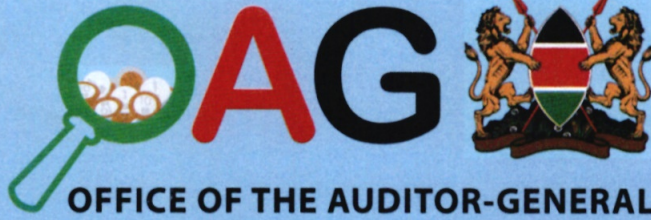
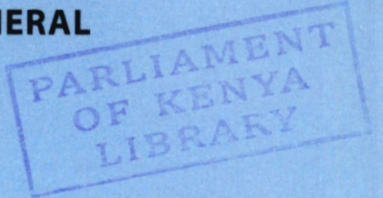



REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 OCT 2024	DAY: Tuesday
TABLED BY: Hon. Owen Bayo, MP Majority Party - Deputy Leader	REPORT OF
CLERK-AT THE-TABLE: A. Shituka	

THE AUDITOR-GENERAL

ON

RETIREMENT BENEFITS AUTHORITY

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



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Retirement Benefits Authority

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

25 SEP 2024

RECEIVED

RETIREMENT BENEFITS AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

**Retirement Benefits Authority
Annual Report and Financial Statements
for the year ended June 30, 2024**



**Retirement Benefits Authority
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for the year ended June 30, 2024**

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1. Acronyms and Definition of Key Terms

A: Acronyms

BCMS	Business Continuity Management System
CEO	Chief Executive Officer
CS	Cabinet Secretary, National Treasury & Economic Planning
ERP	Enterprise Resource Planning
ESG	Environmental Social and Governance
FSSP	Financial Sector Support Project
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
KSHs	Kenya Shillings
MBS	Moran of the Burning Spear
NSSF	National Social Security Fund
PFM	Public finance Management
PS	Principal Secretary
PSASB	Public Sector Accounting Standards Board
RBA	Retirement Benefits Authority
RBSS	Risk Based Supervision System
RFQs	Request for Quotations
TCF	Treating Customer Fairly
TDPK	Trustee Development Program Kenya
FY	Financial Year

B: Definition of Key Terms

Authority- Retirement Benefits Authority

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Authority was incorporated/ established under Section 3 of the Retirement Benefit Act (1997). The Authority is domiciled in Kenya and is established to regulate and supervise the establishment and management of retirement benefits schemes.

(b) Principal Activities

Mission: "To proactively promote savings for retirement in Kenya through safeguarding, supervising and facilitating the development of the retirement benefits sector."

Vision: "An inclusive, secure and growing retirement benefits sector."

The mandate of the Authority under section 5 of the Retirement Benefits Act is to:

- (a) Regulate and supervise the establishment and management of retirement benefits schemes;
- (b) Protect the interest of members and sponsors of retirement benefits schemes and approve trustees' remuneration approved by members during the Annual General Meeting after every three years;
- (c) Promote the development of the retirement benefits sector;
- (d) Advise the Cabinet Secretary of The National Treasury and Economic Planning on the national policy to be followed with regard to the retirement benefits sector and to implement all government policies relating thereto;
- (e) Perform such other functions conferred on it by this Act or by any other written law.

(c) Key Management

The Authority's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Chief Accounting Officer	Mr.Charles Machira
2.	Director, Corporate Services	Mr.Simon Kiplang'at
3.	Director, Research Strategy and Planning	Dr. Shem Ouma
4.	Director, Supervision	Mr.Jackson Nguthu
5.	Ag. Director, Market Conduct and Industry Development	Mr.Tom Kiptanui
6.	Director, Corporation Secretary, & Legal Services	Mrs.Praxidis Saisi
7.	Director-Internal Audit & Risk assurance	Mrs.Elizabeth Waruingi

Key Entity Information and Management (continued)

No.	Designation	Name
8.	Deputy Director, Supply Chain Management	Mr.George Ogwang
9.	Deputy Director, Information communication Technology	Mr.Peter Ngunyi
10.	Assistant Deputy Director, corporate Communication	Mr.James Ratemo
11.	Deputy Director, Human Resource and Administration	Mr.Gordon Bulinda
12.	Deputy Director Finance and Accounts	Ms. Sarah Baraza

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Mr.Charles Machira
2.	Director, Corporate Services	Mr.Simon Kiplang'at
3.	Director, Research Strategy and Planning	Dr. Shem Ouma
4.	Director, Supervision	Mr.Jackson Nguthu
5.	Ag. Director, Market conduct and Industry Development	Mr.Tom Kiptanui
6.	Director, Corporation Secretary, & Legal Services	Mrs.Praxidis Saisi
7.	Director-Internal Audit & Risk assurance	Mrs.Elizabeth Waruingi
8.	Deputy Director, Supply Chain Management	Mr.George Ogwang

(e) Fiduciary Oversight arrangement

The Board of Directors plays financial oversight role through the following committees:

i. Audit, Risk Management and Governance Committee

The Committee responsibilities include Overseeing the financial reporting and disclosure process, oversight of regulatory compliance, ethics, and whistle-blower hotlines, Monitoring the internal control process, overseeing the performance of the internal audit function and formulating risk management policies and practices with management. Members of the committee who served during the period were:

1.	Chairperson	Mr Joseph Kiborus Tarus
2.	Member	Mr. Ambrose R.M. Ogango
3.	Member	Mr. Godfrey K. Kiptum, MBS
4.	Member	Mr. Wyckliffe M. Shamiah, FCPA

Key Entity Information and Management (continued)

ii. Staff welfare and Remuneration committee

The primary function of the Staff Welfare and Remuneration Committee of the Board of Directors is to assist the Board in the oversight of matters relating to staff recruitment policy, condition of service and evaluation policies, compensation plans, performance evaluation of the Authority's Top Management, Authority's long-term capacity building plans, and generally management of all human resources issues.

S/No.	Name	Position
1.	Mr. Jeremiah Kiplangat Kendagor	Chair
2.	Mr. Wyckliffe Muchesia Shamiah FCPA	Member
3.	Hon. Ibrahim Mohamed Salat	Member
4.	Dr. Jane Nyokabi Njuguna	Co-opted Member
5.	Mr. Joseph Kiborus Tarus	Co-opted Member

iii. Finance and Administration Committee

The role of the Finance and Administration committee is primarily to provide financial oversight for the Authority on behalf of the Board. The committee is responsible for overseeing budgeting and financial planning, financial reporting, and monitoring of internal controls and accountability in utilization of Authority resources. Members of the committee who served during the period were:

S/No.	Position	Name
1.	Chairperson	Dr. Jane Nyokabi Njuguna
2.	Member	Mr. Ambrose R.M. Ogango
3.	Member	Mr Jeremiah K. Kendagor

(i) Entity Headquarters

P.O. Box 57733-00200
Rahimtulla Tower
13th Floor Upper Hill Road
Nairobi, KENYA

Key Entity Information and Management (continued)

(g) Entity Contacts

Tel: +254-20-2809000

Fax: +254-02-2710330

Mobile: +254-722509939

Mobile: + 254-735-339132

E-mail : info@rba.go.ke

Website: www.rba.go.ke

(h) Bankers

i. KCB Bank Kenya Ltd.

Milimani Branch

NSSF Building, Bishop Road

P.O. Box 48400-00100

Nairobi, Kenya

ii. NCBA Bank

NCBA Centre

Mara and Ragati Road, Upper Hill

P.O. Box 44599-00100 GPO

Nairobi, Kenya

iii. HF Group

Rehani House

Kenyatta Avenue / Koinange Street

P.O. Box 30088-00100

Nairobi, Kenya

iv. Co-operative Bank of Kenya Ltd

CIC Plaza, 2nd Floor

P.O. Box 48231 - 00100

Nairobi Kenya

Key Entity Information and Management (continued)



(i) Independent Auditors

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

(j) Principal Legal Adviser


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112-00200
City Square
Nairobi, Kenya

3. The Board of Directors



Ref	Directors	Details
1.	 <p data-bbox="347 813 596 920">Nelson Havi Board Chairman Profession-Lawyer</p>	<p data-bbox="762 387 1500 651">Mr. Havi was born in 1977. He is an Advocate with 20 years of legal practice experience. He graduated with a law degree from the University of Nairobi in 2001. Havi is the Proprietor and Manager of Havi & Company Advocates. He served as the 49th President of the Law Society of Kenya.</p> <p data-bbox="762 703 1500 1099">Mr. Havi is a champion for the rule of law, protection of human rights and democracy. Havi has been retained in landmark cases in the promotion of the purposes, values and principles of the Constitution of Kenya; advancement of the rule of law, human rights and fundamental freedoms in the Bill of Rights; the development of the law; and contribution towards good governance. He is an Independent Director.</p>
2.	 <p data-bbox="347 1559 699 1666">Charles Machira Chief Executive Officer Profession- Mathematician</p>	<p data-bbox="762 1144 1500 1727">Mr. Machira was born in 1968. He served as Chief Manager, Supervision from 2011 until his appointment as Chief Executive Officer on 1st December 2022. Mr. Machira has over 20 years' experience in the Insurance and Pension sectors. He has spearheaded supervision of the Retirement Benefits schemes in Kenya for over 10 years. He has also served as Managing Trustee of Policyholder Compensation Fund representing Retirement Benefits Authority. He holds a Master of Science in Social Protection Finance and a Bachelor of Science degree in (Mathematics). He is the <i>ex-officio</i> member</p>
3.		<p data-bbox="762 1783 1500 1948">Mr. Ambrose was born in 1970. He is the Head of the Finance Unit at the National Treasury in the position of Senior Chief Finance Officer. He is a Career Public Servant having served the Service</p>

**Retirement Benefits Authority
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Ref	Directors	Details
	 <p>Mr. Ambrose R. M. Ogango Alternate Director Profession- Economist</p>	<p>for about 30 years in various Ministries and Constitutional Commissions, initially as an Economist and now a Finance Officer with wealth of experience in budget planning, preparation, reviews and execution among other areas. He holds a Master's in Arts (Economics) Degree of Kenyatta University, and he is a member of the Economists Society of Kenya (ESK). He has previously served on other Boards as Alternate Director to PS National Treasury and PS Trade. He serves as an Alternate Director to PS National Treasury.</p>
4.	 <p>Hon. Ibrahim M Salat Independent Director Profession- Accountant</p>	<p>Born in 1960, Hon. Ibrahim Salat holds a Bachelor of Business Administration Degree in Accounting from Washington International University, USA. With over 40 years of public and private sector experience, Hon Salat is a seasoned banker having worked in various senior positions in the banking industry before serving as the member of parliament for Fafi constituency, Garissa country for two consecutive terms.</p> <p>Hon Salat is a member of the Institute of Directors of Kenya (IOD). He has served as a director in various boards of parastatals including Tana Catchment board, Northern Water Services Board, Dairy Board of Kenya, Postal Corporation of Kenya. Hon Salat is a certified trustee and served as a trustee of Postal Corporation Staff Retirement Benefits Scheme (SRBS), Chair and trustee of Postal Corporation Staff Benefit Scheme (SPS). He is currently the chairman of Garissa Municipality Board. Hon Salat is an independent director and the chair of the RBA Board Technical Committee</p>


Ref	Directors	Details
5.	 <p>Dr. Jane Njuguna Independent Director Profession – Economist & Finance</p>	<p>Dr Jane was born in 1985. She is an experienced organisational leader who is passionate about effective leadership, good governance, excellence in operations management, and training and development of people. She is a multi-disciplinary person who has held progressive responsibilities in the private, public and non-profit sectors. Currently, she is a Director of Corporate Services at a private university in Kenya.</p> <p>She holds a Doctor of Business Administration in Strategic Management from USIU-Africa, a Master of Business Administration in Strategic Management and a Bachelor of Arts in Economics and Communications, both from the University of Nairobi. She holds a Certificate in Fundraising Management from Indiana University, USA, and an IMIS (Institute for the Management of Information Systems) Diploma. She is a Certified Public Accountant, a member of the Institute of Certified Public Accountants of Kenya and a member of the Women on Boards Network-Kenya. Dr. Njuguna is an independent Board member and the Chair of RBA Board Finance & Administration Committee.</p>
6.	 <p>Mr. Jeremiah Kendagor Independent Director Profession- Banking</p>	<p>Mr. Kendagor was born in 1965. He has worked as a banker for 25 years with 17 years' experience in Treasury Management covering money market operations, portfolio management, balance sheet management, and asset and liability management. He has extensive experience in foreign exchange trading and global markets.</p> <p>Mr. Kendagor an independent Board member and chairs RBA Board Staff Welfare & Remuneration Committee.</p>


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Ref	Directors	Details
7.	 <p>Mr. Joseph Kiborus Tarus Independent Director Profession - Lawyer</p>	<p>Mr Tarus was born in 1966. He holds a Master of Laws from University of Liverpool, a Bachelor of Laws from University of Nairobi, and a diploma from Kenya School of Law. He is a member of the Law Society of Kenya and the Certified Public Secretaries (CPS). This reflects his commitment to maintaining the highest professional standards in the legal and corporate sectors.</p> <p>Mr Tarus is the Managing Partner at Tarus and Company Advocates, where has demonstrated exceptional leadership and legal acumen. Beyond legal practice, he also holds a directorship at the esteemed United Kenya Club, Nairobi, contributing valuable insights to further enhance the club’s mission and reputation. He chairs the RBA Board Audit & Risk Assurance Committee.</p>
8.	 <p>Mr. Wickliffe M. Shamiah, FCPA Director, & Chief Executive Officer-Capital Markets Authority Profession-Accountant</p>	<p>CPA Shamiah was born in 1969 and is the Chief Executive Officer of the Capital Markets Authority. He holds a Bachelor’s degree in Economics and Mathematics from Egerton University and a Masters’ Degree in Business Administration (Finance) from the University of Nairobi. He has worked at the Capital Markets Authority for over 22 years in various capacities.</p> <p>Mr. Shamiah is an alumnus of the US International Visitors Program and an Associate of Toronto Leadership Centre. He has also been the Chairperson of TC 68 (Financial Services Technical Committee) of Kenya Bureau of Standards (KEBS). He was awarded a certificate of completion for the SMREA Program, March 2018, Harvard University, John F. Kennedy School of</p>

**Retirement Benefits Authority
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Ref	Directors	Details
		<p>Government, Executive Education. He is the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators Forum (EASRA). He also sits on the Financial Stability Board Regional Group of Sub-Sahara representing Kenya and the capital markets.</p> <p>Mr. Shamiah is a Fellow of the Institute of Certified Public Accountants of Kenya. He is a Director in the Board of the Insurance Regulatory Authority as well as the Vision 2030 Delivery Board.</p>
9.	 <p>Mr. Godfrey K. Kiptum, MBS Director & CEO and Commissioner of Insurance, Insurance Regulatory Authority</p> <p>Professional - Human Resource</p>	<p>Mr. Kiptum was born in 1970. He is the Commissioner of Insurance & Chief Executive Officer of Insurance Regulatory Authority. Prior to his appointment, he was the Authority's Chief Manager for Human Capital and Administration - a position he held for 10 years and implemented various Human Resource Systems and Processes.</p>

Ref	Directors	Details
10.	 <p>Dr. Margaret M. Makumi Independent Director. Profession- Public Health</p>	<p>Born in 1962, Dr. Makumi was re-appointed to the Board of the Retirement Benefits Authority on 6th October 2021. She is a medical Doctor and holds a Bachelor of Medicine and Bachelor of Surgery Degrees as well as a Masters’ Degree in Public Health. Dr. Makumi has over 20 years of experience in health and development projects and institutional strengthening. She has held leadership positions in Ministry of Health programs and donor funded health and population projects.</p> <p>She has represented the Ministry of Health in negotiations with donors such as USAID, UNFPA, the World Bank, WHO, KFW, GIZ, SIDA, DANIDA and the Global Fund. She has contributed to Kenya’s National Health Sector Strategic Plans, policies, guidelines, and training.</p>
11.	 <p>Ms. Margaret Gaitirira Independent Director. Profession- Banking</p>	<p>Margaret was a member of the board from 6th October 2021 to 18th July 2023. She is an experienced banking professional, a human resource consultant and a qualified court accredited mediator and arbitrator.</p> <p>She is a lead consultant for LISAM Consultancy which builds capacity in banking, finance, development and implementation of strategic plans and corporate governance fields. She has been the head of the banking and financial services consultancy division of Manpower Services Group where she oversaw managing, recruiting, training, and driving all services in the banking and financial industry.</p> <p>Margaret was also a senior bank manager at KCB Bank (K) Ltd. for over 20 years, where she was</p>

Ref	Directors	Details
		<p>charged with developing and implementing major strategic plans. Margaret</p> <p>has a Master of Arts degree from Ohio University, a Bachelor of Arts Degree from the University of Nairobi, a Certificate in Mediation and Arbitration from the Chartered Institute of Arbitrators, A Certificate in Counselling Psychology from the Kenya Association of Professional Counselors, and a Diploma in French from Centre d'Approches Vivantes des Langues et des Médias (CAVILAM) in Vichy, France.</p>
12.	 <p>Dr. James Kiprop Chelang'a, PhD Independent Director Profession-Public Administration</p>	<p>James Kiprop Chelang'a (PhD) was a member of the board from 6th October 2021 to 18th July 2023. He is a Senior Lecturer in the Department of History, Political Science and Public Administration at Moi University. He was formerly the Head of the Department of Government and Public Administration and former Head of the Department of Natural Resources at Moi University.</p> <p>He is currently the Chairman of the Centre of Public Sector Reforms at the same University. He is also the Co-Chair of the UN Sustainable Development Solutions Network- Kenya. Dr. Chelang'a has a PhD degree in Environmental Studies (Human Ecology) of Moi University, MSc degree in Human Resource Management (University of Manchester), BA degree in Public Administration, Sociology and Economics (University of Rajasthan) and Diploma in Social and Political Science (Claver House Social Institute, UK). He has wide experience in teaching, research and publishing, and community extension.</p>

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Ref	Directors	Details
13.	 <p data-bbox="347 792 715 936">Mr. hussein Alinoor Ibrahim Independent director Profesion- Human Resource</p>	<p data-bbox="762 293 1497 510">He was a Member of the Board of Directors for the Retirement Benefits Authority from 3rd June 2022 to 18th July 2023. He was formerly the Chief Officer, Department Finance and Economic Planning, County Government of Marsabit</p> <p data-bbox="762 539 1497 1032">He holds a bachelor's degree in human resource management and a master's degree in business administration and management. He holds a Diploma in Business Administration from the Kenya Institute of Management. He has undergone various leadership training at Kenya School of Government and Strathmore Governance Centre, Mr. Hussein has over 15 years of experience in the government and private sector, providing leadership, budgeting, forecasting, and developing plans.</p>

Ref	Directors	Details
14.	 <p data-bbox="352 763 711 931">Mrs. Praxidis Saisi Corporation Secretary & Director, Legal Services Profession- Lawyer</p>	<p data-bbox="767 304 1505 730">Mrs. Saisi is the Corporation Secretary & Director, Legal Services at the Retirement Benefits Authority from 2nd January 2017. Prior to her appointment, she was the Company Secretary & General Manager, Legal Affairs at Geothermal Development Company. She worked as Manager, Legal & Corporate Affairs at the Kenya Rural Roads Authority and before that as Company Secretary at Kenya Wine Agencies Limited. Mrs. Saisi started her career as a Magistrate with the Judiciary.</p> <p data-bbox="767 757 1505 1227">Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from the United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.</p>


4. Key Management Team

	Management	Details
1.	 <p data-bbox="284 1895 655 1928">Mr. Charles Machira</p>	<p data-bbox="721 1485 1505 1653">Mr. Machira was born in 1968. He served as Chief Manager, Supervision from 2011 until his appointment as Chief Executive Officer on 1st December 2022.</p> <p data-bbox="721 1680 1505 1944">Mr. Machira has over 20 years' experience in the Insurance and Pension sectors. He has spearheaded supervision of the Retirement Benefits schemes in Kenya for over 10 years. He has also served as Managing Trustee of Policyholder Compensation Fund representing Retirement Benefits Authority. He</p>


	Management	Details
	<p>Chief Executive Officer Profession- Mathematician</p>	<p>holds a Master of Science in Social Protection Finance and a Bachelor of Science degree in (Mathematics).</p>
<p>2.</p>	<div data-bbox="311 443 622 757" data-label="Image"> </div> <p>Dr. Alfred Ouma Shem Director, Research, Strategy & Planning</p> <p>Profession- Economist</p>	



