

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

# REPORT

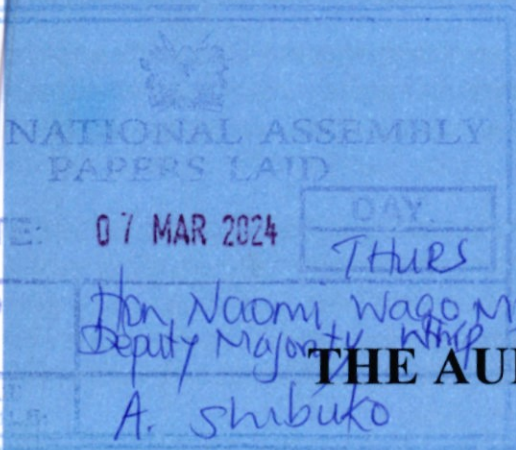
OF

THE AUDITOR-GENERAL

ON

RETIREMENT BENEFITS AUTHORITY

FOR THE YEAR ENDED  
30 JUNE, 2023





**Retirement Benefits Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

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OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
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Retirement Benefits Authority

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**RETIREMENT BENEFITS AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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

**Retirement Benefits Authority**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023**

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## 1. ACRONYMS, ABBREVIATIONS AND GLOSSARY OF TERMS

### Acronyms and Abbreviations

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

### B: Glossary of Terms

**Authority** - Retirement Benefits Authority.

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

**Comparative Year** - Means the prior period.

## 2. AUTHORITY'S KEY INFORMATION AND MANAGEMENT

### (a) Background information

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

### (b) Mission, Vision and Principal Activities

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

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

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

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

### (c) Key Management

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

1. Chief Executive Officer
2. Management

The Board of Directors plays the oversight role.

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Chief Executive Officer	Mr. Charles Machira
2.	Director, Corporate Services	Mr. Simon Kiplang'at
3.	Director, Supervision	Mr. Jackson Nguthu

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No	Designation	Name
4.	Director, Research, Strategy & Planning	Dr. Alfred Shem Ouma
5.	Director, Market Conduct & Industry Development (Retired May 2023).	Ms. Anne K Mugo, MBS
6.	Corporation Secretary & Director, Legal Services	Mrs. Praxidis Saisi
7.	Director, Internal Audit & Risk Assurance	Mrs. Elizabeth Waruingi
8.	Deputy Director, Human Resource & Administration	Mr. Gordon Bulinda
9.	Deputy Director, ICT	Mr. Peter Ngunyi
10.	Deputy Director, Supply Chain Management	Mr. George Ogwang
11.	Deputy Director, Market Conduct & Industry Development	Mr. Tom Kiptanui
12.	Deputy Director, Finance and Accounts	Ms. Sarah Baraza
13.	Ag. Assistant Director, Corporate Communications	Mr. Alex Mugambi

**(e) Fiduciary Oversight arrangement**

**(i) Audit, Risk Management and Governance Committee**

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

S/No.	Position	Name
1.	Chairperson	Margaret Gaitirira
2.	Member	Dr. Margaret M. Makumi
3.	Member	Wyckliffe M. Shamiah, FCPA
4.	Member	Ambrose R. M. Ogango

**(ii) Finance and Administration Committee**

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

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Members of the committee who served during the period were:

S/No.	Position	Name
1.	Chairman	Mr. Hussein A. Ibrahim
2.	Member	Dr. Margaret Makumi
3.	Member	Ambrose R. M. Ogango
4.	Member	Mr. Godfrey Kiptum, MBS

**(f) Head Office**

Registered Office  
Rahimtulla Tower, 13<sup>th</sup> Floor,  
Upper Hill Road P.O. Box 57733-00200  
Nairobi, KENYA

**(g) Contacts**

Tel: +254-20-2809000  
Fax: +254-02-2710330  
Mobile: +254-722509939  
Mobile: + 254-735-339132  
E-mail : [info@rba.go.ke](mailto:info@rba.go.ke)  
Website: [www.rba.go.ke](http://www.rba.go.ke)

**(h) Bankers**

- KCB Bank Kenya Ltd.**  
Milimani Branch  
NSSF Building, Bishop Road  
P.O. Box 48400-00100  
Nairobi, Kenya
- NCBA Bank**  
NCBA Centre  
Mara and Ragati Road, Upper Hill  
P.O. Box 44599-00100 GPO  
Nairobi, Kenya
- HF Group**  
Rehani House  
Kenyatta Avenue /Koinange Street  
P.O. Box 30088-00100  
Nairobi, Kenya

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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

### **3. THE BOARD OF DIRECTORS**



**Nelson Havi  
Chairman of the Board**

Nelson Andayi Havi was born in 1977. He is an Advocate with 20 years of legal practice experience. He graduated with a law degree from the University of Nairobi in 2001. Havi is the Proprietor and Manager of Havi & Company Advocates. He served as the 49th President of the Law Society of Kenya.

Havi is a champion for the rule of law, protection of human rights and democracy. Havi has been retained in landmark cases in the promotion of the purposes, values and principles of the Constitution of Kenya; advancement of the rule of law, human rights and fundamental freedoms in the Bill of Rights; the development of the law; and contribution towards good governance



**Mr. Charles Machira  
Chief Executive Officer**

Mr. Machira was born in 1968. He served as Chief Manager, Supervision from 2011 until his appointment as Chief Executive Officer effective 1<sup>st</sup> December 2022.

Mr. Machira has over 20 years' experience in the Insurance and Pension sectors. He has spearheaded supervision of the Retirement Benefits schemes in Kenya for over 10 years. He has also served as Managing Trustee of Policyholder Compensation Fund representing Retirement Benefits Authority. He holds a Master of Science, Social Protection Finance and a Bachelor of Science (Mathematics).



**Ambrose R. M. Ogango  
Alternate Director representing the Cabinet Secretary for  
the National Treasury & Economic Planning**

Ambrose was born in 1970. He is the Head of the Finance Unit at the National Treasury in the position of Senior Chief Finance Officer. He is a career Public Servant having served the Service for about 30 years in various Ministries and Constitutional Commissions, initially as an Economist and now a Finance Officer with wealth of experience in budget planning, preparation, reviews and execution among other areas. He holds a Master in Arts (Economics) Degree of Kenyatta University, and he is a member of the Economists

Society of Kenya (ESK). He has previously served on other Boards as Alternate Director to PS National Treasury and PS Trade.



**Dr. Margaret M. Makumi  
Independent Director & Chairman, Staff Welfare  
Committee**

Born in 1962, Dr. Makumi was re-appointed to the Board of the Retirement Benefits Authority on 6<sup>th</sup> October 2021.

Dr. Makumi is a medical Doctor and holds a Bachelor of Medicine and Bachelor of Surgery Degrees as well as a master's degree in public health.

Dr. Makumi has over 20 years of experience in health and development projects and institutional strengthening. She has held leadership positions in Ministry of Health programs and donor funded health and population projects.

She has represented the Ministry of Health in negotiations with donors such as USAID, UNFPA, the World Bank, WHO, KFW, GIZ, SIDA, DANIDA and the Global Fund. She has contributed to Kenya's National Health Sector Strategic Plans, policies, guidelines, and training.



**Margaret Gaitirira  
Independent Director and Chair Audit Risk Management  
and Governance Committee**

Margaret was in 1951. She was appointed to the Board on 6<sup>th</sup> October 2021. She is an experienced banking professional, a human resource consultant and a qualified court accredited mediator and arbitrator.

She is a lead consultant for LISAM Consultancy which builds capacity in banking, finance, development and implementation of strategic plans and corporate governance fields. She has been the head of the banking and financial services consultancy division of Manpower Services Group where she oversaw managing, recruiting, training, and driving all services in the banking and financial industry.

Margaret was also a senior bank manager at KCB Bank (K) Ltd. for over 20 years, where she was charged with developing and implementing major strategic plans. Margaret has a Master of Arts degree from Ohio University, a Bachelor of Arts Degree from the University of Nairobi, a Certificate in Mediation and Arbitration from the Chartered Institute of Arbitrators, A Certificate in Counselling Psychology from the Kenya

Association of Professional Counsellors, and a Diploma in French from Centre d'Approches Vivantes des Langues et des Médias (CAVILAM) in Vichy, France.



**Dr. James Kiprop Chelang'a, PhD  
Independent Director**

James Kiprop Chelang'a (PhD) was born in 1960. He was appointed to the board on 6<sup>th</sup> October 2021. He is a Senior Lecturer in the Department of History, Political Science and Public Administration at Moi University. He was formerly the Head of the Department of Government and Public Administration and former Head of the Department of Natural Resources at Moi University.

He is currently the Chairman of the Centre of Public Sector Reforms at the same University. He is also the Co-Chair of the UN Sustainable Development Solutions Network- Kenya. Dr. Chelang'a has a PhD degree in Environmental Studies (Human Ecology) of Moi University, MSc degree in Human Resource Management (University of Manchester), BA degree in Public Administration, Sociology and Economics (University of Rajasthan) and Diploma in Social and Political Science (Claver House Social Institute, UK). He has wide experience in teaching, research and publishing, and community extension.



**Mr. Hussein Alinoor Ibrahim**

**Independent Director and Chair of the Finance & Administration Committee.**

Mr. Hussein was born in 1982. He was appointed as a Member of the Board of Directors for the Retirement Benefits Authority on 3rd June 2022.

He is formerly the Chief Officer, Department Finance and Economic Planning, County Government of Marsabit.

He holds a Bachelor's degree in Human Resource management and a Master's degree in Business Administration and Management. He holds Diploma in Business Administration from the Kenya Institute of Management. He has undergone various leadership training at Kenya School of Government and Strathmore Governance Centre, Mr. Hussein has over 15 years of experience in the government and private sector, providing leadership, budgeting, forecasting, and developing plans.



**Wyckliffe M. Shamiah, FCPA**

**Director & Chief Executive, Capital Markets Authority**

Born in 1969, Mr. Shamiah is the Chief Executive of the Capital Markets Authority.

Mr. Shamiah holds a Bachelor's degree in Economics and Mathematics from Egerton University and a Masters' Degree in Business Administration (Finance) from the University of Nairobi. He has worked at the Capital Markets Authority for over 22 years in various capacities.

Mr. Shamiah is an alumnus of the US International Visitors Program and an Associate of Toronto Leadership Centre. He has also been the Chairperson of TC 68 (Financial Services Technical Committee) of Kenya Bureau of Standards (KEBS). He was awarded a certificate of completion for the SMREA Program, March 2018, Harvard University, John F. Kennedy School of Government, Executive Education.

He is the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators Forum (EASRA). He also sits on the Financial Stability Board Regional Group of Sub-Sahara representing Kenya and the capital markets.

Mr. Shamiah is a Fellow of the Institute of Certified Public Accountants of Kenya. He is a Director in the Board of the Insurance Regulatory Authority as well as the Vision 2030 Delivery Board.



**Mr. Godfrey K. Kiptum, MBS**

**Director & CEO and Commissioner of Insurance,  
Insurance Regulatory Authority**

Born in 1970, Mr. Kiptum is the Commissioner of Insurance & Chief Executive Officer. Prior to his appointment, he was the Authority's Chief Manager for Human Capital and Administration - a position he held for 10 years and implemented various Human Resource Systems and Processes.

He sits on the Board of the Policyholders Compensation Fund. He is also a Trustee of the Insurance Training and Education Trust and a member of the Executive Committee of the International Association of Insurance Supervisors



**Mrs. Praxidis Saisi**

**Board Secretary & Director, Legal Services**

Mrs. Saisi is the Board Secretary & Director, Legal Services at the Retirement Benefits Authority from 2<sup>nd</sup> January 2017. Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.

#### **4. KEY MANAGEMENT TEAM**



**Mr. Charles Machira**  
**Chief Executive Officer**

Mr. Machira was the Chief Manager, Supervision from 2011 until his appointment as Chief Executive Officer effective 1<sup>st</sup> December 2022.

Mr. Machira has over 20 years' experience in the Insurance and Pension sectors. He has spearheaded the supervision of the Retirement Benefits schemes. He was a managing trustee of Policyholder Compensation Fund representing Retirement Benefits Authority. He holds a Master of Science, Social Protection Finance and a Bachelor of Science (Mathematics).



**Dr. Alfred Ouma Shem**  
**Director, Research, Strategy & Planning**

Dr. Shem is the Director, Research, Strategy & Planning. He previously was Manager and Head of Financial Access and Inclusion Section of the Financial Inclusion & Stability Division in the Research & Policy Analysis Department of the Central Bank of Kenya (CBK); Policy Analyst at the Kenya Institute for Public Policy Research & Analysis (KIPPRA); Senior Lecturer of Economics at Moi University; a Lecturer of Economics at Egerton University; and a Research Fellow at the Institute for Development Studies of the University of Nairobi.

Dr. Shem holds a PhD in Economics from University of Cologne, Germany, Master's degree in Economics and Bachelor's degree in Economics & Business Studies from Kenyatta University. He has published widely on issues of financial economics particularly on Financial Inclusion and Microfinance, Monetary Economics, Social Policy, Financial Stability and Pension issues among others. He is a founding member of the Alliance for Financial Inclusion (AFI) Data Inclusion Working Group (FIDWG). Dr. Shem also holds a certificate of proficiency in the German language



**Mrs. Praxidis Saisi**  
**Corporation Secretary & Director, Legal Services**

Mrs. Saisi is the Corporation Secretary & Director, Legal Services at the Retirement Benefits Authority from 2<sup>nd</sup> January 2017. Prior to her appointment, she was the Company Secretary & General Manager, Legal Affairs at Geothermal Development Company. She worked as Manager, Legal & Corporate Affairs at the Kenya Rural Roads Authority and

before that as Company Secretary at Kenya Wine Agencies Limited. Mrs. Saisi started her career as a Magistrate with the Judiciary.

Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from the United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.



**Simon Kiplang'at**  
**Director, Corporate Services**

Mr. Kiplang'at is the Director Corporate Services since May 2023. He is a Ph.D. candidate. He also holds a Master of Science (Applied Management and Leadership) from Management University of Africa (MUA), Master of Human Resource Management from Open University of Tanzania, Dar es Salaam. He holds a Bachelor of Arts in Social Science from University of Nairobi and a Post Graduate Diploma in Business

Studies (Human Resource Management) from IHRM.

He is a Certified Human Resource Practitioner CHRP(K) and a Fellow Member of Institute of Human Resource Management as well as a Full Member of Kenya Institute of Management.

Mr Kiplang'at has an extensive experience spanning over 28 years in public and private sectors. He has been instrumental in institutional planning, change management, business standard improvement, electronic single window start-up organisation designs, people's management, Collective Bargaining Agreements, and policy development as well as financial policy sustainability improvement.

He has been in executive level management in Mount Kenya University, Geothermal Development Company, Kenya Trade Network Agency, Kenya Bureau of Standards, and Telkom Kenya.



**Mr. Jackson Nguthu**  
**Director, Supervision**

Mr. Nguthu is the Director, Supervision having been appointed on 1<sup>st</sup> May 2023. Prior to his appointment, Mr. Nguthu has served in the Authority for 14 years in various positions culminating to the most recent position of Manager, Supervision held for the last eight (8) years. Previously, he had worked in the pension sector having held the position of Head of Portfolio Administration for six (6) years at AIG

Investments (E.A) Ltd which has changed to its current name of Sanlam Investments (E.A) Ltd.

Mr. Nguthu holds a Master's in Business Administration (Finance) and Bachelor of Commerce (Finance) both from the University of Nairobi. He is also a member of ICPAK in good standing. He has undertaken several trainings in pensions management and leadership with both regional and international trainers and training institutions like ESAMI, University of Stellenbosch - South Africa, and World Bank.



**Elizabeth T. N. Waruingi**  
**Director, Internal Audit & Risk Assurance**

Mrs. Elizabeth Waruingi was appointed Director, Internal Audit & Risk Assurance in May 2023. Prior to her appointment she served as Deputy Director Internal Audit & Risk Assurance at the Authority. Previously she worked as Manager, Internal Audit at Water Sector Trust Fund (WSTF) and International Livestock Research Institute (ILRI) as the Senior Internal Auditor. She started her career at KPMG.

