities. A trend variance analysis based on the key vote heads from FY 2020/21 to FY 2022/23 is illustrated in Table 9 and Figures 3 and 4 were as follows.

Table 7: Expenditure comparison between FY 2020/2021 and FY 2021/2022

Description/Finacial Years	2020/2021	2021/2022	2022/2023	% Change	
				2021/2022	2022/2023
Use of Goods and Services	79,068,233	87,515,353	127,139,111	10	31
Employee costs	127,269,102	135,566,918	192,437,387	6	30
Remuneration of Directors	21,931,009	20,458,786	26,033,537	(7)	21

Description/Finacial Years	2020/2021	2021/2022	2022/2023	% Change	
				2021/2022	2022/2023
Depreciation and Amortisation	7,614,079	6,602,897	6,009,066	(15)	(10)
Repairs and Maintenance	4,019,079	5,058,777	5,513,055	21	8
Development expenditure	3,004,191	2,545,871	14,456,637	(18)	82

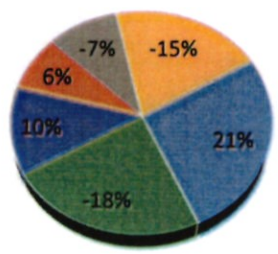


Figure 2: Expenditure comparison between FY 2020/2021 and FY 2021/2022

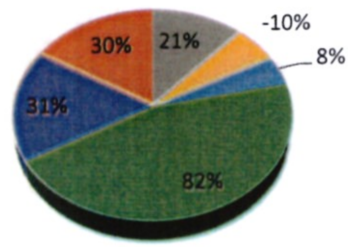


Figure 3: Expenditure comparison between FY 2021/2022 and FY 2022/2023

- Use of Goods and Services
- Employee costs
- Remuneration of Directors
- Depreciation and Amortisation
- Repairs and Maintenance

b) Operational Performance

i) Assessment and Accreditation

KENAS reviewed seventy-three (73) applications against a target of sixty-four (64) from new applicants and scope extension for existing clients, conducted one hundred and ninety-three (193) assessments against a target of three hundred and five (305), accredited twenty-three (23) new CABs against a target of forty-five (45) and delivered thirty (30) training courses against a target of forty-five (45).

ii) International and Regional Obligations

KENAS demonstrated active involvement in international and regional fora such as IAF, ILAC, AFRAC, EAAB, CASCO, ISO, and WTO by influencing accreditation policies and standards and attained a 97% participation score. In addition, KENAS underwent successful peer evaluation by ILAC through AFRAC. Some staff members conducted AFRAC Peer Evaluations for other accreditation bodies. KENAS revitalised and convened the 1st EAAB meeting in Nairobi. It is also notable that one staff member completed the inaugural CASCO Convenor Mentorship Programme.

iii) Institutional Capacity and Governance

KENAS implemented the approved Human Resource Instruments of 2019 to enhance operations and service delivery by recruiting nineteen (19) new staff and promoting two (2) staff across various departments. Additionally, a succession management plan was executed to ensure organizational growth and development.

iv) Key projects implemented or ongoing

The following initiatives and projects were undertaken in the year under review;

a. Office movement to accommodate the increase in number of staff;
b. Enhancing KENAS Intellectual Property Rights and brand visibility by rebranding;
c. Proposed amendments to the Act with an aim of ensuring that implementation of the KENAS Act 2019 is cost effective; and
d. Carried out pre-project activities for the EAP-K project this included alignment of the Project implementation plan to the Bottom-Up Economic Transformation Agenda and recruitment of two (2) project officers and three (3) project assistants.

v) Compliance with Statutory requirements

KENAS complied with its Legal Instrument, the Kenya Accreditation Service Act 2019 and other legal frameworks.

vi) Major risks facing KENAS

KENAS faces and continued to monitor liquidity risk which was attributed to delays and/or non-payments of fees by clients resulting in not honouring obligations as and when they fell due. The current debtors' portfolio as at 30 June 2023 was Kshs. 54,822,000 out of which Kshs. 3,710,940 is non-performing. A provision of Kshs. 1,154,563 was made to cover the non-performing debtors.

10 Environmental and Sustainability Reporting

KENAS aims to achieve its mandate through sustainable business practices as anchored on its mission of being a symbol of trust, safety and quality assurance. This commitment guides the delivery of our strategy to ensure protection of ecosystems, mitigation of the impact of climate change, promotion of sustainable resource use and investing in sustainable technologies. Below is an outline of the KENAS policies and activities that promote environmental assurance and sustainability.

i) Sustainability strategy and profile

KENAS is committed to sustainability and recognizes the significance of fostering responsible practices to create a positive impact on the environment, society, and the economy. Our approach to sustainability centres on integrating sustainable practices throughout all aspects of our operations in the financial, social and environmental aspects. Some sustainability activities planned at the onset of the year under review, ranging from financial, social, and environmental.

a) Financial

In the year under review, KENAS continually engaged stakeholders with an aim to ensure financial sustainability. The strategies that KENAS has put in place in the recent years have helped achieve 11% growth in revenue.

KENAS relocated to its current office space to allow for expansion of its human resource element and ensure future growth of its accreditation and training activities.

b) Social

KENAS activities are aligned towards promotion of good health, well-being and mentorship opportunities. In its role, KENAS accredited CABs that test, certify and inspect with an aim to promote good health and well-being. In the year under review KENAS also engaged various stakeholders during World Accreditation Day as part of business collaborations geared towards sustainability. KENAS has a robust mentorship programme of engaging youths on industrial attachment for purposes of equipping them with hands on skills.

ii) Environmental performance

During the year under review KENAS implemented a variety of measures to uphold environmental performance such as waste management, energy consumption and local conservation programs such as the president's directive to achieve 15 billion tree coverage by 2030 dedicated to upholding its environmental performance by implementing measures to manage biodiversity, waste and energy consumption through putting in place initiatives such as the use of reusable water bottles by staff to reduce plastic waste, participation in local conservation programs such as tree planting, Enforcing print quotas or policies like automatic duplex, grayscale printing to cut down colour ink and paper usage as well use of energy saving bulbs with the goal of contributing to a more sustainable future.

KENAS has initiated the creation of a Greenhouse Gas (GHG) Validation and Verification accreditation scheme. In partnership with the International Civil Aviation Organization (ICAO), and EASA (CORSIA), capacity-building programs have been conducted to equip staff and other key stakeholders with the necessary knowledge in preparation for the forthcoming scheme.

iii) Employee welfare

We acknowledge the paramount importance of our employees as the organisation's most valuable asset. In the reporting year, KENAS implemented the recommendations of the training needs analysis by providing targeted training programs. Following a rigorous performance Appraisal process, KENAS promoted those who had shown exceptional performance in their work. Additionally, KENAS carried out recruitment to ease employee workload especially within the previously understaffed departments.