	Management	Details
3.	 <p>Mrs. Praxidis Saisi Corporation Secretary & Director, Legal Services Profession- Lawyer</p>	<p>Mrs. Saisi is the Corporation Secretary & Director, Legal Services at the Retirement Benefits Authority from 2nd January 2017. Prior to her appointment, she was the Company Secretary & General Manager, Legal Affairs at Geothermal Development Company. She worked as Manager, Legal & Corporate Affairs at the Kenya Rural Roads Authority and before that as Company Secretary at Kenya Wine Agencies Limited. Mrs. Saisi started her career as a Magistrate with the Judiciary.</p> <p>Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from the United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.</p>
4.	 <p>Mr. Simon Kiplang'at Director, Corporate Services Profession-Human Resource</p>	<p>Mr. Kiplang'at is the Director Corporate Services since May 2023. He is a Ph.D. candidate. He also holds a Master of Science (Applied Management and Leadership) from Management University of Africa (MUA), Master of Human Resource Management from Open University of Tanzania, Dar es Salaam. He holds a Bachelor of Arts in Social Science from University of Nairobi and a Post Graduate Diploma in Business Studies (Human Resource Management) from IHRM.</p> <p>He is a Certified Human Resource Practitioner CHRP(K) and a Fellow Member of Institute of Human Resource Management as well as a Full Member of Kenya Institute of Management. Mr Kiplang'at has an</p>

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	Management	Details
		<p>extensive experience spanning over 28 years in public and private sectors. He has been instrumental in institutional planning, change management, business standard improvement, electronic single window start-up organisation designs, people’s management, Collective Bargaining Agreements, and policy development as well as financial policy sustainability improvement. He has served on executive level management in Mount Kenya University, Geothermal Development Company, Kenya Trade Network Agency, Kenya Bureau of Standards, and Telkom Kenya.</p>
5.	 <p>Mr. Jackson Nguthu Director, Supervision Profession-Accountant</p>	<p>Mr. Nguthu is the Director, Supervision having been appointed on 1st May 2023. Prior to his appointment, Mr. Nguthu has served in the Authority for 14 years in various positions culminating to the most recent position of Manager, Supervision held for the last eight (8) years. Previously, he had worked in the Pension Sector having held the position of Head of Portfolio Administration for six (6) years at AIG Investments (E.A) Ltd which has changed to its current name of Sanlam Investments (E.A) Ltd.</p> <p>He holds a master’s in business administration (Finance) and Bachelor of Commerce (Finance) both from the University of Nairobi. He is also a member of ICPAK in good standing. He has undertaken several trainings in pensions management and leadership with both regional and international trainers and training institutions like ESAMI, University of Stellenbosch - South Africa, and World Bank</p>
6.		<p>Mrs. Elizabeth Waruingi was appointed Director, Internal Audit & Risk Assurance in May 2023. Prior to her appointment she served as Deputy Director</p>


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Management	Details
 <p>Mrs. Elizabeth T. N. Waruingi Director, Internal Audit & Risk Assurance Profession -Accountant</p>	<p>Internal Audit & Risk Assurance at the Authority. Previously she worked as Manager, Internal Audit at Water Sector Trust Fund (WSTF) and International Livestock Research Institute (ILRI) as the Senior Internal Auditor. She started her career at KPMG.</p> <p>She holds a master’s degree in business administration - Special emphasis on Strategic Management and Finance and a Bachelor of Arts degree in economics, business studies and mathematics. She is a Certified Public Accountant - CPA (Kenya), Awarded the Best Lady Candidate in September 2000 sitting, section six and third in the country. She is a Certified Internal Auditor, CIA (USA), Certified Information Systems Auditor, CISA (USA) and a Certified Risk Management Assurance Professional - CRMA (USA). She is a member in good standing of the Institute of Certified Public Accountants (K), the Institute of Internal Auditors (USA) and Information Systems Audit & Control Association (USA).</p>

	Management	Details
7.	 <p>Mr. Tom K. Kiptanui Ag. Director, Market Conduct & Industry Development Profession - Economist</p>	<p>Mr. Kiptanui is the Acting Director, Market Conduct, and Industry Development. He has worked with the Authority since its inception in 2000.</p> <p>Mr. Kiptanui previously worked in the Supervision Department where he served in scheme registration and compliance before redeployment to Market Conduct, and Industry Development in 2016. Mr Kiptanui sits on various technical committees on pension reforms and Co-chaired the committee that developed market development guidelines—Good Governance, Treating Customers Fairly (TCF), Trustee Remuneration, and Anti-Money Laundering.</p> <p>Mr. Kiptanui holds a Master of Business Administration degree from Leicester University-UK as well as a Bachelor of Arts in International Relations and Economics from the University of Keele-UK. He has undertaken various trainings on pension development in Australia, Canada, and the United States (Wharton Business School). He is a member of the Centre for Corporate Governance (CCG), Certified ISO 9001:2015 Auditor and Certified Pension Trustee of Kenya (TDPK).</p>
8.	 <p>Mr. Gordon Bulinda Deputy Director, Human Resource & Administration Profession- Human Resource</p>	<p>Mr. Bulinda is the Deputy Director, Human Resource & Administration since July 2010. Prior to his appointment, he worked as General Manager, Human Resources and Administration at Mabati Rolling Mills Ltd, Group Human Resources Manager at Crown Berger (K) Ltd in Nairobi; Personnel Services Manager and Training Manager at the Pyrethrum Board of Kenya. He started his career at Braeburn School, Nairobi as an Administrative officer.</p> <p>He holds an MBA, specializing in Human Resources Management, from Egerton University, Kenya and a Bachelor of Education in Arts from Kenyatta</p>

	Management	Details
		<p>University. He also holds a Higher National Diploma in Human Resource Management awarded by the Kenya National Examinations Council and the Institute of Personnel Management (Kenya). He is currently pursuing PhD, Human Resources Management at the University of Nairobi. Mr. Bulinda is a Balanced Scorecard Master Professional, awarded by the George Washington University, USA. He is a Fellow of the American Academy of Project Management (FAAPM), Associate Member of the Society of Human Resource Management (SHRM) and a Full member of the Institute of Human Resources Management of Kenya (IHRMK)</p>
9	 <p>Mr. George Ogwang Deputy Director, Supply Chain Management.</p> <p>Profession- Procurement</p>	<p>Mr. Ogwang is the Deputy Director, Supply Chain Management since 2016. Previously he worked as Deputy Director, Procurement & Supply Chain Management at Kenya Electricity Generating Company (KENGEN); Logistics Manager, NCR Corporation Africa in charge of Downstream and Upstream Logistics for Africa in charge of; Egypt, Morocco, Tunisia, Zimbabwe, Ivory Coast, Ghana, Nigeria, Zambia, and Kenya.</p> <p>He holds an MBA, Procurement and Supply Chain Management from the University of Nairobi and a First-Class Honours Bachelor of Commerce Degree majoring in Accounting, Finance and Procurement. He holds Diploma in Procurement and Supply Chain Management from the Chartered Institute of Purchasing, and Supplies (UK) and a Higher National Diploma in Supplies Management administered by Kenya National Examination Council (KNEC). He is a member of Kenya Institute of Supplies Management (KISM) and Chartered Institute of Purchasing and Supplies (UK).</p>

	Management	Details
10.	 <p>Mr. Peter K. Ngunyi Deputy Director, Information Communication & Technology Profession - ICT</p>	<p>Mr. Ngunyi is the Deputy Director, Information Communication & Technology. Peter has a wealth of experience in systems development and implementation, project management and data analytics.</p> <p>He holds a Master’s degree in Information Systems with special emphasis in IT security and databases, MBA in Innovation Entrepreneurship from USIU-A and a First-Class Honours Bachelor of Commerce degree in ICT from the University of Nairobi. He also holds a Higher Diploma in ICT. He is a Microsoft Certified Systems Engineer (MCSE), Certified Information Systems Auditor - CISA (USA), a Certified PRINCE2 (Projects in Controlled Environments) Practitioner (USA), a Certified Business Resilience Auditor (CBRA, USA), Certified Business Resilience Manager (CBRM, USA) and a Certified Knowledge Manager, Basel. He is a Fellow of Computer Society of Kenya</p>
11.	 <p>Ms. Sarah Khamala Baraza Deputy Director, Finance & Accounts Profession- Accountant.</p>	<p>Ms. Baraza was appointed Deputy director Finance & Accounts on 5th June 2023. She has over 18 years working experience in public finance management and administration having worked for various government institutions. Prior to joining RBA Sarah served as Director Business Services at Independent Police Oversight Authority and in managerial positions at Konza Technopolis Development Authority and National Gender & Equality Commission. Previously she worked for Nzoia Water Services Company and Ethics & Anti-Corruption Commission.</p> <p>She is a holder of Master’s degree in Business Administration (Finance option) from Jomo Kenyatta University of Agriculture & Technology and a</p>

	Management	Details
		<p>Bachelor of Business Management Degree (Accounting option) First class Honours from Masinde Muliro University of Science and Technology. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya and Association of Women Accountants of Kenya in good standing. She holds a certification badge in Mechanics of Project Finance by IFF, post graduate certificate in sustainable finance from Cambridge University and certification in Anti-money laundering & Terrorism financing among other certificates.</p>
12.	 <p>Mr. James Ratemo Assistant director corporate communication Profession- Journalist.</p>	<p>Mr. Ratemo joined the Authority in 2018 as Senior Corporate Communication Officer and was appointed Assistant Director Corporate Communications in October 2023. He has over 17 years' experience in Journalism and Communication having previously worked as Head of Communications at Media Council of Kenya, Digital Media Trainer at Internews Kenya, Journalist & Online Editor at Nation Media Group and Print Journalist & Online Sub Editor at Standard Media Group. He holds a master's degree in Communication Studies from the University of Nairobi and a Bachelor of Arts Degree in Communication and Media Technology from Maseno University. He is currently pursuing PhD in Communication and Information studies at the University of Nairobi. He is a certified digital media specialist and trainer having studied at the International Institute for Journalism in Germany, Internews Kenya Network and Commonwealth Press Union (UK). He is a member of the Public Relations Society of Kenya and an accredited journalist by the Media Council of Kenya. He is also a mentor in the Presidential Digital Talent Programme</p>

5. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the annual report and financial statements of Retirement Benefits Authority (RBA) for the year 2023/2024. This report highlights the operational context in which the Authority operated, key achievements for the year, challenges and interventions undertaken by the Authority to promote savings for retirement and protect the interests of members and sponsors of retirement benefits schemes.

For the year under review, the Authority remained steadfast in regulating and supervising Retirement Benefits schemes in Kenya. The pension sector in Kenya remained stable and resilient despite the global economic shocks which affected many countries across the world. The Kenya economy

grew by 5.2% in 2023 from 4.8% in 2022 and is steadily recovering from the effects of the Covid-19 pandemic and the Russia-Ukraine war. The growth was also realized with pension assets under management whereby the assets grew by 16.1% from Kshs. 1,703.6 billion in June 2023 to Kshs. 1,978.75 billion in June 2024.

For the year under review, the pension coverage remained low at 26%. Majority of workers are not adequately covered especially in the informal sector exposing them to risk of pension adequacy, old age poverty and social exclusion. To address this issue, the Authority in collaboration with the National Treasury developed the National Retirement Benefits Policy approved by the Cabinet in November 2023. The policy lays the foundation for a more inclusive retirement benefits arrangement targeting to widen the coverage to the informal sector workers who are currently underserved. In addition, the policy provided for a framework for leveraging on innovation and technology and is expected to be instrumental in driving growth in the sector.

The Authority remained focused on enhancing good governance in the retirement benefits sector and developed and gazetted two (2) regulations during the year; The Retirement Benefits (Corporate Trustee) Regulations, 2023 and Retirement Benefits (Income Drawdown Funds) Regulations, 2023. The corporate trustee regulations target to streamline the operations of the corporate trustees in the management of retirement



**Mr. Nelson Havi
Chairman**

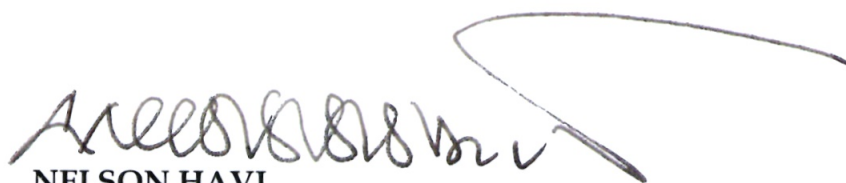
Chairman's statement (continued)

benefits schemes while the income drawdown regulations aim at enhancing the management of the pay-out phase through programmed withdrawals.

Following the end of the 5th Strategic Plan 2019-2024, the Authority developed the 6th cycle Strategic Plan 2024-2029 aligned with the Vision 2030, Medium Term Plan IV and the Bottom-Up Economic Transformation Agenda (BETA). The new plan focuses on three pillars: Efficient and Effective Service Delivery; Sound and Responsive Regulatory Framework; and Inclusive and Sustainable Retirement Benefits Sector. The implementation of this plan is expected to enhance growth and stability of the pension sector through attainment of 34% pension coverage and asset base to Kshs.3.2 trillion by the year 2029.

The retirement benefits sector is expected to grow with the interventions laid out in the 6th Strategic plan and the National Retirement Benefits Policy. The Successful implementation of the strategies in the plan and policy will be critical for reaching out to the majority of the working population in the informal sector and who are not adequately served under the formal pension arrangement. The policy will help in addressing the challenge of inadequate benefits, fragmented legislation and under funding of schemes contributed mainly by unremitted contributions.

In conclusion, I would like to thank the National Treasury & Economic Planning, my fellow directors, the management team and staff of RBA together with all our stakeholders, who have supported the Authority in the year and look forward to their support in the future as we strive to fulfil our mandate.



**NELSON HAVI
CHAIRMAN OF THE BOARD OF DIRECTORS**

6. Report of the Chief Executive Officer

It is with great honour that I present the annual report and financial statements for Retirement Benefits Authority for the year ended 30th June 2024. The report provides highlights on the pension industry performance, Regulatory and policy updates, and financial performance of the Authority for the financial year 2023/2024.

Industry Performance.

During the financial year 2023/2024, the Authority registered twelve (12) new schemes, comprising one (1) occupational scheme, five (5) umbrella schemes and six (6) individual retirement benefits schemes. The Authority observed a significant transition from standalone occupational schemes to multi-employer umbrella funds an indication of a broader trend of retirement benefits industry market consolidation.

Regarding service providers licencing and registration,

The Authority expanded its roster by registering twelve (12) new entities, including two (2) Corporate Trustees following the enactment of the Retirement Benefits (Corporate Trustees) Regulations, 2023 in July 2023, seven (7) fund managers, two (2) administrators and one (1) custodian. In the same period, two (2) administrators were deregistered due to business reorganizations by their shareholders, reflecting the sector's dynamic nature.

Regarding Contracting out approvals, the Authority processed contracting out applications as provided under the National Social Security Fund Act 2013 and issued contracting out certificates to 1,053 employers. This achievement was attained by leveraging on digital processing of approvals eliminating the need for physical submission of documents and processing of certificates.

Regarding the soundness and stability of the sector, the retirement benefits sector remained stable and resilient. The industry's stability, as measured by the 4-level risk rating system, improved with a 11% decrease in the risk rating, from 2.98 (Level 2) at the beginning of the year to 2.92 (Level 2) at the end of the year. This decline reflects the sector's overall stability. The distribution of risk ratings, from lowest to highest, was as



**Mr. Charles Machira
Chief Executive Officer**

Report of the Chief Executive Officer (Continued)

follows: 8% at Level 1, 42% at Level 2, 45% at Level 3, and 5% at Level 4. The Authority continued to undertake enforcement actions and supervisory intervention measures for non-compliant schemes while also promoting adoption of good governance practices, with the aim to further reduce the risk ratings and enhance overall sector resilience.

Regarding the trend in assets under management, the retirement benefits assets under management for the period ending 30th June 2024 was Kshs. 1,978.75 billion representing an increase of 16.11 percent compared to Kshs. 1,703.69 billion Asset base in June 2023. The significant growth of assets during the period can be attributed to favorable market and economic conditions witnessed during first half of 2024. The period witnessed stabilization of the exchange rate and inflation rate. The investment trend of schemes continued to favor fixed income assets. More than half (51.12%) of the scheme assets under management were invested in government securities followed by 20.45 percent investment in guaranteed funds. Investments in immovable property and quoted equities accounted for 11.95 percent and 8.85 percent of the total assets under management respectively. During the period, there was investment of Kshs. 61.62 million under Sharia compliant fund.

Regarding Consumer Protection and Education, the Authority continued to implement its consumer protection and education strategies. During the year, the Authority received a total of 164 formal complaints, reflecting an increase of approximately 41.4% compared to the 116 complaints recorded in the previous financial year. This increase is attributed to targeted awareness campaigns and member education initiatives, which have significantly improved stakeholders' understanding of their rights and responsibilities within the retirement benefits industry. On average, complaints were resolved within 14 days. Further, the Authority also conducted retirement planning seminars in twenty-one (21) counties, which reached 4,700 members from 241 retirement benefit schemes.

To strengthen retirement benefits industry policy and regulatory framework, the Authority instituted changes to its regulatory framework for the retirement benefits sector to enhance supervision. Notably, the Retirement Benefits (Corporate Trustees) Regulations, 2023, were gazetted on 3rd July 2023, marking a significant improvement in the oversight of corporate trustees managing retirement benefits schemes. Furthermore, the Retirement Benefits (Income Drawdown) Regulations, 2023, were gazetted on 31st October 2023. These regulations aim to strengthen the supervision of income drawdown funds during the payout phase, replacing the earlier prudential guidelines issued in 2012.

Report of the Chief Executive Officer (Continued)

The retirement benefits sector has long operated without a cohesive public policy framework. In response, the Authority, in collaboration with the National Treasury & Economic Planning, developed the National Retirement Benefits Policy, which received Cabinet approval on 23rd November 2023. The policy aims to address fragmented regulations, low coverage, inadequate benefits, and complex payout systems. It proposes a unified legal framework, enhanced coverage for informal sector workers, improved benefit adequacy, and streamlined benefit portability. By addressing these critical areas, the policy aims to ensure harmonization, coordination, good governance and growth of the retirement benefits sector.

Business Continuity and Quality management

The Authority continued to implement the ISO 9001:2015 Quality Management Systems and was certified ISO 22301:2019 Business Continuity Management System (BCMS) during the year under review. The BCMS will assist the Authority in its quest to develop a resilient and responsive framework against business disruptions and ensure business continuity. The Authority remains commitment to managing risks, implementing business continuity plans and providing excellent customer service.

Corporate Social Investment and stakeholder engagement

The Authority continued to engage with stake holders in undertaking Corporate Social Investment activities which included mentorship of high school students in Elgeyo Marakwet and Baringo counties through a program dubbed Mentorthon, Re-afforestation activities in partnership with Kenya Forestry Service in the counties of Nairobi, Laikipia, Embu, Machakos and Elgeyo-Marakwet. The Authority also partnered with various institutions and associations including ICPAK, FKE, ICS and MCK as part of the efforts to improve governance and to grow the Authority's brand and sensitize participants on the need to save for retirement.

Financial highlights

We remain committed to maintaining pension industry stability which is critical to financial sustainability of the Authority. The Authority main source of income is regulatory levy and the total revenue realized for the FY 2023/2024 was Kshs.1,193.51 million representing a growth of 4% compared Kshs. 1,146.4 million realized in the FY 2022/2023. The growth was because of enhanced revenue from investment income due to favourable interest offered on treasury bills. The recurrent expenditure for the year under review was Kshs.1,003.4 million reflecting an increase in expenditure by 15% in

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comparison to FY 2022/2023. The growth in expenditure is attributed to growth in staff complement and increase in operational costs.