She holds a master's degree in Business Administration - Special emphasis on Strategic Management and Finance and a Bachelor of Arts degree in economics, business studies and mathematics.

She is a Certified Public Accountant - CPA (Kenya), Awarded the Best Lady Candidate in September 2000 sitting, section six and third in the country. She is a Certified Internal Auditor, CIA (USA), Certified Information Systems Auditor, CISA (USA) and a Certified Risk Management Assurance Professional - CRMA (USA). She is a member in good standing of the Institute of Certified Public Accountants (K), the Institute of Internal Auditors (USA) and Information Systems Audit & Control Association (USA).



**Mr. Gordon Bulinda**  
**Deputy Director, Human Resource & Administration**

Mr. Bulinda is the Deputy Director, Human Resource & Administration since July 2010. Prior to his appointment, he worked as General Manager, Human Resources and Administration at Mabati Rolling Mills Ltd, Group Human Resources Manager at Crown Berger (K) Ltd in Nairobi; Personnel Services Manager and Training Manager at the Pyrethrum Board of Kenya. He started his career at Braeburn School, Nairobi as an Administrative officer.

He holds an MBA, specializing in Human Resources Management, from Egerton University, Kenya and a Bachelor of Education in Arts from Kenyatta University. He also holds a Higher National Diploma in Human Resource Management awarded by the Kenya National

Examinations Council and the Institute of Personnel Management (Kenya). He is currently pursuing PhD, Human Resources Management at the University of Nairobi.

Mr. Bulinda is a Balanced Scorecard Master Professional, awarded by the George Washington University, USA. He is a Fellow of the American Academy of Project Management (FAAPM), Associate Member of the Society of Human Resource Management (SHRM) and a Full member of the Institute of Human Resources Management of Kenya (IHRMK)



**Mr. George Ogwang  
Deputy Director, Supply Chain Management**

Mr. Ogwang is the Deputy Director, Supply Chain Management since 2016. Previously he worked as Deputy Director, Procurement & Supply Chain Management at Kenya Electricity Generating Company (Kengen); Logistics Manager, NCR Corporation Africa in charge of Downstream and Upstream Logistics for Africa in charge of; Egypt, Morocco, Tunisia, Zimbabwe, Ivory Coast, Ghana, Nigeria, Zambia, and Kenya.

He holds an MBA, Procurement and Supply Chain Management from the University of Nairobi and a First-Class Honours Bachelor of Commerce Degree majoring in Accounting, Finance and Procurement. He holds Diploma in Procurement and Supply Chain Management from the Chartered Institute of Purchasing, and Supplies (UK) and a Higher National Diploma in Supplies Management administered by Kenya National Examination Council (KNEC).

He is a member of Kenya Institute of Supplies Management (KISM) and Chartered Institute of Purchasing and Supplies (UK).



**Mr. Peter K Ngunyi  
Deputy Director, Information Communication & Technology**

Mr. Ngunyi is the Deputy Director, Information Communication & Technology. Peter has a wealth of experience in systems development and implementation, project management and data analytics.

He holds a Master's degree in Information Systems with special emphasis in IT security and databases, MBA in Innovation Entrepreneurship from USIU-A and a First-Class Honours Bachelor of Commerce degree in ICT from the University of Nairobi. He also holds a Higher Diploma in ICT.

He is a Microsoft Certified Systems Engineer (MCSE), Certified Information Systems Auditor - CISA (USA), a Certified PRINCE2 (Projects in Controlled Environments) Practitioner (USA), a Certified Business Resilience Auditor (CBRA, USA), Certified Business Resilience Manager (CBRM, USA) and a Certified Knowledge Manager, Basel. He is a Fellow of Computer Society of Kenya.



**Mr. Alexander Mugambi Kaburu**  
**Ag. Assistant Director, Corporate Communications**

Mr. Kaburu is the Ag. Assistant Director, Corporate Communication division effective 1st November 2022. Mr. Kaburu has over 20 years' experience in corporate communications and business journalism. He is a graduate of economics from Kenyatta University. He started his journalism career in 2000 with The People Daily as a business reporter before becoming a business sub-editor. He joined the Daily Nation in 2004 as a business writer. He holds a post-graduate diploma in mass communication from University of Nairobi's School of Journalism and an MBA in marketing from the same university. He joined RBA in June 2011 as communications officer.



**Ms. Sarah Khamala Baraza**  
**Deputy Director, Finance & Accounts**

Ms. Baraza was appointed Deputy director Finance & Accounts on 5th June 2023. She has over 18 years working experience in public finance management and administration having worked for various government institutions. Prior to joining RBA Sarah served as Director Business Services at Independent Police Oversight Authority and in managerial positions at Konza Technopolis Development Authority and National Gender & Equality Commission. Previously she worked for Nzoia Water Services Company and Ethics & Anti-Corruption Commission.

She is a holder of Master's degree in Business Administration (Finance option) from Jomo Kenyatta University of Agriculture & Technology and a Bachelor of Business Management Degree (Accounting option) First class Honours from Masinde Muliro University of Science and Technology. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya and Association of Women Accountants of Kenya in good standing. She holds a certification badge in Mechanics of Project Finance by IFF, post graduate certificate in sustainable finance from Cambridge University and certification in Anti-money laundering & Terrorism financing among other certificates.



**Mr. Tom K. Kiptanui**  
**Deputy Director, Market Conduct & Industry Development**

Mr. Kiptanui is the Deputy Director, Market Conduct, and Industry Development. He has worked with the Authority since its inception in 2000.

Mr. Kiptanui previously worked in the Supervision Department where he served in scheme registration and compliance. Mr Kiptanui sits on various technical committees on pension reforms.

He was redeployed the Market Conduct and Industry Development Directorate in 2016. The new directorate covers sector governance, training of service providers, consumer education and consumer protection. He Co-Chaired the committee that participated in development of four market development guidelines – Good Governance, Treating Customers Fairly (TCF), Trustee Remuneration; and Anti-Money Laundering.

Mr. Kiptanui holds a Master of Business Administration degree from Leicester University-UK as well as a Bachelor of Arts in International Relations and Economics from the University of Keele-UK. He has undertaken various trainings on pension development in Australia, Canada, and the United States (Wharton Business School). He is a member of the Centre for Corporate Governance (CCG), Certified ISO 9001:2015 Auditor and Certified Pension Trustee of Kenya (TDPK).

#### **RETIRED MEMBER OF MANAGEMENT TEAM**



**Anne K Mugo, MBS**  
**Director, Market Conduct & Industry Development**

Ms. Mugo was Director, Market Conduct & Industry Development until May 2023 when she retired. She has served RBA for over twenty (20) years, including thirteen (13) years on secondment as the Pensions Secretary/Director of Pensions at the National Treasury. Before joining the RBA, Anne was an investment manager at Standard Chartered Bank, Genesis Kenya (now GenAfrica) and ICEA Lion.

At the National Treasury, Anne spearheaded public sector pension reforms and served alternate Director to the Cabinet Secretary in the National Oil, Brand Kenya, Housing Finance, Commission for University Education, Kenya Sugar and NACADA Boards. In December 2008, the President honored Ms. Mugo with a *Moran of the Burning Spear (MBS)* in recognition of the pension reforms.

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Anne holds an MBA (Finance) from the city, University of London (*Chevening Scholar*) and a BCom (1<sup>st</sup> Class Hons) from the University of Nairobi. She is an Associate of the Chartered Insurance Institute (ACII) and certified as a Chartered Insurance Practitioner, Corporate Director (IOD), Trustee (TDPK) and in commercial French (FCCI, Paris). She is a corporate governance trainer and sits on the Examinations Council of the College of Insurance. She is a member of the Institute of Directors (IOD), Chevening Scholars Association of Kenya and Nairobi Baptist Church.

## 5. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the annual report comprising of the financial statements of Retirement Benefits Authority (RBA) and the performance of the Retirement Benefits Sector for the financial year 2022/2023 that commenced on 1<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023. This report gives key highlight of the operational context in which the Authority operated, key achievement and challenges, and interventions undertaken by the Authority in promoting savings for retirement and protecting the interests of members and sponsors of retirement Benefits schemes.

### Operational Context

The world economy was still recovering from the effects of the Covid-19 pandemic during the year under consideration. Supply chain disruptions, high levels of inflation, subdued investment, mounting debt vulnerabilities and funding shortages affected economies of most regions. These macro-economic factors contributed to a broad-based and sharper-than-expected decline in global economic growth. The IMF projected a decline in global growth in economy from 3.2% in 2022 to 2.7% in 2023. Economic growth in Sub-Saharan Africa (SSA) experienced a decline from 3.6% in 2022 to 3.1% in 2023. The persistent sluggishness of the global economy, challenging global and domestic financial conditions, high levels of inflation elucidate the decline. Although the Kenya GDP growth of 4.8% outperformed the overall GDP growth of Sub-Saharan Africa of 3.6 percent in 2022, the country continued to experience slow income growth, shrinking labour market, tightened global financing conditions and drought which continued to undermine prospects for progress towards poverty eradication and growth of retirement benefits industry.

The macroeconomic factors outlined above continued to adversely impact the pension industry in the year under review. This was evidenced in Kenya by growing levels of unremitted contribution from schemes and declining returns from investment in the industry. Some of the schemes realized negative valuation of pension assets floated in the domestic market due to capital flight risk while other had decline in membership due to decline in disposable income. The Authority remained focused in supervision and regulation of schemes and working with other stakeholders in creating a conducive environment for pension schemes to thrive. We remain optimistic in the medium term the Kenya economy will have a rebound, similarly the pension industry will remain stable.



**Mr Nelson Havi**  
**Chairman**

## **Achievements and challenges**

The Board continued with implementation of the 5<sup>th</sup> strategic plan 2019-2024. The plan envisions the country to attain 30% pension coverage and Asset growth of Kshs.2.4 trillion by the year 2024. In the year under review, the retirement benefits schemes industry registered marginal growth of 6.5% in the Assets under Management from Kshs.1,515.16 billion in June 2022 to Kshs 1,703.69 billion in June 2023. The pensions membership coverage as per Economic Survey Report, 2023 was 26.4% a growth of 4.4% compared to 22% in the financial year 2022. It is our hope that the projected coverage and growth will be achieved in the next financial year.

The challenges the industry faced were largely due to macroeconomic factors that impacted adversely on income and labour market growth. In Kenya, the problem of unremitted contributions and decline in growth of retirement benefit contribution continue to affect the industry. The pension coverage and asset growth remain a key area of focus as majority of workers are yet to be covered hence being at risk of old age poverty. In collaborations with our stakeholders, the Board will continue to pursue and support the legislative and fiscal reforms including the informal sector financial inclusion programs, enhanced National Social Security Fund contributions that will go a long way in growing the pension industry.

In collaboration with the National Treasury and Economic Planning we concluded the stakeholder engagement on draft National Benefits Policy. The policy is envisaged to address several existing gaps which key among them is lack of coordinated legal and regulatory framework. The revised policy is expected to be ratified for implementation in the coming financial year. We partnered with various strategic partners in implementing initiatives towards developing the retirement benefits sector in Kenya. Key among them is development ESG disclosure framework to promote transparency and sustainability of pension schemes. I am happy to announce through support from our partners we have established the African Pension Supervisors' Association (APSA) Secretariat in Nairobi hosted by the Authority. This will strengthen our collaboration and knowledge sharing on developments in the pension industry.

## **Outlook**

Kenya's medium-term growth outlook is projected to remain strong as the economy continues to recover from the multiple crises. Similarly, the pension industry is expected to rebound in the long run. The retirement benefits assets are expected to grow in the medium term owing to the rebound of the stock market, full implementation of the National Social Security Fund Act, 2013 and the full roll-out of the Public Service Superannuation Act, 2012. The schemes are expected to continue to invest in alternative assets given the broadening of the allowable investment categories and take advantage of the government infrastructural projects.

The Authority looks forward to the finalization of the National Retirement Benefits Policy which the public participation has just been concluded. The pension coverage is expected to

grow after the full roll-out of the informal sector scheme under Financial Inclusion Programs (hustler fund). The implementation of the 2019-2024 Strategic Plan is coming to an end in June 2024, as we embark on development of the new strategic plan 2024-2029, we remain committed to our vision of having an inclusive, secure and growing retirement benefits sector. To protect the interest of our stakeholders in the pension industry, we will continue to collaborate with you to strengthen our legislative and regulatory framework with the aim of promoting the growth of the industry.

### **Changes in Board and Management**

During the year, several changes in the Board of Directors and management team of the Authority. At the board level, I was appointed to replace the outgoing chairman. Hon. Abdirahin H. Abdi, MGH. We thank the outgoing chairman for his exemplary leadership and service to the Authority. The Board also appointed Mr. Charles Machira as the Chief Executive Officer following the demise of the then CEO Mr. Nzomo Mutuku. We wish to congratulate him and look forward to working with him in fulfilling the vision and mission of the Authority.

### **Appreciation**

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



**NELSON HAVI  
CHAIRMAN, BOARD OF DIRECTORS**

## 6. REPORT BY THE CHIEF EXECUTIVE OFFICER

### Introduction

I am delighted to present the annual report and financial statements for the year ended 30<sup>th</sup> June 2023. The report provides an overview of the regulatory and operational activities undertaken by the Authority in the Financial year. It highlights the progress we have made in achieving our strategic priorities in the areas of operational excellence, Policy and regulatory development and enhancing pension access in the informal sector.

### Operational Context and Industry performance

In the year under review, the pension industry was on growth trajectory though at marginal rate due to the impact of macroeconomic factors that continued to affect the global economy. We remained diligent and agile in supervising and regulating the industry to safeguard the interest of our stakeholders. Through the Risk Based Supervision Framework, we continued to monitor the stability and soundness of the retirement benefits sector. We maintained surveillance of schemes risk profile and ensured appropriate supervisory intervention are undertaken for those with undesirable risk profile. The overall risk score for the pension sector as at 30<sup>th</sup> June 2023 was 2.98 an indication that the sector was relatively stable. The Assets under Management in the pension continue to grow although at a marginal rate. For the year under review, the industry realized a growth of 6.5% in the Assets under Management from a base of Kshs 1,515.16 billion in June 2022 to Kshs 1,703.69 billion in June 2023.

The Authority continued pursuing the corporate initiatives to grow the pension industry. We registered eighteen (18) new retirement benefits schemes while twenty-two (22) occupational schemes transferred to multi-employer umbrella funds and individual pension plans. In the same period, six (6) new service providers were registered; three (3) custodians and three (3) fund managers. The total registered service providers as at 30<sup>th</sup> June 2023 were 72; Administrators 30, fund manager 27 and 15 custodians. We collaborated with Micro and Small Enterprises Authority (MSEA) and Federation of Kenya Employers in our outreach programs and pension awareness creation sessions for business and informal sector workers across the country.



**Mr. Charles Machira**  
**Chief Executive Officer**

### **Operational excellence**

The Authority continued to focus on efficient and effective service delivery to its stakeholders through improving organisational capacity, automation, and knowledge management. The Authority has leveraged on ICT to facilitate service access across the country. The filling of returns and licencing of NSSF Tier II schemes is fully automated. The Authority maintains a Quality Management System ISO 9001:2015 which aims to proactively promote savings for retirement in Kenya by safeguarding, supervising, and facilitating the development of the Retirement Benefits Sector through commitment to continued excellence, service delivery and continuous development. In the year under review, the Authority commenced the implementation of the Business Continuity Management System (BCMS) to facilitate continuity in the event of disruption. This is an assurance to our stakeholders our commitment to seamless service provision. We continued to attract and retain top talent, during the year, we recruited six management level staff and capacity build our staff with skills to enhance service delivery.