Furthermore, strict compliance with the Occupational Safety and Health Act of 2007 was upheld. Remarkably, KENAS set up variety of facilities to foster an inclusive work environment.

iv) Marketplace practices

a) Responsible competition practice.

KENAS upholds a commitment to impartiality in the Accreditation Process, ensuring that all CABs are treated fairly, and services are provided equitably to all clients. Furthermore, KENAS encourages healthy competition among CABs by refraining from interfering with their business operations. In its assessment activities, KENAS relies on internationally recognised standards which are premised on common parameters thus fostering fair global practice.

b) Responsible Supply chain and supplier relations.

Procurement policies have been in place to ensure fair competition considering the economy, efficiency, transparency, and accountability according to legal and statutory requirements consistent with the governing law. KENAS adheres to the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020 to increase transparency in procurement procedures and ensure timely payment to suppliers.

c) Responsible marketing and advertisement.

Responsible marketing and advertising involve promoting accreditation awareness among the Kenyan Population. Through advocacy and awareness programmes, KENAS reinforced the social and ethical values of accreditation, especially the need for accreditation in critical sectors. As a result, more Kenyans are becoming aware of the importance of accreditation.

d) Product stewardship.

Product stewardship is a fundamental principle outlined in Article 46 of the Constitution of Kenya. It also emphasizes the right of consumers to safeguard their well-being, safety, and economic interests.

In alignment with this constitutional provision, KENAS collaborates closely with regulatory bodies and government stakeholders to ensure the protection of consumer rights and interests. This involvement encompasses active participation in the development, monitoring, and execution of policies and standards to safeguard consumers effectively.

v) Corporate Social Responsibility / Community Engagements

KENAS is committed to building sustainable community relations within the communities and sectors it supports. It undertook Corporate Social Responsibility through participation in The Mater Heart Run with the aim of promoting good health among children with heart disease

11 Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the KENAS state of affairs.

i) Principal activities

The principal activities of KENAS are as stipulated under Section 6 of the Act, to accredit and exercise oversight over organisations (both private and public) that carry out conformity assessment activities. These organisations include; testing laboratories, calibration laboratories, medical laboratories, certification bodies, and inspection and verification bodies.

KENAS promotes the competence of accredited bodies worldwide through signatory membership to regional and international bodies, training, establishing criteria and requirements for accreditation schemes based on international standards and guidelines, and other research activities.

ii) Results

KENAS results for the financial year ended June 30, 2023, are set out on page 1 of these financial statements.

iii) Directors

The members of the Board of Directors who served during the year are shown on xxv. During the year, three (3) independent board members retired, the alternate to the PS state department of Industry was replaced, the Board Chairperson and two (2) independent directors were replaced with appointment of a new chairperson and four (4) independent directors two (2) moths to the end of the financial year.

iv) Surplus remission

KENAS did not realize any surplus during the year and hence no remittance to the Consolidated Fund since the operational surplus of Kshs. 13 million was utilized to fund capital expenditure as per the approved budget.

v) Auditors

The Auditor-General is responsible for the statutory audit of KENAS under Article 229 of the Constitution of Kenya and the Public Audit Act, 2015 for the FY 2022/2023, ended 30th June 2023 in accordance to Section 23 of the Public Audit Act, 2015, which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Francis Aoko Olalo
Corporation Secretary/Secretary to the Board

12 Statement of Directors Responsibilities

According to Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Kenya Accreditation Service Act 2019 (17 of 2019) require the Directors to prepare financial statements of KENAS which give a true and fair view of the state of affairs of KENAS as at the end of the Financial Year 2022/2023.The Directors are also required to ensure that KENAS keeps proper accounting records, which disclose reasonable accuracy of the financial position of the KENAS. The Directors are also responsible for safeguarding the assets of KENAS.

The Directors are responsible for the preparation and presentation of the KENAS financial statements, which give a true and fair view of the state of affairs of KENAS for and as at the end of the financial year ended on June 30, 2023 This responsibility includes:

(i) Maintaining adequate financial management arrangements 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 KENAS;
(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
(iv) Safeguarding the assets of KENAS;
(v) Selecting and applying appropriate accounting policies; and
(vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the KENAS financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kenya Accreditation Service Act, 2019.

The Directors are of the opinion that KENAS financial statements give a true and fair view of the state of the KENAS transactions during the financial year ended 30 June 2023, and of KENAS financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for KENAS, which have been relied upon in the preparation of KENAS financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that KENAS will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the financial statements

KENAS financial statements were approved by the Board on 8th **September, 2023** and signed on its behalf by:

ngeny BIWOTT
Chairperson of the Board

Martin Chesire
Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations which 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 the 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 the entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accreditation Service set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2023, statement of financial performance, the statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Accreditation Service as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and complies with the Public Finance Management Act, 2012 and the Kenya Accreditation Service Act, 2019.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Accreditation Service 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.

Emphasis of Matter

Material Uncertainty Relating to Going Concern

As previously reported, the statement of changes in net assets reflects retained earnings debit balance of Kshs.74,120,948 (2021-2022 Kshs.86,848,602) debit. Further, the statement of financial position reflects current liabilities balance of Kshs.116,649,671 (2021-2022: Kshs.94,826,851) against current assets of Kshs.74,360,643 (2021-2022: Kshs.80,307,216) resulting to a negative working capital of Kshs.42,289,028 (2021-2022: Kshs.14,519,635).

Management has not assessed the ability of the Service to continue as a going concern and the financial statements have been prepared on a going concern basis on the assumption that the Service will continue to get financial support from the National Government and creditors.

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

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources, which have remained unresolved as at 30 June, 2023.

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 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. Irregularities in the Recruitment of Staff

The statement of financial performance and as indicated in Note 10 to the financial statements reflects employee costs amount of Kshs.192,437,387. During the year under review, the Service recruited seventeen (17) staff. Review of the recruitment documents provided for audit revealed that two (2) of the recruited staff had met the selection criteria and were recommended for selection in the event that the best candidates in their respective categories for Supply Chain Management Officer and Accreditation Officer-Calibration did not accept the appointment offer. Further, the advertised positions per category required to be filled by only one candidate. However, the Management on-boarded two candidates per category instead of having the single advertised vacancy filled. Further, other candidate ranked second in the interview was appointed in the position of Senior Training and Capacity Building Officer that had not been advertised. The position advertised was principal training and capacity building officer which was filled by the best ranking candidate. The second ranking candidate was recommended for appointment should the first candidate reject the offer.