Report of the Chief Executive Officer (Continued)

The surplus for the period was Kshs. 189.4 million as shown below:

	2023-2024	2022-2023	change
Description	Kshs	Kshs	%
Revenue	1,193,511,703	1,146,476,733	104%
Expenses	(1,004,080,071)	(872,670,805)	115%
Gross Surplus	189,431,631	273,805,929	67%
90% Remission to NT	170,488,468	246,425,336	67%
Net Surplus	18,943,163	27,380,593	67%

Challenges in the Retirement Benefits Sector

The pension industry at large continued to face the challenge of unremitted contribution. There was an increase in the level of unremitted contributions to schemes by employers the unremitted contribution increased by 12.3% from Kshs. 42 billion as at 30th June 2023 to Kshs. 47.16 billion as at 30th June 2024. This challenge largely affects quasi-government institutions, which mainly comprise of public universities and county governments. To address the challenge, the Authority has continued to engage various stakeholders including National Treasury & Economic Planning and the National Assembly with a view of securing commitments for the funds to be remitted to schemes. Additionally, the sector still grapples with inadequate benefits as a proportion of last earnings, and which currently stands at 32%. This is low compared to recommendation International Labor Organization (ILO) minimum replacement rate of 40%. The pension coverage which is currently at 26% remain a critical strategic area of focus for the Authority, there are interventions in 2024-2029 Strategic Plan and the National Retirement Benefits Policy to address this issue.

In compliance with government directive for services to be onboard on E-citizen, the Authority complied and onboarded all customer facing services on E-Citizen platform, this being the first year of implementation, there were challenges of delayed disbursement of payments and reconciliation of customer payment. To address the challenge, the Authority will continue to engage National Treasury and E-Citizen support to resolve the issue.

Future Outlook

Looking ahead, we remain committed to our mission of ensuring a secure retirement for all Kenyans. We have developed our 6th Strategic Plan (2024-2029) which focuses on three

payments and reconciliation of customer payment. To address the challenge, the Authority will continue to engage National Treasury and E-Citizen support to resolve the issue.

Future Outlook

Looking ahead, we remain committed to our mission of ensuring a secure retirement for all Kenyans. We have developed our 6th Strategic Plan (2024-2029) which focuses on three

Report of the Chief Executive Officer (Continued)

key areas: efficient and effective service delivery to ensure high-quality services; a sound and responsive regulatory framework to enhance consumer protection and the legal structure; and inclusive and sustainable retirement benefits aimed at reaching all target populations. The successful implementation of the strategy will ensure timely provision of quality services, a stable retirement benefits sector, increased pension coverage and dignity in retirement. We anticipate that these efforts will significantly advance the sector's goals and look forward to the support of all stakeholders in executing this plan. We will continue to adapt to the evolving economic landscape, enhance our regulatory framework, and explore innovative solutions to expand coverage and improve the financial well-being of our members.

Appreciation

On behalf of the management team, I wish to express my gratitude to Chairman and the Board of Directors for their continued support and guidance provided to the management team during the year. I also wish to sincerely appreciate the efforts of the Authority's staff in delivering on set targets. To the National Treasury and our stakeholders thank you for continued support. I remain committed to steering the team towards development of the pension sector.



Charles Machira

CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY 2023-2024

During the financial year, the Authority continued with the implementation of its Strategic Plan (2019-2024). This marked the final year of the implementation of the plan. The plan set out the strategic direction to enable the Authority attain its vision of *“An inclusive, secure and growing retirement benefits sector”* with an overarching goal of *“achieving 30% pension coverage with an asset base of 2.4 trillion shillings by 2024.”* The plan focused on the following three strategic themes, namely:

- a) **Operational Excellence** which aimed at delivery of efficient and effective services to the Authority’s stakeholders. This was expected to be achieved through enhancement of capacity, automation and knowledge management within the Authority. The Authority envisioned to achieve operation excellence by instituting a robust Monitoring and Evaluation (M&E) framework and improving access to and reach of its services.
- b) **Policy and Regulatory** which aimed at improving the confidence and stability in the retirement benefits sector. The Authority was to accomplish this by enhancing the capacity in policy formulation, improving the legal framework that guides the Authority’s operations, and strengthening surveillance of the sector in order to improve sector governance; and,
- c) **Developing the Informal Sector**, which aimed at achieving higher levels of pension coverage among Kenyan workers. This was to be realized by enhancing outreach programmes based on needs-based research, promoting the development of pension products that specifically target the informal sector. It also included the translation of the high awareness of pension products into actual enrolment in retirement benefits arrangements.

During the financial year, the Authority implemented the 2023/2024 performance contract aligned with the national development agenda, Bottom-Up Economic Transformation Agenda (BETA), Medium Term Plan IV and the Authority’s Strategic Plan 2019-2024. The performance during the period as per the strategic pillars and objectives was as follows:

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
Operation Excellence	Improve customer experience	Customer Satisfaction index	Implement the survey recommendations	During the financial year, the Authority implemented the recommendations of the previous 2022/2023 Customer Satisfaction Report. The Authority conducted customer satisfaction survey for the financial year 2023/2024 and the overall customer satisfaction index stood at 80%. This was an improvement compared to the 2022/2023 satisfaction level of 74.6% and the 2020/2021 financial year where the index stood at 65.41%. The improved customer satisfaction level is attributed to the improved customer service delivery.
	Improve Access to Authority Services	Ease of Access of Authority's Services	Partner with Huduma Centres through Regional Huduma Clinics	The Authority partnered with the Huduma Kenya Secretariat and held a joint capacity building for RBA, NSSF, Pension Department (National Treasury) and Huduma Secretariat staff. The Authority held seven (7) Huduma Clinics in various regions in partnership with Huduma Centre Secretariat and Individual Retirement Benefits Schemes providers. The clinics were held in Nakuru, Embu, Nyeri, Garissa, Kisumu, Mombasa and Kakamega. The Authority also digitalised its

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				customer facing services and onboard eleven (11) service in the e-citizen platform
	Enhance Employee Engagement	Employee Satisfaction Index	Conduct Annual Employee Satisfaction Survey and Culture Assessment and implement the recommendations	During the 2023/2024 financial year the Authority implemented the recommendations of the 2022/2023 employee satisfaction survey report. The Authority carried out an employee satisfaction survey at the end of the financial year and the satisfaction index stood at 76%. This was an improvement compared to the previous year's satisfaction level of 62% in 2022/2023 and the satisfaction level of 66% in the 2021/2022 and 68% in the 2020/2021 financial year. The improved satisfaction levels is attributed to the implementation of the recommendations of the previous survey reports including the improvement of the staffing level following the approval of the Human Resource Instruments.
	Improve Capacity	Human Capital Readiness	Review and implement the Authority's establishment and audit findings	The Human Resource Instruments were approved in June 2022 and the implementation is ongoing. During financial year under review, the Authority recruited fourteen (14) new

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				members of staff, thus, enhancing the staff compliment and capacity.
Policy and Regulatory Framework	Enhance Confidence in the Retirement Benefits Sector	Percentage Increase in confidence index	Implement the recommendations of the Confidence Survey Report	<p>During the financial year, the Authority implemented the recommendations of the 2022/2023 Confidence Survey report. The Confidence index stood at 70.8% in 2023 which was an improvement compared to the 68% confidence level in 2020/2021 financial year.</p> <p>The Authority also carried out targeted campaigns to create awareness on the legal and regulatory framework, emerging issues and trends in the pension sector. Further, the Authority sensitized members of schemes during scheme Annual General Meetings (AGMs), Research and member education days.</p>
	Enhance Retirement benefits sector contribution to the National Development Agenda	No. of initiatives supporting the National Development Agenda	<p>Recommend review of the legal framework to enable pension schemes and members participate in the National Development Agenda</p> <p>Collaboration with key</p>	<p>The Authority sensitized members and other stakeholders on the provisions of the Guidelines on Post-Retirement Medical Funds as part of the efforts to enhance the uptake of post-retirement medical products.</p> <p>The Authority also sensitized trustees on</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
			<p>stakeholders and sector players on the implementation of the National Development Agenda</p> <p>Monitor the uptake of initiatives geared towards participation in national development agenda</p>	<p>alternative investments including investment in debt instruments to finance infrastructural projects including affordable housing projects under Public-Private Partnerships (PPP). The investment in alternative asset classes has gained traction and several schemes have shown interest in investing in infrastructural projects.</p>
	<p>Improve the Retirement Benefits Sector Governance</p>	<p>Average risk score</p>	<ul style="list-style-type: none"> • Enforce good governance framework • Build capacity of the service providers on the governance framework • Develop and review guidelines and practice notes on scheme good governance 	<p>The Authority continued to implement the risk-based supervision framework to monitor the stability and soundness of the retirement benefits sector. The Authority carried out various enforcement actions as per the Retirement Benefits Act and regulations to ensure compliance of the schemes and reduce risks. The Authority also sensitised the industry stakeholders on the new guidelines and amendments in the retirement benefits Act and regulations. The overall risk score for the pension sector as at 30th June 2024 was 2.92 indicating that the sector was relatively stable.</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				<p>The Authority also continued to monitor the implementation of the Good Governance Guidelines. The overall compliance level on the good governance guidelines improved from 35 percent in the 2022/2023 financial year to 55.32 percent in 2023/2024 financial year.</p>
<p>Enhancing Coverage in the Informal Sector</p>	<p>Increase Pension Asset Base from Kshs. 1.2 trillion to 2.4 trillion by June 2024</p>	<p>Growth in Assets</p>	<ul style="list-style-type: none"> • Promote investments in alternative assets • Advocate for the implementation of the National Retirement Benefits Policy 	<p>The retirement benefits assets under management increased by 16.1 percent from Kshs. 1,703.69 billion in June 2023 to Kshs. 1,978.75 billion in June 2024. The significant growth of assets during the period can be attributed to favorable market and economic conditions witnessed during first half of 2024. The period witnessed stabilization of the exchange rate and inflation rate. The National Retirement Benefits Policy was approved by Cabinet on 3rd November 2023. The policy aims to streamline the governance structure of the pension sector and enhance growth in assets and coverage.</p> <p>The Authority also processed and issued contracting out certificates to 1,053</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				<p>employers who applied to contract out of tier II contributions to NSSF. The Authority reviewed and approved applications for contracting out and issued contracting out certificates within 12 days on average from the date of submission of complete documentation. The Authority achieved this following the automation of the contracting out process and stakeholders/employers are able to apply for contracting out through the online portal.</p> <p>However, the implementation of the activity was affected in the 3rd and 4th quarters of the financial year following the supreme court judgement in petition E004 of 2023 which was delivered on 21st February 2024.</p>

	Increase pension coverage from 20% to 30% of the labor force by June 2024.	Pension coverage	1	The Authority carried out sensitization and follow-up employers on the need to have pension arrangements. The Authority also carried out sensitization programmes in partnership with the Micro Small and Enterprises Authority (MSEA) in thirteen (13) counties (Kisumu;
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				<p>Kisii; Nyamira; Turkana; Trans Nzoia; Kakamega; Nakuru; Kericho; Nairobi; Kiambu; Mombasa; Kilifi; and Kwale) to sensitize members of Micro, Small & Medium Enterprises.</p> <p>The Authority managed to register thirteen (12) new retirement benefit schemes. This was a decline compared to the previous financial year where the Authority registered fifteen (15) new schemes. The Authority also registered six (6) new service providers of which three were Fund Managers and three were custodians. However, the pension coverage remained low at 26% of the labour force.</p>
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8. Corporate Governance Statement

The Retirement Benefits Authority Act No. 3 of 1997 vests the Board with all powers necessary for the management of Authority's regulatory and supervisory operations. The Board has established a corporate governance framework that clearly outlines the structures, processes and strategies to support high ethical standards and superior organizational performance of the Authority. The board has ensured the business and operations of the Authority are done in an accountable way and in a manner that complies with the law and high standards of corporate governance.

Board Membership

The Board consists of a Chairman appointed by the CS National Treasury and Economic Planning, Principal Secretary National Treasury , Chief Executive Officer RBA *ex-officio* member, the Chief Executive Officer of Insurance Regulatory Authority, Chief Executive of the Capital Markets Authority and five independent members appointed by Cabinet Secretary National Treasury and Economic Planning with knowledge or experience in matters relating to the administration of scheme funds, banking, insurance, law or actuarial studies.

The Board Charter

RBA Board has a Charter that outlines the Board composition, roles and responsibilities, engagement with stakeholders. The key provision of the charter include:

- a. The roles of the Board Chairman, Directors and CEO
- b. Committees of the board and clear definition of delegated powers of the committees with Board remaining accountable for all the decisions.
- c. The board almanac, notice for meetings, rules of the meetings, frequency of board meeting with a minimum of 4 meetings a year.
- d. Declaration of conflict of interest and maintenance of conflict of interest register for all meetings
- e. The board communication, engagement of experts and interaction with external stakeholders and limitation of liability.
- f. The Board compliance with all relevant laws, regulations, and code of ethics
- g. Guidelines on the director's remuneration, orientation and training.

The role and responsibilities of the Board and Management

The Board oversees the management of the financial and other affairs of Authority, including its strategic planning, supervisory activities, resource allocation, risk management, financial reporting policies and procedures, and effectiveness of internal controls and management information systems. The Board's detailed responsibilities include:

Corporate Governance Statement (continued)

- Reviewing, evaluating and approving, on a regular basis, long-term plans for the Authority and overseeing management's implementation of plans.
- Monitoring the Authority's operational performance generally including its financial state and the effectiveness of the Authority's safety and sustainability strategies.
- Reviewing, evaluating and approving major resource allocations and capital investments, approving major expenditures, transactions, budgets, funding plans and capital management initiatives.
- Monitoring the integrity, effectiveness, and consistency of setting the overall remuneration framework for the Authority; appointing, setting the remuneration and assessing the performance of the CEO, as well as approving the appointment and remuneration of senior management staff and overseeing their performance.
- Overseeing management succession planning; and monitoring the effectiveness of the Authority's governance practices including overseeing shareholder reporting and engagement as well as compliance with the Authority's continuous disclosure obligations.
- Adopting, implementing and monitoring compliance with the Authority's Code of Conduct Setting the 'tone from the top' through influencing the corporate culture, ethical standards and reputation of the Authority.
- Evaluating and approving the registration and licensing of mandated service providers
- Reviewing periodically the Authority's corporate objectives and policies relating to social responsibility.
- Reviewing, monitoring and ensuring that the Authority is effectively and consistently delivering on its statutory mandates.

Key Achievement during the year included:

- i. Development of the National Retirement Benefits Policy in collaboration with the National Treasury which was approved by the Cabinet on 3rd November 2023.
- ii. Development of the income drawdown regulations and guidelines.
- iii. Development of the 6th Strategic plan 2024-2029.
- iv. Implementation of year 5 strategic initiatives in (2019-2024) Strategic Plan.
- v. Approved 4 new policies developed by the Authority: Bereavement Policy, Gender mainstreaming Policy, Alcohol and Drug Abuse and HIV/ AIDS Prevention Policy.
- vi. Approved and monitored the implementation of the Authority's Annual Budget of Ksh. 1.2 billion.

Corporate Governance Statement (continued)

The Board size and composition

For the Financial Year ended 30th June 2024, the Board was made up to (9) members comprising of a non-executive Chairman, four (4) non-executive members appointed by the Cabinet Secretary National Treasury and Economic Planning, as well as the Principal Secretary, National Treasury, Chief Executive Officer Capital Market Authority, the Chief Executive Officer Insurance Regulatory and the Chief Executive Officer Retirement Benefits Authority.

No	Name	Designation/ Appointment date	Area of Specialization
1.	Mr. Nelson Andayi Havi	Chairman (Appointed on 10 th February 2023)	Law
2.	Prof. Njuguna Ndung'u, CBS	Cabinet Secretary, The National Treasury & Planning	Economics
3.	Mr. Ambrose Ramson Ogango	Alternate Director representing Cabinet Secretary, The National Treasury & Planning (Appointed on 7 th February 2023)	Economics
4.	Hon. Ibrahim Mohamed Salat	Member (Appointed on 15 th September 2023)	Banking
5.	Mr. Godfrey Kiptum, MBS	CEO, Insurance Regulatory Authority	Insurance
6.	Mr Wyckliffe Muchesia Shamiah FCPA	CEO, Capital Market authority	Economics & Finance
7.	Dr. Jane Nyokabi Njuguna	Member (Appointed on 21 st July 2023)	Business Administration
8.	Mr. Jeremiah Kiplangat Kendagor	Member (Appointed on 21 st July 2023)	Banking
9.	Mr. Joseph Kiborus Tarus	Member (Appointed on 21 st July 2023)	Law
10.	Dr. James Chelang'a	Member (6 th October 2021 to 18 th July 2023)	Public Administration
11.	Dr. Margaret Mumbi Makumi	Member (6 th October 2021 to 18 th July 2023)	Management
12.	Ms. Margaret Gaitirira	Member (6 th October 2021 to 18 th July 2023)	Banking
13.	Mr. Hussein Alinoor Ibrahim	Member (3 rd June 2022 to 18 th July 2023)	Accounting & Finance
14.	Mr. Charles Maina Machira	Chief Executive Officer	Mathematics & Social Protection

Corporate Governance Statement (continued)

Office of the Inspectorate of State Corporations

The Inspector General (Corporations) under section 18(2) of the States Corporations Act Cap 446 may attend the meetings of any State Corporations or any of the Board or Committee as he deems necessary for the effective performance of his duties under the Act. During the year under review, the representative from the Inspectorate of State Corporations attended board meetings.

Ethics and Code of Conduct

RBA Board is committed to ensuring the business and operations of the Authority are carried out with integrity and in a manner that complies with the law and high standards of corporate governance. The Board has subscribed to code of ethics and mwongozo guidelines and in discharging their duties they are bound to comply with regulatory and legal framework. The board individually and collectively work in the best interests of RBA and its stakeholders. The Authority Board and staff strives for operation excellence and fosters a culture of compliance that values of integrity, transparency and accountability, responsiveness, Integrity, and innovation as outlined in the RBA Strategic Plan.

Corporate Governance Audit

For the Authority to discharge its mandate and strategic objectives more effectively, A Governance Audit covering Authority's governance practices, policies, procedures, and structures began in the 4th quarter of FY 2023/2024. Upon completion of the Audit, the Authority will implement the recommendations thereof to enhance operational efficiency and compliance with the law.

Whistleblowing Policy

The Authority has a whistleblowing policy that provides anonymous channels for whistle blowing. This includes emails, hotline, reporting that are independently handled.

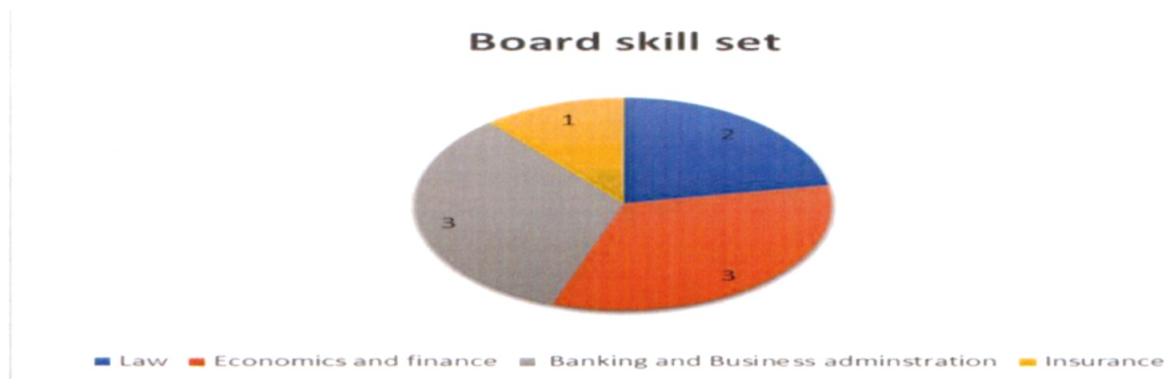
Conflict of Interest

RBA Board charter provides for members of the board to declare real / potential conflict of interest before transacting the agenda of the board. A register for conflict-of-interest declaration is maintained by the Authority.

Corporate Governance Statement (continued)

Board Diversity and Gender parity

RBA board skill set are outlined in the RBA Act (1997) and the board composition skills sets include specialization in Economics and finance, Law, Banking and Business management and insurance as shown in the chart below:



In terms of gender 28.5% of board members who served during the year were female while 71.5% were male.

Board Induction and Training

The RBA Board charter provides for board induction and training. All new board members were taken through a comprehensive induction program on the Authority mandate and functions and the strategic plan. Some of the board members attended board induction program organized by State Corporation Advisory Committee. Members of Audit and Risk Assurance committee attended Audit committee training organized by the Institute of Internal Auditors of Kenya. During the year, the board members were also capacity build on leadership and corporate governance by attending conferences and forum relevant for execution of their mandate.