### **Policy and Regulatory Framework**

The Authority in collaboration with the National Treasury and Economic Planning finalized the process of stakeholder engagement on the National Retirement Benefits Policy which is ready for submission to National Treasury. The overarching objective of the policy is to ensure that every worker and their dependants live in dignity on leaving employment and exploit their human capabilities to further their own social and economic development. Several research were done during the review period and disseminated to stakeholders to inform policy development.

### **Partnership with Huduma Kenya Secretariat**

As part of improving access to the Authority services, the Authority held five (5) Huduma Clinics in various regions in partnership with Huduma Centre Secretariat and individual Retirement Benefits plan providers. The Authority partnered with the Huduma Kenya Secretariat and held a joint capacity building for RBA, NSSF, Pension Department (National Treasury) and Huduma Secretariat staff.

### **Pension Education**

The Authority continued to facilitate the development of the industry through training of trustees, administrators, and members. Training of trustees was in collaboration with the College of Insurance and the Association of Retirement Benefits Schemes (ARBS) and took place across the country. Sensitization of members and other stakeholders on the provisions of the Guidelines on Post-Retirement Medical Fund was done to enhance the uptake of post-retirement medical products. Trustees were sensitized on alternative investments including investment in debt instruments to finance infrastructural projects including affordable housing projects under Public-Private Partnerships (PPP). This has already gained traction and several schemes have shown interest in investing in infrastructural projects.

### **Financial performance**

Financial stewardship and sustainability remained our key focus in facilitating our operations as we regulate the pension industry. For the year under review, our revenues grew by 5.18% from Kshs. 1,090 million in the FY 2021/22 to Kshs.1,146.4 million in the FY 2022/23. The growth in revenue is largely attributed to 64% increase in investment income earned from Treasury bills. The interest rose from Kshs. 17.6 million in the FY 2021/22 to Kshs. 28.8 million in the FY 2022/23. The Authority also realized a growth of 4% in Regulatory levy fees from Kshs. 1061.6 million received in FY 2021/22 to Kshs.1,104.8 million in the FY 2022/23. The total operating expenditure for the Authority increased by 3.97% from Kshs. 844.3 million in the FY 2021/2022 to Kshs 872.7 million in in the FY 2022/23. The increase is attributed to enhanced regulatory activities and depreciation following acquisition of new assets and softwares. The Authority had a surplus of Kshs. 118. million compared to Kshs. 245.7 million in financial year 2022/23. The Net Assets also grew by 3% from Kshs. 993.3 million in FY 2021/22 to Kshs. 1,011 million in the year under review.

### **Corporate Social Responsibility**

The Authority undertook several CSR activities which included donation of medical equipment to Kenyatta National Hospital for its cancer ward for children. The Authority also donated fortified food to vulnerable communities in Marsabit County in response to famine. In partnership with Federation of Kenya Employers we sensitize employers on the need to have pension savings plan for their employees. In compliance with the Presidential directive on tree growing and restoration campaign, the Authority partnered with Kenya Forest Service to plant trees at Ngong Road Forest, Nairobi.

### **Challenges in the sector**

The sector was faced with various challenges during the year among them, unremitted contribution, and low pension coverage. To address, the challenge of unremitted contribution, the Authority in collaboration with National Treasury and Economic Planning engaged stakeholders especially in the public sector to remit the outstanding contribution. The Authority is part of task force tasked with finding long term solution to the issue. The pension coverage remains low at twenty-six (26.4%) of the working population. To address this challenge, Authority implemented various initiatives through a multi-faceted approach to sensitize members of the public and employers in the informal sector on the need for a pension arrangement. The Authority is collaborating with the government in implementing the financial inclusion initiative that allows those at the lower of the pyramid to save for retirement through the Hustler fund.

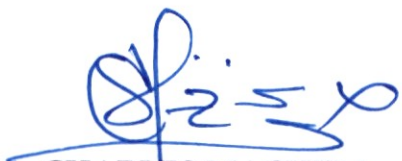
### **Future Outlook**

The sector is expected to grow both in terms of asset base and coverage given the various initiatives under implementation which include the implementation of the NSSF Act, 2013, Public Service Superannuation Act, 2012, Financial inclusion initiatives and strategic

partnerships with various stakeholders. The Authority has embarked on the development of the sixth (6<sup>th</sup>) Strategic plan (2024-2029). I look forward to the finalization of the National Retirement Benefits Policy to streamline the pension governance issues in the next financial year.

### **Appreciation**

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



**CHARLES MACHIRA  
CHIEF EXECUTIVE OFFICER**

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## 7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2022-2023

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

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

During the financial year the Authority implemented the 2022/2023 performance contract aligned with the strategic plan. The performance during the period as per the strategic pillars and objectives was as follows:

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
Operation Excellence	Improve customer experience	Customer Satisfaction index	Implement the survey recommendations	During the financial year, the Authority implemented the recommendations of the previous (2020/2021) Customer Satisfaction Report. The Authority carried out customer satisfaction survey for the financial year 2022/2023 and the overall customer satisfaction index stood at 74.6%. This was an improvement from the previous survey of 2020/2021 financial year where the index stood at 65.41%.
	Improve Access to Authority Services	Ease of Access of Authority's Services	Partner with Huduma Centres through Regional Huduma Clinics	The Authority partnered with the Huduma Kenya Secretariat and held a joint capacity building for RBA, NSSF, Pension Department (National Treasury) and Huduma Secretariat staff. The Authority also held five (5) Huduma Clinics in various regions in partnership with Huduma Centre Secretariat and Individual Retirement Benefits Plan providers. The clinics were held in the following regions: Eldoret, Nakuru, Mombasa, Kisumu, and Nyeri.
	Enhance Employee Engagement	Employee Satisfaction Index	Conduct Annual Employee Satisfaction Survey and Culture Assessment	During the 2022/2023 financial year the Authority implemented the recommendations of the 2021/2022 employee satisfaction survey report. The Authority carried out an employee

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
			implement the recommendations	satisfaction survey at the end of the financial year and the satisfaction index stood at 62%. This is a drop from the previous satisfaction index of 66% in the 2021/2022 and 68% in the 2020/2021 financial year. The low satisfaction levels is attributed to the low staffing level. The Authority expects the satisfaction level to improve in the succeeding periods following the approval of the Human Resource Instruments and the recruitment of additional staff.
	Improve Capacity	Human Capital Readiness	Review and implement the Authority's establishment audit findings	The Human Resource Instruments were approved in June 2022 and the implementation is ongoing. The Authority has already recruited six (6) members of staff and the recruitment of the additional sixteen (16) members of staff will be undertaken in the 2023/2024 financial year.
<b>Policy and Regulatory Framework</b>	Enhance Confidence in the Retirement Benefits Sector	Percentage Increase in confidence index	Establish the baseline index	During the financial year, the Authority implemented the recommendations of the 2020/2021 Confidence Survey report. The Authority carried the Confidence survey and the confidence index stood at 70.8% which was an improvement compared to the confidence level of 2020/2021 financial year which was 68%.

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				<p>The Authority also carried out targeted campaigns to create awareness on the legal and regulatory framework and further sensitized members of schemes during annual general meetings and member education days.</p>
	<p>Enhance Retirement benefits sector contribution to the National Development Agenda</p>	<p>No. of initiatives supporting the National Development Agenda</p>	<p>Recommend review of the legal work to enable pension schemes and members participate in the National Development Agenda                      Cooperation with key holders and sector players for the implementation of the National Development Agenda                      for the uptake of initiatives and towards participation in national development agenda</p>	<p>The Authority sensitized members and other stakeholders on the provisions of the Guidelines on Post-Retirement Medical Funds as part of the efforts to enhance the uptake of post-retirement medical products.</p> <p>The Authority also sensitized trustees on alternative investments including investment in debt instruments to finance infrastructural projects including affordable housing projects under Public-Private Partnerships (PPP). This has already gained traction and several schemes have shown interest in investing in infrastructural projects.</p>
	<p>Improve the Retirement Benefits Sector Governance</p>	<p>Average risk score</p>	<ul style="list-style-type: none"> <li>• Enforce good governance framework</li> <li>• Build capacity of the service providers on</li> </ul>	<p>The Authority continued to implement the risk-based supervision framework to monitor the stability and soundness of the retirement benefits sector. The Authority carried out various</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
			<p>the governance framework</p> <ul style="list-style-type: none"> <li>Develop and review guidelines and practice notes on scheme good governance</li> </ul>	<p>enforcement actions as per the Retirement Benefits Act and regulations to ensure compliance of the schemes and reduce risks. The overall risk score for the pension sector as at 30<sup>th</sup> June 2023 was 2.98 against the target of 2.85 indicating that the sector was relatively stable.</p> <p>The Authority also continued to monitor the implementation of the Good Governance and Treating Customers Fairly Guidelines. The Authority carried out quarterly sensitization for both trustees and service providers.</p>
<p><b>Enhancing Coverage in the Informal Sector</b></p>	<p>Increase Pension Asset Base from Kshs. 1.2 trillion to 2.4 trillion by June 2024</p>	<p>Growth in Assets</p>	<ul style="list-style-type: none"> <li>Promote investments in alternative assets</li> <li>Advocate for the implementation of the National Retirement Benefits Policy</li> </ul>	<p>The retirement benefits assets under management increased by 6.5% from Kshs. 1,515.16 billion in June 2022 to Kshs. 1,688.08 billion in June 2023. The marginal growth of the assets during the period is partly attributed to slow rebound of the financial market after the adverse effects of the Covid-19 pandemic; the uncertainties surrounding the 2022 presidential elections; and the Russia-Ukraine war.</p> <p>The draft National Retirement Benefits Policy was reviewed by a consultant and</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Strategic Initiative	Key Achievements
				<p>public participation was undertaken. The comments from public participation were incorporated. The revised National Retirement Benefits Policy will be forwarded to the Cabinet for consideration.</p> <p>The Authority also processed and issued contracting out certificates to 354 employers who applied to contract out tier II contributions to NSSF. The Authority approved and issued scheme reference certificate to 149 schemes in order to receive tier II NSSF contributions. This followed the court of appeal ruling in February 2023 which upheld the NSSF Act ,2013.</p>

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	<p>Increase pension coverage from 20% to 30% of the labor force by June 2024.</p>	<p>Pension coverage</p>	<ul style="list-style-type: none"> <li>• Sensitize and follow up employers to facilitate access pension savings for their employees</li> <li>• Sensitize the informal sector workers to start saving for retirement</li> </ul>	<p>The Authority carried out sensitization and follow-up employers on the need to have pension arrangements. The Authority also carried out sensitization programmes in partnership with the Micro Small and Enterprises Authority (MSEA) in thirteen (13) counties (Kisumu; Kisii; Nyamira; Turkana; Trans Nzoia; Kakamega; Nakuru; Kericho; Nairobi; Kiambu; Mombasa; Kilifi; and Kwale) to sensitize members of Micro, Small &amp; Medium Enterprises.</p> <p>The Authority managed to register eighteen (18) new retirement benefit schemes. This was an improvement compared to the previous financial year where the Authority registered fifteen (15) new schemes. The Authority also registered six (6) new service providers of which three were Fund Managers and three were custodians. However, the pension coverage remained low at 25% of the labour force.</p>
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## 8. CORPORATE GOVERNANCE STATEMENT

The Retirement Benefits Authority (RBA) Board believes that a strong corporate governance framework and culture translate to a strong Authority that delivers to its shareholders. The Board is vested with all powers necessary for the management of Authority's regulatory and supervisory operations. There is a corporate governance framework in place that clearly outlines the structures, processes and strategies to support high ethical standards and superior organizational performance of the Authority. RBA Board is committed to ensuring the business and operations of the Authority are carried out with integrity and in a manner that complies with the law and high standards of corporate governance. The Authority strive for operation excellence and fostering a culture of compliance that values integrity, transparency and accountability, responsiveness, Integrity, and innovation as outlined in the RBA Strategic Plan.

The Board oversees the management of the financial and other affairs of Authority, including its strategic planning, supervisory activities, resource allocation, risk management, financial reporting policies and procedures, and effectiveness of internal controls and management information systems. The Board's Charter has defined the role of the Board being independent from that of management, the CEO is responsible for day-to-day conduct of Authority Business while the Board focusing its energy and expertise on those critical strategic issues that will enhance the success of the Authority in achieving its mandate.

### **Board Membership**

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

### **The Board Charter**

The Charter outlines the Board composition, roles and responsibilities. The Charter also defines the Board Committees and indicates the Directors' term. The Charter defines interaction with external stakeholders, and limitation of liability. The Charter elaborates the rules for meetings, roles of the Chairperson, Directors and the Chief Executive Officer as well as Directors' compensation, orientation, and training.

## **The role and responsibilities of the Board and Management**

The Board's primary role is to enable the protection and enhancement of long-term shareholder value taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. The Board is accountable to shareholders for the performance of the Authority. It directs and monitors the business and affairs of the Authority on behalf of shareholders and is responsible for the Authority's overall corporate governance. In particular, the Board's responsibilities include:

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

Key Achievement during the year included:

- i. Oversaw the implementation of Year 4 strategic initiatives under the Strategic Plan FY 2019-2024.
- ii. Reviewed Authority's Organization Structure to align with emerging industry development.

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- iii. Considered and approved new policies developed by the Authority and monitoring their implementation
- iv. Approved and monitored the implementation of the Authority's Annual Recurrent and development Budget of Ksh. 1.1 billion
- v. Oversaw the development and execution of the Authority's FY 2022/2023 Performance Contract with the National Treasury & Economic Planning, and implementation of the same. The Authority scored 2.28 in the FY2021/22 Performance Contract targets;

**The Board size and composition**

In the Financial Year ended 30<sup>th</sup> June 2023, the Board was made up to (9) members comprising of a non-executive Chairman, four (4) non-executive members appointed by the Cabinet Secretary National Treasury and Economic Planning, as well as the Principal Secretary, National Treasury, Chief Executive Officer Capital Market Authority, the Chief Executive Officer Insurance Regulatory and the Chief Executive Officer Retirement Benefits Authority.

No	Name	Designation	Area of Specialization
1.	Mr. Nelson Havi	Chairman (Appointed on 10 <sup>th</sup> February 2023)	Law
2.	Rt. Hon. Abdirahin H. Abdi	Chairman (Appointed on 5 <sup>th</sup> July 2023) (Retired on 9 <sup>th</sup> February 2023)	Banking
3.	Prof. Njuguna Ndung'u, CBS	Cabinet Secretary, The National Treasury & Planning	Economics
4.	Mr. Ambrose R.M. Ogango	Alternate Director representing Cabinet Secretary, The National Treasury & Planning (Appointed on 7 <sup>th</sup> February 2023)	Economics
5.	Mr. Joseph Z. Ngugi	Alternate Director representing Cabinet Secretary, The National Treasury & Planning (Retired on 6 <sup>th</sup> February 2023)	Economics
6.	Mr. Godfrey Kiptum, MBS	CEO, Insurance Regulatory Authority	Insurance
7.	Mr. Wyckliffe Shamiah FCPA	CEO, Capital Market authority	Economics & Finance
8.	Dr. Margaret M. Makumi	Director (Re-appointed on 6 <sup>th</sup> October 2021)	Management
9.	Dr. James Kiprop Chelang'a (PhD)	Director (Appointed on 6 <sup>th</sup> October 2021)	Public Administration

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No	Name	Designation	Area of Specialization
10.	Mrs. Margaret Gaitirira	Director (Appointed on 6th October 2021)	Banking
11.	Mr. Hussein Alinoor Ibrahim	Director (Appointed on 3 <sup>rd</sup> June 2022)	Business Administration
12.	Mr. Charles Machira	Chief Executive Officer	Mathematics & Social Protection

The Inspector General (Corporations) under section 18(2) of the States Corporations Act Cap 446 may attend the meetings of any State Corporations or any of the Board or Committee as he deems necessary for the effective performance of his duties under the Act.