In the circumstances, the Service was in breach of the law for appointment of non-existent positions and failing to competitively advertise.

2. Recruitment of Staff without the Approval of the National Treasury

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.192,437,387 relating to employee costs. It was observed that there were seventeen (17) staff recruited in the year under review. Audit verification of the recruitment process, revealed that the Service through the parent ministry wrote to the National Treasury for approval to fill seventeen (17) vacant positions in a letter reference No. MITED/SDI/5/12 dated 1 July, 2021. However, there was no evidence of a written approval from the National Treasury confirming requisite budgets and sustainability thereof but the Management sought board approval only and went on to fill the new positions.

This is contrary to circular number OP/CAB.9/1A of 7 February, 2022 which requires possession of a written confirmation of requisite budgets for the recruitment and sustainability thereof, from the National Treasury and existence of Board Resolutions approving the recruitment.

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

3. Irregular Engagement of Interns

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects an amount of Kshs.192,437,387 in relation to employee costs. This included amount of Kshs.500,000 paid to four (4) interns who were engaged by the Service for the period between 1 February, 2023 to 31 July, 2023. Audit review of human resource documents provided for audit revealed that the interns had already benefited from a similar programme in Public Service internship programme during the period between 1 February, 2022 to 31 January, 2023.

This is contrary to Appendices 1 (3)(iv) of the Public Service Commission Internship Policy and Guidelines for Public Service 2016, on eligibility which states that the persons eligible for this programme shall not have benefited from a similar programme.

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

4. Board Expenses Exceeding 5% of Entity's Operation and Maintenance Budget

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects an amount of Kshs.26,033,537 relating to Board and tribunal expenses out of which Kshs.20,176,077 was in respect to remuneration of board members. The expenditure represents 15% of operations and maintenance budget totaling to Kshs.132,652,166 comprising of use of goods and services and repairs and maintenance amounting to Kshs.127,139,111 and Kshs.5,513,055 respectively. However, there was no evidence of approval granted by the National Treasury for exceeding the set threshold. This was contrary to Paragraph D of Management of State Corporations Circular OP/CAB.9/1A dated 11 March, 2020 that capped board expenses of State Corporations at Kshs.30,000,000 or 5% of the operations and maintenance budget whichever is less and that any exceeding budgets shall require approval of the cabinet secretary for the National Treasury.

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

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 which 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 overall 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 effective 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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements which are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which 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 which govern them 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 which 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 misstatement 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 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 which may cast significant doubt on the Service's ability 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 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 which 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 which are identified during the audit.

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

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 March, 2024

14 Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	250,239,998	110,410,000
		250,239,998	**110,410,000**
Revenue from exchange transactions			
Rendering of services	7	116,502,733	105,972,031
Other income	8	598,851	-
Total revenue		**367,341,582**	**216,382,031**
Expenses			
Use of goods and services	9	127,139,111	87,515,353
Employee costs	10	192,437,387	135,566,918
Board Expenses	11	26,033,537	20,458,786
Depreciation and amortization expense	12	6,009,066	6,602,897
Repairs and maintenance	13	5,513,055	5,058,777
Total expenses		**357,132,156**	**255,202,731**
Other gains/(losses)			
Gain/Loss on sale of assets	14	(539,806)	555,000
Gain/Loss on foreign exchange transactions	15	3,711,503	2,018,349
Surplus/ (deficit) before tax		**13,381,124**	**(36,247,350)**
Taxation		-	-
Surplus/(deficit) for the period/year		**13,381,124**	**(36,247,350)**
Remission to National Treasury		-	-
Net Surplus for the year		**13,381,124**	**(36,247,350)**

The notes set out on pages 7 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Martin Chesire	**Henry Wandabwa**	**ngeny BIWOTT**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No: 6859	
Date: 2023-12-18	**Date:** 18/12/2023	**Date:** 18/12/2023

15 Statement of Financial Position as at 30 June 2023

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	4,818,005	613,141
Receivables from Exchange Transactions	17	54,822,000	39,664,053
Receivables from Non-Exchange Transactions	18	14,380,848	39,524,384
Inventories	19	339,789	505,638
Total Current Assets		**74,360,643**	**80,307,216**
Non-Current Assets			
Property, Plant and Equipment	20	52,412,548	11,184,367
Intangible Assets	21	286,046	1,017,180
Total Non- Current Assets		**52,698,594**	**12,201,547**
Total Assets		**127,059,238**	**92,508,764**
Liabilities			
Current Liabilities			
Trade and Other Payables	22	77,336,317	73,843,746
Current Provision	23	39,313,354	20,983,105
Total Current Liabilities		**116,649,671**	**94,826,851**
Total Liabilities		**116,649,671**	**94,826,851**
Net Assets			
Reserves		19,530,515	19,530,515
Accumulated Surplus		(74,120,948)	(86,848,602)
Capital Fund		65,000,000	65,000,000
Total Net Assets		**10,409,567**	**(2,318,087)**
Total Net Assets and Liabilities		**127,059,238**	**92,508,764**

The financial statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

Martin Chesire	**Henry Wandabwa**	**ngeny BIWOTT**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No: 6859	
Date: 2023-12-18	**Date:** 18/12/2023	**Date:** 18/12/2023

16 Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2021	**16,030,515**	**(52,538,809)**	**30,000,000**	**(6,508,293)**
Adjustments for the year	-	1,937,556	-	1,937,556
Revaluation Reserve of Motor Vehicle	3,500,000	-	-	3,500,000
Surplus/ deficit for the year	-	(36,247,350)	-	(36,247,350)
Capital/development grants received during the year	-	-	35,000,000	35,000,000
As at June 30, 2022	**19,530,515**	**(86,848,602)**	**65,000,000**	**(2,318,087)**
As at July 1, 2022	**19,530,515**	**(86,848,602)**	**65,000,000**	**(2,318,087)**
Adjustments for the year**	-	(653,469)	-	(653,469)
Surplus/ (deficit) for the year	-	13,381,124	-	13,381,124
As at June 30, 2023	**19,530,515**	**(74,120,948)**	**65,000,000**	**10,409,567**

Note:

***Adjustments for the year relates to reversals and write-off for invoices and provisions for 2021/2022 that did not materialise as payables*