Board Evaluation

The Board carries out evaluation every year with the support of State Corporation Advisory Committee. The Chairman and the CEO is evaluated by each Board member. The board does peer review, and the feedback is discussed and recommendations made for areas of improvement.

Board Remuneration

The members of RBA Board are paid allowances when undertaking the business of the Authority as outlined in their letters of appointment. The payment is guided by state corporation Act, circulars issued by Salaries and Remuneration commission and other

Corporate Governance Statement (continued)

circulars issued by the government from time to time. The Board of directors' expenses incurred for the year is outlined in Note 9 of the financial report.

Board and Committees meeting

To comply with Chapter One of Mwongozo, the Board constituted four (4) Committee each with its own Charter. The individual Charters set forth the purpose, goals and responsibilities of the committee as well as the qualification of the committee membership, the procedure for appointment and removal of a member and the procedure of reporting to the Board. The committee facilitate efficient decision making of the board in the discharge of its statutory duties and responsibilities. All directors exercise the requisite duty and care in the best interest of the Authority.

The current Board and their membership on the Board Committees of the Authority are as follows:

1. Technical Committee

The role of committee includes Identifying, evaluating and monitoring economic, social, political and environmental trends that could affect the Authority's core objects and performance; reviewing management's proposed policy recommendations for approval so as to regulate and supervise the retirement benefits sector effectively and achieve the Authority's statutory mandate. It monitors the Authority's processes in policy development, supervision and regulation with a view of enhancing the execution of core mandates of the Authority effectively and promoting the development of the retirement benefits sector. The committee also assists the board in reviewing and making recommendations concerning the goals, policies and programs relating to the Authority's corporate social responsibility practices.

The technical committee held Four (4) regular meetings and two (2) special meeting.

The membership and attendance of this committee is as follows:

S/No.	Name	Position	Attendance
1.	Hon. Ibrahim Mohamed Salat	Chair	5
2.	Dr. Jane Nyokabi Njuguna	Member	4
3.	Mr. Joseph Kiborus Tarus	Member	5
4.	Mr. Godfrey K. Kiptum, MBS	Member	6
5.	Dr. James Chelang'a	Chair up to 18 th July 2023	1
6.	Mr. Hussein Alinoor Ibrahim	Co-opted Member up to 18 th July 2023	1

Corporate Governance Statement (continued)

2. Staff Welfare and Remuneration Committee

The primary function of the Staff Welfare and Remuneration Committee of the Board of Directors is to assist the Board in the oversight of matters relating to staff recruitment policy, condition of service and evaluation policies, compensation plans, performance evaluation of the Authority's Top Management, Authority's long-term capacity building plans, and generally management of all human resources issues.

The Committee held four (4) regular meetings in the period under review.

S/No.	Name	Position	Attendance
1.	Mr. Jeremiah Kiplangat Kendagor	Chair	4
2.	Mr. Wyckliffe Muchesia Shamiah FCPA	Member	3
3.	Hon. Ibrahim Mohamed Salat	Member	3
4.	Dr. Jane Nyokabi Njuguna	Co-opted Member	1
5.	Mr. Joseph Kiborus Tarus	Co-opted Member	1

3. Finance and Administration Committee

The role of the Finance and Administration committee is primarily to provide financial oversight for the Authority on behalf of the Board. Major roles include overseeing budgeting and financial planning, financial reporting, and monitoring of internal controls and accountability policies.

The committee held four (4) regular meetings and two (2) special meetings in the period under review with the below membership:

S/No.	Name	Position	Attendance
1.	Dr. Jane Nyokabi Njuguna	Chair	5
2.	Mr. Ambrose Ramson Ogango	Member	6
3.	Mr. Jeremiah Kendagor	Member	4
4.	Mr. Godfrey Kiptum, MBS	Co-opted Member	1
5.	Mr. Hussein Alinoor Ibrahim	Chair up to 18 th July 2023	1
6.	Dr. James Chelang'a	Co-opted Member up to 18 th July 2023	1
7.	Dr. Margaret Makumi	Member up to 18 th July 2023	1

4. Audit and Risk Management Committee

The Committee responsibilities during the period included: Overseeing the financial reporting and disclosure process, Monitoring choice of accounting policies and

Corporate Governance Statement (continued)

principles, oversight of regulatory compliance, ethics, and whistle-blower hotlines, Monitoring the internal control process. Overseeing the performance of the internal audit function and Formulating risk management policies and practices with Management. Member of the committee who served during the period were:

S/No.	Name	Position	Attendance
1.	Mr. Joseph Kiborus Tarus	Chair	4
2.	Mr. Godfrey Kiptum, MBS	Member	2
3.	Mr. Wyckliffe M. Shamiah	Member	3
4.	Mr. Ambrose Ramson Ogango	Member	4

The committee held four (4) regular meetings during the period under review.

The Board Meetings

During the period under review, the board held four (4) regular full board meeting and three (3) Special meetings. The Special sitting were mainly attributed the Senior management team exercise for senior management team by the Board in special sittings.

In accordance with the Retirement Benefits Act read together with the State Corporations Act the board of the Authority should comprise of nine (9) members. In the period under review, the Authority complied to the requirement but cumulatively had a total of eleven (12) members due to the retirement, re-appointment and new appointment of Board members who transacted the Authority's business during the financial year.

The table below summarizes the number of meetings held during the period ending 30th June 2024:

	Regular	Special	Total
1 Full Board Meeting	4	3	7
2 Technical committee	4	2	6
3 Staff Welfare and Remuneration Committee	4	-	4
4 Finance and Administration Committee	4	2	6
5 Audit and Risk Management Committee	4	-	4

**Retirement Benefits Authority
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for the year ended June 30, 2024**

BOARD AND COMMITTEE MEETINGS ATTENDANCE FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2024								
COMMITTEES				A	B	C	D	E
Number of meetings				6	4	6	4	7
	Board Member	Classification	Designation					
1.	Mr. Nelson Andayi Havi	Independent	Board Chairman					7/7
2.	Mr. Ambrose Ramson Ogango	Representing the Cabinet Secretary, National Treasury	Member	6/6	4/4			6/7
3.	Mr. Wyckliffe M. Shamiah	CEO, Capital Markets Authority	Member		3/4		3/4	6/7
4.	Mr. Godfrey Kiptum, MBS	CEO, Insurance Regulatory Authority	Member	1/1	2/4			4/7
5.	Dr. Jane Nyokabi Njuguna	Independent	Member	5/6		4/6	1/1	6/7
6.	Mr. Joseph Tarus	Independent	Member		4/4	5/6	1/1	7/7
7.	Mr. Jeremiah Kendagor	Independent	Member	4/6			4/4	7/7
8.	Hon-. Ibrahim Salat	Independent	Member			5/6	3/4	6/7
9.	Mr. Stephen Mbatia	Inspectorate of State Corporations		3/6		3/6		
10.	Dr. Margaret Makumi	Independent	Former Member	1/1		1/1		
11.	Dr. James Chelang'a	Independent	Former Member	1/1		1/1		
12.	Mr. Husein Alinoor Ibrahim	Independent	Former Member	1/1		1/1		

KEY:

- A:** Finance, Administration Committee (FAC)
- B:** Audit and Risk Management Committee (AC)
- C:** Technical committee (TC)
- D:** Staff Welfare and Remuneration Committee (SWRC)
- E:** Main Board

9. Management Discussion and Analysis

The FY 2023/24 marked the final year for the implementation of the strategic plan 2019-2024. The Strategic plan has been guiding the Authority activities focusing on the following three strategic themes, namely: Operational Excellence Policy and Regulatory framework and enhancing coverage in the informal sector. The Authority also implemented the 2023/2024 performance contract aligned with the national development agenda, Bottom-Up Economic Transformation Agenda (BETA), Medium Term Plan IV.

9.0 Operational Performance Analysis

The Authority continued to implement performance contract where it achieved an overall score of 2.7597 "Very Good" performance reflecting achievement of most targets above the agreed performance target in the FY 2022/2023.

The Authority focused on the following Key Result areas during the year under review:

Operational Excellence:

For the year under review, the Authority continued to implement the recommendations of the FY 2022/2023 Customer Satisfaction Report. A survey done during the financial year 2023/2024 disclosed the overall customer satisfaction index was 80%. This was an improvement compared to the 2022/2023 satisfaction level of 74.6% and the 2020/2021 financial year where the index stood at 65.41%. The improved customer satisfaction level is attributed to the improved customer service delivery.

Access to Authority services

To enhance access to Authority services, RBA partnered with Huduma Kenya Secretariat and Individual Retirement Benefits Schemes providers and held seven (7) Huduma Clinics in Nakuru, Embu, Nyeri, Garissa, Kisumu, Mombasa and Kakamega. The Authority also carried out sensitization programmes in partnership with the Micro Small and Enterprises Authority (MSEA) in thirteen (13) counties (Kisumu; Kisii; Nyamira; Turkana; Trans Nzoia; Kakamega; Nakuru; Kericho; Nairobi; Kiambu; Mombasa; Kilifi; and Kwale to sensitize members of Micro, Small & Medium Enterprises.

Management Systems

The Authority continued to implement the ISO 9001:2015 Quality Management Systems and was certified ISO 22301:2019 Business Continuity Management System (BCMS) during the financial year under review. The Authority also digitalised its customer facing services and onboard eleven (11) service in the e-citizen platform.

Management Discussion and Analysis (Continued)



RBA Staff with stakeholders at Huduma event in Embu

Policy and Legal Framework

During the year, the Authority instituted changes to its regulatory framework for the retirement benefits sector to enhance supervision. Notably, the Retirement Benefits (Corporate Trustees) Regulations, 2023, were gazetted on 3 July 2023, marking a significant improvement in the oversight of corporate trustees managing retirement benefits schemes. Furthermore, the Retirement Benefits (Income Drawdown) Regulations, 2023, were gazetted on 31 October 2023. These regulations aim to strengthen the supervision of income drawdown funds during the payout phase, replacing the earlier prudential guidelines issued in 2012.

The National Retirement Benefits Policy

The retirement benefits sector has long operated without a cohesive public policy framework. To address this gap, the Authority in collaboration with the National Treasury & Economic Planning, developed the National Retirement Benefits Policy, which received Cabinet approval on 23 November 2023. The policy aims to address fragmented regulations, low coverage, inadequate benefits, and complex payout systems. It proposes a unified legal framework, enhanced coverage for informal sector workers, improved benefit adequacy, and streamlined benefit portability. By addressing these critical areas, the policy aims to ensure harmonization, coordination, good governance and growth of the retirement benefits sector

Management Discussion and Analysis (Continued)

Enforcement and compliance

The Authority continued to undertake enforcement actions and supervisory intervention measures for non-compliant schemes while also promoting adoption of good governance practices, with the aim to further reduce the risk ratings and enhance overall sector resilience. During the financial year under review, the Authority registered twelve (12) new schemes, comprising one (1) occupational schemes, five (5) umbrella schemes and six (6) individual retirement benefits schemes. There was a significant transition from standalone occupational schemes to multi-employer umbrella funds an indication of a broader trend of retirement benefits industry market consolidation.

In terms of service providers, the Authority expanded its roster by registering twelve (12) new entities, including two (2) Corporate Trustees following the enactment of the Retirement Benefits (Corporate Trustees) Regulations, 2023 in July 2023. Additionally, seven (7) fund managers, two (2) administrators and one (1) custodian were registered. Two administrators were deregistered due to business reorganizations by their shareholders, reflecting the sector's dynamic nature.

Table: 1 provides a summary of the registered service providers as at 30th June 2024:

S/No	Service providers	Registered No. 2023/2024	Registered No. 2022/2023
1.	Administrators	30	30
2.	Managers	34	27
3.	Custodians	16	15
4.	Corporate Trustee	2	-

a. Enhancement of Pension Coverage

Asset Held Under management

The retirement benefits assets under management increased by 16.1 percent from Kshs. 1,703.69 billion in June 2023 to Kshs. 1,958.11 billion in June 2024. The significant growth of assets during the period can be attributed to favorable market and economic conditions witnessed during first half of 2024. The period witnessed stabilization of the exchange rate and inflation rate. More than three-quarters, ten out of thirteen, of the investment asset classes recorded positive performance during the first half of the year 2024. However, the remaining three investment asset classes recorded negative performance during period under review. These include immovable property, fixed deposits and cash and call deposits held with banks.

Management Discussion and Analysis (Continued)

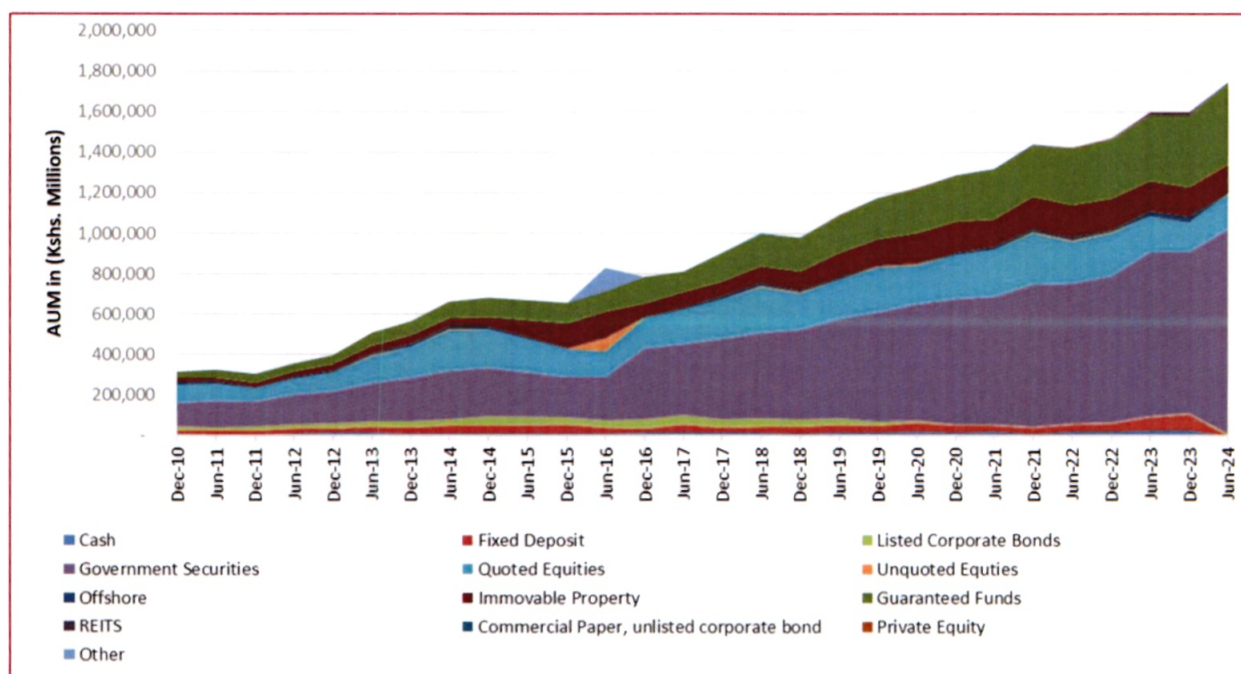


Figure 1: Assets Under Fund Management (Oct. 2010 – June. 2024)

Consumer Protection and Education

During year under review, the Authority continued to implement its consumer protection and education strategies. The Authority received a total of 164 formal complaints, reflecting an increase of approximately 41.4% compared to the 116 complaints recorded in the previous financial year. This increase is attributed to our targeted awareness campaigns and member education initiatives, which have significantly improved stakeholders' understanding of their rights and responsibilities within the retirement benefits industry. On average, complaints were resolved within 14 days. Further, the Authority also conducted retirement planning seminars in twenty-one (21) counties, which reached 4,700 members from 241 retirement benefit schemes.

9.1 Financial Performance

The Financial Performance of the Authority for the twelve months ended 30th June 2024 is presented herewith in line with the requirement of the Retirement Benefits Act, the Public Finance Management Act 2012, PFM Regulations 2015, the Public Audit Act 2015, and the International Public Sector Accounting Standards.

a. Budget Performance Analysis

The Authority Final Approved Budget for the FY 2023/2024 comprised of Revenue Budget of Kshs. 1,179 million and Expenditure Budget of Kshs. 1,240.6 million. The approved revenue budget of Kshs. 1,179 million for the FY 2023/24 reflected a budget growth of 2%

Management Discussion and Analysis (Continued)

compared to Kshs. 1,163 million budget provision for the FY 2022/2023 while the Expenditure budget of Kshs. 1,240.6 million represented a growth of 18% compared to Kshs. 1054.2 million for the FY 2022/2023.

Table 2: showing budget comparison for 2 years

Description	FY 2023/2024		FY 2022/2023		Variance	Growth
	Final (Kshs.)	Budget	Final (Kshs.)	Budget	Amount (Kshs.)	%
Revenue	1,179,065,800		1,163,433,200		15,632,600	2%
Expenditure	1,240,670,562		1,054,213,000		186,457,562	18%

For the FY 2023/2024 the Authority realized Kshs. 1,193.51 million in revenue earning surpassing the set target by 0.7%. When compared to the FY 2022/2023, the Authority had collected Kshs. 1,146 million out of targeted revenue of Kshs. 1,163.4 million which translated to 98.5% revenue realization. The revenue performance reflects a weighted growth of 2.2%.

Regarding the expenditure performance, the Authority spent of Kshs.1,087.1 million comprising of both recurrent and capital expenditure , out of the approved budget of Kshs. 1,240.6 million translating to 87.7% budget absorption. A comparison with FY 2022/2023, the Authority had spent Kshs. 890.6 million out of the approved budget of Kshs. 1,054.2 million translating to 84.5% budget absorption. The expenditure performance reflecting a weighted growth of 3.2% attributed to increase in acquisition of new assets and employee costs due to enhanced staff compliment.

Table 3: showing budget performance for 2 years

Description	FY 2023/2024			FY 2022/2023			Growth %
	Final Budget (Kshs.)	Actual (Kshs.)	Absorpt %	Final Budget (Kshs.)	Actual (Kshs.)	Absorpt %	
Revenue	1,179,065,800	1,187,781,723	100.7%	1,163,433,200	1,146,476,733	98.5%	2.2%
Expenditure	1,240,670,562	1,086,459,180	87.7%	1,054,213,000	890,682,920	84.5%	3.2%

5. Revenue Trend Analysis

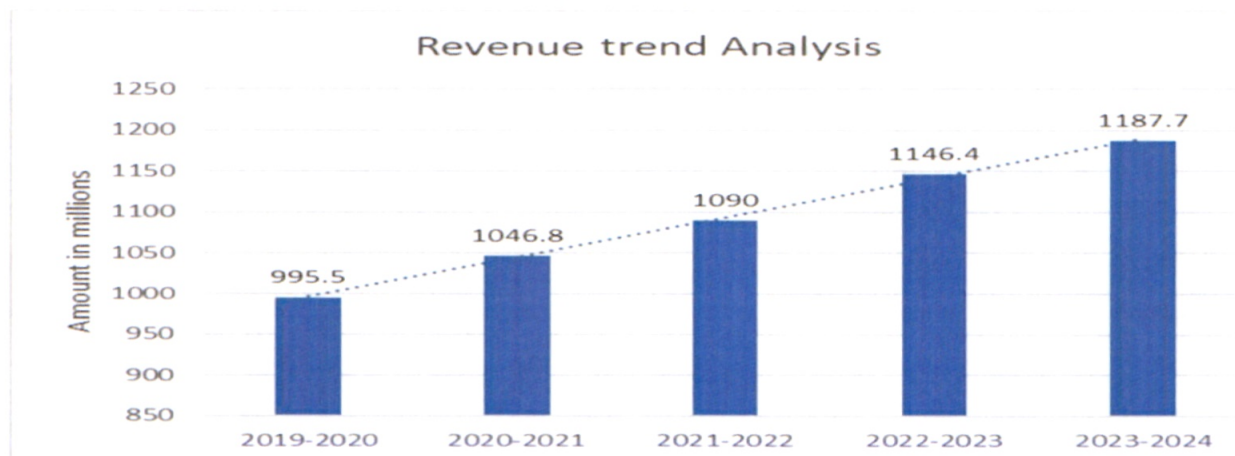
The Authority finances its activities from own source revenue. The total revenues realized by the Authority for the year under review was Kshs. 1,187 million reflecting a growth of 2.2% compared to Kshs. 1,146 million realized in the FY 2022/2023. A five-year revenue

Management Discussion and Analysis (Continued)

trend analysis shows a growth trajectory in revenues although at a slow rate. The change in revenue is dependent on the value of the pension Assets as reported by the schemes

during the year. The regulatory levy is computed based on the pension assets; The graph below shows the revenue movements from 2019-2024

Graph 2: 5 Year Revenue Trend Analysis



c. Revenue composition

The main source of revenue for the Authority is the regulatory levy which currently accounts for 94% of total revenue. Other sources of revenue include investment income generated from investment in treasury bills and interest on bank deposits, licencing fees and Miscellaneous incomes. Miscellaneous income is normally realized from the tribunal fees, refunds and penalties. The table below shows the analysis of the revenues realized for FY 2023/24.

