

REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY	
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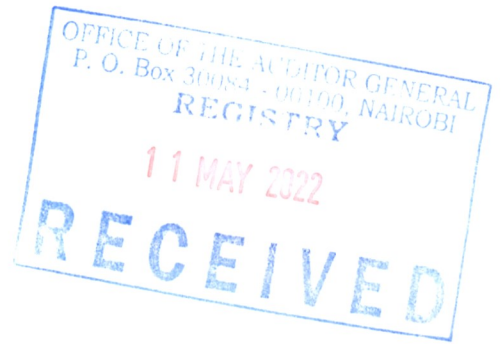
PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KENYA INVESTMENT AUTHORITY**

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



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**KENYA INVESTMENT AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**30<sup>TH</sup> JUNE 2021**

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

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For the year ended June 30, 2021.**

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## **1. KEY AUTHORITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Kenya Investment Authority (KenInvest) is a statutory body currently operating under an Act of Parliament (Investment Promotion Act No. 6 of 2004) and mandated to promote and facilitate both domestic and foreign investments in Kenya. The Authority is domiciled in Kenya and has branches in Eldoret, Kisumu and Mombasa.

The Authority's Day to day management is under the following key departments:

- i. Investment Promotion and business development services;
- ii. Investor Services;
- iii. Research, Policy Advocacy and Planning;
- iv. Legal and Corporate Affairs; and
- v. Finance and Administration

### **(b) Principal Activities**

The Authority is responsible for facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

The Authority's vision is to be "a global leader in investment attraction and retention" and the mission is "to promote and facilitate domestic and foreign investment in Kenya by advocating for a conducive investment climate, providing accurate information and offering quality services for a prosperous Nation."

The Authority's strategic focus is on the following:

- Contribution to realization of Kenya's development targets such as faster and sustained economic growth, increased employment, wealth creation and poverty alleviation by strengthening attraction and retention of investments in priority sectors;
- Enhancement of competitiveness and investment environment in Kenya;
- Strategic partnership and collaboration with Ministries, Departments and Agencies (MDAs); County governments, Institutional partners, Private sector and donor agencies to enhance growth of private investments; and
- Institutional capacity and capability strengthening.

### **(c) Key Management**

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

- Board of Directors;
- Managing Director; and
- Senior Management.

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	Dr. Moses Ikiara, MBS
2.	General Manager, Investment Promotion and Business Development Services	Mr. Pius Rotich
3.	General Manager, Investor Services	Mr. Guracha Adi
4.	General Manager, Research, Policy Advocacy & Planning	Mr. Robert Bwire
5.	General Manager, Finance and Administration	Ms. Donna Atieno
6.	General Manager, Legal and Corporate Affairs	Ms. Olivia Rachier
7.	Manager, Procurement	Mr. Hosea Kipkemboi
8.	Manager, Internal Audit	Mr. Joseph Onyango

**(e) Fiduciary Oversight Arrangements**

The Authority has put in place key fiduciary oversight arrangements covering:

- Board Committees i.e. Strategy, Investment Promotion, Facilitation and Innovation Committee; Audit & Governance Committee; Finance, Human Resources & Administration Committee;
- Internal Audit; and
- Transparency and Accountability Governance Structures.

**(f) Authority Headquarters**

UAP Old Mutual Tower, 15th Floor,  
Upper Hill Road,  
P. O. Box 55704 – 00200,  
Nairobi, Kenya.

**(g) Authority Contacts**

Telephone: (254) 730 104 200/201  
E-mail: [info@invest.go.ke](mailto:info@invest.go.ke)  
Website: [www.invest.go.ke](http://www.invest.go.ke)

**(h) Authority Bankers**

Co-operative Bank of Kenya,  
Parliament Road Branch,  
P. O. Box 5772 - 00200,  
Nairobi, Kenya.

**(i) Independent Auditors**


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




**(j) Principal Legal Adviser**

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




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**2. THE BOARD OF DIRECTORS**

Ref	Directors	Details
1.	<p><b>Hon. Dennis Waweru</b> Non-Executive Chairman</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• B. Com (Accounting Option)</li> </ul>	<p><b>Date of Birth: 30<sup>th</sup> June, 1970</b></p> <p>May 2019 to date - Chairman - Kenya Investment Authority Board</p> <p>Member of Committee - Finance, Trade, Planning and Tourism, National Assembly</p> <p>Member of Committee - Budget and Appropriation- The National Assembly</p> <p>2000 to Date - Director and Partner at Faida Investment Bank Limited.</p> <p>Serves as Vice Chair/ Board member, Kenya Association of Investment Banks &amp; Stock Brokers (KASIB)</p>
2.	<p><b>Hon. Dr. Peter Mutuku Mathuki</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Ph.D (Regional Integration)</li> <li>• MBA (Strategic Management)</li> <li>• Bachelor of Commerce</li> </ul>	<p><b>Date of Birth: 20<sup>th</sup> February, 1969</b></p> <p>April 2021 to date: Secretary General of the East African Community</p> <p>2018 to April 2021: CEO, East African Business Council, Arusha, Tanzania</p> <p>Feb 2018 to Sept. 2018: Goodwill Ambassador, East African Business Council</p> <p>2012 to 2017: MP East African Legislative Assembly Member, Arusha, Tanzania</p>
3.	<p><b>Ms. Susan Nkatha Kairima</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• Bachelor of Commerce</li> </ul>	<p><b>Date of Birth: 24<sup>th</sup> August, 1965</b></p> <p>2011 to date: Executive Director, Shadenet Conference and Resort Centre.</p> <p>2016 to 2017: Board Member, Agriculture and Food Authority (AFA).</p> <p>2015 to 2017: Chairperson, Board of Directors Meru County Microfinance Corporation.</p> <p>2011 to 2014: Board Member, Kenya Industrial Estate (KIE).</p>

Ref	Directors	Details
4.	<p><b>Ms. Judith Wanjiku Kibaki, MBS, EBS, CBS</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• B.Sc (Economics)</li> </ul>	<p><b>Date of Birth: 11<sup>th</sup> June, 1962</b></p> <p>Jan 1998 to date - Marketing Consultant – Alpha Dimensions 2003 to 2011- Vice Chair, Street Families Rehabilitation Trust Fund 2012 to 2015 – Board Member, Brand Kenya Board 2006 to 2012 - Board Member, Export Promotion Council April 1994 to Nov 1997 – Manager, Research Division – MCL Saatchi &amp; Saatchi</p>
5.	<p><b>Ms. Theresa Jepkemei Chepkwony</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Master’s in Business Administration (Executive)</li> <li>• Bachelor of Education (Arts)</li> </ul>	<p><b>Date of Birth: 18th May, 1966</b></p> <p>2014 – 2017 - Advisor to the County Government of Nandi on Political Affairs. Jun 2013 – Aug 2013 - Lead Consultant in the development of Nandi County Integrated Development Plan (CIDP 2013 – 2017). 2007 – 2012 - Vice Chairperson Nandi North secondary schools’ heads association. 2006 – 2009- Trustee, Water Services Trust Fund Ministry of Water and Irrigation, Nairobi.</p>
6.	<p><b>Mr. Peter Njoka</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Bachelor of Science (Hons.)</li> <li>• Private Equity Training Courses</li> </ul>	<p><b>Date of Birth: 16<sup>th</sup> June, 1970</b></p> <p>Currently a Partner at Rhone Partners LLP, Kenya. Private Equity specialist with over 20 years’ private equity and corporate finance experience in East Africa. He is a Board Member of several companies including Brookside Africa Ltd, Deacons East Africa PLC, Kenya Clay Products Ltd and Tim Sales Holdings.</p>


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Ref	Directors	Details
7.	<p>Principal Secretary, Ministry of Industrialization, Trade &amp; Enterprise Development (Alternate Member - <b>Mr. Stephen Odua</b>)</p> 	<p><b>Date of Birth: 26<sup>th</sup> December, 1967</b></p> <p>2018 to date: Director, Business Environment and Private Sector Support</p> <p>2015 to 2018: Ag. Director, Business Environment and Private Sector Support</p> <p>2009 to 2015: Assistant Director of Industries, Public Sector – Industrial Development</p> <p>2005 to 2009: Chief Industrial Development Officer, Public Sector – Industrial Development</p>
8.	<p>Principal Secretary, Ministry of Devolution &amp; Planning (Alternate Member - <b>Mr. Dominic Yegon Kiplangat</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts Degree (Economics Policy Management)</li> <li>• Bachelor of Science Degree (Agricultural Economics)</li> </ul>	<p><b>Date of Birth: 15 February 1985</b></p> <p>2015 to date: Economist in the Ministry of Devolution and Planning (State Department for Devolution)</p> <p>2010 to 2013: Extensive training and experience in Economic Development, Policy Formulation and Analysis and Strategic Planning, National Development and Vision 2030.</p>
9.	<p>Principal Secretary, Ministry of Devolution and Planning (Alternate Member- <b>Mr. Peterson Njenga</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Economics)</li> <li>• B.A (Economics)</li> </ul>	<p><b>Date of Birth: 21<sup>st</sup> August, 1982</b></p> <p>2018 to date: Ag. Principal Economist in the Ministry of Devolution and Planning (State Department for Planning)</p> <p>2008 to 2018: Economist/Stastician, Tracking Vision 2030 flagship projects</p>