17 Statement of Cash Flows for the year ended 30 June 2023

		2022/2023	2021/2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	250,239,998	110,410,000
Rendering of services		130,304,951	63,056,257
Other income**		11,072,858	42,455,906
Total receipts		**391,617,807**	**215,922,163**
Payments			
Use of goods and services**		98,674,374	43,244,197
Employee costs**		209,180,096	146,119,219
Board Expenses	11	26,033,537	20,458,786
Repairs and maintenance	13	5,513,055	5,058,777
Total payments		**339,401,062**	**214,880,979**
Net cash flows from/(used in) operating activities	26	**52,216,745**	**1,041,184**
Cash flows from investing activities			
Purchase of PPE and Intangible assets	20	(47,472,074)	(2,545,872)
Proceeds from sale of PPE	14	(539,806)	555,000
Net cash flows from/(used in) investing activities		**(48,011,880)**	**(1,990,872)**
Net increase/(decrease) in cash & Cash equivalents		**4,204,865**	**(949,688)**
Cash and cash equivalents at 1 July	16	**613,141**	**1,562,829**
Cash and cash equivalents at 30 June	16	**4,818,006**	**613,141**

Note: The differences between the cash flow figures vis-a-vis the financial performance is because the financial performance is prepared on accrual basis while cash flow is on cash basis.

18 Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final Approved budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	250,210,000	30,000	250,240,000	250,239,998	2	100
Rendering of Services	69,900,000	50,100,000	120,000,000	116,502,733	3,497,267	97
Other Income	-	-	-	598,851	(598,851)	-
Total Income	**320,110,000**	**50,130,000**	**370,240,000**	**367,341,582**	**2,898,418**	**99**
Expenses						
Use of Goods and Services	108,253,994	17,937,995	126,191,989	127,139,111	(947,122)	101
Employee costs	171,316,951	21,297,563	192,614,514	192,437,387	177,127	100
Remuneration of Directors	17,285,752	3,010,000	20,295,752	20,176,078	119,674	100
Remuneration of Accreditation Tribunal	8,579,303	(2,800,000)	5,779,303	5,857,460	(78,157)	101
Depreciation and Amortization expenses	5,000,000	960,000	5,960,000	6,009,066	(49,066)	101
Repairs and Maintenance	7,674,000	(1,800,000)	5,874,000	5,513,055	360,945	94
Total Expenditure	**318,110,000**	**38,605,558**	**356,715,558**	**357,132,156**	**(416,598)**	**100**
Capital Expenditure	**2,000,000**	**11,524,442**	**13,524,442**	**14,456,637**	**(932,195)**	**107**
Total Expenditure	**320,110,000**	**50,130,000**	**370,240,000**	**371,588,793**	**(1,348,793)**	**100**

** *Statement of budget comparison is prepared on accrual basis same as the Financial performance and are both prepared and hence no variance* **

Budget Notes:

Note i - *Income: The variation under rendering of services was due to non-fulfilment of financial obligations by accredited clients thus hindering performance of scheduled activities.*

Note ii - *Changes between original and final budget is due to revision in A in A from Kshs 69,900,000 to 120,000,000*

Notes to the Financial Statements (Continued)

19 Notes to the Financial Statements

1. General Information

Kenya Accreditation Service is established under, and derives its authority and accountability from the Kenya Accreditation Service Act 2019 (Act No. 17 of 2019). KENAS is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of KENAS is to assess and accredit organizations (both public and private) that provide conformity of assessment services in line with set criteria based on international standards and industry guidelines across all sectors of the economy.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at revalued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the KENAS accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of KENAS

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Kenya Accreditation Service Act 2019, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied for all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2023

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	**Applicable: 1st January 2023:** The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.

Standard	Effective date and impact:
	IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: a) Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; b) Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and c) Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. ***The amendment of the standard did not have any impact on the financial statements for the year ended 30 June 2023***
IPSAS 42: Social Benefits	**Applicable: 1st January 2023** The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: a) The nature of such social benefits provided by KENAS. b) The key features of the operation of those social benefit schemes; and c) The impact of such social benefits provided on KENAS's financial performance, financial position and cash flows. ***The amendment of the standard did not have any impact on the financial statements for the year ended 30 June 2023***

Notes to the Financial Statements (Continued)

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	**Applicable: 1st January 2023:** a. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c. Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. ***The amendment of the standard did not have any impact on the financial statements for the year ended 30 June 2023***
Other improvements to IPSAS	***Applicable 1st January 2023*** **a.** *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* Amendments to refer to the latest System of National Accounts (SNA 2008). *b. IPSAS 39: Employee Benefits.* Now deletes the term composite social security benefits as it is no longer defined in IPSAS. **c. IPSAS 29: Financial instruments: Recognition and Measurement.** Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. ***The amendment of the standard did not have any impact on the financial statements for the year ended 30 June 2023***

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
	on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. ***KENAS did not early – adopt any new or amended standards in the financial year***

iii. Early adoption of standards

KENAS did not early – adopt any new or amended standards in the financial year or KENAS adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition
i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to KENAS and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

KENAS recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to KENAS.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for the FY 2022/2023 was approved by the National Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KENAS upon receiving the respective approvals in order to conclude the final budget. Accordingly, KENAS recorded additional appropriations of Kshs. 50,130,000 on the 2022/2023 budget following the governing body's approval.

KENAS budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where KENAS operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable KENAS and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a four (4) year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KENAS recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Software	33.3%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining surplus for the year.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to KENAS. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. KENAS also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that KENAS will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

KENAS expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when KENAS can demonstrate:

i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
ii. Its intention to complete and its ability to use or sell the asset.
iii. How the asset will generate future economic benefits or service potential
iv. The availability of resources to complete the asset.
v. The ability to measure reliably the expenditure during development.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. KENAS does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the KENAS financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, KENAS measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The KENAS classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both KENAS's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, KENAS classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where KENAS manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Impairment

KENAS assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. KENAS recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

KENAS classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

i) Raw materials: purchase cost using the weighted average cost method.
ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of KENAS.

k) Provisions

Provisions are recognized when KENAS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where KENAS expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to;

i) Specific individuals and / or households that meet the eligibility criteria,
ii) Mitigate the effects of social risks
iii) Address the need of society as a whole

KENAS recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that KENAS will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

KENAS 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.

n) Contingent assets

KENAS 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 KENAS 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.

o) Nature and purpose of reserves

KENAS creates and maintains reserves in terms of specific requirements. Currently KENAS has no reserves maintained.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

p) Changes in accounting policies and estimates

KENAS recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q) Employee benefits

Retirement benefit plans

KENAS provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which KENAS pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The contributions and lump sum payments reduce the post-employment benefit obligation.