Table 4: showing Revenue Composition for 2 years

Description	FY 2023/2024		FY 2022/2023	
	Amount (Kshs)	Proportion %	Amount (Kshs)	Proportion %
Licence fees	4,600,000	0.4%	3,800,000	0.3%
Investment Income	54,749,204	4.5%	31,986,464	2.8%
Miscellaneous Income	12,845,231	0.8%	5,837,933	0.5%
Retirement Benefits Levy	1,121,317,267	94.2%	1,104,852,337	96.4%
Total	1,193,511,703	100%	1,146,476,734	100%

Management Discussion and Analysis (Continued)

b. Expenditure Budget performance

The Authority approved expenditure budget for the FY 2023/2024 was Kshs. 1,240.6 million was comprising of Recurrent budget of Kshs. 1,151.6 million and capital budget of Kshs. 89 million.

The Recurrent expenditure for the period under review was Kshs. 1,003.3 million translating to 87% absorption while capital expenditure incurred for the same period was Kshs. 83 million translating to 93% budget absorption. A comparison with FY 2022/2023 shows Kshs. 872.6 million was spent on Recurrent expenditure and Kshs. 18 million was on capital expenditure. The Authority realized a weighted growth of 2.2 % in the expenditure for the FY 2023/2024 as outlined in the table below:

Table 5: showing Expenditure performance Analysis for 2 years

Description	Budget FY 2023/24	Actual FY 2023/24	Absorption	Budget FY 2022/23	Actual FY 2022/23	Absorption
	Amount (Kshs.)	Amount (Kshs.)	%	Amount (Kshs.)	Amount (Kshs.)	%
Recurrent	1,151,670,562	1,003,365,251	87.2%	1,012,413,000	872,670,804	86.2%
Capital	89,000,000	83,093,929	93.4%	41,800,000	18,012,116	43.1%
Total	1,240,670,562	1,086,459,180	87.7%	1,054,213,000	890,682,920	84.5%

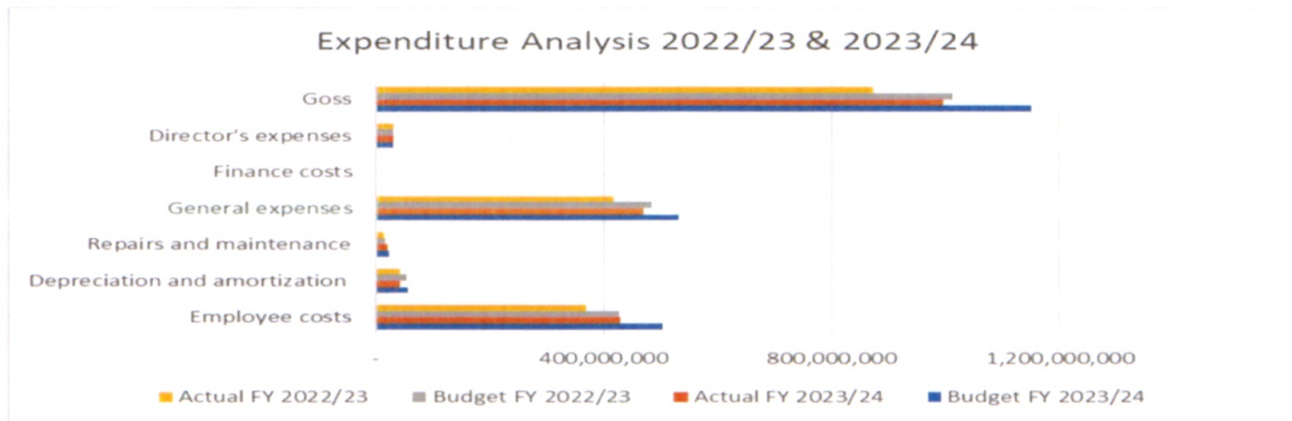
c. Recurrent Expenditure Composition

General expenses accounts for highest proportion of recurrent expenditure and relates to core mandate expenditure and operating costs. For the year under year there was no significant change in weighted average growth as the expenditure remained largely the same as outlined in the table below

Description	FY 2023/2024		FY 2022/2023	
	Amount (Kshs)	Proportion %	Amount (Kshs)	Proportion %
General expenses	476,060,764	47.2%	416,827,761	47.8%
Employee costs	428,890,292	42.9%	369,654,627	42.4%
Depreciation and Amortization Expense	47,259,910	4.7%	42,125,526	4.8%
Remuneration of Directors	29,505,908	3.0%	29,892,369	3.4%
Repairs and maintenance	21,036,732	2.1%	12,903,155	1.5%
Finance costs	1,326,465	0.1%	1,267,367	0.1%
Total expenses	1,004,040,071	100%	872,670,805	100.0%

Management Discussion and Analysis (Continued)

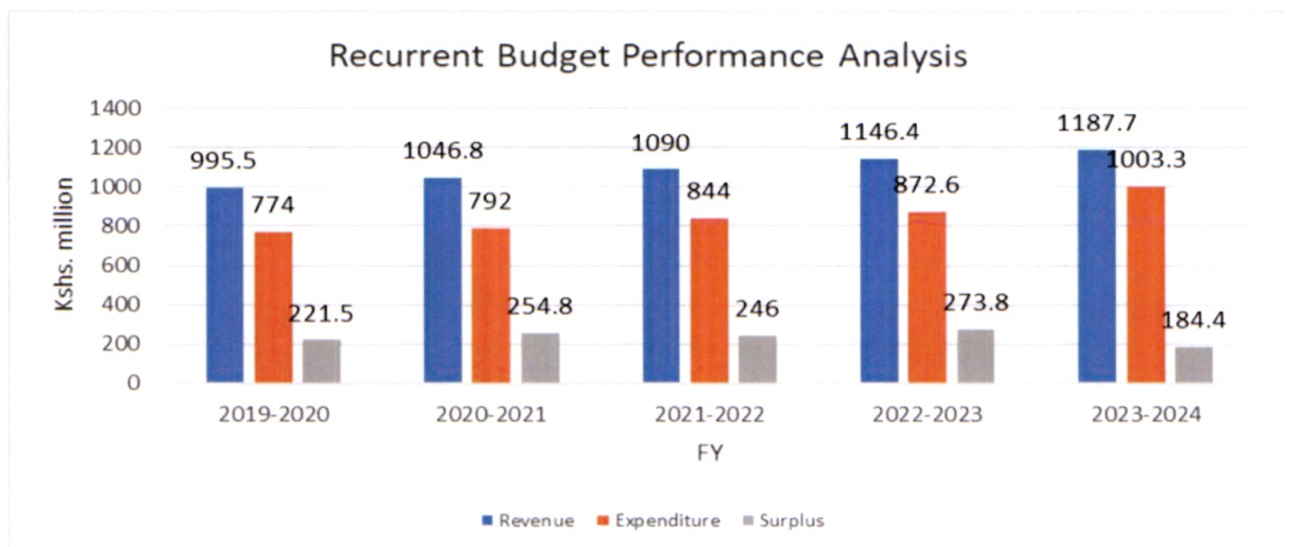
Graph 3: 2 years Expenditure Analysis



Surplus for the year

The Authority realized a surplus of Kshs.184.4 million for the FY 2023/2024 which was lower than Kshs. 273.8 million realized during the FY 2022/2023. The reduction in surplus was attributed to increased expenditure for the year under review.

Graph 4: Budget performance Analysis



9.2 Compliance with Statutory Requirements

The financial performance of the Authority for the twelve months ended 30th June 2024 is presented in compliance with the Retirement Benefits Act 1997, the Public Audit Act 2015, Public Finance Management Act 2012, and the International Public Sector Accounting Standards.

Management Discussion and Analysis (Continued)

The Authority has continued to comply with all applicable laws and statutory requirements. The Authority currently do not have ongoing court cases or default which may amount to contingent liabilities.

During the year under review, management continued to implement key initiatives geared towards realization of the Authority's mandate.

9.3 Risk Management

The Authority has implemented an Enterprise Risk Management (ERM) framework that guides the systematic identification, analysis, assessment and treatment of risks. The effects of uncertainty on the corporate objectives identified in the strategic plan are monitored both at strategic and operational levels. To operationalize the framework, the Authority has in place an enterprise risk management policy. This provides guidelines on a structured, holistic, systematic, proactive and integrated approach towards risk management. The Board of Directors provide oversight, as well as policy direction in managing risks.

Risk Management Structure and Roles

It is imperative that an integrated approach is adopted for risk management on an enterprise-wide basis. This implies that it involves the participation of various professionals, departments and staff. The risk management structure at the Authority comprises; the Audit, Risk Management & Governance Committee, Management team, and an ERM Steering Committee at the management level composed of representatives from each department and chaired by the Chief Executive Officer.

Role of the Audit, Risk Management & Governance Committee

The Authority has established Board committees, among them, the Audit, Risk Management & Governance Committee, mandated with monitoring the implementation of the enterprise risk management framework established by the Board. The Committee also provides assurance that the enterprise risk management framework implemented by Management meets the requirements set out in the policy.

Role of Internal Audit and Risk Assurance Directorate

Further to implementation of the enterprise risk management framework, the Authority has an independent Internal Audit and Risk Assurance Directorate. The directorate provides independent advice and assurance to the Board and Management through structured audits, reviews, testing and other techniques, carrying out risk-based audits,

Management Discussion and Analysis (Continued)

reporting on effectiveness and efficiency of risk management processes, as well as reporting on the Authority’s compliance with the risk policy. Continuous risk assurance audits were conducted during the year to review the Authority’s risk status. A review of the corporate and departmental risk registers was undertaken.

Role of Management Team

The Management team implements the enterprise risk framework established by the Authority. Management receives and considers quarterly reports on risk management issues, and reports to the Board any strategic risks identified. The Management team approves risk mitigating actions to be taken and contributes to the development of the ERM framework.

Risk Review, Training and Awareness

The enterprise risk management framework was reviewed in the year. This was to align the ERM framework with the 2024-2029 strategic plan, whose implementation commences in July 2024. Incorporated into the review was risk awareness and training to the Board, Management and Staff. Further, the Board and Management benefited from risk training seminars organized by the Institute of Internal Auditors (Kenya).

Major Risks Facing the Authority

The Authority, in formulation and implementation of the 2019-2024 strategic plan, identified, assessed and analysed several risks that could affect adversely the achievement of the strategic objectives. Various mitigation measures have been adopted against the identified risks.

The major risks identified are presented below.

No	Nature of Risk	Description	Risk Rating	Mitigation Measures
1	Strategic Risks	Inadequate regulation and supervision of the establishment and management of the retirement benefits sector	Medium	The Authority reviews gaps in the regulatory framework on a continuous basis.
		Inadequate growth of pension within the informal sector	High	The Authority continues to invest in consumer education on the benefits of saving for retirement.
		Industry disruption risk	High	The Authority has implemented the risk-based supervision system

**Retirement Benefits Authority
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No	Nature of Risk	Description	Risk Rating	Mitigation Measures
				that helps in surveillance of the retirement benefits industry. Further, there is a robust system of developing scenario industry response plans to various anticipated industry disruptive events.
2	Operational/Human Capital Risks	Inadequate institutional capacity	Medium	The Authority strives to recruit and retain competent staff members. The Authority conducts continuous staff training. Implementation of a robust enterprise risk management framework. Implementation of internal operational policies and procedures
4	Financial Risks	Inadequate financial resources	Medium	The Authority seeks to diversify revenue and funding streams on a continuing basis. Adherence to the approved budget is a practice implemented at the Authority. Prudence in financial management continues to be practised at the Authority.
5	Technological Risks	Cyber-attacks on systems	Medium	The Authority has implemented a robust business continuity system. The Authority maintains updated ICT security systems The Authority continues to enhance stakeholder awareness on cyber security.

10. Environmental and Sustainability Reporting

i. Sustainability Strategy and Profile

The retirement benefits industry has shown remarkable growth, increasing its assets from Kshs. 44.5 billion in 2000 to a substantial Kshs. 1,725.44 billion in December 2023. The progress can be attributed to the Authority's sustainability initiatives, which aims at safeguarding retirement benefits industry. Over the years, the Authority has emphasized on responsible pension fund investments and consistently updated investment guidelines to allow schemes to diversify their investments. Additionally, it has adopted a risk-based supervision approach to ensure the stability of retirement benefits, inspiring confidence among industry stakeholders.

During the year under review, the Authority instituted changes to its regulatory framework for the retirement benefits sector to enhance supervision. Notably, the Retirement Benefits (Corporate Trustees) Regulations, 2023, were gazetted on 3 July 2023, marking a significant improvement in the oversight of corporate trustees managing retirement benefits schemes. Furthermore, the Retirement Benefits (Income Drawdown) Regulations, 2023, were gazetted on 31 October 2023. These regulations aim to strengthen the supervision of income drawdown funds during the payout phase, replacing the earlier prudential guidelines issued in 2012.

The pension industry is likely to grow following the approval of the National Retirement Benefits Policy. The policy aims to address fragmented regulations, low coverage, inadequate benefits, and complex payout systems. It proposes a unified legal framework, enhanced coverage for informal sector workers, improved benefit adequacy, and streamlined benefit portability.

It's essential to recognize that the retirement benefits industry is influenced by broader political and macroeconomic trends. Most retirement benefits assets are invested in government securities, quoted equities, guaranteed funds, and real estate, making them susceptible to changes in macroeconomic factors like interest rates and inflation. Negative shifts in these variables can diminish pension asset values. High unemployment rates can also slow the growth of pension assets, as contributions may be affected. Additionally, political uncertainty impacts the industry, affecting both the investment environment and the labour market.

ii. Business continuity

RBA is ISO 22301:2019 Business Continuity Management System (BCMS) certified and has developed institution wide plans to ensure that the business operations are uninterrupted.

Environmental and Sustainability Reporting (continued)

Regular internal audits and surveillance tests are done test the resilience of the system. The Authority also operates on cloud platform and has digitized most of its operations with regular backs done.

iii. Financial sustainability

The Authority operations are financed by the regulatory levy paid by the schemes. The industry's stability is critical for the sustainability of the Authority. The risk score as measured by the 4-level risk rating system, improved with a 11% decrease in the risk rating, from 2.98 (Level 2) at the beginning of the year to 2.92 (Level 2) at the end of the year. This decline reflects the sector's overall stability. The distribution of risk ratings, from lowest to highest, was as follows: 8% at Level 1, 42% at Level 2, 45% at Level 3, and 5% at Level 4.

iv. Employee welfare

During the FY 2023/2024, the Authority implemented the recommendations of the FY 2022/2023 employee satisfaction survey report. A survey done during the FY 2023/24 showed the satisfaction index stood at 76%. This was an improvement compared to the previous year's satisfaction level of 62% in 2022/2023 and the satisfaction level of 66% in the 2021/2022 and 68% in the 2020/2021 financial year. The improved satisfaction levels is attributed to the implementation of the recommendations of the previous survey reports including the improvement of the staffing level following the approval of the Human Resource Instruments.

The Authority continued to invest in its human capital through recruitment and selection policy, training and performance management. The conducive work environment has played a critical role in attracting and retaining the staff. The inclusivity index was at 60% as at the close of the FY 2023/24. All cadres of staff comply with the gender parity requirement as stipulated in our Kenya Constitution. The Authority has a staff complement of 74 distributed across all cadres.

Gender Distribution

Rank	Gender	Percentage Distribution (%)
Top management	Male	67%
	Female	33%
Supervisory level	Male	67%
	Female	33%
Officer/Officer Technical Team	Male	42%
	Female	58%

Environmental and Sustainability Reporting (continued)

a. Staff Engagement and Wellness programmes

During the year, the Authority continued enhancing its communication channels with staff which was paramount for better employee relations and alignments towards common goals. All the staff were afforded the opportunity to provide feedback, compliments, complaints, and ideas through staff Friday engagement sessions, suggestion boxes, and face to face CEO & management engagements and team building events. To enhance cohesiveness, networking and build synergies the Authority organized the staff end year party, sports day and team building events in the year. The team building sessions were anchored on the Authority's core values of Responsiveness, Transparency and Accountability, Integrity and Innovation (RETAIN) and appreciations of employee's cultural diversity. The Authority has dedicated days for onsite and offsite wellness programs for staff and their families as well as Employees Assistance Programs for those with special issues. Other welfare programs embraced by the Authority included provision of comprehensive medical covers, Car Loans and staff mortgage schemes at concessionary rates and recognition for long serving and outstanding performance for staff.

b. Employee training and Development

During the year, the Authority implemented 100% of its training in the Approved training plan for purposes of upscaling the staff functional and leadership capacity. As part of Continuous Professional Development, the Authority Professional staff were sponsored to attend both local and international events to remain in good standing. The Authority subscribed to both regional and international bodies for the purpose of enabling staff to attend conferences and training in the pension industry to enhance their skills. Mentorship and coaching programs continued to be undertaken during the year, the Authority engaged 35 interns and attaches for purposes of up-scaling and transfer of skills.

c. Performance Management

The Authority considers individual performance and rewards employees for their contribution in a fair and equitable manner. The Performance Management System has been designed to achieve this objective. The Corporate targets are drawn from the Strategic Plan and signed a Performance Contract with Government for the FY 2023/2024. At the individual level the Authority has deployed the Balanced Scorecard principles while developing Individual Performance targets. The Individual Targets are reviewed at the end of the Financial Year and forms the basis for rewards and sanction.

Environmental and Sustainability Reporting (continued)

d. Employee Safety

The Authority undertakes annually a safety and health audit, risk assessment and fire safety audit in compliance with the OSH Act, 2007. During period under review OSH committee and first aiders were trained to equip them with skills and knowledge in their respective spheres of activities. The staff in direct contact with customers were provided with sanitizers and face masks.

v. Market place practices-

a) Responsible Competition Practice:

During the year, procurement opportunities for the provision of goods, services, and job advertisements were posted on the Authority's website and in public media. The Authority undertook market survey during the year in line PPDA Act 2015 and awards to successful tenderers were done with consideration to market prices. Procurement opportunities reserved for special categories were clearly marked as such, while those open to all categories are advertised similarly. Suppliers were required to sign Anti-Corruption clauses, and any supplier engaged in corruption was disqualified from bidding. To enhance transparency and accountability, independent tender opening and evaluation committees are appointed to assess tenders. Tender openings were conducted in the presence of all bidders, with bid prices announced publicly.

Recommendations for awards by the evaluation committees were submitted to the Chief Executive Officer, with the head of procurement providing a professional opinion. Tender awards are communicated to successful bidders and published on the website.

b) Responsible Supply Chain and Supplier Relations:

The Authority organized supplier sensitization forums to highlight available procurement opportunities, as well as the rights and obligations of suppliers. Additionally, the Authority conducted customer satisfaction surveys for both internal and external customers, with results indicating an upward trend in satisfaction levels. To facilitate smooth provision of goods and services required regularly, the Authority entered into frameworks agreements with the services providers. The framework have reduced the timeliness for supply of goods and services and eliminated the need stock items not required for immediate use.

Environmental and Sustainability Reporting (continued)

c) Responsible Marketing and Advertisement:

The advertising and marketing strategies employed by the Authority during the year aligned with the requirements of the Public Procurement and Disposal Act. Tender advertisements were conducted transparently through various media channels and the Authority's official portals.

d) Product Stewardship:

Product safety and fulfilment of user requirement is paramount for the Authority in acquisition of goods and services. Inspection teams are routinely appointed to verify the safety and quality of products and services before payments are processed. The Authority actively seeks feedback on the products and services it provides.

vi. Corporate Social Investment and partnerships

The following Corporate Social Investment and sponsorship programs undertaken by the Authority were aimed at fostering community development, environmental sustainability, and youth empowerment: The Mentorthon program was a significant initiative by the Authority, focusing on mentoring high school students in Elgeyo Marakwet and Baringo counties. The objective was to provide guidance, support, and inspiration to students, helping them to achieve their academic and personal goals.



