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2020 ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2020





Nuclear Power and Energy Agency

**ANNUAL REPORT AND FINANCIAL
STATEMENT FOR THE FINANCIAL**

YEAR ENDED JUNE 30, 2020



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

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NUCLEAR POWER AND ENERGY AGENCY INFORMATION AND MANAGEMENT

(a) Background information

Nuclear Power and Energy Agency (NuPEA), formerly Kenya Nuclear Electricity Board (KNEB), is a State Corporation established under the Energy Act 2019. It is charged with the responsibility of promoting and implementing Kenya's nuclear power programme, carrying out research and development for the energy sector.

Towards attainment of its mandate, the Nuclear Power and Energy Agency shall develop policies and legislation, undertake public education and awareness, identify suitable sites for the construction of Nuclear Power Plants; carry out research, development and innovation on energy technologies as well as capacity building for the energy sector.

(b) Principal Activities

The mandate of the Agency as stipulated in the Energy act of 2019 are;

- (i) To be the nuclear energy programme implementing organization & promote the development of nuclear electricity generation in Kenya.
- (ii) Carry out research, development and dissemination activities in the energy and nuclear power sector.

In addition to the powers and functions of the Agency under section 56(1) of the Energy Act 2019 the Agency is also mandated by the same Act, sec 56(2) to:

- Be the nuclear energy programme implementing organization and promote the development of nuclear electricity generation in Kenya; and
- Carry out research, development and dissemination activities in the energy and nuclear power sector
- Propose policies and legislation necessary for the successful implementation of a nuclear power programme;
- Undertake extensive public education and awareness on Kenya's nuclear power programme;
- Identify, prepare and facilitate implementation of an approved roadmap for a nuclear power programme;
- In collaboration with the relevant Government agencies develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya;
- Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- Identify appropriate sites in Kenya for the construction of nuclear power plants and their related amenities;
- Enter into collaborative programmes with other countries, international and national organizations in relation to nuclear electricity research and development;
- Identify a suitable operator for nuclear power plants;
- Enhance research linkages between industry and academia in matters relating to energy;
- Continuously train and upgrade human resource capacity in the energy sector to keep up with the changing technological issues in collaboration with training institutions;

- Advise on training curriculum and training needs targeting key areas in the energy sector;
- Direct, monitor, conduct and implement energy research and technology development in all fields of energy;
- Promote energy research and technology innovation;
- Establish facilities for the collection and dissemination of information in connection with research, development and innovation in the energy sector.
- Undertake any other duties as may be necessary for the execution of its mandate.

Further our Vision, Mission and core values are as tabulated below

1	Vision	Safe, efficient and reliable nuclear technology for electricity generation
2	Mission	To promote safe and secure application of nuclear technology for sustainable electricity generation and distribution in Kenya
3	Core values	<ul style="list-style-type: none"> • Safety & Security, • Clean Environment Integrity, • Professionalism • Transparency and Accountability, • Innovation, • Efficiency

(c) Key Management

The Agency’s day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive Officer
- Heads of Department

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were.

No	Designation	Name
1.	Chief Executive Officer	Eng. Collins Juma
2.	Director, Nuclear Energy Infrastructure Development	Eng. Erick Ohaga
3.	Director, Human Resource & Administration	Ms. Sophia Githuku
4.	Director, Legal & Regulatory	Mr. Philip Mutai
5.	Director, Publicity & Advocacy	Mr. Basett Buyukah
6.	Director, Strategy and Planning	Ms. Winfred Ndubai
7.	Director, Legal & Regulatory & Company Secretary	Mr. Justus Wabuyabo
8.	Manager, Finance and Accounts	CPA. Caren Oduor
9.	Manager, Procurement	Dr. Anthony Lusuli
10.	Manager, ICT	Mr. Lawrence Siele
11.	Manager Internal Audit	Mr. Peter Ndung’u

e) Fiduciary Oversight Arrangements

i. The Board Audit & Risk Committee

The Audit & Risk management Committees duties are based on six broad functions namely the Internal Control, Risk Management and compliance, financial reporting, internal audit, external audit, compliance with laws and regulations; and compliance with NuPEA's Code of Conduct and ethical guidelines. The Committee assesses effectiveness of the Agency's internal control and risk management and compliance framework, it reviews the impact of significant accounting and reporting issues such as professional and regulatory pronouncement; meets management and both external and internal auditors to review the financial statements and results of the audit process and assesses if generally accepted accounting principles have been consistently applied in the preparation of preliminary announcement & interim financial statements.