Ref	Directors	Details
10.	<p>Principal Secretary, National Treasury (Alternate Member - <b>Mr. Wanyambura Mwambia</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Development Economics)</li> </ul>	<p><b>Date of Birth: 10<sup>th</sup> January, 1956</b></p> <p>2010 to date: Deputy Director Economic Affairs National Treasury</p>
11.	<p>Principal Secretary, Office of the President (Alternate Member- <b>Mr. William K. Mahinda</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Economics)</li> <li>• B.A (Economics)</li> </ul>	<p><b>Date of Birth:- 22<sup>nd</sup> May 1960</b></p> <p>2005 to date – Secretary/ Policy Cabinet office.</p> <p>Director Commission of Higher Education, KIPPRA, KenInvest, LAPPSET</p> <p>2001-2005 – Provincial Coordinator – NACC</p> <p>1997 – 2001 Provincial Plan Office.</p>
12.	<p>Principal Secretary, Ministry of Lands and Physical Planning (<b>Alternate Member- Mr. Augustine Masinde, EBS, MBS</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Urban and Regional Planning)</li> <li>• Registered Physical Planner</li> </ul>	<p><b>Date of Birth - 1962</b></p> <p>Chief Government Adviser on Physical Planning</p> <p>Chairman of the Physical Planners Registration Board</p> <p>National Director of Physical Planning</p> <p>Member of the International Society for City and Regional Planners (ISOCARP)</p> <p>Corporate Member of both the Kenya Institute of Planners and Architectural Association of Kenya (Town Planners Chapter)</p>




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Ref	Directors	Details
13.	<p>Principal Secretary, Ministry of Agriculture            (Alternate Member - <b>Mr. Samuel Gicheru</b>)</p>  <ul style="list-style-type: none"> <li>• Masters in Economics</li> </ul>	<p><b>Date of Birth: 26<sup>th</sup> January 1970</b></p> <p>Currently works at the Ministry of Agriculture</p>
14.	<p><b>Mr. Henry Obino</b> – Ag. Chief Executive,            Export Processing Zones Authority (EPZA)</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• B.A (Government and Kiswahili)</li> </ul>	<p><b>Date of Birth: 29<sup>th</sup> March, 1964</b></p> <p>2020 – Ag. Chief Executive Officer, EPZA            2019 to Date: Secretary of Administration,            Ministry of Industrialization            2015 to Date: Director of Administration            2012 to 2015: Senior Deputy Secretary, Ministry            of East African Community            2002 to 2012: Senior District Commissioner,</p>
15.	<p><b>Dr. Wilfred Nyakwanya Marube</b> - Chief            Executive Officer, Kenya Export            Promotion and Branding Agency</p>  <ul style="list-style-type: none"> <li>• PhD (Communications Studies)</li> <li>• Master of Arts (Linguistics)</li> <li>• B. Ed (English and Literature)</li> </ul>	<p><b>Date of Birth – 10<sup>th</sup> February, 1974</b></p> <p>2020 June to date - Chief Executive Officer, Kenya            Export Promotion and Branding Agency</p> <p>2013 to 2020 - Head of Public Relations and            Communications, Office of the Auditor-General            2007 to 2013 - City Council of Nairobi, Chief            Public Relations Officer            1997-2007- Teachers Service Commission</p>

Ref	Directors	Details
16.	<p><b>Dr. Moses Ikiara</b> - Managing Director, Kenya Investment Authority</p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>• B. Sc (Agriculture)</li> </ul>	<p><b>Date of Birth – 3<sup>rd</sup> September, 1965</b></p> <p>2013 to date - Managing Director, KenInvest</p> <p>2006 to 2012 - Executive Director, (KIPPRA)</p> <p>2005 to 2006 - Ag. Executive Director, KIPPRA</p> <p>2003 to 2005 - Senior Analyst &amp; Programme Coordinator, KIPPRA</p> <p>2000 to 2003 - Policy Analyst, KIPPRA</p> <p><b>Secretary to the Board.</b></p>

**3. MANAGEMENT TEAM**

No.	Management	Details
1.	<p><b>Dr. Moses Ikiara</b></p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>• B. Sc (Agriculture)</li> </ul>	<p>Managing Director</p>
2.	<p><b>Mr. Pius Rotich</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Marketing)</li> <li>• Bachelor of Education</li> <li>• Marketing Society of Kenya (MSK) member</li> </ul>	<p>General Manager, Investment Promotion and Business Development Services.</p>
3.	<p><b>Mr. Guracha Adi</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Business Management)</li> <li>• Bachelor of Arts (Business Studies and Mathematics)</li> </ul>	<p>General Manager, Investor Services</p>

No.	Management	Details
4.	<p><b>Mr. Robert Bwire</b></p>  <ul style="list-style-type: none"> <li>• Master of Industrial Relations and Personnel Management</li> <li>• Bachelor of Commerce (Accounting)</li> <li>• Member of Institute of Economic Affairs</li> <li>• Diploma in PC Programming</li> </ul>	<p>General Manager- Research, Policy Advocacy and Planning</p>
5.	<p><b>Ms. Olivia Rachier</b></p>  <ul style="list-style-type: none"> <li>• Master of Law (International Business)</li> <li>• Bachelor of Law</li> <li>• Dip. Law (KSL)</li> <li>• Institute of Certified Public Secretaries (ICPSK) Member No. 2273</li> </ul>	<p>General Manager, Legal and Corporate Affairs</p>
6.	<p><b>Ms. Donna Atieno</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (Finance)</li> <li>• Certified Public Accountant of Kenya</li> <li>• Bachelor of Business Management (Accounting)</li> <li>• Institute of Certified Public Accountants of Kenya (ICPAK) Member No. 7332</li> </ul>	<p>General Manager, Finance and Administration.</p>

#### **4. CHAIRMAN'S STATEMENT**

On behalf of the KenInvest Board of Directors, I am pleased to present to you KenInvest's Annual Report for the Financial Year 2020-2021.

KenInvest continues to pursue its strategic objectives as spelt out in the Strategic Plan 2018-2022. I note with appreciation that despite significant challenges, the Authority managed to attract new investment project proposals worth KShs. 68.569 billion. It is worth noting that the country has made great strides in continuously reviewing the investment environment. Between 2015-2019, Kenya's economic growth averaged 5.7%, making it one of the fastest growing economies in Sub-Saharan Africa. The performance of the economy has been boosted by a stable macroeconomic environment, positive investor confidence and a resilient services sector. Kenya ranked 56 among 190 economies *in the ease of doing business*, according to the latest *World Bank* annual ratings 2020; going up 5 places from position 61 in 2019. In the Global Competitiveness Index Ranking by World Economic Forum, Kenya was ranked 95 globally. These are just but a sample of many achievements that qualify Kenya as the investment destination of choice.

The COVID-19 pandemic has necessitated the use of multiple communication and collaboration tools to ensure continued investor facilitation and Support. Our Case and Inquiry Management System (CMS) has enabled investors reach out to us online and be facilitated. We documented new investment procedures in the counties of Nyeri, Laikipia, and Kilifi. In this year, 2021, we held both virtual and some limited physical meetings such as the senior staff retreat held in Naivasha to develop the State of Investment Report. A draft report is available and is scheduled for completion in the 2<sup>nd</sup> quarter of 2021/2022 FY.

During the review period, the Authority benefitted from Huawei technologies by acquiring new furniture for the boardroom and smart Television screens installed to enhance presentation capacity and virtual communication during this COVID times.

Under my leadership, the Board will continue addressing organisational needs such as staffing and better remuneration to make the Authority more competitive and an enviable place to work in. I also appreciate support provided by our partners such as UNCTAD and ITC.

My message to fellow Board members and KenInvest staff is to remain committed to the execution of our mandate of promoting and facilitating investments in Kenya, in order to propel this country to new heights of socio-economic development as per the Kenya Vision 2030 and the targets set out in the Big Four Economic Transformation Agenda.



**Hon. Dennis Waweru  
CHAIRMAN**

## **5. REPORT OF THE MANAGING DIRECTOR**

The overarching vision of the Kenya Investment Authority Strategic Plan 2018-2022 is to make Kenya a global leader in investment attraction and retention. The Plan mainly borrows from Kenya's blue print, Vision 2030, which aspires to realize economic transformation and a newly industrializing upper middle-income country by 2030, as well as the BIG 4 Agenda. Generally, the operational performance of KenInvest has been affected by COVID-19 pandemic especially our aftercare services. This is due to movement restrictions and containment measures put in place. These restrictions notwithstanding, the Authority's achievements included the following:

### *Investment Generation*

In FY 2020/21, the Authority registered 203 projects worth KShs. 68.569 billion (both new investment and re-investment). The new investments registered had an employment potential of 6,688. In the previous financial year 2019/2020, the Authority registered 163 projects worth KShs 156.93 billion (both new investment and re-investment) that had an employment potential 12,692.