Top: RBA CEO Charles Machira (left) with RBA Finance Officer Violet Wekesa (second left), Mentorthon Founder Tim Kipchumba (Second right) and RBA Legal Officer Gloria Kosgey (First right) during a mentoship session in Elgeyo Marakwet County on May 31, 2024.

Environmental and Sustainability Reporting (continued)



RBA Actuarial Officer David Lentiyo (First left) and RBA Librarian Anthony Mulinge (Second right) gifting students with books during a mentorship session in Baringo County on June 22, 2024

vii. Environmental conservation

In response to a Presidential directive to plant 15 billion trees in ten years from 2022 in a bid to reach 30% tree cover in Kenya, the Authority contracted to plant at least 2,000 trees in the 2023-2024 FY as part of its Corporate Social Responsibility.

Environmental and Sustainability Reporting (continued)

To this end, the Authority partnered with Kenya Forestry Service to plant trees in Ngong Road Forest (Nairobi County), Kaptagat Forest (Elgeyo Marakwet County) Kabasis Primary School (Baringo County), Lariak Forest (Laikipia County), Irianyi Forest (Embu County) and Mumandu Forest (Machakos County).

The Authority planted over 13,000 trees during the year, thus exceeding the target of the 2,000 trees.



Above: RBA CEO Charles Machira (first right) with Chief of Staff Head of Public Service Felix Koskei (Centre) and RBA Director of Corporate Services Simon Kiplagat during a tree planting exercise at Ngong Forest, Bomas Block, Nairobi.

Environmental and Sustainability Reporting (continued)



Below: A section of RBA staff during a tree planting exercise at Ngong Forest, Bomas Block, Nairobi.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Authority are:

- a) Regulate and supervise the establishment and management of retirement benefits schemes.
- b) Protect the interests of members and sponsors of retirement benefits sector.
- c) Promote the development of the retirement benefits sector.
- d) Advise the Cabinet Secretary National Treasury on the National policy to be followed regarding the retirement benefits industry and implement all government policies thereto

ii) Results

The results of the Authority for the year ended June 30, 2024, are set out on page 1 to 6.

iii) Directors

The members of the Board of Directors who served during the year are shown on page lxviii

During the year, four (4) directors retired, and four (4) directors Board were appointed with effect from 21st July 2023.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. For purposes of this provision, the Authority remitted Kshs. 220.1 million to the national exchequer.

v) Auditors

The Auditor-General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Praxidis Saisi

Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare Annual financial statements for Retirement Benefits Authority, which give a true and fair view of the state of affairs at the end of the financial period and the operating results for that period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy its financial position. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Retirement Benefits Authority's financial statements, which give a true and fair view of the state of affairs of the Authority as at the end of the financially year ended on 30th June 2024. 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 the Authority;
- 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 the Authority;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's 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 Retirement Benefits Act, 1997. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of transactions during the financial period, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the 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 the Retirement Benefits Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Retirement Benefits Authority
Annual Report and Financial Statements
for the year ended June 30, 2024

Approval of the financial statements

The Authority's financial statements were approved by the Board on 28th August 2024 and signed on its behalf by:



NELSON HAVI
CHAIRMAN OF THE BOARD



CHARLES MACHIRA
CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON RETIREMENT BENEFITS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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 Retirement Benefits Authority set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all

Report of the Auditor-General on Retirement Benefits Authority for the year ended 30 June, 2024

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 Retirement Benefits Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Retirement Benefits Act, 1997 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget and actual on comparable basis of Kshs.1,179,065,800 and 1,193,511,703 respectively, resulting in over collection of Kshs.14,445,903 or 1% of the budget. However, the Authority spent Kshs.1,004,080,071 against actual receipts of Kshs.1,193,511,703 resulting to under-utilization of Kshs.189,431,632 or 16% of the receipts.

In the circumstances, the under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Directors/Management are responsible for the other information set out on page iv to lxxi which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit on the Retirement Benefits Authority financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with The Authority's Standard Operating Procedures

The statement of financial position reflects creditors of Kshs.88,290,660 as disclosed in Note 24(a) to the financial statements. Included in the balance is Kshs.3,941,965 which has been outstanding for more than nine (9) months. This was contrary to the Authority's paragraph 4.7.3 (i) of the Authority's Standard Operating Procedures which states that payment of invoices shall always be made within the contracted terms or within thirty (30) days where it's not specified in the contractual instrument. Further, Regulation 150 (1) of the Public Procurement and Asset Disposal Regulations, 2020 states that, subject to the availability of funds and after proper certification of the goods, services or works have been done, a procuring entity shall make prompt payments for all performed contracts including enterprises owned by youth, women or persons with disabilities and shall make payment within sixty days from the date of receipt of the invoice.

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

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the 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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), Article 229(4) of the Constitution and Section 35 of the Public Audit Act, 2015.

Further, Article 229(6) of the Constitution requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements comply with the law and other authorities that govern them and that public resources are applied in an effective way.

In addition, I also consider the entity's control environment in order to give assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

The report is submitted to Parliament in accordance with Article 229(7) of the Constitution and Section 48 of the Public Audit Act, 2015.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2024

Retirement Benefits Authority
Annual Report and Financial Statements
for the year ended June 30, 2024

14. Statement of Financial Performance for the year ended 30 June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Levies, License fees and Statutory penalties	6	1,125,917,267	1,110,153,985
		1,125,917,267	1,110,153,985
Revenue from exchange transactions			
Interests from Treasury Bills & Bank Deposits	7	54,749,204	31,986,464
Other Income	8	12,845,231	4,336,285
		67,594,435	36,322,748
Total Revenue		1,193,511,703	1,146,476,733
Expenses			
Employee costs	9	428,890,292	369,654,627
Board Expenses	10	29,505,909	29,892,369
Depreciation and Amortization Expense	11	47,259,910	42,125,526
Repairs and maintenance	12	21,036,732	12,903,155
General expenses	13	476,060,764	416,827,761
Finance costs	14	1,326,465	1,267,367
Total expenses		1,004,080,071	872,670,805
Surplus for the period		189,431,631	273,805,929
Remission to National Treasury	21	170,488,468	246,425,336
Net Surplus for the year		18,943,163	27,380,593

The notes set out on pages 10 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:



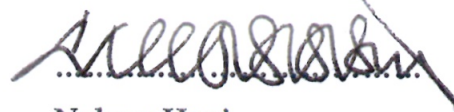
Charles Machira
CEO

Date 28/08/2024



Sarah Baraza
Head of Finance
ICPAK M/No: 8141

Date 28/08/2024



Nelson Havi
Chairman of the Board


Date 28/08/2024

Retirement Benefits Authority
Annual Report and Financial Statements
for the year ended June 30, 2024

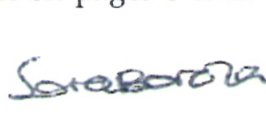
15. Statements of Financial Position as at 30 June 2024

Assets	Note	2023-2024 Kshs	2022-2023 Kshs
Current assets			
Cash and cash equivalents	15	653,038,130	757,886,985
Receivables from Non-Exchange Transactions	16	100,151,087	18,729,036
Prepayments from Exchange Transactions	17	899,174	1,804,500
Total Current Assets		754,088,391	778,420,521
Non-current assets			
Property, plant and equipment	18	130,025,910	83,207,313
Intangible Assets	19	53,606,311	64,590,889
Investments (deposits)	20	409,395,378	406,630,747
Total non - current assets		593,027,599	554,428,949
Total assets (A)		1,347,115,990	1,332,849,470
Liabilities			
Current liabilities			
Payable to National Treasury	21	60,212,923	109,866,718
Insurance Claims held in Trust	22	57,651,918	49,600,000
Employee Benefits Obligations	23	89,074,056	67,742,313
Creditors	24	88,290,660	73,009,900
Total current liabilities		295,229,557	300,218,931
Total Liabilities (B)		295,229,557	300,218,931
Net Assets A-B		1,051,886,434	1,032,630,539
Represented by:			
Net assets			
Capital Fund	25	413,801,749	330,707,820
Retained Earnings	26	638,084,685	701,922,718
Net Assets		1,051,886,434	1,032,630,538

The financial statements set out on pages 1 to 29 were signed on behalf of the Board of Directors by:

..... 

Charles Machira
CEO

..... 

Sarah Baraza
Head of Finance

..... 

Nelson Havi
Chairman of the Board

Date: 28/08/2024

ICPAK M/No: 8141
Date: 28/08/2024

Date: 28/08/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Capital Fund	Retained Earnings	Total Fund
	Kshs	Kshs	Kshs
At 1 July 2022	330,707,821	662,643,689	993,351,510
Prior Year adjustments (23b)		11,898,436	11,898,436
Surplus/Deficit for the period		27,380,593	27,380,593
Surplus Paid			
At 30 June 2023	330,707,821	701,922,718	1,032,630,539
At 1 July 2023	330,707,821	701,922,718	1,032,630,539
Prior Year Adjustment		312,732	312,732
Surplus/Deficit for the period		18,943,163	18,943,163
Acquisitions of New Assets	83,093,929	(83,093,929)	-
At 30 June 2024	413,801,750	638,084,684	1,051,886,434

Retirement Benefits Authority
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for the year ended June 30, 2024

17. Statement of Cash flows for the year ended 30 June 2024

		2023-2024	2022-2023
	Notes	Kshs	Kshs
Cash flows from operating activities			
Revenue			
Levies, fines, and penalties		1,040,180,830	1,106,353,985
Fees Income		4,600,000	3,800,000
Interests from Treasury Bills & Bank Deposits		54,463,590	31,986,464
Tribunal and Miscellaneous Income		13,750,557	4,336,285
Total Revenue		1,112,994,977	1,146,476,734
Expenditure			
General expenses		480,737,405	416,827,761
Employee costs		428,890,292	369,654,627
Board Expenses		29,505,909	29,892,369
Repairs and maintenance		21,036,732	12,903,155
Finance costs		1,326,465	1,267,367
Grants and subsidies		170,488,468	
Total Expenditure		1,131,985,271	830,545,279
Net cash flows from/(used in) operating activities	28	(18,990,294)	(34,571,551)
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(83,093,929)	(18,012,116)
Net cash flows from/(used in) investing activities		(83,093,929)	(18,012,116)
Cash flows from financing activities			
Repayment of borrowings From Scheme Investment		(2,764,631)	(2,841,341)
Net cash flows from financing Activities		(2,764,631)	(2,841,341)
Net increase/(decrease) in cash & Equivalent		(104,848,854)	(55,425,008)
Cash and cash equivalents at 1 July		757,886,985	813,311,993
Cash and cash equivalents at 30 June		653,038,130	757,886,985

Retirement Benefits Authority
Annual Report and Financial Statements
for the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

Name	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% VARIANCE	NOTES
	Kshs	Kshs	Kshs	Kshs	Kshs		
Fees Income	3,750,000	-	3,750,000	4,600,000	(850,000)	123%	i.
Interest from Bank Deposit	4,450,000	-	4,450,000	3,573,220	876,780	80%	ii.
Investment Income	30,000,000	-	30,000,000	51,175,984	(21,175,984)	171%	iii.
Miscellaneous Income	-	-	-	12,782,931	(12,782,931)	100%	iv.
Retirement Benefits Levy	1,140,765,800	-	1,140,765,800	1,119,099,267	21,666,533	98%	
Tribunal Fees	100,000	-	100,000	62,300	37,700	62%	v.
Statutory Penalty		-		2,218,000	(2,218,000)	100%	vi.
Total Income	1,179,065,800	-	1,179,065,800	1,193,511,703	(14,445,903)		
EXPENSES							
Bank Charges	1,200,000	260,000	1,460,000	1,326,465	133,535	91%	
Board Expenses	27,254,600	2,722,000	29,976,600	29,505,909	470,691	98%	
Catering expenses	5,500,000	2,925,000	8,425,000	7,119,967	1,305,033	85%	vii.
Cleaning Expenses	4,800,000	(1,300,000)	3,500,000	2,098,200	1,401,800	60%	viii.
Conference services	8,110,000	611,650	8,721,650	6,385,650	2,336,000	73%	ix.
Consumer sensitization	8,880,000	(2,252,000)	6,628,000	3,252,724	3,375,276	49%	x.
Depreciation	58,371,000	-	58,371,000	47,259,910	11,111,090	81%	xi.
Hire of Transport	2,400,000	3,600,000	6,000,000	5,830,279	169,721	97%	
Information Technology Systems	54,505,124	1,041,000	55,546,124	54,184,260	1,361,864	98%	
Library Expenses	3,000,000	(287,000)	2,713,000	2,555,784	157,216	94%	
Maintenance Insur & Security of Equipment	14,380,000	1,700,000	16,080,000	12,933,383	3,146,617	80%	xii.
Market Conduct	63,409,600	(883,567)	62,526,033	58,067,255	4,458,778	93%	
Medical Expenses	40,185,600	-	40,185,600	37,841,346	2,344,254	94%	
Motor Vehicle Maintenance & Security	4,904,000	3,200,000	8,104,000	8,103,349	651	100%	
Office Running Expenses	1,118,286	(100,000)	1,018,286	177,300	840,986	17%	xiii.
Pension Contribution	59,538,360	-	59,538,360	54,446,769	5,091,591	91%	
Pension Education (Electronic Media)	2,316,000	7,544,114	9,860,114	8,515,949	1,344,165	86%	xiv.
Personnel Emoluments	404,935,331	-	404,935,331	336,602,177	68,333,154	83%	xv.
Post & Telephone	9,894,570	(900,000)	8,994,570	6,399,765	2,594,805	71%	xvi.

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Name	ORIGINAL BUDGET	ADJUSTMENT	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	% VARIANCE	NOTES
	Kshs	Kshs	Kshs	Kshs	Kshs		
Power & Lighting	7,200,000	-	7,200,000	7,099,638	100,362	99%	
Printing & Stationary	5,600,000	-	5,600,000	5,464,285	135,715	98%	
Professional Charges	54,606,165	8,450,731	63,056,896	48,032,155	15,024,741	76%	xvii.
Promotional Materials	4,000,000	-	4,000,000.00	1,748,526	2,251,474	44%	xviii.
Rent & Ground Rates	56,544,400	(5,500,000)	51,044,400	40,672,570	10,371,830	80%	xix.
Research & Development	80,315,343	(9,751,887)	70,563,456	70,233,778	329,678	100%	
Sponsorships	12,720,000	5,111,179	17,831,179	17,546,875	284,304	98%	
Sports & Recreation	16,040,000	(988,000)	15,052,000	14,117,504	934,496	94%	
Subscriptions to Professional Bodies	7,827,000	2,554,588	10,381,588	9,630,840	750,748	93%	
Supervision of schemes	25,636,000	(5,982,709)	19,653,291	17,534,556	2,118,735	89%	xx.
Training & Development	32,260,000	(6,894,801)	25,365,199	24,669,539	695,660	97%	
Travel & Accommodation	62,282,433	(6,180,298)	56,102,135	51,772,725	4,329,410	92%	
Tribunal Expenses	11,936,750	1,300,000	13,236,750	12,950,639	286,111	98%	
TOTAL RECURRENT	1,151,670,562	-	1,151,670,562	1,004,080,071	147,590,491	87%	
SURPLUS FOR THE PERIOD			27,395,238	189,431,631			
Acquisition Cost- Other Fixed Costs	28,000,000		28,000,000	22,031,785	5,968,215	79%	
Acquisition Cost-Furniture & Fittings	36,000,000	-	36,000,000	38,912,144	- 2,912,144	108%	
Acquisition Cost-Motor Vehicles	25,000,000	-	25,000,000	22,150,000	2,850,000	90%	
TOTAL CAPITAL	89,000,000		89,000,000	83,093,929	5,906,071	93%	
TOTAL BUDGET	1,240,670,562	-	1,240,670,562	1,087,174,000	153,496,562		

Explanatory Notes on Significant variances

i. Fees Income

The Authority budgeted Kshs 3.75 million license fee income and realized Kshs. 4.6 million surpassing the target by 23%. The enhanced income from license fees was attributed to increase in new applications for licenses by service providers.

ii. Interest from Bank Deposit

The Authority realized Kshs. 3.02 million interests on bank deposits for the year under review against the target of Kshs.4.45 million. The under achievement of 32% is attributed to the decrease in uncommitted deposits for mortgage and car loan accounts occasioned by increased uptake of the loans by staff during the year.

iii. Investment income

Investment income is derived from investments in 91-days treasury bills. The Authority surpassed the set target for the year by 70%. The enhanced investment income was due to the favourable interest rates offered on government securities during the year.

iv. Miscellaneous Income

Miscellaneous income is sporadic and relates to refunds from other government institutions, reimbursement from in-house retirement planning seminars and partner association bodies like Alliance for Financial Inclusion (AFI). During the period, the Authority received Kshs.7.6 million.

v. Tribunal Fees

Tribunal fees are payments made for cases filed at the Retirement Benefits Appeal Tribunal. The fees received during the period were Kshs 62,300 against a target of Kshs 100,000. The set target was not achieved because there were fewer cases filled than anticipated.

vi. Statutory Penalties

Statutory penalties are intermittent and not budgeted for. However, The Authority realized Kshs 2.2 million as penalties for non- compliance from licenced service providers.

vii. Catering and Hospitality

The Authority utilized Kshs. 7.1 million out of the allocation of Kshs. 8.4 million. The under absorption of the budget provision by 15% was due to the scale down in utilization of the funds in line with the Austerity measures issued by the government.

viii. Cleaning Expenses

The Authority spent Kshs 2 million against the budget provision of Kshs 3.5 million translating to 60% budget absorption. The under absorption was because non-utilization of the 5th floor cleaning due to the delayed partitioning work.

ix. Conference Services

The Authority utilized Kshs. 6.3 million out of the budgeted allocation of Kshs. 8.7 million. The under absorption of the budget was attributed to scale down in conference attendees in line with Austerity measure circular issued by National Treasury.

x. Consumer Sensitization

For the period under review, Kshs. 3.2 million was spent against a budget of Kshs.6.6 million, resulting in under absorption of the budget which was attributed to challenges of unresponsive tenders for procurement of service providers.

xi. Depreciation

The depreciation for the year was Kshs. 47.2 million against a budget of Kshs. 58.3 million translating to 81% budget absorption. The low budget absorption is attributed to delayed acquisition of assets.

xii. Maintenance Insurance & Security of Equipment

The Authority spent Kshs.12.9 million on maintenance during the year which translated to 80% budget absorption. The under absorption of 20% is attributed to the cancellation of maintenance contract by one of the ICT service providers during the 4th quarter of the year.

xiii. Office Running Expenses

The Authority utilized 17% of the allocated budget for office running expenses during the year. The low budget absorption is attributed to postponed staff farewell activity due non-availability of targeted retired staff.

xiv. Pension Industry Development (media)

The Authority planned to carry out media sensitizations and air advertisements to increase its visibility and convey messages for pension industry development. The Authority spend Kshs.8.5 million against budget provision of Kshs.9.8 million. The under

absorption was attributed to rescheduling of some of the planned activities where media coverage was required to the next financial year. Key among the activities was the launch of strategic plan.

xv. Personnel Emoluments

The Authority provided Kshs. 404.9 million for staff basic salaries, Kshs. 336.8 million was utilized during year translating to 83% budget absorption. The variance in budget absorption is attributed to the delayed recruitment of additional staff members. The infrastructure to support new staff was not complete especially the partitioning of the 5th floor to provide for siting space.

xvi. Post and Telephone

The Authority spent Kshs. 6.3 million out of budgetary allocation of Kshs.8.9 million. The under absorption of 29% was attributed reduced usage of postage and courier services as alternative means of communication such as emails and virtual meetings to stakeholders were utilized.

xvii. Professional Charges

The Authority had provided for Kshs. 57.2 million to cater for professional services mainly retirement planning seminars, contracted procurement professions, reception services and outreach forums where consultancy services are consumed. An expenditure of Kshs.48 million was incurred translating to 66.8% budget absorption. The variance in budget absorption is attributed to onboarding challenges for service providers that affected implementation of planned activities.

xviii. Promotional materials

The under absorption of the budget for procurement of promotional materials was attributed to suspension of procurement of promotion materials following the directive by government halting the procurement of the materials.

xix. Rent and ground rates

The Authority budgeted Kshs.51 million for lease charges covering both the current and additional office space. Cumulatively, the actual expenditure amounted to Kshs. 40.6 million resulting in an under expenditure of Kshs 10.3 million. The under absorption was attributed to a moratorium granted by the landlord during the period when the additional space was being partitioned for occupancy. In addition, the new lease

agreement was at a lower rate in line with State department of public works advisory on market rates.

xx. Supervision of Schemes

The Authority budgeted to spend Kshs. 23.6 million and the actual expenditure incurred was Kshs.16.8 million translating to 71% budget absorption. The expenditure variance was attributed to non-utilization of provision for scheme administration and few inspections done during the year.