### **Board and Committees meeting**

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

All directors exercise the requisite duty and care in the best interest of the Authority. The current Board and their membership on the Board Committees of the Authority are as follows:

#### **1. Technical Committee**

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

The membership and attendance of this committee is as follows:

S/No.	Name	Position	Attendance
1.	Dr. James K. Chelang'a (PhD) - Chairperson	Chairman	3
2.	Mrs. Margaret Gaitirira	Member	4
3.	Godfrey K. Kiptum, MBS	Member	4

The technical committee held four (4) regular meetings and no special meeting.

## **2. Staff Welfare and Remuneration Committee**

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

The Committee held five (5) regular meetings and two (2) special meeting in the period under review.

S/No.	Name	Position	Attendance
1.	Dr. Margaret M. Makumi	Chairperson	7
2.	Dr. James Kiprop Chelang'a (PhD)	Member	6
3.	Mr. Wyckliffe Shamiah FCPA	Member	5

## **3. Finance and Administration Committee**

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

S/No.	Name	Position	Attendance
1.	Mr. Hussein A. Ibrahim	Chairman	7
2.	Dr. Margaret Makumi	Member	7
3.	Mr. Joseph Z. Ngugi	Member	4
4.	Ambrose R. M. Ogango	Member	1
5.	Mr. Godfrey Kiptum, MBS	Member	5

The committee held four (4) regular meetings and three (3) special meetings in the period under review.

#### 4. Audit and Risk Management Committee

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

S/No.	Name	Position	Attendance
1.	Margaret Gaitirira	Chairperson	4
2.	Dr. Margaret Makumi	Member	3
3.	Mr. Wyckliffe M. Shamiah	Member	3
4.	Mr. Ambrose R. M. Ogango	Member	1

The committee held four (4) regular meetings and no special meetings in the period under review.

#### The Board Meetings

During the period under review, the board held four (4) regular full board meeting and five (5) Special meetings. The Board undertook recruitment of the Chief Executive officers and Senior management team these exercises contributed to the increase in special sittings.

In accordance with Retirement Benefits Act read together with the State Corporations Act the board of the Authority should comprise of nine (9) members. In the period under review, the Authority complied to the requirement but cumulatively had a total of eleven (11) members due to the retirement, re-appointment and new appointment of Board members who transacted the Authority's business during the financial year.

The table below summarizes the number of meetings held during the period ending 30<sup>th</sup> June 2023:

		Regular	Special	Total
1	Full Board Meeting	4	5	9
2	Technical committee	4	0	4
3	Staff Welfare and Remuneration Committee	5	2	7
4	Finance and Administration Committee	4	3	7
5	Audit and Risk Management Committee	4	0	4

**Retirement Benefits Authority  
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<b>BOARD AND COMMITTEE MEETINGS ATTENDANCE FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2023</b>								
				A	B	C	D	E
				Number of meetings				
				7	4	4	7	9
	<b>Board Member</b>	<b>Classification</b>	<b>Designation</b>					
1	Mr. Nelson Havi	Independent	Board Chairman					2/2
2	Hon. Abdirahin Abdi	Independent	RTD. Board Chairman					5/5
3	Mr. Ambrose Ogango	Representing the Cabinet Secretary, National Treasury	Member	1/1	1/1			2/2
4	Mr. Joseph Ngugi	Representing the Cabinet Secretary, National Treasury	Member	4/6	2/2			4/5
5	Mr. Wyckliffe Shamiah	CEO, Capital Markets Authority	Member		3/3		5/6	6/7
6	Mr. Godfrey K. Kiptum, MBS	CEO, Insurance Regulatory Authority	Member & Chairperson TC	5/6		3/3		9/9
7	Dr. Margaret Makumi	Independent	Member	7/7		1/1	7/7	9/9
8	Ms. Margaret Gaitirira	Independent	Member		4/4	4/4	1/1	9/9
9	Dr. James Chelang'a	Independent	Member		3/3	4/4	1/1	9/9
10	Mr. Alinoor Ibrahim	Independent	Member	7/7			7/7	9/9
11	Mr. Stephen Mbatia	Inspectorate of State Corporations		1/1	3/3	2/2	3/3	3/4
12	Mr. Mathew Tuitoek	Inspectorate of State Corporations						1/1
13	Mr. Isaac Odek	Inspectorate of State Corporations						1/1

**KEY:**

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

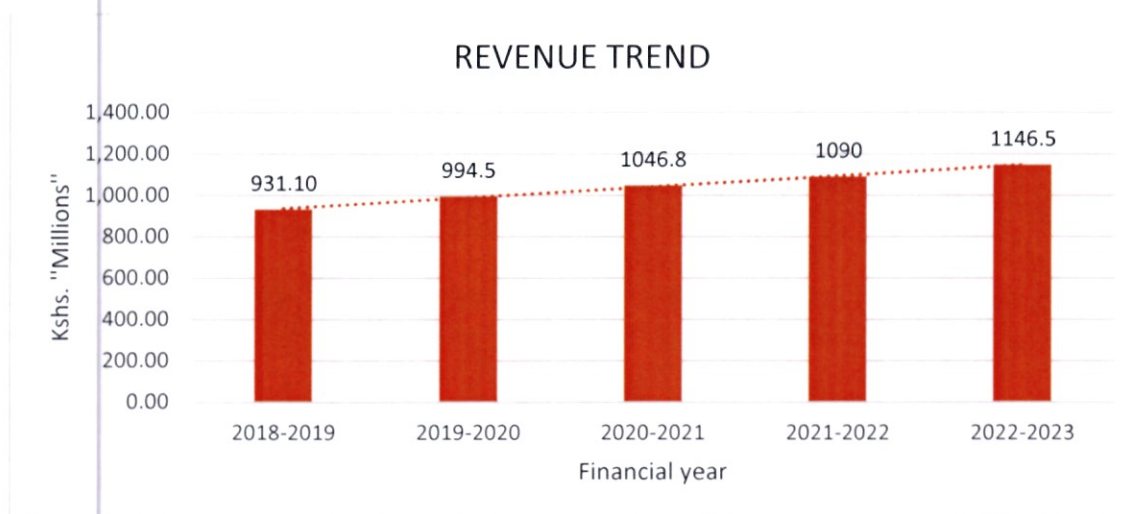
## 9. MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Financial Performance

The Financial Performance of the Authority for the twelve months ended 30<sup>th</sup> June 2023 is presented herewith in line with the requirement of the Retirement Benefits Act, the Public Audit Act, and the International Public Sector Accounting Standards.

#### Revenue Trend

The Authority finances its activities from own source revenue. Over the past five years, the Authority's revenue has been growing at a slow rate. The sluggish growth is due to the slow growth of Assets under management in the pension industry. For the year under review, total revenue of the Authority grew from Kshs 1,090.0 to Kshs 1,146.5 million which was equivalent to 5.2%. As illustrated on graph of revenue trend below.



#### Revenue composition

The main source of revenue for the Authority is the regulatory levy which is 96% of total revenue, others include investment income generated from investment of uncommitted cash in treasury bills and deposit earning accounts for the Authority and licencing fees.

Description	Amount (Kshs)	Proportion %
Regulatory fees	1,104,852,337	96%
Licencing fees	3,800,000	0%
Investment income	31,986,464	3%
Other income	5,837,933	1%
	1,146,476,733	100%

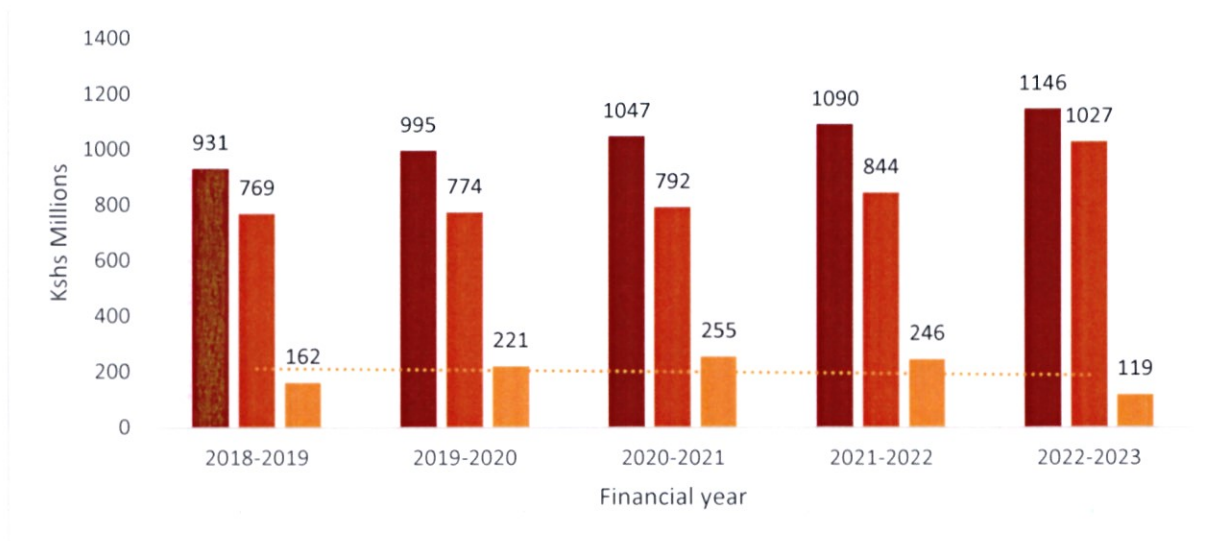
**Expenditure and surplus performance trend.**

The Authority expenditure have been on upward trajectory over the last five years. The highest surplus was realized in FY 2020-2021. The year 2022/23 surplus was lowest due transfer of Kshs. 150 million to National treasury following budget rationalization.

In the financial year 2022/2023 operating expenditure of the Authority stood Kshs 878.5 million compared with Kshs 844.3 million in the previous year 2021-2022.

**Surplus/deficit**

In the 2022-2023 financial year the Authority had a surplus of Kshs. 118.0 million compared to Kshs. 245.7 million in the previous year.



**2. Compliance with Statutory Requirements**

The financial performance of the Authority for the twelve months ended 30<sup>th</sup> June 2023 is presented in compliance with the Retirement Benefits Act 1997, the Public Audit Act 2015, Public Finance Management Act 2012, and the International Public Sector Accounting Standards.

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

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

## Asset Growth

In the year 2022/2023 the Industry Assets under management of pension grew by 6.5% from Kshs. from a base of Kshs.1,576.22 billion in June 2022 to Kshs 1,703.69 billion in June 2023.

### Industry asset growth



During the period, the Authority registered eighteen (18) new retirement benefits schemes and twenty-two (22) occupational schemes transferred to multi-employer umbrella funds and individual pension plans. This is a trend witnessed as employers operating small schemes prefer to join multi-employer schemes.

The Authority registered six (6) new service providers, three (3) custodians and three (3) fund managers. The total registered service providers as at 30<sup>th</sup> June 2023 is summarized in the table below: -

	Service Provider	Number Registered
1.	Administrators	30
2.	Managers	27
3.	Custodians	15

### 3. Operational performance

The Authority continued to implement performance contract where it achieved an overall score of 2.7685 "Very Good" performance reflecting achievement of most targets above the agreed performance target in the FY 2021/2022.

### 4. Major Risks Facing the Authority

#### Corporate Risk

**Retirement Benefits Authority  
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No	Risk	Risk Rating	Mitigation Strategies
1	<p><b>Inadequate regulation and supervision of the establishment and management of the retirement benefits sector</b></p> <p>The retirement benefits sector is constantly evolving, shaped by a combination of global and local factors. These developments may have significant implications on the oversight and regulation of the industry.</p>	Medium	<p>RBA continues to review gaps in the regulatory framework and propose amendments to the Retirement Benefits Act.</p> <p>This is aimed at strengthening enforcement of the Act. This is done in collaboration with the industry stakeholders and other interested parties.</p> <p>Subsidiary legislation in form of regulations and guidelines also continue to be reviewed, all aimed at strengthening regulation of the pensions sector.</p>
2	<p><b>Inadequate growth of pension within the informal sector</b></p> <p>One of the pillars in the Authority's 2019-2024 strategic plan is to increase and grow pension access within the informal sector of the economy.</p>	Medium	<p>The Authority continues to invest in consumer education on benefits of retirement savings and in research on improvement of pension access in the informal sector.</p> <p>There are continuing efforts to enhance the structure of the informal sector in terms of pension products. Ratification of the Cabinet National Retirement Benefits Policy will go a long way in enhancing the sector growth</p>
3	<p><b>Industry disruption risk</b></p> <p>The retirement benefits sector, akin to various other sectors of the economy, faces disruptions arising from external shocks and events. These disruptions may have a profound impact on the operations of individual sector players and, collectively can significantly influence the industry as a whole.</p>	Medium	<p>The Authority has implemented the risk-based supervision system that helps in surveillance of the retirement benefits industry.</p> <p>Further, there in place a robust system of developing scenario industry response plans to various anticipated industry disruptive events.</p>

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No	Risk	Risk Rating	Mitigation Strategies
			The Authority also conducts impact assessments on proposed legal amendments before they are rolled out. All these are done with stakeholders' involvement and consideration.
4	<p><b>Liquidity and cash-flow risk</b></p> <p>Within the context of RBA, liquidity and cash flow risks may manifest as an inadequate capacity to fully meet financial obligations that are critical to the achievement of the Authority's mandate and objectives.</p>	Medium	The Authority continues to implement strategies aimed at maximising productivity of the available resources. Further, the Authority remains focused on applying the available resources to prioritize the activities and initiatives within the strategic plan and incorporated into the corporate calendar.
5	<p><b>Cyber risk exposure</b></p> <p>The Authority's operations have become increasingly automated. This is in line with the corporate objective of enhancing automation to improve service delivery. The stability and reliability of our ICT infrastructure is critical.</p>	Medium	The Authority has implemented business continuity management that incorporates a robust data recovery system. There is full commitment to implementation of the Authority's ICT policies. All these efforts are aimed to safeguard the Authority from cyber-attacks.

The Authority performed an enterprise-wide risk assessment that included an evaluation of both corporate and departmental risks. These risks were carefully identified and assessed, considering their likelihood and potential impact. As a result, appropriate improvement actions were formulated and implemented to effectively address these risks.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### **Sustainability Strategy and Profile**

The retirement benefits industry has shown remarkable growth, increasing its assets from Kshs. 44.5 billion in 2000 to a substantial Kshs. 1,703.69 billion in June 2023. This impressive progress can be attributed to the Authority's sustainability initiatives, which aim to safeguard retirement benefits.

Over the years, the Authority has emphasized responsible pension fund investments and consistently updated investment guidelines to allow schemes to diversify their investments. Additionally, it has adopted a risk-based supervision approach to ensure the stability of retirement benefits, inspiring confidence among industry stakeholders.

The Authority also actively reviews the policy and regulatory framework governing the retirement benefits sector. This involves an annual review of the Act and regulations based on input from industry stakeholders. The ongoing development of a national retirement benefits policy aims to provide sustainable strategies for expanding pension coverage and participation.

Furthermore, the industry encourages innovation, leading to the introduction of new products that focus on extending pension coverage, particularly in the informal sector where coverage has been limited.

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

### **Employee welfare**

The Authority strategic theme on operational excellence focuses on improving the organizational capacity, enhancing automation and knowledge management for efficient and effective service delivery. The human capital is the foundation of the Authority success as evidenced in the improved PC performance for the financial year 2022/23. The

Authority continued to invest in its human capital through recruitment and selection policy, training and performance management. The conducive work environment has played a critical role in attracting and retaining the staff. The inclusivity index was at 78% as at the close of the FY 2022/23. All cadres of staff comply with the gender parity requirement as stipulated in our Kenya Constitution. The Authority has a staff complement of 61 distributed across all cadres.

### **Gender Distribution**

<b>Rank</b>	<b>Gender</b>	<b>Percentage Distribution (%)</b>
Top management	Male	70%
	Female	30%
Supervisory level	Male	67%
	Female	33%
Officer/Officer Technical Team	Male	42%
	Female	58%

### **Staff Engagement and Wellness programmes**

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

### **Employee training and Development**

During the year, the Authority implemented 100% of its training in the Approved training plan for purposes of upscaling the staff functional and leadership capacity. As part of Continuous Professional Development, the Authority Professional staff were sponsored to attend both local and international events to remain in good standing.