### *Investment Promotion*

The 2020/2021 financial year was defined by a new approach to investment promotion, as the COVID pandemic necessitated migration of physical meetings, forums, and conferences to digital platforms. KenInvest was engaged in 95 investment promotion activities within the financial year, mostly virtually, categorized as forums, conferences and bilateral engagements. Out of the 95, 5 were targeted market centric promotional activities that were organized towards achieving the objectives of Kenya International Investment Conference.

Notable promotional engagements out of the 90 included: Kenya-China Investment and Cooperation Dialogue on healthcare and light manufacturing; Blue Economy webinar on ship building and ship repair industry; Chamber of Commerce Trade Conference highlighting trade and investment expectations of the anticipated US-FTA negotiations; Africa Diaspora Symposium; Swedish Investment Forum; MoU with Warehousing Receipt System Council; Profiling of investment opportunities among the a KES. 2 billion Tilisi development; India- Africa Smart Agritech Virtual Expo; Japan Food Machine Expo; Japan-Africa Infrastructure Development Association Virtual Forum; and US-EAC Chamber of Commerce Business Summit.

### *Smart Boardroom (OSC)*

KenInvest installed a smart boardroom with support of Konza Technopolis Development Authority (KOTDA). Huawei Technologies implemented the project.

### *Enhancing Regional Integration*

The Authority was involved in key regional integration activities in COMESA and EAC that support the growth of trade and investment. KenInvest received funding from COMESA through the National Treasury amounting to KShs 15 million to support activities and programmes that contribute to deepening of trade and investment in the region.

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*Investor Facilitation*

The Authority provided after care services to 189 projects and issued 25 Investment Certificates compared to 163 projects provided with aftercare services and 34 Investment Certificates issued in 2019/20 Financial Year. The major policy and/or administrative issues raised were escalated to the relevant Ministries, Departments and Agencies (MDAs) for resolution. Investor sentiment about business facilitation continued to improve.

*Investment Facilitation Project for Kenya (e-Regulations)*

The e-Regulations project has contributed to increased transparency in accessing data and information on investment procedures and regulations required to invest in Kenya. The portal's popularity has risen steadily with **157,156** page views, **76,094** sessions and **60,681** users making it the most visited portal in Africa among countries who have implemented the UNCTAD e-Regulations system and, arguably, the most important resource on regulations for investors, foreign or national, interested in setting up or expanding their operations in Kenya. During the financial year 2020/2021, the e-Regulations team documented, reviewed and updated procedures in the Counties of Nyeri, Laikipia and Kilifi. The team has been following up with the various government agencies for any changes in the documented procedures and making the appropriate changes in the portal. For example, the Ministry of Lands and Physical Planning (Nairobi Registry) have automated land procedures where applications are now done through the [ardhi sasa portal](#).

*E-Investment Opportunities Platform (e-Opportunities).*

The portal currently has a total of 353 projects uploaded covering the Big 4 Agenda and Enabler sectors. Out of these, 330 projects are still active and available for investors while 23 projects have been archived since they had reached financial close and are at implementation stage. The portal received 3542 users, 1943 sessions and 6686 daily page views. During the financial year 2019/2020, a total of 406 enquiries had been made through the portal. Out of this, enquiries on National projects were 250; while County projects were 138 and Private projects were 18. It was noted that majority of the enquiries were from the Energy sector 77; real estate 61; water and sanitation 60; and agriculture 69 and others 139.

*Global Competitiveness Index Survey*

KenInvest in conjunction with the National Productivity and Competitiveness Centre (NPCC) and the University of Nairobi Institute of Development Studies (IDS), has been undertaking the exercise since March, 2021. The survey will be completed in the first quarter FY 2021/ 2022.

*Financial Performance*

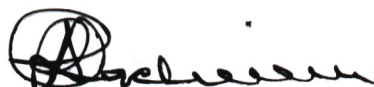
In the period under review, the Authority received total revenue of KShs 240.603 million compared to KShs 263.268 million in the previous financial year. The total expenses also reduced from KShs 262.962 million in 2019/2020 FY to KShs 240.940 million in 2020/2021 FY. This resulted in deficit of KShs 337,755 compared to a surplus of KShs 40,283 reported in the previous financial year.

*Challenges*

Some of the obstacles that stood in the way of better performance for the Authority, and which continue to pose challenges in the new financial year include:

- i. COVID-19 pandemic has necessitated restructuring of KenInvest operations with a larger focus on online activities;
- ii. HR challenges such as inadequate staff establishment, lack of training and capacity building opportunities due to low funding. These challenges are being resolved through resource mobilization, efforts to improve work environment, seeking training support from our partners; and pursuit of SRC to implement new salary structure.
- iii. Inadequate clout which hampers effective facilitation of investors. This remains a key focus in our Strategic Plan and the Kenya Investment Policy;
- iv. Large information and data gap including challenges in capturing and processing the information and absence of a knowledge management system. This is being addressed through MoUs with sector regulators and other agencies with the data; and
- v. Inadequate marketing efforts of investment opportunities due to their insufficient packaging, and inadequate budgetary resources. KenInvest has proposed establishment of an investment fund for this purpose and continues to seek more funds from GoK and is identifying revenue generating activities.

We look forward to continued support by our cherished Partners and stakeholders as we implement our mandate of attracting and facilitating investments in Kenya.



**Ms. Olivia Rachier**  
**Ag. MANAGING DIRECTOR**

**6. STATEMENT OF KENYA INVESTMENT AUTHORITY’S PERFORMANCE AGAINST  
 PREDETERMINED OBJECTIVES FOR FY 2020/2021**

The strategic focus for KenInvest’s Strategic Plan for the period 2018-2022 is to increase new high impact investments as espoused in the Big Four Agenda and the Vision 2030. Growing the level of private investment, that is foreign direct investment (FDI) and domestic direct investment (DDI), to at least 20% of GDP by 2022 will be KenInvest’s key focus area. Increased FDI and DDI, especially of high quality or impact, will maximize employment opportunities, foreign exchange earnings, technology transfer and lessening of the debt burden for Kenya.

KenInvest also focuses on advocating for full and speedy implementation of the Kenya Investment Policy (KIP) and operationalization of the proposed National Investment Council (NIC) to give her more impetus in promoting and facilitating new investments in the county; as well as play a more direct role in influencing investment policy space. Continued partnership and collaboration with stakeholders shall be sustained in order to ensure harmony in the conduct of our activities. Other focus areas will be continued advocating for further investment climate improvement, institutional strengthening and capacity development for long term sustainability of KenInvest.

The plan has 6 strategic pillars:

- ✓ Pillar 1: Investment Generation
- ✓ Pillar 2: MSMEs Support
- ✓ Pillar 3: Improved Investment Climate
- ✓ Pillar 4: Partnership and Collaboration
- ✓ Pillar 5: Investment Information and data
- ✓ Pillar 6: Institutional Strengthening and Capacity Building

KenInvest develops its annual work plans and performance contract based on the above 6 pillars. Assessment of the Board’s performance against its annual work plan is done on an annual basis. KenInvest achieved its performance targets set for the FY 2020/2021 period for its 6 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: Investment Generation</b>	Attract and facilitate private investment of KShs 1.1 trillion and create 150,000 jobs	Value of investment proposals attracted (in KShs. Billions)	Investment projects proposals attracted and registered worth 100 billion	Projects worth KShs. 68.567 billion facilitated during the FY.
		No. of Projects	Facilitate and provide aftercare services to 180 projects	189 investors facilitated during the FY.
		No. of employment opportunities created	Create employment opportunity for 12,000 Kenyans	Employment opportunities created for 6,688 Kenyans

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<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 2: MSMEs Support</b>	Contribute to building Kenya's future Multinational Corporations through MSMEs support.	MSME Market linkages and integration into value chains MSME sector promotion	Develop MSME database Profile MSME focussed investment opportunities under the Big 4 Agenda	A database of 200 SMEs was developed and is updated regularly. Out of the 14 investment opportunities, 5 were MSME focused.
<b>Pillar 3: Improved Investment Climate</b>	Enhance Investment Environment to be the Top 40 Country in Ease of Doing Business Globally	Improve Kenya's competitiveness	Generate Policy briefs and memoranda based on aftercare.	Participated in GCI surveys as well as Ease of Doing Business reform meetings.  4 Policy briefs generated.
<b>Pillar 4: Partnership and Collaboration</b>	Provide leadership in the co-ordination and provision of investment information and data;	Improve data capture, management, analysis and dissemination  Leverage on ICT systems to promote and facilitate investments.	Forge partnerships with MDAs that capture sectoral investment data for sharing purposes  Update and Publish E-Regulations Procedures and E-Opportunities  Promote and integrate e-regulations with county portals	MoUs with various stakeholders such as KNBS and CBK are in place.  30 new procedures published and updated.
<b>Pillar 5: Investment Information and data</b>	Enhance Partnership and Collaboration with Stakeholders to Increase Growth of Private Investments	Seamless collaborative work with county governments  Enhance linkages with MDAs to improve investment facilitation	Partner with local & International partners & institutions in capacity building programmes on investment matters	Smart Boardroom installed at the Authority's headquarters.
<b>Pillar 6: Institutional Strengthening and Capacity Building</b>	Develop and strengthen institutional capacity and capability for long-term sustainability.	Enhance employee capacity, motivation and competence  Improve staff welfare and work environment	Improve staff welfare, expand staff establishment  Implement youth empowerment programmes	The Authority operates using the approved HR instruments to ensure policy is observed and adhered to.  59 youth recruited under the attachment program.