19. Notes to the Financial Statement

1. General Information

Retirement Benefits Authority is established by and derives its authority and accountability from RBA Act. No. 3 of 1997. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is regulation, supervision and promotion of retirement benefits schemes and development of the Retirement Benefits Sector.

2. Statement of compliance and basis of preparation- IPSAS 1

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value and impaired assets at their estimated recoverable amounts. The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) that allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's 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 are presented in Kenya shillings, which is the functional and reporting currency. The financial statements have been prepared in accordance with PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and revised standards

The Authority did not have an early adoption of any new or amended standards in the year.

4. Summary of significant accounting policies

a) Revenue From non-exchange transaction

i. Regulatory Fees

The Authority recognizes revenue from fees when the event occurs, and the asset recognition criteria is met. Whenever there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue.

Notes to the Financial Statements (Continued)

ii. Licensing fees

Licensing fees paid by service providers is recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

b) Revenue from exchange transaction

i. interest income

Interest income from investments and deposits 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.

c) Taxes- IAS 12

Public Finance Management Regulations, 2015 exempt the Authority from corporate tax. and the Authority is required to remit into Consolidated Fund (90%) of surplus reported in the Audited Annual Financial Statement

d) Budget information:

The original budget for FY 2023/2024 was approved by the National Treasury on 30th June 2023. Subsequent revisions were made to the approved budget in accordance with specific approvals from the Authority's board and National Treasury. The Authority's budget statement is prepared on accrual basis, a comparison of budget and actual amounts is prepared on a comparable basis to the approved budget.

e) Property, plant and equipment- IPSAS 17

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, the Authority recognizes such parts as individual's assets with specific useful lives and depreciated 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 required in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The assets are depreciated on reducing balance method as follows:

Notes to the Financial Statements (Continued)

Furniture and fittings	12.5%
Equipment	30%
Motor Vehicles	25%
Computer	33.33%
Software	20%

f) Leases

The Authority has an operating lease for the office block. The operating lease payments are recognized as an operating expense on straight line basis over the lease term period in the statement of financial performance. Outstanding lease payment are recognized as liabilities and prepayments as assets in the statement of financial position.

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

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

- i) The technical feasibility of completing the asset so that the asset will be available for use.
- 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.

Notes to the Financial Statements (Continued)

v) The ability to measure reliably the expenditure during development.

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

The Authority at initial recognition 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 the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The financial assets of the Authority (investments) are measured at amortized cost as the 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.

Financial liabilities are measured at amortized cost except for financial liabilities measured through statement of financial performance.

j) 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.

k) 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 is part of the inventory. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

l) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) because of a past event, an outflow of resources embodying economic benefits or service potential will probably be required to settle the

Notes to the Financial Statements (Continued)

obligation, and a reliable estimate can be made of the amount of the obligation. Where the Authority 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 expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

m) Contingent liabilities

The Authority 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

The Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Authority 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

The Authority creates and maintains reserves in terms of specific requirements:

- i. **Capital Reserves:** Used for purposes acquisition of Assets and long-term investments.
- ii. **Revenue Reserves:** Earmarked to meet short term investment and cashflow requirements

p) Changes in accounting policies and estimates- IPSAS 3

The Authority recognizes the effects resulting from changes in accounting policy retrospectively. The effects of changes in accounting policy are applied if retrospective application is impractical.

q) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees. The Authority pays 30% (10% employees and 20% Employer) contributions into a pension fund the contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Notes to the Financial Statements (Continued)

r) Foreign currency transactions - IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Exchange differences are recognized as income or expenses in the period in which they arise.

s) Related parties

The Authority 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 the *Authority*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

t) 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.

u) Comparative figures

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

v) Subsequent events - IPSAS 14

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the period ended 30th June 2024

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority'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.

Estimates and assumptions.

The Authority based 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 the Authority. Such changes are reflected in the assumptions when they occur.

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 the Authority.
- 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 17. 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.

Notes to the Financial Statements (Continued)

6. Revenue from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Retirement Benefits Levy	1,119,099,267	1,104,852,337
Service Provider Licensing Fee	4,600,000	3,800,000
Statutory Penalty	2,218,000	1,501,648
Total	1,125,917,267	1,110,153,985

7. Revenue from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest income from Treasury Bills	51,175,984	28,839,055
Interest income from bank deposits	3,573,220	3,147,409
Total	54,749,204	31,986,464

8. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Tribunal Fee	62,300	39,470
Miscellaneous Income	12,782,931	4,296,815
Total	12,845,231	4,336,285

9. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Personnel Cost	336,602,177	299,005,560
Pension contributions	54,446,769	42,345,773
Medical expenses	37,841,346	28,303,294
Total	428,890,292	369,654,627

10. Directors Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Directors' emoluments	11,867,263	10,455,901
Medical Insurance	344,473	356,908
Induction and Training	4,127,023	4,610,783
Travel and Accommodation	6,950,479	7,175,513
Other Allowances	5,256,671	6,333,264
Total	29,505,909	29,892,369

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Notes to the Financial Statements (Continued)

11. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Depreciation Property, plant and equipment	34,780,332	28,513,049
Amortization of Intangible Assets	12,479,578	13,612,477
Total	47,259,910	42,125,526

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Equipment and machinery	12,933,383	6,531,603
Motor Vehicle	8,103,349	6,371,552
Total	21,036,732	12,903,155

13. General Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Market conduct	58,067,255	57,776,396
Pension Industry Development	8,515,949	2,897,200
Consumer sensitization	3,252,724	6,714,153
Supervision of schemes	17,534,556	13,318,784
Professional Charges	48,032,155	42,825,365
Conference services	6,385,650	7,229,180
Cleaning Expenses	2,098,200	1,764,150
Power & Lighting	7,099,638	6,496,867
Official Entertainment	7,119,967	7,304,264
Office Running Expenses	177,300	2,073,215
Library Expenses	2,555,784	2,936,602
Rent & Ground Rates	40,672,570	43,737,430
Training & Development	24,669,539	29,292,190
Staff welfare- Sports & recreation	14,117,504	9,977,645
Post & Telephone	6,399,765	3,856,898
Travel & Accommodation	51,772,725	52,228,638
Tribunal expenses	12,950,639	2,249,495
Hire of Transport	5,830,279	3,406,956
Research & Development	70,233,778	57,523,133
Information & Technology Systems	54,184,260	42,536,768
Printing & stationery expenses	5,464,285	2,724,530
Promotional Materials	1,748,526	4,316,812
Sponsorship	17,546,875	5,157,365
Subscription to Professional Bodies	9,630,840	8,483,724
Total General Expenses	476,060,764	416,827,761

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Notes to the Financial Statements (Continued)

14. Finance costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	1,326,465	1,267,367
Total	1,326,465	1,267,367

15. Cash and cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
KCB-Milimani (Main Account)	2,720,041	2,275,940
KCB-Milimani (Revenue A/C)	217,371,114	62,005,468
KCB Staff Gratuity A/C	40,219,213	
NCBA Bank Ltd	5,290,373	11,001,577
Cooperative Bank	2,699,288	
Treasury Bills Investment		
CBK- 91 Treasury Bills	384,738,100	682,604,000
Sub-total	384,738,100	682,604,000
Total	653,038,130	757,886,985

16. Receivable from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest receivable on T-bills	6,320,447	11,764,813
RBA Levy Receivable	88,100,660	6,964,223
Income Receivable	5,729,980	
Total current receivables	100,151,087	18,729,036

17. Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Sundry Debtors	1,818,821	2,724,147
Provision for doubtful debt	(919,647)	(919,647)
	899,174	1,804,500

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Property, plant and equipment					
	Motor Vehicles	Furniture and fittings	Plant & Equipment	Computer & Accessories	Total
COSTS	KShs	KShs	KShs	KShs	Kshs.
At 1 July 2022	43,612,067	50,124,078	225,618,734	34,298,651	353,653,530
Additions	-	704,400	2,919,480	7,575,000	11,198,880
Disposals	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-
At 30th June 2023	43,612,067	50,828,478	228,538,214	41,873,651	364,852,410
Additions	22,150,000	38,912,144	2,386,000	18,150,785	81,598,929
Disposals	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-
At 30th June 2024	65,762,067	89,740,622	230,924,214	60,024,436	446,451,339
DEPRECIATION AND IMPAIRMENT					
At 1 July 2022	36,787,267	32,331,903	180,959,888	3,052,990	253,132,048
Depreciation	1,706,200	2,238,697	13,179,093	11,389,059	28,513,049
Disposals	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-
As At 30th 2023	38,493,467	34,570,600	194,138,981	14,442,049	281,645,097
Depreciation	2,525,731	2,907,390	18,923,675	10,423,535	34,780,331
Disposals	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-
As At 30th June 2024	41,019,198	37,477,990	213,062,656	24,865,584	316,425,428
NET BOOK VALUES					
As At 30th June 2023	5,118,600	16,257,878	34,399,233	27,431,602	83,207,313
As At 30th June 2024	24,742,869	52,262,632	17,861,558	35,158,852	130,025,911

**Retirement Benefits Authority
Annual Report and Financial Statements
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Notes to the Financial Statements (Continued)

19. Intangible Assets

	SOFTWARE
cost/valuations: -	KShs
At 1 July 2023	146,247,083
Additions	1,495,000
At 30th June 2024	147,742,083
amortization	
At 1 July 2023	81,656,194
Amortization	12,479,578
Amortization written back on disposal	
Impairment	
At 30th June 2024	94,135,772
NBV	53,606,311

20. Investments

Description	2023-2024	2022-2023
	Kshs	Kshs
RBA Rent Guarantee Deposit	8,354,778	8,354,778
KCB Car loan security account	36,005,248	36,005,248
S&L mortgage deposits	261,250,899	260,311,250
NIC car loan deposit	5,719,432	5,622,772
HFCK mortgage deposits	98,065,022	96,336,700
Total	409,395,378	406,630,747

21. Payable to National Treasury

	2023-2024	2022-2023
	Kshs	Kshs
Balance b/f	109,866,718	222,155,012
90% Surplus	170,488,468	246,425,336
Advance payment to National Treasury FY 2023	(100,000,000)	(150,000,000)
Surplus paid during the year	(120,142,263)	(208,713,630)
Total	60,212,923	109,866,718

**Retirement Benefits Authority
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Notes to the Financial Statements (Continued)

22. Insurance Claims held in Trust

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance b/f	49,600,000	19,800,000
Insurance Compensations received	8,051,918	29,800,000
Total	57,651,918	49,600,000

23. Employee Benefits Obligations

Description	2023-2024	2022-2023
	Kshs	Kshs
Staff bonus	38,081,052	38,473,180
Staff gratuity	44,107,303	22,869,133
Board bonus	5,693,202	6,400,000
Staff Salary Arrears	1,192,500	
Total	89,074,056	67,742,313

24 (a). Creditors

Description	2023-2024	2022-2023
	Kshs	Kshs
RBA Levy Over Payment		15,787,014
Creditors	88,290,660	57,222,886
Total	88,290,660	73,009,900

24 (b). Prior Year adjustment

Prior Year adjustment of Kshs 312,732 relating to long outstanding settlement of contractor for partitioning of 4th floor. and funds that were remitted to UFAA. Included in the adjustment of creditor, invoice had been booked twice at previous years.

1	Correction of erroneously accrual on Provision of Research Services	1,360,215
2	Refurbishment & Installation of Services, RBA 4th Floor, Rahimtulla Tower	(1,010,974)
3	Transfer to UFAA for outstanding Trust Fund Balance	(36,509)
	Total	312,732

**Retirement Benefits Authority
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Notes to the Financial Statements (Continued)

25. Capital Fund

Description	2023-2024	2022-2023
	Kshs	Kshs
Capital Fund (Seed Capital)	45,457,000	45,457,000
Grant from FSSP	221,350,820	221,350,820
Additional GOK Grants (FLSTP) project	63,900,000	63,900,000
Additional Acquisition of Assets	83,093,929	0
	413,801,749	330,707,820

26. Accumulated Surplus

	2022-2023	2022-2023
	Kshs	Kshs
General reserve fund	238,826,645	238,826,645
Net Profit (accumulated)	380,314,876	435,715,481
Net Profit (current year)	18,943,163	27,380,593
Total	638,084,685	701,922,719

27. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into 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 the Authority remitted Kshs 220,142,263 to National Treasury during the year.

The Surplus Remission has been computed as follows:

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the period	189,431,631	273,805,929
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	170,488,468	246,425,336

Notes to the Financial Statements (Continued)

Surplus Remission Payable

Description	2023-2024	2022-2023
	Kshs	Kshs
Payable at the beginning of the year	280,355,186	468,580,348
Paid during the year	(220,142,263)	(358,713,630)
Payable at end of the year	60,212,923	109,866,718

28. Cash Generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	18,943,163	27,380,593
Adjusted for:		
Prior year adjustment	312,732	11,898,437
Depreciation	47,259,910	42,125,526
Working capital adjustments	66,515,805	81,404,555
Increase in inventory	-	-
Increase in receivables	(80,516,725)	1,391,036
Increase in deferred income	-	-
Increase in payables	(4,989,374)	(117,367,142)
Increase in payments received in advance	-	-
Net cash flow from operating activities	(18,990,294)	(34,571,551)

29. Risk Management objectives and policies

Financial Risk Management

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

The Authority's activities expose it to a variety of financial risks including credit, liquidity, interest rate risk, market risks and capital risk. The Authority's overall risk management policies are set out by the board and implemented by the management and focus on the unpredictability of changes in the business environment and seek

to minimize the potential adverse effects of such risks on the Authority's performance by setting acceptable levels of risks. The Authority does not hedge against risk.

Retirement Benefits Authority
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Notes to the Financial Statements (Continued)

Credit risk

The Authority 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. Management assesses the credit quality of each customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set in the policy. Management on a monthly basis monitors the utilization of the credit limits and the credit period for its customers.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment. The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	88,290,660	73,009,900	-	-
Receivables from non-exchange transactions	899,174	899,174	-	-
Bank balances	653,038,130	757,886,985	-	-
Total	742,227,964	831,796,059	-	-
As at 30 June 2023				
Receivables from exchange transactions	18,729,036	18,729,036	-	-
Receivables from non-exchange transactions	1,804,500	1,804,500	-	-
Bank balances	757,886,985	757,886,985	-	-
Total	778,420,521	778,420,521	-	-

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the RBA's has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

**Retirement Benefits Authority
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Notes to the Financial Statements (Continued)

Material arrears in Statutory / financial obligations

The Board of Directors confirm that the Authority does not have any material pending bills, outstanding taxes, outstanding staff & pension obligations.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the RBA's directors, who have built an appropriate liquidity risk management framework for the management of the RBA's short, medium and long-term funding and liquidity management requirements.

The Authority's manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Authority under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the carrying number of contractual obligations.

Description	Less than 1	Between	1-3	Over 5 months	Total
	month	months			
	Kshs	Kshs		Kshs	Kshs
As at 30th June 2023					
Trade payables	44,994,385	17,697,871		25,598,404	88,290,660
Insurance claims	8,051,918			49,400,000	57,451,918
Employee benefit obligation	89,074,056	-		-	89,074,056
Total	142,120,359	17,697,871		74,998,404	234,816,634
As at 30th June 2022					
Trade payables	9,452,892	3,329,791		44,352,217	57,134,900
Insurance claims	-	29,600,000		19,800,000	49,400,000
Overpaid levies	-	-		15,787,014	15,787,014
Employee benefit obligation	67,830,299	-		-	67,830,299
Total	77,283,191	32,929,791		79,939,231	190,152,213

Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income. The Authority has transactional currency exposures. Such exposure arises through

purchases of services of especially fees for international conferences that are done in currencies other than the local currency and subscription to international organization whose invoices are in foreign currency. The Authority manages foreign exchange risk

**Retirement Benefits Authority
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Notes to the Financial Statements (Continued)

by prompt payment of invoices and competitive negotiations with commercial for favourable exchange rate.

Interest rate risk

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

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates. with good credit ratings and placing limits on deposits that can be held with each institute.

Capital Risk Management

The objective of the Authority's capital risk management is to safeguard the RBA's ability to continue as a going concern. The Authority capital risk is low with a gearing ratio of 31:69

The Authority's capital structure comprises of the following funds:

	2023-2024	2022-2023
Description	Kshs	Kshs
Retained Earnings	638,084,685	701,922,719
Capital Reserve	413,801,749	330,707,821
Total Funds	1,051,384,919	1,032,630,540
Total liabilities	295,229,557	300,218,931
Less: Cash and Bank Balances	754,088,391	778,420,521
Net Debt/ (Excess Cash and Cash Equivalents)	458,357,318	478,201,590
Gearing	31:69	31:69

30. Related Party Transaction

The Authority has disclosed all related party transactions during this reporting period under staff and Board expenses.

A summary of top Management and Board emoluments are as follows:

	2023-2024	2022-2023
	Kshs	Kshs
90% remittance National Treasury	170,488,468	246,425,336
Chief Executive officer	9,600,000	3,200,000

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Key Management	46,272,600	46,272,600
Board of Directors	29,408,609	29,892,369
TOTAL	255,769,677	325,790,305

31. Capital Commitments

Capital Commitments	2022/2023	2021-2022
	Kshs	Kshs
Authorised for	-	-
Authorised and contracted for	6,000,000	16,402,877
Total	6,000,000	16,402,877

32. Events after the Reporting Period

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

33. Ultimate and Holding Entity

The Authority is a State Corporation under the Ministry of National Treasury and Economic Planning. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kenya Shillings (Kshs).

**Retirement Benefits Authority
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20. Appendix 1: 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: (Put a date when you expect the issue to be resolved)
Emphasis of Matter	Under Expenditure of the budget affecting planned activities	The authority Automated of workplan to enhance monitoring of budget implementation	Resolved	



Chief Executive officer

Date: 28/08/2024

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Appendix II: Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree planting	Afforestation to mitigate on climate change	Mitigate on climate change	Tree planting			300,00		AIA	Kenya Forest Service

Appendix III: Retirement Benefits Industry Report for June 2024

1.0 OVERALL ASSETS UNDER MANAGEMENT

The retirement benefits assets under management for the period ending 30th June 2024 was Kshs. 1,978.75 billion. This is an increase of Kshs. 252.68 billion from Kshs. 1,725.44 billion recorded in December 2023 representing a 14.64 percent increase. Compared to the same period last year, the assets grew by 16.11 percent, up from Kshs. 1,703.69 billion in June 2023.

The significant growth of assets during the period can be attributed to favorable market and economic conditions witnessed during first half of 2024. The period witnessed stabilization of the exchange rate and inflation rate. More than three-quarters, ten out of thirteen, of the investment asset classes recorded positive performance during the first half of the year 2024. However, the remaining three investment asset classes recorded negative performance during period under review. These include immovable property, fixed deposits and cash and call deposits held with banks.

Fund managers and approved issuers held majority of the assets amounting to Kshs. 1,889.23 billion. The assets under management included Kshs. 348.70 billion of NSSF funds, which were managed by six (6) external fund managers. The National Social Security Fund (NSSF) internally managed a total of Kshs. 52.45 billion of investments¹, while the trustees of the various schemes directly managed Kshs. 51.06 billion of property investments².

The investment trend of schemes continued to favor fixed income assets. More than half (51.12%) of the scheme assets under management were invested in government securities followed by 20.45 percent investment in guaranteed funds. Investments in immovable property and quoted equities accounted for 11.95 percent and 8.85 percent of the total

¹ The internal investments by NSSF includes immovable property investments at Kshs. 38.52 billion; investment in strategic counters under quoted equities; unlisted shares and other assets such as intangible assets, inventories, staff mortgage scheme, accrued income, trade and other receivable and staff car loans.