Gratuity obligations

KENAS pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees. A provision for gratuity payable is made in the statement of financial position. The gratuity is not subject to actuarial valuation. Total gratuity as at 30th June 2023 was Kshs. 30,844,253

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

KENAS regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over KENAS, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Chief Executive Officer and senior managers.

u) Service concession arrangements

KENAS analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KENAS recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, KENAS also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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.

w) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of KENAS's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below, based on its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of KENAS. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

a) The condition of the asset based on the assessment of experts employed by KENAS.
b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
c) The nature of the processes in which the asset is deployed.
d) Availability of funding to replace the asset.
e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 23. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following were the provisions applicable during the financial year:

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

a) Provision for bad debts
b) Provision for depreciation
c) Provision for Audit Fees
d) Provision for General Supplies
e) Provision for Leave days

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Transfers from Ministries, Departments and Agencies (MDAs)

Name of the entity Sending The Grant	Amount recognized to Statement of Financial performance. KShs	Amount deferred under deferred income. KShs	Amount recognised in capital fund.	Total transfers FY 2022/2023	FY 2021/2022
			KShs	KShs	KShs
State Dept. for Industry	250,239,998	-	-	250,239,998	110,410,000
Total	**250,239,998**	**-**	**-**	**250,239,998**	**110,410,000**

Table 8: Quarterly disbursements

Disbursement date	Quarter 1	Disbursement date	Quarter 2	Disbursement date	Quarter 3	Disbursement date	Quarter 4
24th August	20,850,834	1st November	20,850,833	3rd February	20,850,833	12th April	20,850,834
30th August	20,850,833	2nd December	20,850,833	6th March	20,850,833	8th May	20,860,832
21st September	20,850,833	28th December	20,850,834			8th May	20,860,833
						8th May	20,860,833
Total	62,552,500	Total	62,552,500	Total	41,701,666	Total	83,433,332

The funds were appropriated for recurrent expenditure which includes personal emoluments and operation & maintenance.

7. Rendering of Services

Description	2022/2023	2021/2022
	KShs	KShs
Accreditation fees	92,325,467	56,674,751
Training Fees	12,649,036	21,813,403
Reimbursable Income/Facilitation fee	11,528,230	27,483,877
Total Contributions and Donations	**116,502,733**	**105,972,031**

Accreditation fees relates to income realised from provision of accreditation services; Training fee relates to income realised from training services offered while Reimbursable income/Facilitation income relates to income realised from facilitation of assessors during assessments of conformity assessment bodies respectively. The increase in accreditation fees was due to more conformity assessment bodies assessed. The reduction in training income was due to less ISO/IEC standards undergoing transition. The reduction in reimbursable fees due to transfer of assessment costs to the client.

Notes to the Financial Statements (Continued)

8. Other Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Disposal of Assets	15,512	-
Interest Income	90,101	-
Insurance Recoveries	493,238	-
Total Accreditation Income	**598,851**	**-**

Note:

This is revenue realised from disposal of assets and insurance recoveries, however there were no comparative figures. There were no insurance recoveries and no interest income and income from disposals in the previous year.

9. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Electricity	1,218,079	987,957
Water	290,479	168,415
Security	4,213,809	245,468
Professional Services	10,582,047	4,785,177
Subscriptions	1,048,587	1,076,946
Advertising	1,709,500	1,013,192
Audit Fees	350,000	350,000
Conferences and Delegations	6,747,262	5,209,563
Consumables	7,518,466	4,240,468
Fuel and Oil	3,718,346	3,540,205
Insurance	2,731,190	1,733,126
Legal Expenses	2,019,707	2,988,536
Postage	1,478,428	1,202,492
Printing and Stationery	2,025,743	1,379,193
Hire Charges	1,110,216	1,185,153
Rent expenses	24,131,056	18,505,153
Telecommunication	1,823,950	1,795,830
Training	5,408,728	2,469,631
Accreditation Expenses	38,006,796	31,786,954
Bank Charges	563,443	-
Other General Expenses	10,443,279	2,851,894
Total Use of goods and Services	**127,139,111**	**87,515,353**

Note:

Notes to the Financial Statements (Continued)

Increase in security expenditure was due to contracting of security services for our offices which are under portioning and remodelling.

Increase in Professional services due to contracting of a recruiting agency to undertake the recruitment on behalf of the organisation coupled with contracted services for printers

Increase in advertisement expenses was due to gazettement of the conformity assessment bodies in the Kenya gazette in compliance with the Kenya accreditation Act coupled with tender adverts and job advertisement.

Conference and delegation expenses Increased due to increase in number of seminars during the year aimed at reviewing policies, procedures in readiness for peer evaluation.

Consumables expenses Increased due to increased number of staff and facilitation for the team overseeing demolition and relocation to our new office.

Printing and stationary expenses increased due revision of ISO 15189 which required printing of the new standard and training materials during the transition training.

Rent expenses increased due to transition to new offices and extension of the lease for the previous offices to provide room for renovation of the new offices.

Training expenses increased due to implementation of the staff training and development plan which led to trainings on senior leadership development program, senior management and supervisory courses at Kenya School of Government.

Accreditation expenses included assessment expenses, scheme development, training and advocacy, participation in accreditation policy forums and enhancement of accreditation. The increase was attributed to pre-project activities for enhancement of accreditation programme awaiting allocation from the exchequer.

Bank charges for FY 2021/2022 amounting to Ksh.289604 was categorised under other general expenses in line with the previous template.

Other general expenses include committee technical working group expenses for development of new schemes which include Product Certification, Management System, KS 1758 among others, peer evaluation, events meetings and exhibitions and provision for bad debts. The service underwent a peer evaluation by the ILAC/IAF/AFRAC team, and our staff members conducted AFRAC Peer Evaluations for other accreditation bodies resulting to the increase in other general expenses.

Notes to the Financial Statements (Continued)

10. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and wages	87,457,984	66,946,324
Employer contribution to health insurance schemes	15,271,434	12,275,724
Employer contribution to pension schemes	5,500,274	4,644,888
Travel, accommodation, subsistence, & other allowances	21,713,176	7,040,260
Housing benefits and allowances	49,776,865	33,666,497
Overtime payments	140,308	371,630
Social contributions	432,331	20,000
Gratuity	12,145,015	10,601,595
Employee costs	**192,437,387**	**135,566,918**

Increase in salaries & wages, medical insurance, pension, housing benefits and allowances and gratuity was due recruitment of 19 additional staff during the financial year. Additionally, travel, accommodation, subsistence, & other allowances increased to attendance in critical WTO and ISO CASCO meetings.