## **7. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

KenInvest Board through Management has taken cognizance of the serious and unpredictable situation that COVID-19 pandemic presented to the Authority and the Country in promotion and facilitation of investments by maintaining and ensuring that appropriate governance and oversight has been maintained throughout the FY 2020/2021.

The Authority has adopted high standards and applies strict standards of conduct, based on the best corporate practices and the *Mwongozo* code. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles:

- i. To observe high standard of ethical and moral behaviour;
- ii. To act in the best interests of the organization;
- iii. To remunerate and promote fairly and responsibly;
- iv. To recognize the legitimate interests of all stakeholders; and
- v. To ensure that the organization acts as a good corporate citizen.

In general, Board members act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

In line with Section 13 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors respect the values, principles and the requirements of the Constitution including:

- i. The national values provided for under Article 10 of the Constitution;
- ii. The rights and fundamental freedoms provided for under Chapter IV of the Constitution;
- iii. The responsibilities of leadership provided for under Article 73 of the Constitution;
- iv. The principles governing the conduct of State officers provided for under Article 75 of the Constitution;
- v. The educational, ethical and moral requirements in accordance with Article 99 (1) (b) and 193 (1) (b) of the Constitution; and
- vi. The values and principles of Public Service provided for under Article 232 of the Constitution.

### **The Board of Directors**

The members of the Board of Directors are published in this report. The Investment Promotion Act, 2004 Section 16 (i) gives the Board of Directors the overall responsibility over the Authority with the Chairman being a Presidential appointee for a period of three years. Other members are drawn from the private sector, representatives of the Government in their various capacities and the Managing Director who is the Secretary to the Board. Currently, the KenInvest Board has 16 members.

### **Appointment and Removal of Directors**

In accordance with the Board Charter the relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette and shall cease if the Board member:

- i. Serves the appointing authority with a written notice of resignation; or
- ii. Is absent, without the permission of the respective Cabinet Secretary, from three consecutive meetings; or
- iii. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- iv. Is incapacitated by prolonged physical or mental illness from performing his or her duties as a member of the Board; or
- v. Conducts himself/herself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

### **Role and Functioning of the Board**

The Board is collectively responsible for the success of the Authority's strategy. The management team led by the Managing Director is responsible for implementing the strategy and managing the business at an operational level. The Authority through the Board has established Board Committees as per section 4(1) of the third Schedule of the Act. These Committees are described below:

- i. *Strategy, Investment Promotion, Facilitation and Innovation Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that all investment issues and the core function of KenInvest are maintained at all times. This includes investment promotion, investment facilitation, after-care services, Policy Advocacy and Management of Information Technology to enhance investor access to services provided by the Authority.

The Committee's important task is to ensure the relevance of the strategic plan, performance contract and work plan.

- ii. *Finance, Human Resource & Administration Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that the budget is justified and adhered to, and that all expenditures are accounted for. It also has the mandate to ensure that all quarterly reports are presented in a timely fashion to the Board prior to the same being submitted to the Parent Ministry. All financial policies are discussed in this Committee.

This Committee is also tasked with ensuring that KenInvest maintains and attracts high calibre of human resources. The Committee handles recruitment, maintenance of the organization's practices, attitudes, and staff motivation.

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- iii. *Audit & Governance Committee* - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the responsibility of assisting the Board of Directors perform its oversight role in Integrity of quarterly, half-yearly and year-end financial statements including reviewing the accounting policies and practices adopted in the preparation of financial information; Effectiveness of the internal control environment; and Compliance with applicable laws, regulations, accounting & auditing standards, good corporate governance principles and other ethical issues.

**Board Meetings**

The Board is required to meet at least four times in every financial year to discuss the overall performance of KenInvest. Not more than four months should elapse between one meeting and the next meeting. All full board meetings are convened by the Secretary to the Board upon instructions from the Chairman (or as per approved work plan) or upon the requisition of at least five members of the Board. All decisions are passed by a majority of present members voting with the Chairman having the decisive vote in the event of a tie.

During the FY ended 30 June 2021, the Board held four (4) scheduled meetings. Individual attendance at these meetings is set out in the table below. Additionally, three (3) special meetings were held on specific issues. The attendance by Members is as below:

No.	NAME OF DIRECTOR	57 <sup>th</sup> Board meeting held on 28/7/2020	58 <sup>th</sup> Board meeting held on 29/10/2020	29 <sup>th</sup> Special Board meeting held on 9/12/2020	59 <sup>th</sup> Board meeting held on 4/2/2021	30 <sup>th</sup> Special Board meeting held on 22/2/2021	31 <sup>st</sup> Special Board meeting held on 24/5/2021	60 <sup>th</sup> Board meeting held on 22/4/2021	Total meetings attended
1.	Hon. Dennis Waweru	✓	✓	✓	✓	✓	✓	✓	7/7
2.	William K. Mahinda	✓	✓	✓	✓	✓	✓	✓	7/7
3.	Samuel K. Gicheru	✓	✓	✓	✓	✓	✓	✓	7/7
4.	Augustine K. Masinde	✓	✓	✓	✓	✓	-	-	5/7
5.	Wanyambura Mwambia	-	-	-	-	✓	✓	-	2/7
6.	Peter Njoka	✓	-	✓	✓	✓	-	-	4/7
7.	Wilfred Marube	✓	-	-	✓	✓	✓	-	4/7
8.	Peterson Njenga	✓	-	✓	✓	✓	-	✓	5/7
9.	Henry Obino	✓	-	✓	✓	✓	✓	✓	6/7
10.	Yegon Kiplangat	✓	✓	-	✓	✓	✓	✓	6/7
11.	Theresa Chepkwony	✓	✓	✓	✓	✓	✓	✓	7/7

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No.	NAME OF DIRECTOR	57 <sup>th</sup> Board meeting held on 28/7/2020	58 <sup>th</sup> Board meeting held on 29/10/2020	29 <sup>th</sup> Special Board meeting held on 9/12/2020	59 <sup>th</sup> Board meeting held on 4/2/2021	30 <sup>th</sup> Special Board meeting held on 22/2/2021	31 <sup>st</sup> Special Board meeting held on 24/5/2021	60 <sup>th</sup> Board meeting held on 22/4/2021	Total meetings attended
12.	Stephen Odua	✓	✓	✓	✓	✓	✓	✓	7/7
13.	Judy Kibaki	✓	✓		✓	✓	-	✓	5/7
14.	Hon. Peter Mathuki	✓	-	✓	✓	✓	-	✓	5/7
15.	Ms. Susan Kairima	✓	✓	✓	✓	✓	✓	✓	7/7

### **Board Charter**

The Board is committed to a high level of integrity and ethical standards in the Authority's operations. Accordingly, the Board adopted a Board Charter that defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter is in accordance with *Mwongozo* Code of Governance for State Corporations ("the Code"), and is complementary to the requirements regarding the Board and the Board members contained in applicable Kenya laws and regulations.

### **Board of Directors Performance**

The Authority is committed to carrying out periodic Board performance evaluations. The process includes an undertaking to liaise with the State Corporations Advisory Board (SCAC) to conduct an annual performance evaluation exercise of the Chairperson, Directors and the Managing Director.

### **Conflict of Interest**

A conflict of interest register is maintained and is a permanent agenda item during board meetings.

### **Induction and training**

In accordance with the Board Charter, new Board members will be provided with an effective induction programme to familiarize them with their responsibilities as Directors, General Principles of Corporate Governance and Board Practices. The induction programme also provides the Board member with an orientation of the Authority's operations. The Board will further ensure that a competence needs assessments is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members will be provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sectors boards.

**Succession planning**

Moving forward, it is intended that the Board succession plan is staggered for continuity purposes.

The Board's plan shall seek to:

- i. Consider the skills, backgrounds, knowledge and experience, and gender diversity necessary to allow it to meet the Authority's objectives;
- ii. Assess the skills, backgrounds, knowledge, experience and diversity currently represented; and
- iii. Identify any inadequate representation of the above attributes and recommend a skill necessary to ensure a candidate is selected appropriately.