² The data of the internally managed property was extracted from the Schemes Financial Accounts for the year 2022 and 2023. The decrease in the internally managed property over the periods can be attributed to the directive issued by the Authority requiring schemes to comply with regulatory limits on property investments.

**Retirement Benefits Authority
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of the total assets under management respectively. During the period, there was investment of Kshs. 61.62 million under any other asset³

The table 1 provides a detailed investment analysis of investment performance by schemes in the various asset class categories.

Table 1: Overall Industry Investment Portfolio (Kshs. Billion)

S/No.	Investment Assets Category	Jun-22		Dec-22		Jun-23		Dec-23		Jun-24		Change
		Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	
1	Government Securities	695.51	45.90	722.04	45.81	814.26	47.79	818.86	47.46	1,011.23	51.10	↑
2	Quoted Equities	206.13	13.60	215.24	13.66	174.05	10.22	145.15	8.41	174.99	8.84	↑
3	Immovable Property	239.22	15.79	248.42	15.76	246.31	14.46	242.07	14.03	236.31	11.94	↓
4	Guaranteed Funds	284.51	18.78	298.01	18.91	326.99	19.19	358.12	20.76	405.24	20.48	↑
5	Listed Corporate Bonds	7.40	0.49	7.82	0.50	7.54	0.44	6.65	0.39	7.04	0.36	↑
6	Fixed Deposits	36.42	2.40	42.23	2.68	67.68	3.97	81.93	4.75	53.22	2.69	↓
7	Offshore	15.24	1.01	14.13	0.90	23.13	1.36	27.19	1.58	39.04	1.97	↑
8	Cash	20.66	1.36	16.79	1.07	22.62	1.33	24.95	1.45	24.71	1.25	↓
9	Unquoted Equities	4.38	0.29	4.99	0.32	5.08	0.30	3.63	0.21	3.94	0.20	↑
10	Private Equity	3.40	0.22	3.56	0.23	5.37	0.32	5.74	0.33	8.77	0.44	↑
11	REITS	0.27	0.02	0.28	0.02	10.64	0.62	11.12	0.64	11.12	0.56	↑
12	Commercial Paper, Non-listed bonds by Private companies	0.02	0.001	0.03	0	0.03	0.002	0.02	0.001	3.08	0.16	↑
13	Any Other Assets	2.00	0.13	2.67	0.17	-	-	-	-	0.06	0.003	↑
TOTAL		1515.16	100	1576.22	100	1703.69	100	1725.4384	100	1,978.76	100	↑

Comparing the year-on-year performance, significant growth was recorded in offshore investments (68.78%), private equity & venture capital (63.35%), government securities (24.19%) and guaranteed funds (23.73%). However, the highest negative growth was recorded in unquoted equities (-22.49%) and fixed deposits (-21.36%). The investment trend tends to shift towards fixed income assets such as government securities and guaranteed funds.

The period also witnessed diversification to alternative assets such as private equity and offshore investment. The significant growth in offshore investment is attributable to the exchange rate movement where the shilling had considerably lost value against the dollar hence making offshore investments more attractive. The percentage increase in investment in commercial paper, non-listed bonds issued by private companies was not included in the bar graph as it was an outlier with 10,153% change. This is due to an investment of Kshs. 3 billion in Linzi sukuk bond by one of the schemes during the period.

³ This was investment in MansaX Sharia compliant fund totaling Kshs. 61.62 million shillings

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Retirement Benefits Industry Report | June 2024(continued)

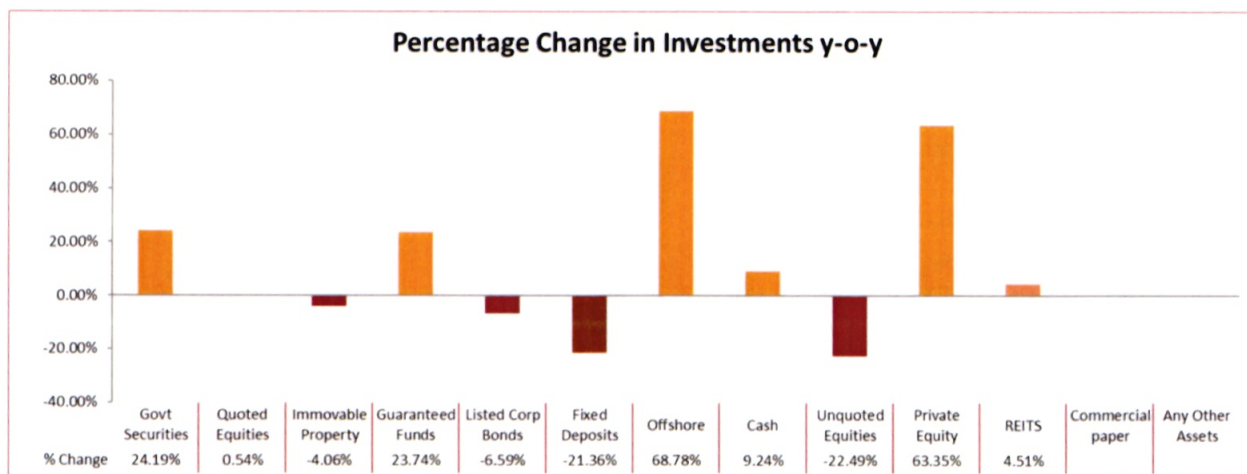


Figure 1: Percentage Change in Overall Industry Investments

Investment in alternative assets such as REITs and private equity & venture capital continued to be attractive to schemes due their diversification effects.

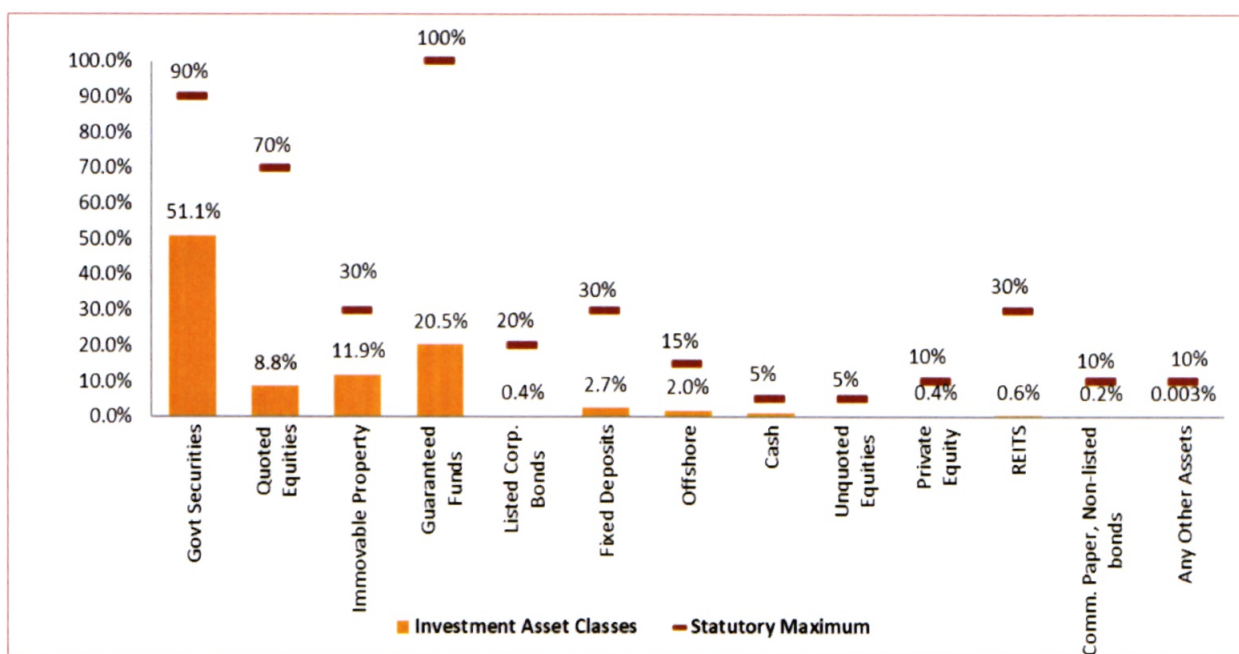


Figure 2: Overall Industry Investment Vs Statutory Maximum

On average, all categories of investment were within the statutory investment limits provided in the Retirement Benefits Regulations.

2.0 ASSETS HELD BY FUND MANAGERS AND APPROVED ISSUERS

For the period ending June 2024, 20 fund managers and 17 approved issuers, submitted reports for various schemes. The fund value for total assets under management (AUM)

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reported was 1,889.60 billion representing 18 percent increase compared to Kshs. 1600.28 billion reported in December 2023.

Comparing the same period last year (June 2023), the total AUM increased by 18 percent up from Kshs. 1,598.68 billion. The total assets managed by fund managers amounted to Kshs. 1,483.99 billion while the approved issuers managed only Kshs. 404.60 billion despite managing funds of majority of the schemes⁴. The investments under the guaranteed funds has been on upward trajectory following a shift to safer assets owing to volatility in the stock market and the high interest rates.

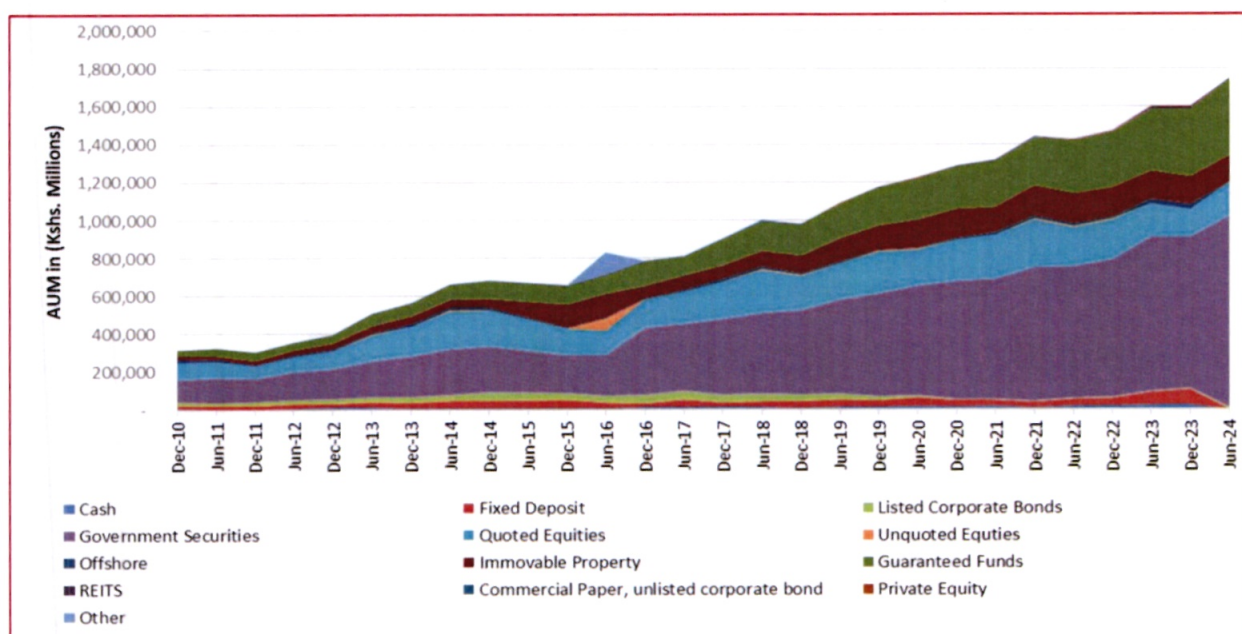


Figure 3: Assets Under Fund Management (Dec. 2010 – June. 2024)⁵

Retirement Benefits Industry Report | June 2024(continued)

The top quartile comprising five fund managers manage Kshs. 1,293.50 billion (87%) of the total assets under management in the fund managers portfolio. The balance of Kshs. 190.50 billion (13%) of the total assets under management in the fund managers portfolio is shared among 15 fund managers.

⁴ The Fund Managers submitted 475 scheme reports while the approved issuers submitted 768 scheme reports.

⁵ During the period June 2016, a total of Kshs. 117.55 billion of investments was reported unclassified. Over the subsequent periods, all the investments were classified. The assets under any other category dropped following the amendment of the retirement benefits (form and fees) regulations through legal notice No. 72 of 4th April 2022 to include unlisted REITs as an asset class under the listed and unlisted REITs approved by the Capital Markets Authority.

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The analysis considered each entity according to its registration, hence, where a parent company has both an approved issuer and fund manager the two were considered as distinct entities.

Table 2: Assets Under Management by Fund Managers and Approved Issuers - June 2024

S/No.	Approved Issuer	AUM in Kshs. Bn	% Share
1	ICEA Lion Life Assurance Limited	100.54	24.81
2	The Jubilee Insurance Company of Kenya Limited	89.27	22.03
3	Britam Life Assurance Company Kenya Limited	68.99	17.03
4	Kenindia Assurance Company Limited	50.64	12.50
5	GA Life Assurance Limited	34.57	8.53
6	CIC Life Assurance Limited	12.98	3.20
7	Equity Life Assurance Company(Kenya) Limited	9.51	2.35
8	Pioneer Assurance Company Ltd.	7.11	1.76
9	APA Life Assurance Limited	6.96	1.72
10	Madison Life Assurance Kenya Limited	4.95	1.22
11	UAP Life Assurance Limited	4.94	1.22
12	The Kenyan Alliance Insurance Company Limited	4.83	1.19
13	Sanlam Life Insurance Limited	2.95	0.73
14	Liberty Life Assurance Kenya Ltd	2.64	0.65
15	Prudential Life Assurance Kenya	1.77	0.44
16	Kenya Orient Life Assurance Limited	1.53	0.38
17	Gemina Insurance Company Limited	0.63	0.16
18	The Monarch Insurance Company	0.42	0.10
Grand Total		405.24	100.00

S/No.	Fund Manager	AUM in Kshs. Bn	% Share
1	Genafrica Asset Managers Limited	465.72	31.38
2	Sanlam Investments East Africa Limited	254.00	17.12
3	Old Mutual Investment Group Limited	243.07	16.38
4	Co-Optrust Investment Services Limited	231.05	15.57
5	African Alliance Kenya Asset Management Limited	99.66	6.72
6	Icea Lion Asset Management Limited	81.38	5.48
7	CIC Asset Management Limited	70.49	4.75
8	Britam Asset Managers Kenya Limited	26.25	1.77
9	NCBA Investment Bank Ltd	6.28	0.42
10	ABSA Asset Management Ltd	3.42	0.23
11	Globetec Asset Management Limited	1.52	0.10
12	Zimele Asset Management Company Limited	0.62	0.04
13	Dry Associates Limited	0.27	0.02
14	Cytonn Asset Managers Limited	0.07	0.005
15	KCB Asset Management Limited	0.05	0.004
16	Kuza Asset Management Limited	0.04	0.003
17	Amana Capital Limited	0.04	0.003
18	Genghis Capital Ltd	0.03	0.002
19	Fusion Investment Management Limited	0.03	0.002
20	Mayfair Asset Managers Limited	0.01	0.001
Total		1,483.99	100.00

Retirement Benefits Industry Report | June 2024(continued)

3.0 ASSETS HELD BY NATIONAL SOCIAL SECURITY FUND (NSSF)

The total investments held by NSSF increased by Kshs. 73.89 billion to stand at Kshs. 402 billion in June 2024, up from Kshs. 328.11 billion in December 2023. The NSSF internally managed assets amounted to Kshs. 52.50 billion⁶. The externally managed funds increased over the period by Kshs. 70.78 billion, from Kshs. 277.92 billion in December 2023 to Kshs. 348.70 billion in June 2024. The table below shows the distribution of the NSSF funds managed by various fund managers.

Table 3: NSSF Portfolio Managed by External Managers

Fund Manager	Assets in Millions									
	Dec-19	Jun-20	Dec. 2020	Jun-21	Dec-21	Jun-22	Dec. 2022	Jun-23	Dec-23	Jun-24
British-American Asset Managers Limited	76,681.83	76,287.85	82,286.38	-	-	-	-	-	-	-
Gen Africa Asset Managers	44,107.34	43,437.59	47,812.12	51,643.24	56,446.47	54,457.07	57,292.06	58,979.14	59,161.39	70,827.54
Old Mutual Asset Managers (Kenya) Limited	37,822.78	38,815.51	42,197.08	46,057.90	48,288.30	46,309.44	49,192.51	51,127.17	52,922.21	62,350.55
African Alliance Kenya Investment Bank Limited	33,097.05	34,538.02	37,463.07	51,818.25	42,573.05	41,437.30	43,759.70	46,412.25	51,283.89	77,908.28
SANLAM Investment East Africa Ltd	-	-	-	-	46,041.98	43,914.04	39,484.19	26,666.47	30,220.62	36,183.48
Co-op Trust	-	-	-	40,736.52	46,878.40	44,960.95	47,755.37	50,475.28	52,912.14	63,993.81
CIC Asset Management Ltd	-	-	-	-	133.85	3,016.07	12,505.76	27,990.30	31,419.52	37,431.98
Total	191,709.00	193,078.97	209,758.65	190,255.92	240,362.04	234,094.86	249,989.61	261,650.61	277,919.78	348,695.63

The overall NSSF portfolio is heavily invested in government securities representing 67.87 percent of the total assets. This is followed by quoted equities and immovable property at 14.51 percent and 9.95 percent, respectively. The NSSF portfolio allocation complied with the investment guidelines.

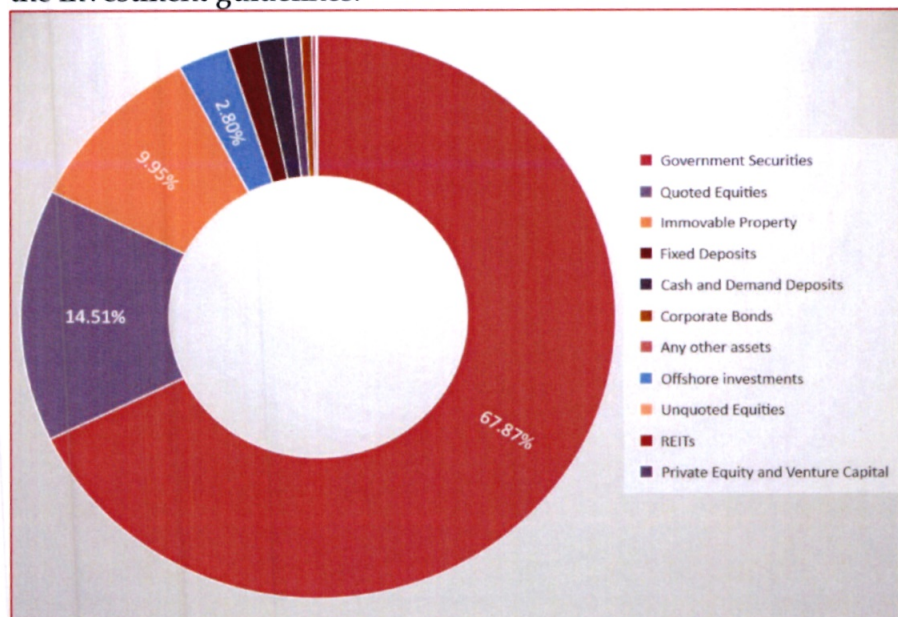


Figure 4: Investment of NSSF Assets

⁶ This includes investment assets including Government securities at Kshs. 22.67 billion, property at Kshs. 38.47 billion; Quoted equities at Kshs. 4.36 billion; and fixed deposits at Kshs. 1.28 billion. Another Kshs 13.25 billion are in property, plant & equipment, intangible assets, inventories, staff mortgage scheme, accrued income, trade and other receivable and staff car loans

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4.0 FUTURE OUTLOOK

The retirement benefits assets are expected to grow in the second half of 2024 from member contributions and investment income, majorly from fixed income assets where majority of scheme funds are invested. The setback from the withdrawal of the Finance bill, 2024 and the declaration by courts on the Finance Act 2023 as unconstitutional put the government in a tight fiscal space. This will force the government to resort to borrowing to bridge the revenue gap. Schemes are therefore likely to acquire more government papers into their portfolios.