Social Contribution increased to due employers' assistance towards staff members who lost immediate family.

Gratuity of Kshs 12,145,015 relates to provision for FY 2022/2023 resulting an accumulated gratuity of Kshs 30, 844,253 as shown in Note 23. The service opened a gratuity account in February 2023 and transferred Kshs 4,474,355 as at 30th June 2023. The balance of Kshs 26,369,898 shall be transferred by December 2023.

11. Board and Tribunal Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman/Directors' Honoraria	960,000	709,333
Sitting Allowances	7,151,595	5,766,000
Medical Insurance	709,079	456,887
Induction and Training	3,313,158	3,640,526

Notes to the Financial Statements (Continued)

Description	2022/2023	2021/2022
	Kshs	Kshs
Travel and Accommodation	6,981,602	6,398,059
Other Allowances	1,060,643	771,146
Tribunal Expenses (Table 9)	5,857,460	2,716,834
Total	**26,033,537**	**20,458,786**

The board expenses increased due to additional board activity on recruitment of staff at Board positions in April, August, September and November of 2023.

The expenditure includes to expenses incurred in facilitating the Accreditation Appeals Tribunal activities centred on development of their operational instruments as shown in table 23;

Table 9 Tribunal Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman/Directors" Honoraria	960,000	960,000
Sitting Allowance	1,909,250	704,000
Medical Insurance	599,661	571,109
Induction and Training	1,477,996	0
Travel and Accommodation	673,569	364,908
Other Allowances	236,983	116,818
Total Remuneration of Tribunal Committee	**5,857,460**	**2,716,834**

The increase in tribunal expenses was due to expenses incurred in facilitating the Accreditation Appeals Tribunal activities centred on development of their operational instruments coupled with adjudication of an appeal that was raised by conformity Assessment Body.

12. Depreciation and Amortization Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	5,277,932	3,604,153
Intangible assets	731,134	2,998,744
Total depreciation and amortization	**6,009,066**	**6,602,897**

Notes to the Financial Statements (Continued)

13. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property and equipment	3,506,865	1,666,048
Equipment and Machinery	29,231	158,731
Vehicles	1,700,922	3,095,942
Furniture and Fittings	38,330	-
Computers and Accessories	237,707	138,057
Total Repairs and Maintenance	**5,513,055**	**5,058,777**

The expenditure increased due to relocation to new offices with increased office space.

14. Gain on Sale of Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	(539,806)	555,000
Total gain on sale of assets	**(539,806)**	**555,000**

The loss arose from disposal of assets

15. Gain/Loss on foreign exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Gain on foreign exchange transactions	3,711,503	2,018,349
Loss on foreign exchange transactions	-	-
Total Gain/Loss	**3,711,503**	**2,018,349**

The forex base rates are adjusted quarterly pegged on the central bank mean rate.

Foreign exchange gain realised on provision of accreditation and Training services to foreign clients. No loss realised since there has been a continuous rise in the value of the dollar against the Kenya Shilling over the period.

Notes to the Financial Statements (Continued)

16. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account		
KCB Bank LTD (Kshs)	337,031	577,152
KCB Bank LTD (USD)	6,619	35,990
KCB Bank LTD (Gratuity)	4,474,355	-
Total Cash and Cash Equivalents	**4,818,005**	**613,142**

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
Current Account	1123414459	337,031	577,152
Kenya Commercial Bank	1125916923	6,619	35,990
Kenya Commercial Bank	1311797475	4,474,355	-
Grand Total		**4,818,005**	**613,142**

17. Receivables from Exchange Transactions

a) Receivables from Exchange Transactions (Current)

Description	2022/2023	2021/2022
	Kshs	Kshs
Receivables		
General Debtors	54,822,000	39,664,053
Total Current Receivables	**54,822,000**	**39,664,053**

The general debtors include accreditation debtors amounting to Ksh. 51,042,788 and training debtors of Ksh. 3,779,213

b) Ageing analysis for Receivables from exchange transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	43,276,375	79	37,299,830	94

Notes to the Financial Statements (Continued)

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Between 1- 2 years	1,364,099	2	939,184	2
Between 2-3 years	8,180,641	15	-	-
Over 3 years	2,000,886	4	1,425,039	4
Total (a+b)	**54,822,000**	**100**	**39,664,053**	**100**

18. Receivables from Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Sundry Debtors	1,835,749		35,000,000	
Staff Debtors	1,009,762		3,117,109	
Guarantee Deposits	1,490,270		416,610	
Salary Advances	923,745		990,665	
Prepayments	179,878		-	
VAT	8,941,445		-	
Total receivables from non- exchange transactions	**14,380,848**		**39,524,384**	
Ageing Analysis- Receivables from non- exchange transactions	**2022/2023**	**% of the total**	**2021/2022**	**% of the total**
Less than 1 year	**14,380,848**	100%	**39,524,384**	100%
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
Total	**14,380,848**	100%	**39,524,384**	100%

Note: The decrease the non-exchange transitions relation to an amount of Ksh 35,000,000 allocated in FY 2021/2022.

19. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable stores	339,789	505,638
Total inventories at the lower of cost and net realizable value	**339,789**	**505,638**

These are stock items (stationery and other consumables) available as at June 30 2023.

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Office Partitioning	Motor vehicles	Furniture, Fittings and Equipment	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July 2021	3,390,575	11,180,000	5,563,391	11,293,828	-	31,427,794
Additions	-	-	273,016	1,498,965	-	1,771,981
Adjustment (Revaluation)*		3,500,000	-	-	-	3,500,000
Transfers/Adjustments	-	(11,180,000)	-	-	-	(11,180,000)
As at 30th June 2022	**3,390,575**	**3,500,000**	**5,836,407**	**12,792,793**	**-**	**25,519,775**
Additions	-	-	5,719,280	6,752,024	35,000,770	47,472,074
Disposals	(3,390,575)	-	(440,041)	(1,578,848)	-	(5,409,464)
As at 30th June 2023	**-**	**3,500,000**	**11,115,646**	**17,965,969**	**35,000,770**	**67,582,385**
Depreciation And Impairment						
At 1July 2021	1,412,740	11,179,998	2,039,745	7,278,770	-	21,911,253
Depreciation	678,115	145,833	574,585	2,205,620	-	3,604,153
Disposals	-	(11,179,998)	-	-	-	(11,179,998)
As At 30th June 2022	**2,090,855**	**145,833**	**2,614,330**	**9,484,390**	**-**	**14,335,408**
Depreciation	508,586	875,000	873,869	3,020,476		5,277,931
Disposals	(2,599,441)	-	(277,273)	(1,566,788)	-	(4,443,502)
As at 30th June 2023	**-**	**1,020,833**	**3,210,926**	**10,938,078**	**-**	**15,169,837**