The Authority subscribed to both regional and international bodies for purposes of enabling staff to attend conferences and trainings in the pension industry to enhance their skills.

Mentorship and coaching programs continued to be undertaken during the year, the Authority engaged 43 interns and attaches for purposes of up-scaling and transfer of skills.

### **Performance Management**

The Authority considers individual performance and rewards employees for their contribution in a fair and equitable manner. The Performance Management System has been designed to achieve this objective. The Corporate targets are drawn from the Strategic Plan and signed a Performance Contract with Government for the FY 2022/2023. At the individual level the Authority has deployed the Balanced Scorecard principles while developing Individual Performance targets. The Individual Targets are reviewed at the end of the Financial Year and forms the basis for rewards and sanction.

### **Employee Safety**

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

### **Market place practices**

#### **a) Responsible Competition Practice:**

During the year, procurement opportunities for the provision of goods, services, and job advertisements were posted on the Authority's website and in public media. Special efforts were made to reach out to persons with disabilities through the National Council for Persons with Disability portal. The Authority continued to adhere to the Public Procurement and Disposal Act and its associated regulations. Procurement opportunities reserved for special categories are clearly marked as such, while those open to all categories are advertised similarly. Suppliers are required to sign Anti-Corruption clauses, and any supplier engaged in corruption is disqualified from bidding. To enhance transparency and accountability, independent tender opening and evaluation committees are appointed to assess tenders. Tender openings were conducted in the presence of all bidders, with bid prices announced publicly.

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

**b) Responsible Supply Chain and Supplier Relations:**

The Authority has developed guidelines for Treating Customers Fairly, which are widely implemented in the industry. In the year under review, the Authority organized supplier sensitization forums to highlight available procurement opportunities, as well as the rights and obligations of suppliers. Additionally, the Authority conducted customer satisfaction surveys for both internal and external customers, with results indicating an upward trend in satisfaction levels. The credit period for payment to suppliers is 30 days, and during the reporting period, the Authority paid suppliers within an average of 5 days upon satisfactory service delivery and submission of required documentation. There were no outstanding bills owed to suppliers at the close of the financial year.

**c) Responsible Marketing and Advertisement:**

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

**d) Product Stewardship:**

The Authority has established guidelines for treating customers fairly. Inspection teams are routinely appointed to verify the safety and quality of products and services before payments are processed. The Authority actively seeks feedback on the products and services it provides.

**Corporate Social Responsibility and partnerships**

The Authority undertook several CSR activities which included donation of medical equipment to Kenyatta National Hospital for its cancer ward for children.



The Authority also donated fortified food to vulnerable communities in Marsabit County in response to famine. The Authority also partnered with Federation of Kenya Employers to sensitize employers on the need to have pension savings plan for their employees.

## Environmental Performance



RBA staff led by CEO Mr. Charles Machira with Kenya Forest Service staff during Tree planting exercise at Ngong Road Forest on 11 May 2023.

In response to the Presidential directive on tree growing and restoration campaign, the Authority partnered with Kenya Forest Service to plant trees at Ngong Road Forest, Nairobi.

During the contract period, the Authority implemented two (2) presidential directives on buying locally manufactured textile, and planting 2,000 trees. The Authority planted 2,200 trees during the year, thus exceeding the target of 2,000 trees.

## **11. REPORT OF THE DIRECTORS**

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

### **i) Principal activities**

The principal activities of the Authority are:

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

### **ii) Results**

The results of the Authority for the year ended June 30, 2023, are set out on page 1 to 6.

### **iii) Directors**

The members of the Board of Directors who served during the year are shown on page xlix. During the year, two (2) directors retired and one director and the Chairman of the Board were appointed with effect from 7<sup>th</sup> February 2023 & 10<sup>th</sup> February 2023, respectively.

### **iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. For purposes of this provision, the Authority remitted Kshs. 208.7 million to the national exchequer. The Authority in addition transferred Kshs. 150 million following rationalizations of the budget.

### **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: Praxidis Saisi**

**Corporation Secretary/Secretary to the Board**

## **12. STATEMENT OF DIRECTORS RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the Retirement Benefits Authority's financial statements, which give a true and fair view of the state of affairs of the Authority as at the end of the financially year ended on 30th June 2023. This responsibility includes:

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

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Retirement Benefits Act, 1997. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of transactions during the financial period, and of the financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.


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

**Retirement Benefits Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

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**Approval of the financial statements**

The Authority's financial statements were approved by the Board on 8<sup>th</sup> Sept 2023  
and signed on its behalf by:



.....

**NELSON HAVI**  
CHAIRMAN OF THE BOARD

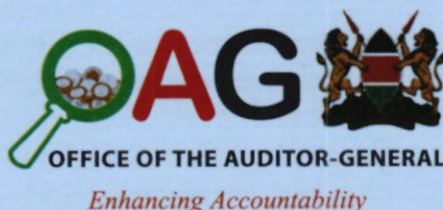


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**CHARLES MACHIRA**  
CHIEF EXECUTIVE OFFICER

# REPUBLIC OF KENYA

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



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

## **REPORT OF THE AUDITOR-GENERAL ON RETIREMENT BENEFITS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023**

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

An unmodified opinion does not necessarily mean that 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 Retirement Benefits Authority set out on pages 1 to 29, which comprise of the statement of financial position as at

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Retirement Benefits Authority as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Retirement Benefits Act, 1997.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.1,012,413,000 and Kshs.872,670,805 respectively resulting to an under-expenditure of Kshs.139,742,195 or 14% of the budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

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

### **Conclusion**

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

## **Basis for Conclusion**

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall 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 to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 controls 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
 FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**


**12 February, 2024**

**Retirement Benefits Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Revenue from non-Exchange	6	1,110,153,985	1,066,866,818
		<b>1,110,153,985</b>	<b>1,066,866,818</b>
<b>Revenue from exchange transactions</b>			
Revenue from Exchange Transactions	7	31,986,464	21,774,647
Other income	8	4,336,285	1,379,833
		<b>36,322,748</b>	<b>23,154,480</b>
<b>Total Revenue</b>		<b>1,146,476,733</b>	<b>1,090,021,298</b>
<b>Expenses</b>			
Employee costs	9	369,654,627	367,491,473
Remuneration of Directors	10	29,892,369	22,075,062
Depreciation and Amortization Expense	11	42,125,526	42,948,636
Repairs and maintenance	12	12,903,155	8,535,375
General expenses	13	416,827,761	402,066,800
Finance costs	14	1,267,367	1,149,482
<b>Total expenses</b>		<b>872,670,805</b>	<b>844,266,828</b>
<b>Other gains/(losses)</b>			
<b>Gross Surplus for the period</b>		<b>273,805,929</b>	<b>245,754,470</b>
<b>Surplus before tax</b>		<b>273,805,929</b>	<b>245,754,470</b>
Provision Remission to National Treasury	21	246,425,336	221,179,023
<b>Net Surplus /deficit for the year</b>		<b>27,380,593</b>	<b>24,575,447</b>

The notes set out on pages 11 to 27 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 27 were signed on behalf of the Board of Directors by:

  
.....

**Charles Machira**  
CEO

Date

  
.....

**Sarah Baraza**  
Head of Finance  
ICPAK M/No: 8141

Date

  
.....

**Nelson Havi**  
Chairman of the Board

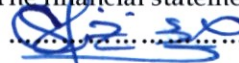
Date

**Retirement Benefits Authority  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

**15. STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2023**

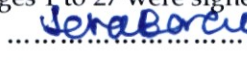
	Note	2022-2023	2021-2022
Assets		Kshs	Kshs
<b>Current assets</b>			
Cash and cash equivalents	15	757,886,985	813,311,993
Receivables from Non-Exchange Transactions	16	18,729,036	21,318,947
Prepayments from Exchange Transactions	17	1,804,500	605,625
<b>Total Current Assets</b>		<b>778,420,521</b>	<b>835,236,565</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	83,207,313	100,521,482
Intangible Assets	19	64,590,889	71,390,130
Investments (deposits)	20	406,630,747	403,789,406
<b>Total non - current assets</b>		<b>554,428,949</b>	<b>575,701,018</b>
<b>Total assets</b>		<b>1,332,849,470</b>	<b>1,410,937,583</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Payable to National Treasury	21	109,866,718	222,155,012
Insurance Claims held in Trust	22	49,600,000	19,800,000
Employers Obligations	23	67,742,313	61,055,545
Creditors	24	73,009,900	114,575,516
<b>Total current liabilities</b>		<b>300,218,931</b>	<b>417,586,073</b>
<b>Non-current liabilities</b>			
<b>Net Assets</b>		<b>1,032,630,539</b>	<b>993,351,510</b>
<b>Total liabilities</b>			
<b>Net assets</b>			
Capital Fund	25	330,707,821	330,707,821
Accumulated surplus	26	701,922,719	662,643,689
<b>Total net assets</b>		<b>1,032,630,539</b>	<b>993,351,510</b>
<b>Total net assets and liabilities</b>		<b>1,332,849,470</b>	<b>1,410,937,583</b>

The financial statements set out on pages 1 to 27 were signed on behalf of the Board of Directors by:

  
.....

Charles Machira

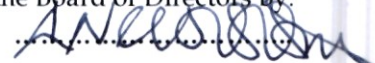
CEO

  
.....

Sarah Baraza

Head of Finance

ICPAK M/No: 8141

  
.....

Nelson Havi

Chairman of the Board

Date: 26/01/2024

Date: 26/01/2024

Date: 26/01/2024

**Retirement Benefits Authority  
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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023**

	<b>Capital Fund</b>	<b>Accumulated Surplus</b>	<b>Total Fund</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 1 July 2022</b>	330,707,821	662,643,689	993,351,510
Prior Year adjustments (24b)		11,898,436	11,898,436
Surplus/Deficit for the period		27,380,593	27,380,593
Surplus Paid			
<b>At 30 June 2023</b>	<b>330,707,821</b>	<b>701,922,719</b>	<b>1,032,630,539</b>
<b>At 1 July 2021</b>	330,707,821	642,112,210	972,820,031
Prior year adjustments	-	(4,043,968)	(4,043,968)
Surplus/Deficit for the period	-	24,575,447	24,575,447
Surplus Paid			
<b>At 30 June 2022</b>	<b>330,707,821</b>	<b>662,643,689</b>	<b>993,351,510</b>

**Retirement Benefits Authority**  
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**17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023**

		<b>2022-2023</b>	<b>2021-2022</b>
		<b>Kshs</b>	<b>Kshs</b>
Cash flows from operating activities: -	<b>NOTE</b>		
Net Surplus of the year		27,380,593	24,575,447
Adjusted for:			
Depreciation written back	<b>11</b>	42,125,526	42,948,636
Adjustment	<b>24(b)</b>	11,898,437	(4,043,968)
		<b>81,404,555</b>	<b>63,480,115</b>
Working capital changes			
(Increase)/Decrease in receivable	<b>16-17</b>	1,391,036	7,694,683
Increase / (Decrease) in payable	<b>21-24</b>	(117,367,142)	60,569,216
Cash generated from operations		<b>(115,976,107)</b>	<b>68,263,899</b>
Net cash flows from operating activities		<b>(34,571,551)</b>	<b>131,744,014</b>
Cash flows from financing activities: -			
Purchase of Property & Equipment	<b>18</b>	(18,012,116)	(34,404,489)
Proceeds from Sale of Assets			
Net cash used in investing activities		<b>(18,012,116)</b>	<b>(34,404,489)</b>
Net cash used in financing activities: -			
Increase in deposits	<b>20</b>	(2,841,341)	(18,906,470)
(Decrease)/Increase in Staff Benevolent Fund			
Net cash used in financing activities		(2,841,341)	(18,906,470)
Net increase/(decrease) in cash and cash equivalent in the year		<b>(55,425,008)</b>	<b>78,433,055</b>
Cash and cash equivalents as 1 July		813,311,993	734,878,938
Cash and cash equivalents as 30 June		<b>757,886,985</b>	<b>813,311,993</b>

**Retirement Benefits Authority**  
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**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2023**

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	%Var	Notes
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Fees Income	3,450,000		3,450,000	3,800,000	350,000	10%	
Interest from Bank Deposit	4,000,000		4,000,000	3,147,409	(852,591)	-21%	i.
Investment Income	40,000,000		40,000,000	28,839,055	(11,160,945)	-28%	ii.
Miscellaneous Income	6,000,000		6,000,000	4,296,815	(1,703,185)	-28%	iii.
Retirement Benefits Levy	1,089,683,200		1,089,683,200	1,104,852,337	15,169,137	1%	
Statutory Penalty	-		-	1,501,648	1,501,648	100%	iv.
Tribunal Fees	300,000		300,000	39,470	(260,530)	-87%	v.
Revenue from development partners	20,000,000		20,000,000	-	(20,000,000)	-100%	vi.
<b>Total Trading Income</b>	<b>1,163,433,200</b>		<b>1,163,433,200</b>	<b>1,146,476,733</b>	<b>(16,956,467)</b>		
<b>Expense</b>		-					
Bank Charges	1,200,000	70,000	1,270,000	1,267,367	2,633	0%	
Board Expenses	29,994,700	-	29,994,700	29,892,369	102,331	0%	
Cleaning Expenses	4,000,000	(1,500,000)	2,500,000	1,764,150	735,850	29%	vii.
Consumer sensitization	5,927,600	1,811,650	7,739,250	6,714,153	1,025,097	13%	viii.
Depreciation	55,000,000	-	55,000,000	42,125,526	12,874,474	23%	ix.
Financial Literacy (Scheme Visit)	344,000	-	344,000	-	344,000	100%	x.
Hire of Equipment	1,948,800	(1,948,800)	-	-	-	0%	
Information Technology Systems	48,395,739	1,102,900	49,498,639	42,536,768	6,961,871	14%	xi.
Library Expenses	3,282,000	2,000,000	5,282,000	2,936,602	2,345,398	44%	xii.
Maintenance Insure & Security of Equipment	9,660,000	250,000	9,910,000	6,531,603	3,378,397	34%	xiii.
Medical Expenses	35,817,600	-	35,817,600	28,303,294	7,514,306	21%	xiv.
Market conduct	58,795,500	(158,599)	58,636,901	57,776,396	860,505	1%	
Motor Vehicle Maintenance & Security	3,520,000	2,862,000	6,382,000	6,371,552	10,448	0%	
Office Running Expenses	2,036,940	65,000	2,101,940	2,073,215	28,725	1%	

**Retirement Benefits Authority**  
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	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	%Var	Notes
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023		
Catering services	4,238,750	3,049,000	7,287,750	7,304,264	(16,514)	0%	
Pension Contribution	49,459,760	-	49,459,760	42,345,773	7,113,987	14%	xv.
Pension Education (Electronic Media)	17,846,000	(7,655,000)	10,191,000	2,897,200	7,293,800	72%	xvi.
Personnel Emoluments	340,531,000	-	340,531,000	299,005,560	41,525,440	12%	xvii.
Post & Telephone	5,000,000	-	5,000,000	3,856,898	1,143,102	23%	xviii.
Power & Lighting	8,000,000	(800,000)	7,200,000	6,496,867	703,133	10%	
Professional Charges	77,245,900	(21,638,500)	55,607,400	42,825,365	12,782,035	23%	xix.
Rent & Ground Rates	46,529,140	-	46,529,140	43,737,430	2,791,710	6%	
Research & Development	54,139,700	10,226,100	64,365,800	57,523,133	6,842,667	11%	xx.
Sports & Recreation	9,541,571	1,184,000	10,725,571	9,977,645	747,926	7%	
Training & Development	30,000,000	662,799	30,662,799	29,292,190	1,370,609	4%	
Travel & Accommodation	48,405,600	4,823,000	53,228,600	52,228,638	999,962	2%	
Tribunal Expenses	7,673,500	-	7,673,500	2,249,495	5,424,005	71%	xxi.
Conference services	9,999,500	145,450	10,144,950	7,229,180	2,915,770	29%	xxii.
Promotional Materials	7,575,000	-	7,575,000	4,316,812	3,258,188	43%	xxiii.
Sponsorship	4,857,800	338,000	5,195,800	5,157,365	38,435	1%	
Supervision of Schemes	18,501,200	-	18,501,200	13,318,784	5,182,416	28%	xxiv.
Hire of Transport	2,000,000	1,700,000	3,700,000	3,406,956	293,044	8%	
Printing and Stationery	4,500,000	1,500,000	6,000,000	2,724,530	3,275,470	55%	xxv.
Subscription to Professional Bodies	6,445,700	1,911,000	8,356,700	8,483,724	(127,024)	-2%	
<b>Total Expenses</b>	<b>1,012,413,000</b>	<b>-</b>	<b>1,012,413,000</b>	<b>872,670,805</b>	<b>139,742,195</b>	<b>14%</b>	
Gain/loss on Sale of Assets		-					
<b>Surplus before 90% provision</b>				<b>273,805,929</b>			
<b>Surplus before Tax Transferred to G/Fund</b>		-		<b>246,425,336</b>			
<b>Surplus Fund after 90%</b>	-	-		<b>27,380,593</b>			

## NOTES TO THE BUDGET STATEMENT

### i. Interest from Bank Deposit

The Authority had set a target to earn Kshs. 4 million in interest from bank deposits. However, during the period, the actual interest earned amounted to Kshs. 3.1 million, resulting in a negative variance of Kshs. 0.9 million. This variance can be attributed to a decrease in the amount of bank deposits, which consequently reduced the interest earned.