**Board Remuneration**

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. This includes Honoraria of KShs 80,000 for the Chairman and KShs 20,000 per member as sitting allowance for attendance of Board meetings.

## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

### ***i. Authority's Key Projects Implemented or Ongoing***

#### **a. One Stop Centre (OSC)**

KenInvest continued implementing the OSC. During FY 2016/2017, KenInvest identified UAP Old Mutual Tower as the preferred venue for the establishment of the One Stop Centre after the lease at the Tourism Fund Building was cancelled by the landlord. As at the end of June, 2021 partitioning works for the new offices were complete and final certificate for the project issued. Officers from the following institutions are currently deployed to the OSC: KRA, NEMA, NSSF, NHIF, EPZA, Business Registration Services, Kenya Power, Department of Immigration and Nairobi County Government.

#### **b. Regional Integration Implementation Programme (RIIP)**

KenInvest is among MDAs benefitting from the COMESA adjustment facility that supports member states to implement regional programmes with developmental impact, enhancing growth of trade and investment. The overall objective of the RIIP in accordance with Article 10 of the COMESA Adjustment Facility Protocol is to assist eligible Member States implement prioritized programmes that contribute to regional integration. These include the requisite policy reforms to improve the efficiency of the domestic market and competitiveness, capacity building in skills development, effective participation in regional integration negotiations and institutional strengthening.

### ***ii. Material Arrears in Statutory and Other Financial Obligations***

The Authority has no material arrears in statutory and other financial obligations.

### ***iii. Major risks facing the Organisation***

The risks identified have been classified departmentally as follows:

<b>Department</b>	<b>Summary of Risks faced</b>
Finance	- Review of risks in the Finance Unit shows that a majority of them were rated as being high and significant. Prevalent among them were the Authority's reliance on the exchequer for funding its operations and budget estimates that do not conform to the actual expenditure. There is therefore need to manage these risks by exploring avenues for additional funding by developing a resource mobilization strategy with the development partners in order for KenInvest to effectively achieve the strategic objectives. This can be enhanced through engagement of a resource mobilization officer who will build the unit's capacity to prepare good proposals to lobby for funding.
Human Resource and Administration	- The unit had the records management, staff recruitment, staff training, and motor vehicle running costs specifically fuel price fluctuation and entry of unauthorized people to office premises as the areas prone to the higher. Though there are key controls in place implementation of improvement actions is needed e.g. Documents are in lockable filing cabinets, there is need to have modern filling cabinets and

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Department	Summary of Risks faced
	<p>explore the e- filing possibility to safeguard the records in case of fires so that loss of records is minimized, making provision for price fluctuations during budgeting and ensuring biometrics are working.</p> <ul style="list-style-type: none"> <li>- The risk of lack of proper job matching and skill matching, failure to continuously train staff was rated high. Minimum qualifications are however set for each position to ensure matching of skills &amp; job requirements. To minimize the risk the key controls in place should be enforced.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>- The risks in the procurement unit are generally manageable with two areas having high risks which are receiving of poor-quality goods and theft/damage of goods in the store while significant risks are purchase of over priced goods &amp; services, &amp; services and collusion with bidders. There is need for procurement staff to continually undergo training by PPRA on best practices in procurement. In addition, adherence to the approved procurement plan should be observed to ensure that goods and services are supplied immediately.</li> </ul>
Investors Services	<ul style="list-style-type: none"> <li>- Failure to meet the target project visit schedule as per departmental work plan due to budget constraints being the highest or principal risk in the organization. The other risks are risks associated with protection of sensitive investor information and lack of complete official investor statistics. This needs immediate review of risks and instituting of the proposed recommendations as investor services plays a key role in executing of the organization mandate of facilitating and retaining investment in Kenya.</li> </ul>
Investment Promotion	<ul style="list-style-type: none"> <li>- Failure to meet the set investment targets due to lack of capacity and budget constraints and occurrence of errors on promotional materials, recycling of out dated information due to lack of resources to provide services to Investors.</li> </ul>
Legal and Corporate Affairs	<ul style="list-style-type: none"> <li>- Award of damages to plaintiffs for ongoing court cases against the Authority was noted as a risk given the limited available budget and delays in the sealing of contracts which would mean late execution and at times getting time barred.</li> <li>- The Corporate Communications unit is mandated to create awareness of the existence of the authority and its functions. However, lack of awareness of the authority's activities stands out as a significant risk in the L&amp;CA department. There is therefore need to aggressively market Ken invest activities in order to fulfil its mandate.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>- High risk of failure to identify and correctly rate risks in audit areas. Inadequate allocation of audit resources based on the skills and numbers possess the risk of non-completion of the planned audit assignments thus compromising the effectiveness of the audit process and the value addition objective.</li> </ul>

## **9. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Authority's affairs.

### **i) Principal activities**

The principal activities of the Authority continue to be attraction and facilitation of investments both locally and internationally.

### **ii) Results**

The results of the Authority for the year ended June 30, 2021, are set out on page 1 to 28.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page v-x. During the year 2021: Mr. Peter Njoka resigned from the Board in March 2021; and the term for Ms. Theresa Chepkwony and Ms. Judy Kibaki ended in June 2021.

### **iv) Surplus remission**

The Authority did not make any surplus during the year (FY 2021 KShs Nil) and hence no remittance to the Consolidated Fund.

### **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

Name: Ms Olivia Rachier

*Secretary to the Board*

Signature



Date

16/04/2022

## **10. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and the Investment Promotion Act, 2004 require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2021. 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 Investment Promotion Act, 2004. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

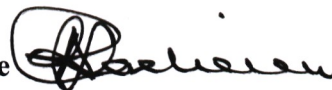
The financial statements were approved by the Board on 28<sup>th</sup> September, 2021 and signed on its behalf by:

Signature



**Name: Hon. Dennis Waweru  
Chairman of the Board**

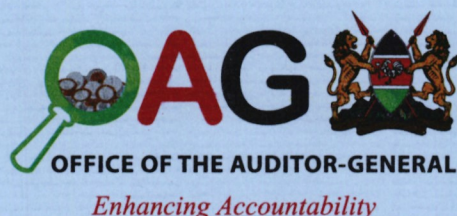
Signature



**Name: Ms. Olivia Rachier  
Ag. Managing Director**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021**

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### **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, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Investment Authority set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Kenya Investment Authority for the year ended 30 June, 2021*

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Investment Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Investment Promotion Act, No.6 of 2004 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

## **Basis for Conclusion**

### **Unimplemented Organization Structure**

As previously reported, the Authority had in-post fifty-six (56) staff members representing 65% of the approved establishment of eighty-six (86) members of staff spread across the various functional areas. Available records reflected that the low number was attributed to inadequate funding to facilitate recruitment. The Management further explained that the inadequate staffing within the Authority was as a result of pending parastatals reforms.

In the circumstances, inadequate staffing may give rise to inadequate segregation of duties and impair service delivery to the citizens.

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

### **Responsibilities of Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters related sustainability of services and using the applicable basis of accounting unless Management is aware of 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

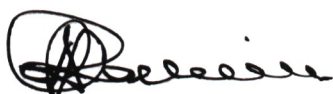
21 July, 2022

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6 (a)	239,510,000	263,200,000
		<b>239,510,000</b>	<b>263,200,000</b>
<b>Revenue from exchange transactions</b>			
Other income	7	1,093,133	68,135
<b>Total revenue</b>		<b>240,603,133</b>	<b>263,268,135</b>
<b>Expenses</b>			
Use of goods and services	8	58,676,596	60,480,948
Employee costs	9	160,521,405	179,392,600
Remuneration of directors	10	4,753,544	6,158,012
Depreciation and amortization expense	11	4,071,687	5,124,179
Repairs and maintenance	12	1,099,464	1,736,252
Programme Costs	13	11,818,192	9,800,102
<b>Total expenses</b>		<b>240,940,888</b>	<b>262,692,093</b>
<b>Other gains/(losses)</b>			
Loss on sale of assets	14	-	535,759
<b>Surplus/(deficit) for the period/year</b>		<b>(337,755)</b>	<b>40,283</b>
Remission to National Treasury	27	-	<b>36,255</b>
<b>Net Surplus/(deficit) for the year</b>		<b>(337,755)</b>	<b>4,028</b>
Attributable to:			
Surplus attributable to owners of the controlling entity		(337,755)	4,028
		<b>(337,755)</b>	<b>4,028</b>

The notes set out on pages 6 to 28 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:



Ag. Managing Director  
Name: Ms. Olivia Rachier



Head of Finance  
Name: Donna Atieno  
ICPAK Member No: 7332



Chairman of the Board  
Name: Hon. Dennis Waweru

Date: 10/04/2022

Date: 10/04/2022

Date: 08/02/2022

**Kenya Investment Authority**  
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**13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	74,266,318	92,058,584
Current receivables from exchange transactions	16	19,926,197	772,191
Deposits	17	420,000	420,000
<b>Total Current Assets</b>		<b>94,612,515</b>	<b>93,250,775</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	18	131,100,323	104,098,724
<b>Total Non- Current Assets</b>		<b>131,100,323</b>	<b>104,098,724</b>
<b>Total Assets</b>		<b>225,712,838</b>	<b>197,349,499</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	19	41,361,412	11,338,766
Current Provisions	20	744,000	4,065,551
Deferred income	21	12,000,000	10,000,000
<b>Total Current Liabilities</b>		<b>54,105,412</b>	<b>25,404,317</b>
<b>Total Liabilities</b>		<b>54,105,412</b>	<b>25,404,317</b>
<b>Net assets</b>			
<b>Reserves</b>			
Accumulated surplus		76,109,625	76,447,381
Capital Fund		95,497,801	95,497,801
<b>Total Net Assets</b>		<b>171,607,426</b>	<b>171,945,182</b>
<b>Total Net Assets and Liabilities</b>		<b>225,712,838</b>	<b>197,349,499</b>

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:



Ag. Managing Director  
 Name: Ms. Olivia Rachier

Date: 10/04/2022



Head of Finance  
 Name: Donna Atieno  
 ICPAK Member No: 7332

Date: 10/04/2022



Chairman of the Board  
 Name: Hon. Dennis Waweru

Date: 08/02/2022

**14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

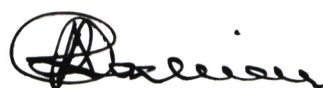
	Notes	Retained earnings	Capital/ Development Grants/Fund	Total
<b>As at July 1, 2019</b>		<b>98,326,430</b>	<b>95,497,801</b>	<b>193,824,231</b>
Surplus/ Deficit for the year		40,283	-	<b>40,283</b>
Capital/Development grants received during the year		-	-	-
Transfer of assets	18	(21,919,333)	-	<b>(21,919,333)</b>
<b>As at June 30, 2020</b>		<b>76,447,380</b>	<b>95,497,801</b>	<b>171,945,181</b>
<b>As at July 1, 2020</b>		<b>76,447,380</b>	<b>95,497,801</b>	<b>171,945,181</b>
Surplus/ deficit for the year		(337,755)	-	<b>(337,755)</b>
Capital/Development grants received during the year		-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-
<b>As at June 30, 2021</b>		<b>76,109,625</b>	<b>95,497,801</b>	<b>171,607,426</b>

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**15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

		2020-2021	2019-2020
	Notes	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6 (b)	234,010,000	273,200,000
Other income	7	1,093,133	68,135
<b>Total Receipts</b>		<b>235,103,133</b>	<b>273,268,135</b>
<b>Payments</b>			
Use of goods and services	8	58,676,596	60,480,948
Employee costs	9	160,521,405	175,327,048
Remuneration of directors	10	4,753,544	6,158,012
Repairs and maintenance	12	1,099,464	1,736,252
Programme Costs	13	11,818,192	9,800,102
Prepayments paid	16	11,778,177	-
Provisions utilized	20	4,065,551	-
<b>Total Payments</b>		<b>252,712,929</b>	<b>253,502,362</b>
<i>Net cash flows from/ (used in) operating activities</i>	23	<i>(17,609,796)</i>	<i>19,765,773</i>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	18	(182,470)	(204,000)
Proceeds from sale of property, plant and equipment	14	-	113,900
<i>Net cash flows from/ (used in) investing activities</i>		<i>(182,470)</i>	<i>(90,100)</i>
<b>Cash flows from financing activities</b>			
Increase in deposits	17	-	420,000
<b>Net cash flows from / (used in) financing activities</b>		<b>-</b>	<b>420,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(17,792,266)</b>	<b>20,095,673</b>
Cash and cash equivalents at 1 JULY	15	92,058,584	71,962,911
<b>Cash and cash equivalents at 30 JUNE</b>	15	<b>74,266,318</b>	<b>92,058,584</b>

The Financial Statements set out on pages 1 to 28 were signed on behalf of the Board of Directors by:



Ag. Managing Director  
Name: Ms. Olivia Rachier

Date: 10/04/2022



Head of Finance  
Name: Donna Atieno  
ICPAK Member No: 7332

Date: 10/04/2022



Chairman of the Board  
Name: Hon. Dennis Waweru

Date: 08/02/2022

**Kenya Investment Authority**  
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**16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021**

	Original budget KShs	Adjustments KShs	Final budget KShs	Actual on comparable basis KShs	Performance difference KShs	% of utilization
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
<b>Revenue</b>						
Transfers from other governments entities	241,510,000	-	241,510,000	241,510,000	-	100%
Other income	1,093,133	-	1,093,133	1,093,133	-	100%
<b>Total income</b>	<b>242,603,133</b>	-	<b>242,603,133</b>	<b>242,603,133</b>	-	100%
<b>Expenses</b>						
Use of goods and services	55,893,133	-	55,893,133	58,676,596	(2,783,463)	105%
Employee costs	165,610,000	-	165,610,000	160,521,405	5,088,595	97%
Remuneration of directors	5,000,000	-	5,000,000	4,753,544	246,456	95%
Depreciation and amortization expense	-	-	-	4,071,687	(4,071,687)	(100%)
Repairs and maintenance	1,100,000	-	1,100,000	1,099,464	536	100%
Program costs	15,000,000	-	15,000,000	11,818,192	3,181,808	79%
<b>Total expenditure</b>	<b>242,603,133</b>	-	<b>242,603,133</b>	<b>240,940,888</b>	-	99%
<b>Surplus / (Deficit) for the period</b>	-	-	-	<b>1,662,245</b>		

**Note:**

- a) Program costs (79% Utilization) - The Authority deferred KShs 2 million under the Regional Integration Investment Programme (RIIP) program as restriction of movement affected the aftercare and policy advocacy program which had to be deferred to 2021/22 FY.

## **17. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

KenInvest is established by and derives its authority and accountability from the Investment Promotion Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

### **2. Statement of Compliance and Basis of Preparation**

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, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the 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 have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Investment Promotion Act, and International Public Sector Accounting Standards (IPSAS).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p> <p><i>(These amendments have no impact on the financial statements)</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> </ul>

**Kenya Investment Authority  
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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>This standard has no impact on the Authority.</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Authority;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Authority’s financial performance, financial position and cash flows.</li> </ul> <p><i>This standard has no impact on the Authority.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>This standard has no impact on the Authority.</i></p>

*iii. Early adoption of standards*

The Authority did not early – adopt any new or amended standards in year 2020/2021.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Rendering of services**

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

**Sale of goods**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 2020-2021 was approved by the National Assembly in June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority did not receive additional appropriations in the 2020-2021 budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

**c) Property, plant and equipment**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

A full year depreciation is charged at the year of acquisition (unless asset is acquired in the last quarter of the financial year in which case the item will not be depreciated in the year of acquisition.) This is because depreciation of an asset should begin when the asset is ready to be used i.e., the asset is in the location and condition necessary for it to be able to operate in the manner it is intended. Additionally, no depreciation is charged during the year of disposal. The depreciation charge for each period will be recognised as an expense.

The Authority uses the reducing balance method of depreciation at the following rates: Motor Vehicles – 25%; Furniture & Fittings – 10%; and Computers and Office Equipment – 30%.

**d) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where 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.

**e) 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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**f) 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.

**g) Nature and purpose of reserves**

The Authority creates and maintains reserves in terms of specific requirements. The Authority reserves maintained and appropriate policies adopted are as follows:

- Capital/ Development Grants/Fund - The fund is supporting the ongoing work in progress for the establishment of the One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14th and 15th Floor, Upper Hill Road.
- Retained Earnings - This is the net assets invested in the Authority.

**h) Changes in accounting policies and estimates**

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

**i) Employee benefits**

**Retirement benefit plans**

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

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**j) Related parties**

The Authority regards a related party as a person or an Authority 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 MD and senior managers.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**l) Comparative figures**

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

**m) Subsequent events**

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

**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 key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. 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. IPSAS 1.140.

**Useful lives and residual values**

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 20. 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. (a) Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
<b>Unconditional grants</b>		
GoK Recurrent grant	226,510,000	253,200,000
Regional Investment Integration Programme (RIIP) Grant	13,000,000	10,000,000
<b>Total government grants</b>	<b>239,510,000</b>	<b>263,200,000</b>

6. (b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Authority sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
<i>Amount Received – 30<sup>th</sup> June, 2021</i>					
State Department of Industrialization Recurrent Grant	226,510,000	-	-	226,510,000	253,200,000
National Treasury RIIP Grant	7,500,000	-	-	7,500,000	20,000,000
<b>Sub- total</b>	<b>234,010,000</b>	<b>-</b>	<b>-</b>	<b>234,010,000</b>	<b>273,200,000</b>
<i>Debtors – 30<sup>th</sup> June, 2021</i>					
National Treasury RIIP Grant	5,500,000	2,000,000	-	7,500,000	-
<b>Sub- total</b>	<b>5,500,000</b>	<b>2,000,000</b>	<b>-</b>	<b>7,500,000</b>	<b>-</b>
<b>Total government grants and subsidies</b>	<b>239,510,000</b>	<b>2,000,000</b>		<b>241,510,000</b>	<b>273,200,000</b>

The details of the reconciliation have been included under appendix ii & iii.