Notes to the Financial Statements (Continued)

Cost	Office Partitioning	Motor vehicles	Furniture, Fittings and Equipment	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Net Book Values						
As at 30th June 2022	1,299,720	3,354,167	3,222,077	3,308,403	-	11,184,367
As at 30th June 2023	-	2,479,167	7,904,720	7,027,891	35,000,770	52,412,548

Work in progress includes ongoing partition works for KENAS new offices and Supply and delivery of Server

Valuation

No valuation of assets was done during the period under review

Notes to the Financial Statements (Continued)

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	3,500,000	1,020,833	2,479,167
Computers And Related Equipment	17,965,969	10,938,078	7,027,891
Office Equipment, Furniture, And Fittings	11,115,646	3,210,926	7,904,720
Work In progress	35,000,770	-	35,000,770
Total	**67,582,385**	**15,169,837**	**52,412,548**

21. Intangible Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
Cost		
At beginning of the year	**10,997,078**	**10,964,322**
Additions	773,891	32,755
At end of the year	**11,770,969**	**10,997,077**
Additions–internal development	-	773,891
At end of the year	**11,770,969**	**11,770,968**
Amortization and impairment		
At beginning of the year	**7,755,045**	**4,767,488**
Amortization	2,998,744	2,987,556
At end of the year	**10,753,788**	**7,755,044**
Impairment loss	731,134	2,998,744
At end of the year	**11,484,923**	**10,753,788**
NBV	**286,046**	**1,017,180**

Notes to the Financial Statements (Continued)

22. Trade and Other Payables

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Trade payables	44,343,604		26,504,856	
Payments received in advance	13,633,263		20,908,623	
Third-party payments	6,810,858		10,039,659	
Other payables	12,548,592		16,390,608	
Total trade and other payables	**77,336,317**		**73,843,746**	
Ageing analysis: (Trade and other payables)	**2022/2023**	**% of the Total**	**2021/2022**	**% of the Tota**
Under one year	43,304,483	98	22,229,040	84
1-2 years	1,002,092	2	4,275,816	16
2-3 years	37,029	-	-	-
Over 3 years	-	-	-	-
Total (tie to above total)	**44,343,604**		**26,504,856**	

The increase in trade and other payables was attributed to the ongoing partitioning and remodelling of the new office premises.

23. Current Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	20,227,105	756,000	20,983,105
Additional provisions	89,586	12,145,015	8,379,515	20,614,116
Provision utilized	-	(1,527,867)	(756,000)	(2,283,867)
Change due to discount and time value for money	-	-	-	-
Transfers from non -current provisions	-	-	-	-
Total provisions year end	**89,586**	**30,844,253**	**8,379,515**	**39,313,354**

This is due to provision of gratuity for staff on contract

Notes to the Financial Statements (Continued)

24. Employee Benefit Obligations

Retirement benefit Asset/ Liability

a) Amounts recognized in the Statement of Financial Position

KENAS also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. KENAS obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1080 per employee per month. Other than NSSF KENAS also has a defined contribution scheme operated by ICEA Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred. A total of Kshs 5,500,274 was contributed by KENAS towards pension.

25. Surplus Remission (for category 3 entities)

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into the Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement KENAS did not make any surplus during the year 2022/2023 and hence no remittance to the Consolidated Fund.

26. Cash Generated from Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus for the year before tax	10,209,426	(38,820,699)
Adjusted for:		
Change in Depreciation	6,975,029	6,602,897
Change in Revaluation	-	(3,500,000)
Gain on Foreign exchange	3,711,503	2,018,349
Working capital adjustments		
Changes in Inventories	165,848	40,896
Change in Receivables	9,985,588	(42,956,670)
Change in payables	29,098,180	40,437,556
Changes in Retained earnings	(653,469)	-
Increase in payments received in advance	(7,275,360)	37,218,855
Net cash flows from operating activities	**52,216,745**	**1,041,184**

Notes to the Financial Statements (Continued)

27. Financial Risk Management

KENAS's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KENAS's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. KENAS does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. KENAS's financial risk management objectives and policies are detailed below:

i) Credit risk

KENAS has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by KENAS's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing KENAS's maximum exposure to credit risk without taking account of the value of any collateral obtained Is made up as follows;

Table 10 financial risk Management

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (FY 2022/2023)				
Receivables from exchange transactions	54,822,000	21,024,590	33,797,410	-
Receivables from non-exchange transactions	14,380,848	14,350,848	30,000	-
Bank balances	4,818,005	4,818,005	-	-
Total	**74,020,853**	**40,193,443**	**33,827,410**	-
As at 30 June 2022				
Receivables from exchange transactions	39,664,053	33,779,152	21,324,744	-

Notes to the Financial Statements (Continued)

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
Receivables from non-exchange transactions	39,524,384	39,524,384	-	-
Bank balances	613,141	613,141	-	-
Total	**79,801,578**	**73,916,677**	**21,324,744**	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that KENAS has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KENAS has significant concentration of credit risk on amounts due from Kshs. 33,827,410. The board of directors sets KENAS's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with KENAS's directors, who have built an appropriate liquidity risk management framework for the management of KENAS's short, medium and long-term funding and liquidity management requirements. KENAS manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by KENAS under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. KENAS liquidity ratio as at 30th June 2023 stood at 0.67.

Table 11 Liquid risk Management

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June (Current FY)				
Trade payables	10,256,179	7,508,362	26,579,063	**44,343,604**
Provisions	89,586	-	30,844,253	**8,379,515**
Employee benefit obligation	-	-	-	-
Total	**10,345,765**	**7,508,362**	**57,423,316**	**52,723,119**
As at 30th June (Previous FY)				
Trade payables	2,392,2242	811,034	1,771,580	**26,504,856**

Notes to the Financial Statements (Continued)

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Provisions	1,259,299	1,706,591	18,017,215	**20,983,105**
Employee benefit obligation	3,187,602	-	6,852,057	**10,039,659**
Total	**6,669,695**	**9,222,359**	**440,131,536**	**57,527,620**

iii) Market risk

KENAS has put in place an internal audit function to assist it in assessing the risk faced by KENAS on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect KENAS's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. KENAS's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to KENAS's exposure to market risks or the way it manages and measures the risk. KENAS accredited clients take long to fulfil their financial obligations due to harsh economic climate.