### ii. Investment income

Investment income for the Authority is primarily generated from investments in treasury bills. Funds that are not immediately required are invested to generate additional income. In the current year, the Authority had projected an earnings target of Kshs. 40 million, but the actual income earned amounted to Kshs. 28.8 million. The lower investment income can be attributed to the fact that the funds available for placement in treasury bills were lower than anticipated during the budgeting cycle, resulting in a negative variance.

### iii. Miscellaneous income

Miscellaneous income for the Authority includes refunds from staff seconded from other government institutions, retirement planning seminars and partner association bodies like Alliance for Financial Inclusion (AFI). The projected income was Kshs. 6 million, however, the actual amount received was Kshs. 4.3 million.

### iv. Statutory Penalties

Income from statutory penalties is not factored into the Authority's budget. However, during the year, the Authority earned Kshs 1.5 million through penalties imposed on non-compliant service providers and retirement benefits schemes.

### v. Tribunal Fees

The tribunal fees budgeted for the period were Kshs 300,000, but the actual amount received was Kshs 39,470, resulting in a significant shortfall. The Tribunal had initially expected a higher number of cases to be processed during this time, but in reality, only a small number of cases were actually filed with the Tribunal.

### vi. Revenue from development partners

Disbursement was not done due to delayed onboarding of the consultant who has since been onboarded. The work is expected to be completed by December 2023.

### vii. Cleaning Expenses

The cleaning expenses for the year totalled Kshs 1.7 million, which was 29% lower than the budgeted amount of Kshs 2.5 million. This difference was attributed to the budgeted provisions for additional office space, which were not utilized because the space had not been acquired during the period resulting to savings.

### viii. Consumer Sensitization

The actual expenditure stood at Kshs 6.7 million against the budget of Kshs 7.7 million resulting to under spending of Kshs 1.03 million which was attributable to combination of activities within the same regions.

### ix. Depreciation

The actual expenditure amounted to Kshs 47.3 million, which was below the budgeted amount of Kshs 55 million, resulting in a variance of Kshs 7.6 million. The Authority had planned to acquire capital assets during the year. However, a portion of the budget allocated for this purpose was rationalized, and delays in

the acquisition of capital items due to supply constraints from the vendors further contributed to the lower utilization of funds.

**x. Financial Literacy (Scheme Visit)**

The Authority had initially allocated funds to engage registered retirement benefits schemes targeting the informal sector. However, the plan changed when a joint literacy forum was proposed in collaboration with other joint financial sector regulators. The objective was to focus on and conduct financial literacy forums that would accommodate all financial sector regulators, specifically targeting the informal sector across various sub-sectors. However, the event did not take place as scheduled, leading to underspending of the allocated funds.

**xi. Information Technology System**

The Authority incurred expenditures of Kshs 42.5 million, which was lower than the budgeted amount of Kshs 49.5 million. The budgeted amount was intended for the annual renewal of licenses for the various systems operated within the Authority. Further, the budget accounted for the acquisition of new licenses and computer accessories for new staff members who were planned to be recruited during the year. However, the recruitment process is still ongoing. As a result, the Authority achieved a savings of Kshs 6.9 million

**xii. Library Expenses**

The Authority had included the procurement of library books in its plans to enrich knowledge. However, the under-expenditure experienced was attributed to delays in procuring the budgeted library books during the last quarter of the year.

**xiii. Maintenance, Insurance & Security of Equipment**

The Authority spent Kshs.6.5 million of the budgeted Kshs 9.9 million in insurance and maintenance of security of equipment. The ICT infrastructure and related security is monitored on a continuous basis with period maintenance done on the servers, printers, back-ups, fire detection systems, servers and security systems. Further, the maintenance of office equipment is carried out on need basis and therefore due to this the actual maintenance carried out in the year was lower than anticipated.

**xiv. Medical Expenses**

Kshs 35.8 million was allotted for medical expenses with the actual expenditure amounted to Kshs 28.3 million. The Authority had anticipated a potential rise in medical expenses for both in-patient and out-patient services. Similarly, the budget had accounted for the projected recruitment of additional staff members.

**xv. Pension Contribution**

The Authority had budgeted Kshs 49.5 million, but the actual expenditure amounted to Kshs 42.3 million. The underspending was primarily attributed to the ongoing recruitment of new staff and the transition of certain staff members to contractual terms following the implementation of the Human Resource Instrument.

**xvi. Pension Education (Electronic Media)**

The Authority budgeted to spend Kshs.10.2 million; however, the actual expenditure stood at Kshs.2.9 million. The under expenditure was due to longer production time of the infomercials than anticipated.

**xvii. Personnel Emoluments**

The expenditure of Kshs. 299.0 million was below the budgeted amount of Kshs 340 million. The Authority has been

actively engaged in an ongoing recruitment process to onboard new staff members in accordance with the approved Human Resource Instruments, aiming to fill the vacancies created by departing employees. This recruitment process is currently in progress and will continue into the next financial year.

**xviii. Post and Telephone**

The Authority budgeted Kshs. 5.0 million for the expense, but the actual expenditure amounted to Kshs. 3.8 million, resulting in a favourable variance of Kshs. 1.2 million. The savings were achieved through reduced usage of postal services, as well as the adoption of alternative communication methods such as emails and virtual meetings with stakeholders.

**xix. Professional Charges**

The Authority had budgeted Kshs 56.5 million for expenditure, but the actual costs amounted to Kshs 43.7 million, resulting in a variance of Kshs 12.5 million. The underspending occurred due to two main factors. Firstly, there was a reduction in expenses related to contracting professionals who supported the Authority in implementing and certifying new quality management systems, namely business continuity management systems, information security management systems, and knowledge management systems, in line with certification requirements. Secondly, cost savings were achieved through a partnership with Huduma Center, which facilitated pilot visits and clinics in various counties to enhance the outreach of services.

**xx. Research & Development**

The budget was Kshs 64.4 million versus the actual of Kshs 57.5 million. The under expenditure is due to some of the planned activities which were dependent on the

schedule of other organizations such as the Development of National Retirement Benefits Policy which is largely driven by the National Treasury and the research papers which were ongoing as at the end of the financial year.

**xxi. Tribunal Expenses**

During the year, the Tribunal incurred amount was Kshs. 2.2 million out of the 7.7 million allotted to it. This significant variance can be attributed to the fact that the Authority had planned for a fully constituted tribunal. However, the tribunal was not constituted as expected until latter part of the year, resulting in lower expenditure.

**xxii. Conference Services**

The Authority had budgeted Kshs 10.2 million, but the actual expenditure amounted to Kshs 7.2 million, resulting in a variance of Kshs 3.0 million. This variance can be attributed to fewer engagement sessions and a shift towards utilizing virtual meetings for training service providers on the Authority's implemented e-portals. Furthermore, the decrease and postponement of some meetings with local and regional associations also contributed to the lower expenditure. The Authority also achieved savings from activities undertaken during the year related to management systems.

**xxiii. Promotional materials**

A saving of Kshs.3.3 million was realized due to cost-effectiveness in procurement of promotional materials.

**xxiv. Supervision of Schemes**

During the period, the Authority's expenditure amounted to Kshs. 13.3 million, which was lower than the budgeted amount of Kshs. 18.5 million. The variance of Kshs. 5.2 million can be attributed to consolidation of several

planned activities relating to the regulatory framework that resulted in savings to the institution.

xxv. **Printing and Stationery**

The Authority spent Kshs. 2.7 million versus the budget of Kshs. 6 million in replenishment of stationery, resulting in a saving of Kshs.3.3million.

## NOTES TO THE FINANCIAL STATEMENT

### 1. General Information

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

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

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

The financial statements are presented in Kenya shillings, which is the functional and reporting currency. The financial statements have been prepared in accordance with PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Adoption of new and revised standards

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

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

The amendments to IPSAS 5, 30,33 41, and 29 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on its financial statements.

IPSAS 42 on disclosure of information on social benefits has no significant impact on the Authority's financial statements as the Authority does not operate social benefit schemes.

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

The proposed amendment to IPSAS 43 which will be effective 1<sup>st</sup> January 2025 will impact on the reporting of the operating. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions.

IPSAS 44 amendment of standard on Non- Current Assets Held for Sale and Discontinued Operations effective 1<sup>st</sup> January 2025 may not have any impact as the Authority does not foresee discontinuing its business.

#### **4. Summary of significant accounting policies**

##### **a) Revenue From non-exchange transaction**

###### **i. Regulatory Fees**

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

###### **ii. Licensing fees**

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

##### **b) Revenue from exchange transaction**

###### **i. interest income**

Interest income from investments and deposits is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### **c) Taxes- IAS 12**

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

**d) Budget information:**

The original budget for FY 2022/23 was approved by the National Treasury on 24<sup>th</sup> June 2022. Subsequent revisions were made to the approved budget in accordance with specific approvals from the Authority's board and National Treasury. The Authority's budget statement is prepared on accrual basis, a comparison of budget and actual amounts is prepared on a comparable basis to the approved budget.

**e) Property, plant and equipment- IPSAS 17**

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

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

**f) Leases**

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

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

The Authority at initial recognition measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The financial assets of the Authority (investments) are measured at amortized cost as the objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

**j) Trade and other receivables**

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

**k) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions is part of the inventory. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

**l) Provisions**

Provisions are recognized when the Authority has a present obligation (legal or constructive) 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.

**m) Contingent liabilities**

The Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**n) Contingent assets**

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

**o) Nature and purpose of reserves**

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

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

**p) Changes in accounting policies and estimates- IPSAS 3**

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

**q) Employee benefits**

**Retirement benefit plans**

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

**r) Foreign currency transactions - IPSAS 4**

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

**s) Related parties**

The Authority regards a related party as a person or an Entity with the ability to exert control individually or jointly, or to exercise significant influence over the *Authority*, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**u) Comparative figures**

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

**v) Subsequent events - IPSAS 14**

There have been no events subsequent to the financial year-end with a significant impact on the Quarterly financial statements for the period ended 30<sup>th</sup> June 2023

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

- a) The condition of the asset based on the assessment of experts employed by 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 40. 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.

6. Revenue from Non-Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Retirement Benefits Levy	1,104,852,337	1,061,641,301
Service Provider Licensing Fee	3,800,000	3,600,000
Statutory Penalty	1,501,648	1,625,517
<b>Total</b>	<b>1,110,153,985</b>	<b>1,066,866,818</b>

7. Revenue from Exchange Transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest income from Treasury Bills	28,839,055	17,561,714
Interest income from bank deposits	3,147,409	4,212,933
<b>Total</b>	<b>31,986,464</b>	<b>21,774,647</b>

8. Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Tribunal Fee	39,470	50,255
Miscellaneous Income	4,296,815	1,329,578
<b>Total</b>	<b>4,336,285</b>	<b>1,379,833</b>

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Personnel Cost	299,005,560	294,216,613
Pension contributions	42,345,773	45,592,893
Medical expenses	28,303,294	27,681,968
<b>Total</b>	<b>369,654,627</b>	<b>367,491,474</b>

10. Remuneration of Directors

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	960,000	880,000
Directors' emoluments	28,932,369	21,195,062
<b>Total</b>	<b>29,892,369</b>	<b>22,075,062</b>

### 11. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Depreciation Property, plant and equipment	28,513,049	25,101,104
Amortization of Intangible Assets	13,612,477	17,847,532
<b>Total</b>	<b>42,125,526</b>	<b>42,948,636</b>

### 12. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Equipment and machinery	6,531,603	3,333,662
Motor Vehicle	6,371,552	5,201,714
<b>Total</b>	<b>12,903,155</b>	<b>8,535,376</b>

### 13. General Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Market conduct	57,776,396	25,738,006
Pension Industry Development	2,897,200	8,795,800
Consumer sensitization	6,714,153	15,533,352
Supervision of schemes	13,318,784	9,724,176
Professional Charges	42,825,365	47,214,125
Conference services	7,229,180	4,998,770
Cleaning Expenses	1,764,150	1,596,500
Power & Lighting	6,496,867	5,935,236
Official Entertainment	7,304,264	3,171,357
Office Running Expenses	2,073,215	1,331,300
Library Expenses	2,936,602	799,876
Rent & Ground Rates	43,737,430	43,927,273
Training & Development	29,292,190	26,866,292
Staff welfare- Sports & recreation	9,977,645	10,610,989
Post & Telephone	3,856,898	4,009,839
Travel & Accommodation	52,228,638	63,100,612
Tribunal expenses	2,249,495	12,962,458
Hire of Equipment	-	429,754
Hire of Transport	3,406,956	4,128,094
Research & Development	57,523,133	38,464,129
Information & Technology Systems	42,536,768	49,249,678
Printing & stationery expenses	2,724,530	5,969,649
Promotional Materials	4,316,812	3,533,365

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Sponsorship	5,157,365	6,224,755
Subscription to Professional Bodies	8,483,724	7,751,415
<b>Total General Expenses</b>	<b>416,827,761</b>	<b>402,066,800</b>

**14. Finance costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank charges	1,267,367	1,149,482
<b>Total</b>	<b>1,267,367</b>	<b>1,149,482</b>

**15. Cash and cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>a) Cash at Bank and Hand</b>		
KCB-Milimani (Main Account)	2,275,940	35,905,389
KCB-Milimani (Revenue A/C)	62,005,468	161,126,963
ABSA Bank Ltd (Office Account)	-	645,104
NCBA Bank Ltd	11,001,577	27,076,976
Cash in Hand	-	11,561
<b>Sub-total</b>	<b>75,282,985</b>	<b>224,765,993</b>
<b>Treasury Bills Investment</b>		
CBK- 91 Treasury Bills	682,604,000	588,546,000
<b>Sub-total</b>	<b>682,604,000</b>	<b>588,546,000</b>
<b>Total</b>	<b>757,886,985</b>	<b>813,311,993</b>

**16. Receivable from Non-Exchange Transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest receivable on T-bills	11,764,813	3,291,758
RBA Levy Receivable	6,964,223	18,027,188
<b>Total current receivables</b>	<b>18,729,036</b>	<b>21,318,947</b>

**17. Receivables from Exchange Transactions**

Description	2022-2023	2021-2022
	Kshs	Kshs
Sundry Debtors	2,724,147	1,525,272
Provision for doubtful debt	(919,647)	(919,647)
	<b>1,804,500</b>	<b>605,625</b>

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**18. Property, Plant and Equipment**