7. Other Income

Description	2020-2021	2019-2020
	KShs	KShs
Insurance recoveries	1,038,581	-
Commission Income	54,552	68,135
<b>Total other income</b>	<b>1,093,133</b>	<b>68,135</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Communication Supplies and Services	3,329,034	3,416,138
Domestic Travels	41,070	1,352,568
Printing Expenses	225,936	2,404,109
Rent Expenses	46,295,538	43,406,002
Utilities Expenses	1,044,440	597,978
Hospitality Expenses	166,669	175,862
Staff Tea	115,042	284,592
Insurance Expenses	1,643,870	1,493,818
Office and General Supplies and services	1,205,385	1,107,051
Cleaning Services	2,153,217	2,023,460
Fuel, Oil and Lubricants Costs	1,823,193	1,313,663
Subscriptions Expenses	195,142	264,007
Bank Charges	88,060	86,758
Audit Fees	350,000	350,000
Legal Fees	-	2,204,943
<b>Total use of goods and services</b>	<b>58,676,596</b>	<b>60,480,948</b>

9. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	122,172,471	133,078,543
Employer contribution to health insurance schemes	10,256,727	12,577,675
Employer contribution to pension schemes and gratuity	28,092,207	33,736,382
<b>Employee costs</b>	<b>160,521,405</b>	<b>179,392,599</b>

10. Remuneration of Directors

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	1,044,000	1,044,000
Sitting allowances	3,070,000	2,212,200
Travel and Subsistence Allowances	88,168	2,229,431
Other allowances	551,376	672,381
<b>Total</b>	<b>4,753,544</b>	<b>6,158,012</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Motor Vehicle	262,996	350,661
Computer and Equipment	1,799,728	2,571,039
Furniture and Fittings	2,008,963	2,202,479
<b>Total depreciation and amortization</b>	<b>4,071,687</b>	<b>5,124,179</b>

12. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Vehicles	1,039,155	1,699,425
Other assets	60,309	36,827
<b>Total repairs and maintenance</b>	<b>1,099,464</b>	<b>1,736,252</b>

13. Programme Costs

Description	2020-2021	2019-2020
	KShs	KShs
Regional Integration Investment Programme (RIIP)	11,818,192	9,800,102
<b>Total programme costs</b>	<b>11,818,192</b>	<b>9,800,102</b>

14. Gain/Loss on Sale of Assets

Description	2020-2021	2019-2020
	KShs	KShs
Cost/ Valuation of Assets	-	5,996,639
Accumulated Depreciation	-	(5,346,980)
Net Book Value	-	649,659
Amount Received	-	113,900
<b>Total loss on sale of assets</b>	<b>-</b>	<b>(535,759)</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current Account	74,250,838	91,921,723
Petty Cash	15,480	136,861
<b>Total cash and cash equivalents</b>	<b>74,266,318</b>	<b>92,058,584</b>

15 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
<b>a) Current account</b>			
Co-operative Bank of Kenya		74,250,838	91,921,723
<b>Sub- total</b>		<b>74,250,838</b>	<b>91,921,723</b>
<b>b) Others(specify)</b>			
Petty Cash -HQS		10,074	127,740
Petty Cash-Eldoret Office		5,030	4,247
Petty Cash- Mombasa Office		231	4,367
Petty Cash-Kisumu office		145	507
<b>Sub- total</b>		<b>15,480</b>	<b>136,861</b>
<b>Grand total</b>		<b>74,266,318</b>	<b>92,058,584</b>

16. Current Receivables from Exchange Transactions

	2020-2021	2019-2020
	KShs	KShs
<b>Current receivables</b>		
Employee Receivables	248,020	372,191
Prepayments	11,778,177	-
Other exchange debtors	7,900,000	400,000
<b>Total current receivables</b>	<b>19,926,197</b>	<b>772,191</b>

17. Deposits

The deposits mentioned herein relate to fuel deposit held by Total Corporation of Kenya the providers of the Authority's fuel.

Description	2020-2021	2019-2020
	KShs	KShs
Deposits	420,000	420,000
<b>Total Deposits</b>	<b>420,000</b>	<b>420,000</b>

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18. Property, Plant and Equipment

Cost	Motor vehicles		Computers		Furniture and fittings		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 2019	29,629,900	37,742,293	116,653,364	77,140,484	261,166,041	-	-	-	-	-
Additions	-	-	204,000	-	204,000	-	-	-	-	204,000
Disposals	-	(3,701,197)	(2,295,442)	-	(5,996,639)	-	-	-	-	(5,996,639)
Transfers/adjustments	-	-	(59,771,758)	-	(59,771,758)	-	-	-	-	(59,771,758)
<b>As at 30<sup>th</sup> June 2020</b>	<b>29,629,900</b>	<b>34,041,096</b>	<b>54,790,164</b>	<b>77,140,484</b>	<b>195,601,644</b>	-	-	-	-	<b>195,601,644</b>
Additions	-	-	182,470	-	182,470	-	-	-	-	182,470
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	30,890,816	-	-	30,890,816
<b>As at 30<sup>th</sup> June 2021</b>	<b>29,629,900</b>	<b>34,041,096</b>	<b>54,972,634</b>	<b>108,031,300</b>	<b>226,674,930</b>	-	-	-	-	<b>226,674,930</b>
<b>Depreciation and impairment</b>										
At 1 July 2019	28,227,256	29,142,694	72,208,196	-	129,578,146	-	-	-	-	-
Depreciation	350,661	2,571,039	2,202,479	-	5,124,179	-	-	-	-	-
Disposals	-	(3,671,729)	(1,675,251)	-	(5,347,000)	-	-	-	-	-
Transfers/ Adjustments	-	-	(37,852,425)	-	(37,852,425)	-	-	-	-	(37,852,425)
<b>As at 30 June 2020</b>	<b>28,577,917</b>	<b>28,042,004</b>	<b>34,882,999</b>	<b>-</b>	<b>91,502,920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,502,920</b>
Depreciation	262,996	1,799,728	2,008,963	-	4,071,687	-	-	-	-	4,071,687
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
<b>As at 30<sup>th</sup> June 2021</b>	<b>28,840,913</b>	<b>29,841,732</b>	<b>36,891,962</b>	<b>-</b>	<b>95,574,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,574,607</b>
<b>Net book values</b>										
As at 30 <sup>th</sup> June 2021	788,987	4,199,364	18,080,672	108,031,300	131,100,323	-	-	-	-	131,100,323
As at 30 <sup>th</sup> June 2020	1,051,983	5,999,092	19,907,165	77,140,484	104,098,724	-	-	-	-	104,098,724

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**19. Trade and Other Payables**

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	2,290,683	3,624,719
Employee payables	465,866	-
Other payables (OSC Contract)	38,604,863	7,714,047
<b>Total trade and other payables</b>	<b>41,361,412</b>	<b>11,338,766</b>

**20. Current Provisions**

Description	Pension Arrears provision	Gratuity Provision	Total
	KShs	Kshs	KShs
<b>Balance b/d (1.07.2020)</b>	<b>4,065,551</b>	<b>-</b>	<b>4,065,551</b>
Additional Provisions	-	744,000	<b>744,000</b>
Provision utilised	(4,065,551)	-	<b>(4,065,551)</b>
<b>Total provisions as at 30.6.2021</b>	<b>-</b>	<b>744,000</b>	<b>744,000</b>

**21. Deferred Income**

Description	2020-2021	2019-2020
	KShs	KShs
Regional Integration Investment Programme (RIIP)	12,000,000	10,000,000
<b>Total deferred income</b>	<b>12,000,000</b>	<b>10,000,000</b>

The deferred income movement is as follows:

	National government	Total
Balance brought forward	<b>10,000,000</b>	<b>10,000,000</b>
Additions	2,000,000	2,000,000
Transfers to Capital fund	-	-
Transfers to income statement	-	-
Other transfers	-	-
Balance carried forward	<b>12,000,000</b>	<b>12,000,000</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**22. Employee Benefit Obligations**

The Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 200 per employee per month. Other than NSSF the Authority also has a defined contribution scheme operated by Kenya Investment Authority Staff Pension Scheme (KIASPS). Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

**23. Cash Generated from Operations**

	2020-2021	2019-2020
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>(337,755)</b>	<b>40,283</b>
<b>Adjusted for:</b>		
Depreciation	4,071,687	5,124,179
Contribution to provisions	744,000	-
Loss on disposal of assets	-	535,759
<b>Working Capital adjustments</b>		
Increase in receivables	(19,154,006)	(368,807)
Increase in deferred income	2,000,000	10,000,000
Increase in payables	30,285,870	4,854,358
Fuel deposit paid	-	(420,000)
<b>Net cash flow from operating activities</b>	<b>17,609,796</b>	<b>19,765,772</b>