Financial Risk Management

a) Foreign currency risk

KENAS has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. KENAS manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial Risk Management

The carrying amount of KENAS's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Notes to the Financial Statements (Continued)

Current Financial Year

Table 12 Foreign risk currency-financial risk management

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2023			
Financial Assets			
Investments	-	-	-
Cash	-	6,619	6,619
Debtors	-	9,533,170	9,533,170
Total Financial Assets	**-**	**9,539,789**	**9,539,789**
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Financial Risk Management

The following table demonstrates the effect on KENAS's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Table 13 Foreign risk currency-financial risk management

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2022/2023			
Euro	-	-	-
USD	19%	3,711,503	3,711,503
2021/2022			
Euro	-	-	-
USD	9.9%	2,018,349	2,018,349

Source: central Bank of Kenya

Notes to the Financial Statements (Continued)

b) Interest rate risk

Interest rate risk is the risk that KENAS's financial condition may be adversely affected as a result of changes in interest rate levels. KENAS's interest rate risk arises from bank deposits. This exposes KENAS to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on KENAS's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

28. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to KENAS include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members

Government of Kenya

The Government of Kenya is the principal shareholder of KENAS, holding 100% of KENAS interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

i) The National Government;
ii) The Ministry of Investments, Trade and Industry;
iii) Other State Corporations and Ministries, Departments and Agencies;
iv) Key Management; and
v) The Board of Directors

Table 14 Related Party Disclosures

	2022/2023	2021/2022
	Kshs.	Kshs.
Transactions with related parties		
a) Sales to related parties	-	-
B) purchases from related parties	-	-
b) Grants /transfers from the government		

Notes to the Financial Statements (Continued)

	2022/2023	2021/2022
	Kshs.	Kshs.
Grants from National Government	250,239,998	110,410,000
Grants from county government	-	-
Donations in kind	-	-
Total	**250,239,998**	**110,410,000**
c)Expenses incurred on behalf of related party		
Payments of salaries and wages for 15 employees	155,020,446	116,230,934
Payments for goods and services		-
Total	**155,020,446**	**116,230,934**
d)Key management compensation		
Directors' emoluments	26,073,537	20,458,786
Compensation to key management	59,653,057	40,566,530
Total	**85,726,594**	**61,025,316**

29. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

30. Ultimate and Holding Entity

KENAS is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

31. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20 Appendices

Appendix I: Implementation Status of Auditor-General's Recommendations

Appendix II: Projects implemented by KENAS

Appendix III: Status of Projects completion

Appendix IV: Transfers from Other Government Entities

Appendix V: Inter-Entity Confirmation Letter

Appendix VI: Reporting of Climate Relevant Expenditures

Appendix VII: Reporting on Disaster Management Expenditure

Notes to the Financial Statements (Continued)

Appendix I: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe:
1	Material Uncertainty relating to Going concern	Already resolved through increased A-I-A and GOK Grants	Resolved	Resolved
2	Budgetary Control	Already resolved through adherence to approved estimates	Resolved	Resolved

Chief Executive Officer
Kenya Accreditation Service (KENAS)
Date: 2023/12/18

Appendix II: Projects implemented by KENAS

Projects implemented by KENAS Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
N/A						

Appendix III: Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
N/A							

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - Kshs.	Where Recorded/recognized					Total Transfers Kshs.
				Statement of Financial Performance - Kshs.	Capital Fund Kshs.	Deferred Income	Receivables Kshs.	Others - must be specific	
Ministry of Investments, Trade and Industry	6th July 2022	Development	35,000,000	35,000,000	35,000,000	-	35,000,000	-	35,000,000
Ministry of Investments, Trade and Industry	24th August 2022	Recurrent	20,850,834	20,850,834	-	-	-	-	20,850,834
Ministry of Investments, Trade and Industry	30th August 2022	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	21st September 2022	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	1st November 2022	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	2nd December 2022	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	28th December 2022	Recurrent	20,850,834	20,850,834	-	-	-	-	20,850,834

Name of the MDA/Donor Transferring the funds	Date received			Where Recorded/recognized					
	as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - Kshs.	Statement of Financial Performance - Kshs.	Capital Fund Kshs.	Deferred Income	Receivables Kshs.	Others - must be specific	Total Transfers Kshs.
Ministry of Investments, Trade and Industry	3rd February 2023	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	6th March 2023	Recurrent	20,850,833	20,850,833	-	-	-	-	20,850,833
Ministry of Investments, Trade and Industry	12th April 2023	Recurrent	20,850,834	20,850,834	-	-	-		20,850,834
Ministry of Investments, Trade and Industry	8th May 2023	Recurrent	20,860,832	20,860,832	-	-	-		20,860,832
Ministry of Investments, Trade and Industry	8th May 2023	Recurrent	20,860,833	20,860,833	-	-	-		20,860,833
Ministry of Investments, Trade and Industry	8th May 2023	Recurrent	20,860,833	20,860,833					20,860,833
Total			**285,239,998**	**285,239,998**	**35,000,000**	**-**	**35,000,000**	**-**	**285,239,998**

Appendix V: Inter-Entity Confirmation Letter

KENAS wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Kenya Accreditation Service as at 30th June 2023							
		Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June (Current FY)				Amount Received by [beneficiary Entity] (KShs) as at 30th June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter–Ministerial (C)	Total (D)=(A+B+C)		
	6th July 2023	-	35,000,000	-	-	35,000,000	-
	19th August 2022	20,850,834	-	-	20,850,834	20,850,834	-
	30th August 2022	20,850,833	-	-	20,850,833	20,850,833	-
	21st September 2022	20,850,833	-	-	20,850,833	20,850,833	-
	1st November 2022	20,850,833	-	-	20,850,833	20,850,833	-
	2nd December 2022	20,850,833	-	-	20,850,833	20,850,833	-
	28th December 2022	20,850,833	-	-	20,850,833	20,850,833	-
	3rd February 2023	20,850,833	-	-	20,850,833	20,850,833	-
	6th March 2023	20,850,833	-	-	20,850,833	20,850,833	-
	14th April 2023	20,850,833	-	-	20,850,833	20,850,833	-
	5th May 2023	20,850,832	-	-	20,850,832	20,850,832	-

	5th May 2023	20,850,833	-	-	20,850,833	20,850,833	-
	5th May 2023	20,850,833	-	-	20,850,833	20,850,833	-
Total		**250,239,998**	-	-	**250,239,998**	**285,239,998**	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name: RUTH HAMMONI **Sign** ______ **Date** 18th December 2023

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
N/A						