	Motor Vehicles	Furniture and fittings	Plant & Equipment	Computer & Accessories	Total
<b>COSTS</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>
At 1 July 2022	43,612,067	50,124,078	225,618,734	34,298,651	353,653,530
Additions		704,400	2,919,480	7,575,000	11,198,880
Disposals					
Transfers/ adjustments					
At 30th June 2023	43,612,067	50,828,478	228,538,214	41,873,651	366,502,410
At 1 July 2021	43,612,067	48,973,125	223,860,152	2,803,697	319,249,041
Additions		1,150,953	1,758,582	31,494,954	34,404,489
Disposals					
Transfers/ adjustments	-	-	-		
<b>At 30th June 2022</b>	<b>43,612,067</b>	<b>50,124,078</b>	<b>225,618,734</b>	<b>34,298,651</b>	<b>353,653,530</b>
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1st July 2021	34,512,333	29,881,858	162,228,486	1,408,267	228,030,944
Depreciation	2,274,934	2,450,045	18,731,402	1,644,723	25,101,104
Disposals					
Transfers/ adjustments					
At 30th June 2022	36,787,267	32,331,903	180,959,888	3,052,990	253,132,048
Depreciation	1,706,200	2,238,697	13,179,093	11,389,059	28,513,049
Disposals					
Transfers/ adjustments					
<b>At 30th June 2023</b>	<b>38,493,467</b>	<b>34,570,600</b>	<b>194,138,981</b>	<b>14,442,049</b>	<b>281,645,097</b>
<b>NET BOOK VALUES</b>					
<b>At 30th June 2023</b>	<b>5,118,600</b>	<b>16,257,878</b>	<b>34,399,233</b>	<b>27,431,602</b>	<b>83,207,313</b>
<b>At 30th June 2022</b>	<b>6,824,800</b>	<b>17,792,175</b>	<b>44,658,846</b>	<b>31,245,661</b>	<b>100,521,482</b>

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19. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year 01.07.2022	139,433,847	139,433,847
Additions	6,813,236	-
At end of the year 30.06.2023	146,247,083	139,433,847
Additions-internal development	-	-
At end of the year 30.06.2023	146,247,083	139,433,847
Amortization and impairment		
At beginning of the year 01.07.2022	68,043,717	50,196,185
Amortization	13,612,477	17,847,532
At end of the year 30.06.2023	81,656,194	68,043,717
Impairment loss	-	-
At end of the year 30.06.2023	81,656,194	68,043,717
NBV	64,590,889	71,390,130

20. Investments

Description	2022-2023	2021-2022
	Kshs	Kshs
RBA Rent Guarantee Deposit	8,354,778	8,354,778
KCB Car loan security account	36,005,248	36,005,248
S&L mortgage deposits	260,311,250	259,196,503
NIC car loan deposit	5,622,772	5,499,017
HFCK mortgage deposits	96,336,700	94,733,861
Total	406,630,747	403,789,406

21. Payable to National Treasury

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance b/f	222,155,012	229,765,141
90% Surplus	246,425,336	221,179,023
Advance payment to National Treasury	(150,000,000)	-
Surplus paid during the year	(208,713,630)	(228,789,152)
Total	109,866,718	222,155,012

22. Insurance Claims held in Trust

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance b/f	19,800,000	19,800,000.00
Insurance Compensations received	29,800,000	14,016,438
Insurance Compensations Paid	-	(13,584,240)
Transfer to Miscellaneous income	-	(432,198)
Total	49,600,000	19,800,000

23. Employer Benefits Obligations

Description	2022-2023	2021-2022
	Kshs	Kshs
Staff bonus	38,473,180	43,945,545
Staff gratuity	22,869,133	10,710,000
Board bonus	6,400,000	6,400,000
<b>Total</b>	<b>67,742,313</b>	<b>61,055,545</b>

24 (a). Creditors

Description	2022-2023	2021-2022
	Kshs	Kshs
RBA Levy Over Payment	15,787,014	24,551,500
Creditors	57,222,886	90,024,016
<b>Total</b>	<b>73,009,900</b>	<b>114,575,516</b>

The creditors outstanding at the end of the year relates to suppliers' payment which were yet to be paid at the end of the year but had been committed and service rendered. As at 30th June,2023 the Authority had no pending bills. The Authority is committed to meet all the financial obligation and ensure pending bills if any, does not exceed one percent of the approved budget.

24 (b). Creditors adjustment

Prior Year adjustment of Kshs 11,898,437 relating to long outstanding adjustments and settlement of vendors and customers account due to erroneously postings and also cancellation and termination of some Local Purchase Orders that were previously accrued.

25. Capital Fund

Description	2022-2023	2021-2022
	Kshs	Kshs
Capital Fund (Seed Capital)	45,457,000	45,457,000
Grant from FSSP	221,350,821	221,350,821
Additional GOK Grants (FLSTP) project	63,900,000	63,900,000
<b>Total</b>	<b>330,707,821</b>	<b>330,707,821</b>

26. Accumulated Surplus

Description	2022-2023	2021-2022
	Kshs	Kshs
General reserve fund	238,826,645	238,826,645
Net Profit (accumulated)	435,715,481	399,241,597
Net Profit (current year)	27,380,593	24,575,447
<b>Total</b>	<b>701,922,719</b>	<b>662,643,689</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. In line with this legal requirement the Authority remitted Kshs 208,713,630 to National Treasury and further transferred Kshs. 150,000,000 following budget rationalization during the year.

The Surplus Remission has been computed as follows:

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the period	273,805,929	245,754,470
90% Computation (Included in Statement of Financial Performance)	246,425,336	221,179,023

**28. Risk Management objectives and policies**

**Financial Risk Management**

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

The Authority's activities expose it to a variety of financial risks including credit, liquidity, interest rate risk, market risks and capital risk. The Authority's overall risk management policies are set out by the board and implemented by the management and focus on the unpredictability of changes in the business environment and seek to minimize the potential adverse effects of such risks on the Authority's performance by setting acceptable levels of risks. The Authority does not hedge against risk.

**Credit risk**

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Management assesses the credit quality of each customer, 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 in the policy. Management on a monthly basis monitors the utilization of the credit limits and the credit period for its customers.

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

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from non-exchange transactions	18,729,036	18,729,036	-	-
Receivables from exchange transactions	1,804,500	1,804,500	-	-
Bank balances	757,886,985	757,886,985	-	-
<b>Total</b>	<b>778,420,521</b>	<b>778,420,521</b>	-	-
<b>As at 30 June 2022</b>				
Receivables from non- exchange transactions	21,318,947	21,318,947	-	-
Receivables from exchange transactions	605,625	605,625	-	-
Bank balances	813,311,993	813,311,993	-	-
<b>Total</b>	<b>835,236,565</b>	<b>835,236,565</b>	-	-

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

**Material arrears in Statutory / financial obligations**

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

**Liquidity risk management**

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30th June 2023</b>				
Trade payables	9,452,892	3,329,791	44,440,203	57,222,886
Insurance claims	-	29,600,000	19,800,000	49,400,000
Overpaid levies	-	-	15,787,014	15,787,014
Employee benefit obligation	67,742,313	-	-	67,742,313
<b>Total</b>	<b>77,195,205</b>	<b>32,929,791</b>	<b>80,027,217</b>	<b>190,152,213</b>
<b>As at 30th June 2022</b>				
Trade payables	64,842,389	10,345,767	14,835,859	90,024,015
Insurance claims	-	-	19,800,000	19,800,000
Overpaid levies	-	-	24,551,500	24,551,500

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Employee benefit obligation	61,055,545	-	-	61,055,545
<b>Total</b>	<b>125,897,934</b>	<b>10,345,767</b>	<b>59,187,359</b>	<b>195,431,060</b>

**Market risk**

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Authority's income. The Authority has transactional currency exposures. Such exposure arises through purchases of services of especially fees for international conferences that are done in currencies other than the local currency and subscription to international organization whose invoices are in foreign currency. The Authority manages foreign exchange risk by prompt payment of invoices and competitive negotiations with commercial for favourable exchange rate.

**Interest rate risk**

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

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

**Capital Risk Management**

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

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

<b>Description</b>	<b>2022-2023 Kshs</b>	<b>2021-2022 Kshs</b>
Retained Earnings	701,922,719	662,643,689
Capital Reserve	330,707,821	330,707,821
<b>Total Funds</b>	<b>1,032,630,540</b>	<b>993,351,510</b>
Total liabilities	300,218,931	417,586,073
Less: Cash and Bank Balances	757,886,985	813,311,993
Net Debt/ (Excess Cash and Cash Equivalents)	457,668,054	395,725,920
<b>Gearing</b>	<b>31:69</b>	<b>42:58</b>

**29. Related Party Transaction**

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

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

	2022-2023	2020-2021
	Kshs	Kshs
90% remittance National Treasury	246,425,336	229,765,141
Chief Executive officer	3,200,000	9,600,000
Key Management	46,272,600	74,159,050
Board of Directors	29,892,369	5,886,796
<b>TOTAL</b>	<b>325,790,305</b>	<b>319,410,987</b>

### 30. Capital Commitments

The Authority approved budget for FY 2022/23 provided for acquisition of furniture, software and computers for facilitate the staff who were in post and those under recruited during the year. The procurement process was initiated during the 4<sup>th</sup> quarter of the financial year, as at the close of the financial year deliveries had not been done for the items outlined.

Description	Amount (Kshs.)
1. Acquisition of Furniture	1,295,600
2. Acquisition of Software	4,186,764
3. Purchase of Computers	10,920,513
<b>Total</b>	<b>16,402,877</b>

### 31. Events after the Reporting Period

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

### 32. Ultimate And Holding Entity

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

### 33. Currency

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

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**APPENDIX 1: FINANCIAL SUPPORT RECEIVED BY THE AUTHORITY FROM FSD AFRICA**

<b>NAME</b>	<b>DETAILS</b>	<b>AMOUNT (GBP) FOR FOUR YEARS</b>	<b>AMOUNT (KSHS)</b>
FSD AFRICA	Technical Assistance on Grounding ESG principles and climate-Related financial disclosure framework for Investments of pension funds	GBP 85,000	
FSD AFRICA	Technical Assistance on how pension contributors can access retirement savings for Mortgage	GBP 75,000	
<b>Total Budget</b>		GBP 160,000	
		GBP 37,770	6,896,924
	Refund for Purchase of computers		577,176
<b>Total Expenditure FY 2022-2023</b>			<b>7,474,100</b>

*Rate used GBP to Kshs 182.6*

FSD Africa and Retirement Benefits Authority entered into Cooperation Agreement in September 2022 to implement initiative towards developing the retirement benefits Sector in Kenya. Under the Agreement FSD Africa will provide Technical Assistance amounting to GBP 160,000 over four years towards the Implementation of these Initiatives.

In the Financial Year 2022-2023, the Mobilized funds for Kenya programme amounted to Kshs 7,474,100

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**APPENDIX II: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/ Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

## APPENDIX III: RETIREMENT BENEFITS INDUSTRY REPORT FOR JUNE 2023

### 1.0 OVERALL ASSETS UNDER MANAGEMENT

The retirement benefits assets under management increased by 8.09 percent from Kshs. Kshs. 1,576.22 billion in December 2022 to Kshs. 1,703.69 billion in June 2023. Compared to the same period last year, the assets grew by 12.44 percent, up from Kshs. 1,515.16 billion in June 2022. The growth of the assets during the period is partly attributed to the enhanced contributions to the mandatory scheme, NSSF, which began in earnest in February 2023 following the court of appeal ruling and the improved performance of the offshore assets arising from the exchange rate fluctuations. The fund managers and approved issuers held majority of the assets amounting to Kshs. 1,598.68 billion. The assets under management included Kshs. 261.65 billion of NSSF funds, which were managed by six (6) external fund managers. The National Social Security Fund (NSSF) internally managed a total of Kshs. 46.61 billion of investments<sup>1</sup>, while the trustees of the various schemes directly managed Kshs. 58.39 billion of property investments<sup>2</sup>.

The schemes continued to invest heavily in government securities which accounted for 47.79 percent of the total assets under management. This was followed by guaranteed funds which accounted for 19.19 percent. Investments in immovable property and quoted equities accounted for 14.46 percent and 10.22 percent of the total assets under management respectively. Most of the investments during the first half of the year recorded some growth except quoted equities, immovable property and listed corporate bonds. The quoted equities recorded a negative growth of 19.14 percent with the investments dropping from Kshs. 215.24 billion in December 2022 to Kshs. 174.05 billion in June 2023, the listed corporate bonds recorded a negative growth of 3.64 percent with assets declining from Kshs. 7.82 billion in December 2022 to Kshs. 7.54 billion in June 2023 while immovable property recorded a marginal negative growth of 0.85 percent with investments declining from Kshs. 284.42 billion in December 2022 to Kshs. 246.31 billion in June 2023. The investment trend tends to shift towards “safer” or less volatile assets such as government securities, guaranteed funds and fixed deposits. The investments in fixed deposits increased sharply by 60.25 percent from Kshs. 42.23 billion in December 2022 to Kshs. 67.68 billion in December 2023 while the offshore investments increased from Kshs. 14.13 billion to Kshs. 23.13 billion in June 2023 recording increase of 63.65 percent.

Investment in alternative assets such as private equity & venture capital continued to be attractive to schemes due their diversification effects, which increased by 50.76 percent during the period, rising from Kshs. 3.56 billion in December 2022 to Kshs. 5.37 billion in June 2023. Investment in REITS increased sharply during the period from Kshs. 283 million in December 2022 to Kshs. 10.64 billion in June 2023 due to the addition of

unlisted REITs -Acorn Student Accommodation Development REIT amounting to Kshs. 3.45 billion which was previously captured under investment under the “any other assets” category. The addition of unlisted REITs followed the amendment of the retirement benefits

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<sup>1</sup> This includes property amounting to Kshs. 39.14 billion; Quoted equities, Kshs. 4.02 billion; fixed deposits, Kshs. 2.54 billion and unlisted shares, Kshs. 900 million.

<sup>2</sup> The data of the internally managed property was extracted from the Schemes Financial Accounts for the year 2021 and 2022. The decrease in the internally managed property over the periods can be attributed to the directive issued by the Authority requiring schemes to relinquish the investment of scheme funds to fund managers.

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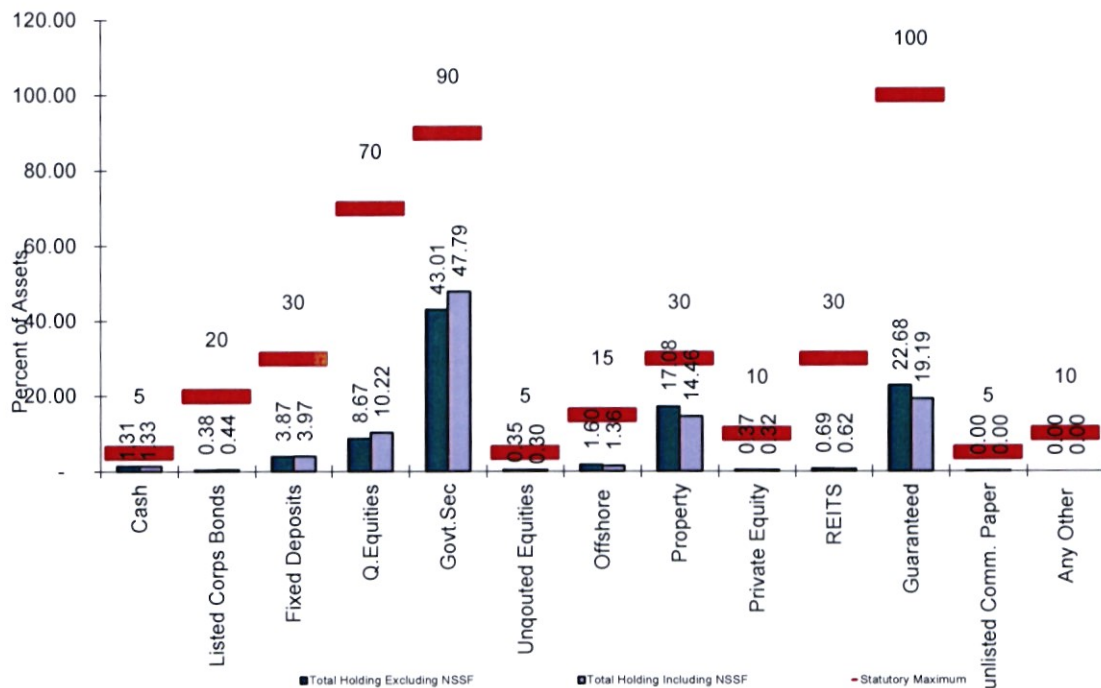
(form and fees) regulations through legal notice No. 72 of 4<sup>th</sup> April 2022 to include unlisted REITs as an asset class under the listed and unlisted REITs approved by the Capital Markets Authority. The table below provides detailed aggregate investments by schemes in the various asset class category.