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**24. Financial Risk Management**

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

The Authority's financial risk management objectives and policies are detailed below:

**i) 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 and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by 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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>As at 30 June 2021</b>				
Receivables from exchange transactions	19,926,197	19,926,197	-	-
Bank balances	74,266,318	74,266,318	-	-
<b>Total</b>	<b>94,192,515</b>	<b>94,192,515</b>	-	-
<b>As at 30 June 2020</b>				
Receivables from exchange transactions	772,191	772,191	-	-
Bank balances	92,058,584	92,058,584	-	-
<b>Total</b>	<b>92,830,775</b>	<b>92,830,775</b>	-	-

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management**

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

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority 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 contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	<b>Less than 1 month</b>	<b>Between 1-3 months</b>	<b>Over 5 months</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2021</b>				
Trade payables	2,290,683	-	-	2,290,683
Employee payables	465,866	-	-	465,866
Other payables (OSC Contract)	-	30,890,816	7,714,047	38,604,863
Provisions	-	-	744,000.00	744,000
Deferred income	-	-	12,000,000	12,000,000
<b>Total</b>	<b>2,850,457</b>	<b>30,890,816</b>	<b>20,458,047</b>	<b>54,105,412</b>
<b>As at 30 June 2020</b>				
Trade payables	3,624,719	-	-	3,624,719
Provisions	4,065,551	-	-	4,065,551
Deferred income	-	-	10,000,000	10,000,000
Other payables (OSC Contract)	-	-	7,714,047	7,714,047
<b>Total</b>	<b>7,690,270</b>	<b>-</b>	<b>17,714,047</b>	<b>25,404,317</b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Financial Risk Management (Continued)**

**iii) Capital Risk Management**

The objective of the Authority's capital risk management is to safeguard the Authority's ability to continue as a going concern. The Authority capital structure comprises of the following funds:

	2020-2021	2019-2020
	Kshs	Kshs
Retained earnings	76,109,625	76,447,380
Capital reserve	95,497,801	95,497,801
<b>Total funds</b>	<b>171,607,426</b>	<b>171,945,181</b>
Less: cash and bank balances	74,266,318	92,058,584
Net debt/(excess cash and cash equivalents)	97,341,108	79,886,597
<b>Gearing</b>	<b>57%</b>	<b>46%</b>

**25. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

Other related parties include: the Parent Ministry (State Department of Industrialization); County Governments; Key management; and Board of Directors.

	2020-2021	2019-2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	226,510,000	253,200,000
<b>Total</b>	<b>226,510,000</b>	<b>253,200,000</b>
<b>b) Key management compensation</b>		
Directors' emoluments	4,114,000	3,256,200
Compensation to key management	26,892,596	26,700,596
<b>Total</b>	<b>31,006,596</b>	<b>29,956,796</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised and contracted for	144,427,766	144,427,766
<b>Total</b>	<b>144,427,766</b>	<b>144,427,766</b>

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. *The Authority did not make any surplus during the year (FY 2020/21 Nil) and hence no remittance to the Consolidated Fund.*

The Surplus Remission has been computed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the period	-	40,283
Less: Allowable deductions by NT	-	4,028
90% computation (Included in Statement of Financial performance)	-	36,255

Surplus Remission Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payable at the beginning of the year	36,255	-
Paid during the year	-	-
<b>Payable at end of the year</b>	<b>36,255</b>	<b>-</b>

28. Events after the Reporting Period

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

29. Ultimate And Holding Authority

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Industrialization, Trade and Enterprise Development. Its ultimate parent is the Government of Kenya.

30. Currency

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

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**APPENDIX**

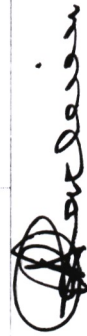
**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>2019/2020 FY</b>					
1.	<p><b>Delay In Completion of Project</b> As was previously reported, the Authority signed a contract with M/s Resjos Enterprises Ltd for the proposed office partitioning for the establishment of One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14th and 15th floor at a sum of Kshs.144,427,232.60. The contract commenced on 27 January 2017 running to 20 May 2017 a period of sixteen weeks. However, an examination of available documents revealed that an amount Kshs.77,140,481.95 representing 53 % of the total contract sum was certified as at 30 June 2019.</p> <p>Despite management explanation that the Authority is in constant communication with the State Department of Public Works (Project Managers) to fast track the completion of the project, the contractor has not been able to fully discharge the contract as at 30 June 2020. Likewise, despite issuance of certificate of practical completion dated 13 November 2019, contract works were yet to be handed over to the Kenya Investment Authority as at May 2021.</p>	<p>The final account for the project was signed by the Project Manager on 6th September 2021 and the Authority released payment for the 8th and final Certificate on 18th October, 2021. This was paid on 21st October 2021. The Authority had received the handover certificate earlier on 15th November 2019 with the Certificate of Practical Completion.</p>	Ms. Olivia Rachier Ag. Managing Director	Resolved	-

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>In the circumstances, failure to fully discharge the contract contravenes the agreement terms and this may leave the Authority exposed and at the convenience of the contractor.</p>				
2.	<p><b>Implementation of Organization Structure</b> The Authority had an in-post of eighty-six (86) or 61% of an approved establishment of one hundred and forty (140) members of staff spread across the various functional areas. Available records indicate that the low number is attributed to inadequate funding to facilitate recruitment. The management also explained that the inadequate staffing within the Authority was as a result of impending parastatal reforms. Inadequate staffing may give rise to inadequate segregation of duties and impairs effective service delivery to the citizens.</p>	<p>The Authority identified and replaced seven critical vacancies in the technical departments to enable it carry out its mandate. As indicated earlier, budgetary constraints and previous government circulars restricting recruitment have been a major deterrent from undertaking the recruitment exercise. However, the recent circular OP/CAB.9/1A issued on 7th February 2022 allowing State Corporations to recruit will enable the Authority form a basis to lobby the National Treasury to allocate more resources to it, to enable Management fill the available vacancies.</p>	Ms. Olivia Rachier Ag. Managing Director	Not Resolved	December, 2022



Ms. Olivia Rachier  
Ag. MANAGING DIRECTOR

Date... 15/04/2022

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APPENDIX II: INTER-AUTHORITY TRANSFERS

AUTHORITY NAME:				
<b>Break down of Transfers from the State Department of Industrialization</b>				
<b>FY 2020/2021</b>				
<b>a.</b>	<b>Recurrent Grants</b>			
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>	<b><u>Indicate the FY to which the amounts relate</u></b>
	State Department of Industrialization	10/08/2020	18,875,834	FY 2020/2021
	State Department of Industrialization	24/08/2020	18,875,833	FY 2020/2021
	State Department of Industrialization	22/09/2020	18,875,833	FY 2020/2021
	State Department of Industrialization	21/10/2020	56,627,500	FY 2020/2021
	State Department of Industrialization	02/02/2021	56,627,500	FY 2020/2021
	State Department of Industrialization	04/05/2021	56,627,500	FY 2020/2021
		<b>Total</b>	<b>226,510,000</b>	
<b>b.</b>	<b>Other Grants (RIIP)</b>			
		<b><u>Bank Statement Date</u></b>	<b><u>Amount (KShs)</u></b>	<b><u>Indicate the FY to which the amounts relate</u></b>
	National Treasury	11/09/2020	7,500,000	FY 2020/2021
	National Treasury	07/07/2021	7,500,000	FY 2020/2021
		<b>Total</b>	<b>15,000,000</b>	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager  
Kenya Investment Authority

Head of Accounting Unit  
State Department of Industrialization

Sign -----

Sign-----

Kenya Investment Authority  
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**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
State Department of Industrialization	10/08/2020	Recurrent	18,875,834	18,875,834	-	-	-	18,875,834
State Department of Industrialization	24/08/2020	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
National Treasury	11/09/2020	RIIP Grant	7,500,000	7,500,000	-	-	-	7,500,000
State Department of Industrialization	22/09/2020	Recurrent	18,875,833	18,875,833	-	-	-	18,875,833
State Department of Industrialization	21/10/2020	Recurrent	56,627,500	56,627,500	-	-	-	56,627,500
State Department of Industrialization	02/02/2021	Recurrent	56,627,500	56,627,500	-	-	-	56,627,500
State Department of Industrialization	04/05/2021	Recurrent	56,627,500	56,627,500	-	-	-	56,627,500
National Treasury	07/07/2021	RIIP Grant	7,500,000	5,500,000	-	2,000,000	7,500,000	7,500,000
<b>Total</b>			<b>241,510,000</b>	<b>239,510,000</b>	<b>-</b>	<b>2,000,000</b>	<b>7,500,000</b>	<b>241,510,000</b>