**OVERALL INDUSTRY INVESTMENT PORTFOLIO (KSHS. BILLION)**

	Assets Category	June 2021		December 2021		June 2022		December 2022		June 2023	
		Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%
1	Government Securities	652.11	44.12	706.99	45.69	695.51	45.90	722.04	45.81	814.26	47.79
2	Quoted Equities	249.79	16.90	254.60	16.45	206.13	13.60	215.24	13.66	174.05	10.22
3	Immovable Property	247.35	16.73	254.51	16.45	239.22	15.79	248.42	15.76	246.31	14.46
4	Guaranteed Funds	247.52	16.74	259.79	16.79	284.51	18.78	298.01	18.91	326.99	19.19
5	Listed Corporate Bonds	2.90	0.20	6.80	0.44	7.40	0.49	7.82	0.50	7.54	0.44
6	Fixed Deposits	37.07	2.51	27.85	1.80	36.42	2.40	42.23	2.68	67.68	3.97
7	Offshore	16.73	1.13	19.41	1.25	15.24	1.01	14.13	0.90	23.13	1.36
8	Cash	17.91	1.21	9.54	0.62	20.66	1.36	16.79	1.07	22.62	1.33
9	Unquoted Equities	3.40	0.23	3.48	0.23	4.38	0.29	4.99	0.32	5.08	0.30
10	Private Equity	2.50	0.17	2.96	0.19	3.40	0.22	3.56	0.23	5.37	0.32
11	REITS	0.14	0.01	0.37	0.02	0.27	0.02	0.28	0.02	10.64	0.62
12	Commercial Paper, Non-listed bonds by Private companies	0.02	0.001	0.01	0.00	0.02	0.001	0.03	0.00	0.03	0.002
13	Any Other Assets	0.73	0.05	1.12	0.07	2.00	0.13	2.67	0.17	-	-
	<b>TOTAL</b>	<b>1,478.18</b>	<b>100.00</b>	<b>1,547.43</b>	<b>100.00</b>	<b>1,515.16</b>	<b>100.00</b>	<b>1,576.22</b>	<b>100.00</b>	<b>1,703.69</b>	<b>100.00</b>

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

OVERALL INDUSTRY INVESTMENT VS STATUTORY MAXIMUM



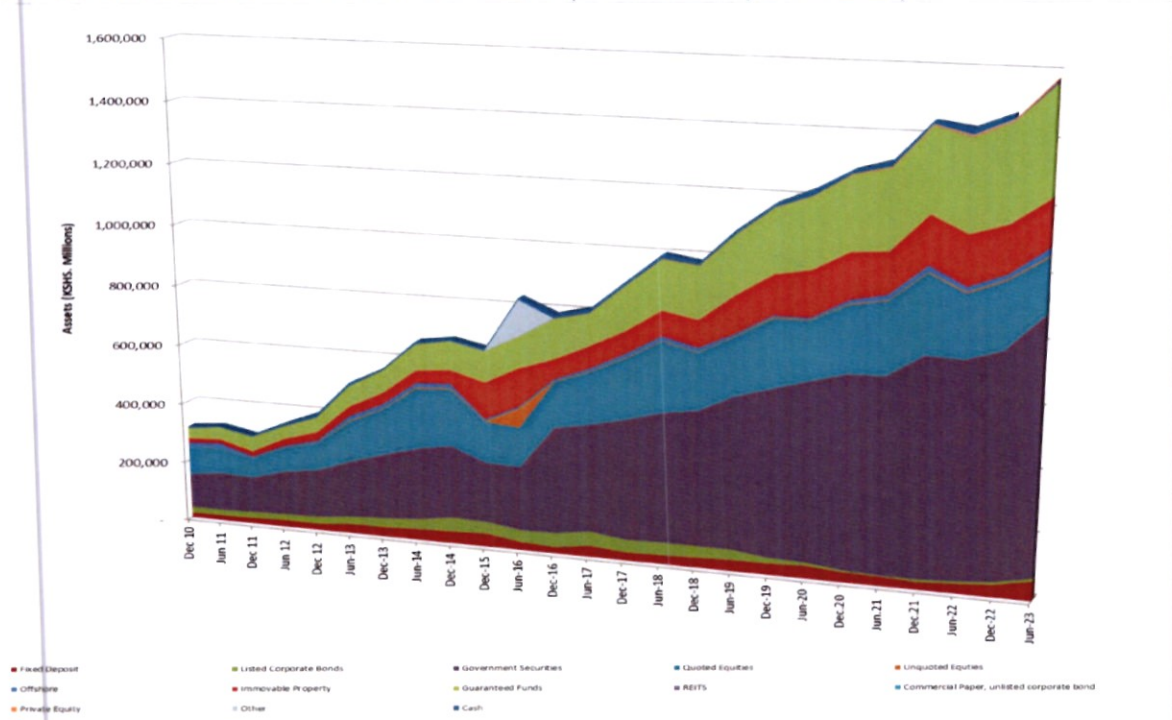
2.0 ASSETS HELD BY FUND MANAGERS AND APPROVED ISSUERS

For the period ending June 2023, 17 fund managers and 17 approved issuers, submitted 1,148 scheme reports with a total fund value of 1,598.68 billion representing 8.57 percent increase in the total assets under management. The assets increased from Kshs. 1,472.47 billion in December 2022. Compared to the same period last year (June 2022), this was a 15.4 percent increase in the total assets under fund management, up from Kshs. 1,385.30 billion in June 2022. The total assets managed by fund managers amounted to Kshs. 1,271.70 billion while the approved issuers managed only Kshs. 326.99 billion despite managing funds of majority of the schemes<sup>3</sup>. The investments under the guaranteed funds has been on upward trajectory following a shift to safer assets owing to volatility in the stock market and the high interest rates.

<sup>3</sup> The Fund Managers submitted 458 scheme reports while the approved issuers submitted 690 scheme reports.

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**ASSETS UNDER FUND MANAGEMENT (DEC. 2010 - JUNE. 2023)<sup>4</sup>**

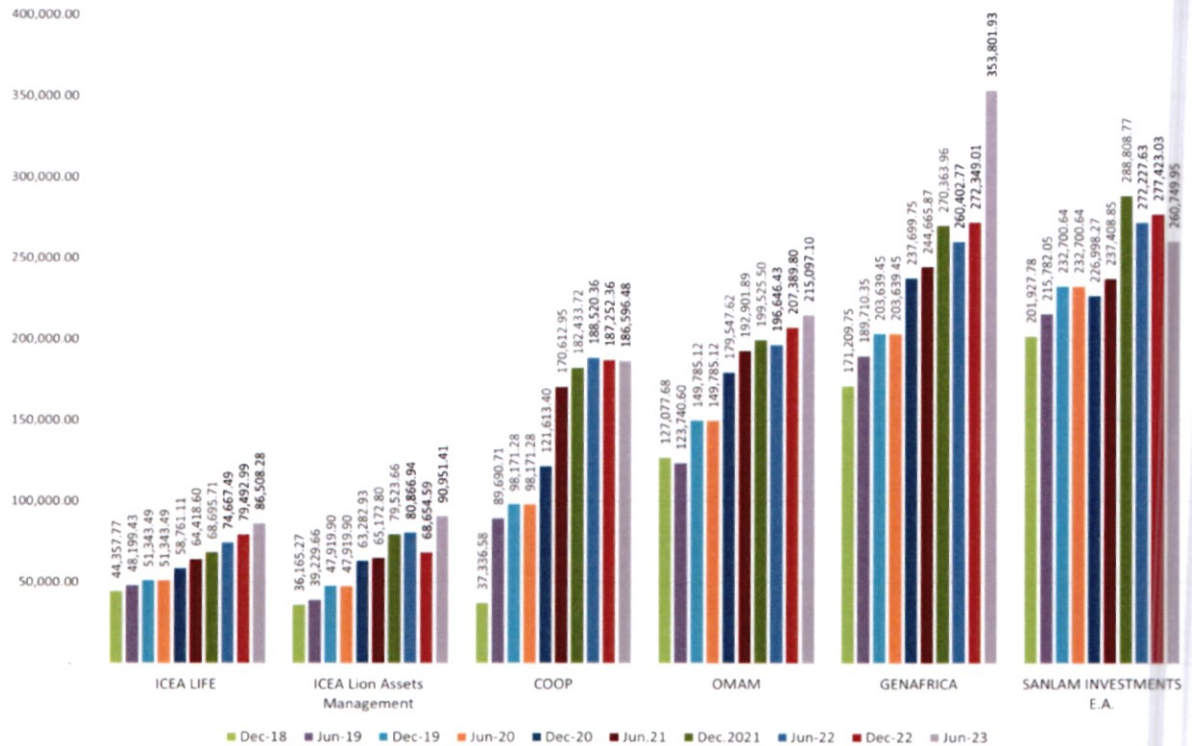


In terms of investments by specific fund managers and approved issuers, Gen Africa asset managers had the largest share of assets under management amounting to Kshs. 353.80 billion which translates to 22.13 percent of the total assets under fund management, this was followed by Sanlam Investments East Africa Company in position two with assets amounting to Kshs. 260.75 billion which translates to 16.31 percent of the total assets under fund management. The top five fund managers during the period were Gen Africa Asset Managers, Sanlam Investments East Africa, Old Mutual Investment Group Limited, Coop Trust Investment Services, and ICEA Lion Asset Management, which managed the bulk of the investments with the total assets under management (AUM) amounting to Kshs. 1,107.20 billion accounting for 69.26 percent of the entire AUM. The ICEA Lion Assets Management joined the top five fund managers and approved issuers after a drop in December 2022. The analysis considered each entity according to its registration, hence, where a parent company has both an approved issuer and fund manager the two were considered as distinct entities.

**ASSETS UNDER MANAGEMENT BY TOP FIVE MANAGERS (DEC. 2018 - JUNE 2023)**

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

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**3.0 ASSETS HELD BY NATIONAL SOCIAL SECURITY FUND (NSSF)**

The total investments held by NSSF increased by Kshs. 12.61 billion to stand at Kshs. 308.26 billion in June 2023, up from Kshs. 295.65 billion in December 2022. The NSSF internally managed assets amounted to Kshs. 46.61 billion<sup>5</sup>. The externally managed funds increased over the period by Kshs. 11.66 billion, up from Kshs. 249.99 billion in December 2022 to Kshs. 261.65 billion in June 2023. The table below shows the distribution of the NSSF funds managed by various fund managers.

**NSSF PORTFOLIO MANAGED BY EXTERNAL MANAGERS**

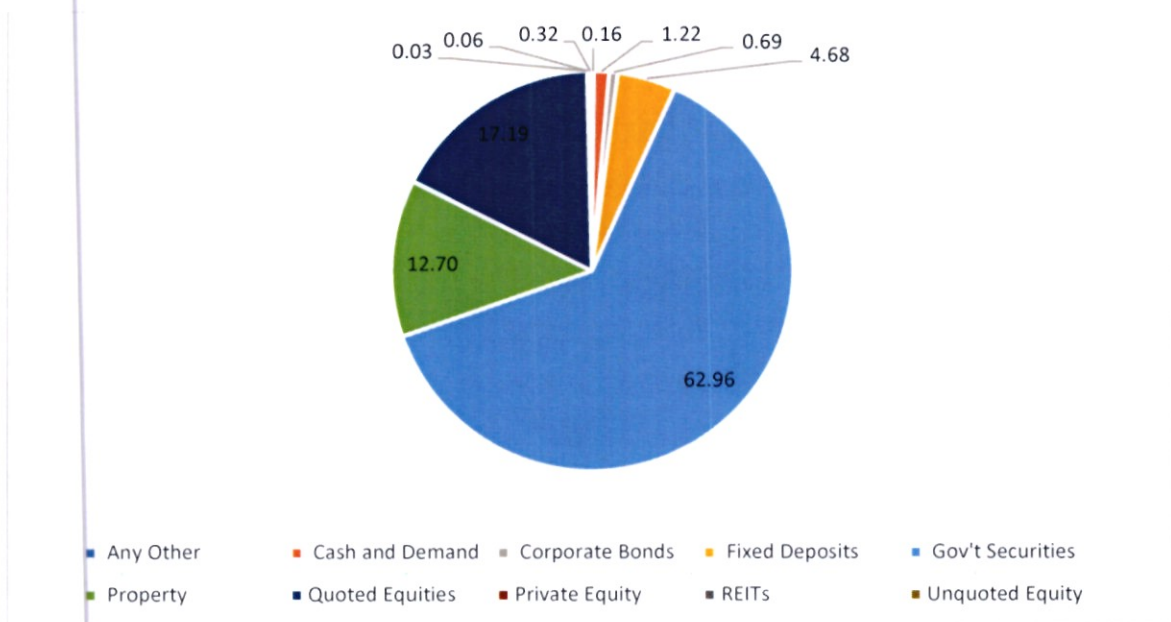
Assets in Millions								
Fund Manager	Dec. 19	June-20	Dec. 2020	June-21	Dec. 21	June-22	Dec. 2022	June-23
British-American Asset Managers Limited	76,681.83	76,287.85	82,286.38	-	-	-	-	-
Gen Africa Asset Managers	44,107.34	43,437.59	47,812.12	51,643.24	56,446.47	54,457.07	57,292.06	58,979.14
Old Mutual Asset Managers (Kenya) Limited	37,822.78	38,815.51	42,197.08	46,057.90	48,288.30	46,309.44	49,192.51	51,127.17
African Alliance Kenya	33,097.05	34,538.02	37,463.07	51,818.25	42,573.05	41,437.30	43,759.70	46,412.25

<sup>5</sup> This includes property amounting to Kshs. 39.14 billion; Quoted equities, Kshs. 4.02 billion; fixed deposits, Kshs. 2.54 billion and unlisted shares, Kshs. 900 million.

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Investment Bank Limited									
SANLAM Investment East Africa Ltd	-	-	-	-	46,041.98	43,914.04	39,484.19	26,666.47	
Co-op Trust	-	-	-	40,736.52	46,878.40	44,960.95	47,755.37	50,475.28	
CIC Asset Management Ltd	-	-	-	-	133.85	3,016.07	12,505.76	27,990.30	
<b>Total</b>	<b>191,709.00</b>	<b>193,078.97</b>	<b>209,758.65</b>	<b>190,255.92</b>	<b>240,362.04</b>	<b>234,094.86</b>	<b>249,989.61</b>	<b>261,650.61</b>	

The overall NSSF portfolio is heavily invested in government securities representing 62.96 percent of the total assets. This was followed by quoted equities and immovable property at 17.19 percent and 12.7 percent, respectively. The NSSF portfolio allocation complied with the investment guidelines.



#### 4.0 FUTURE OUTLOOK

The retirement benefits assets are expected to grow in the second half of 2023 owing to the rebound of the economy, which has remained resilient despite the adverse effects of domestic and external shocks. However, the growth will be slow due to the high interest rates and fluctuating exchange rate. The schemes are expected to continue to invest in alternative assets given the broadening of the allowable investment categories and also take advantage of the government infrastructural projects.