The Audit & Risk Committee was constituted in line with Treasury Circular No.16/2005 on establishment and operationalization of audit committees in the Public Service. The Committee comprised five non-executive directors and is chaired by a non-executive director. The committee held six (6) meetings during the financial year.

ii. The Board Finance and Human Resource Committee

The principal responsibility of the committee is developing and overseeing the implementation of the finance strategy and human resource strategy. The committee is also responsible for the approval of the annual procurement plan and annual budget and for ensuring prudent financial management. The Committee is also responsible for spearheading the development of the corporate strategic plan, monitoring implementation of the strategic and operation plans and coordinating the Performance contracting process. The committee held eight (8) meetings during the financial year.

iii. The Board Technical Committee

The principal responsibility of the committee is to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning legal and infrastructure issues for the successful implementation of a nuclear power programme in Kenya by carrying out the following functions:

- a) Review proposals for policies and legislation necessary for the successful implementation of a nuclear power programme in Kenya;
- b) Review proposals and plans for nuclear power programme infrastructure development and improvement for the country;
- c) Consider, evaluate and review progress of implementation for all infrastructure development programs;
- d) Consider, evaluate and review performance of outsourced works;
- e) Ensure compliance by the Agency with the legal and regulatory regime to which the Agency is subject;
- f) To receive, examine and approve implementation of new/proposed projects;
- g) Where necessary on sample basis visit projects under implementation to access progress reports on the on-going projects;
- h) To discuss any other relevant matters that pertains to the technical operations of the Agency;
- i) To discuss any other business arising from the Committee.

The Board Strategy and Research Committee

The principal responsibility of the committee is to review, and as appropriate, act on behalf of the Board or make recommendation to the Board concerning planning, strategy, research and business development issues by carrying out the following functions:

- a. Review strategies, plans and service charters for attaining the Agency's Service Delivery Objectives;
- b. Give policy direction in the development of the Agency's Strategic Plan/ Business Plan and monitoring its implementation;
- c. Review ISO certification procedures manuals;
- d. Approval of project work plans and Performance Contract targets;
- e. Approve the Quarterly Performance Contract Progress Reports;
- f. To discuss any other business arising from the Strategy and Research Committee; and
- g. To discuss and promote activities geared towards the generation of income by the Agency and Agency's self-sustainability.

iv. Parliamentary Oversight Committees

Parliament has a constitutional mandate to scrutinize government spending and oversight functions are vested in the legislature as a fundamental principle of the separation of powers. The National Assembly, through its committees, exercises oversight over national revenue and expenditure. It approves the national government borrowing and sets public debts ceiling. The established committees are mandated with:

- Reviewing and approving the budget and expenditures;
- Scrutinizing governance activities, policies and programmes, assessing whether they meet the intended objectives of legislation, policy frameworks and development plans;
- Conducting investigations on special issues;
- Monitor state department on spending according to their budget plan, and if they underspend, the agency is made to account for that.

v. Inspectorate of State Corporations

It's a body mandated to appraise and monitor services of all state departments Inspectorate of State Corporation is domiciled at the presidency. The body is tasked with:

- Surcharging those responsible for loss and reconstitute the lost funds to the state corporations;
- Ensuring efficient public management system in parastatals;
- Carrying out management audits in State Corporations to ensure compliance with set policies, rules and procedures; and providing advisory services to Government and other stakeholders on matters affecting State Corporations

vi. International Atomic Energy Agency (IAEA)

The objectives of the IAEA's dual mission- to promote and control the Atom- are defined in Article II of the IAEA Statute.

"The Agency shall seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world. It shall ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose".

The **IAEA** also works, among others, with the International Renewable Energy Agency and the National Oceanic and Atmospheric Administration to maximize the contribution of nuclear science and technology to the achievement of development priorities. Kenya, as a member

state makes the following contributions:

- Working capital fund: Contribution based on country's ability for a specific project earmarked by the agency.
- Regular budget contribution: Annual contribution to finance the agency's operations.
- Technical cooperation fund: This is to fund the technical projects.
- National participation costs: For all projects conceptualized nationally, we pay 5% of the total project costs.

vii Office of the Auditor-General

The Office of the Auditor-General is one of the Independent Offices recognized by the Kenyan Constitution 2010. Its core mandate is to ensure that accountability and transparency are adhered to at the three arms of government; Judiciary, Legislature and Executive as well as constitutional commissions and independent offices established under the constitution 2010. It audits and reports on; accounts of the national government, county governments, the judiciary, every commission and every independent office set up by the Constitution, state corporations, National Assembly, the Senate, political parties that receive funding from public funds, public debt (how much the government owes to lenders); and any other office as prescribed by the national assembly

viii State Corporations Advisory Committee(SCAC)

The Committee powers are drawn from section 27 of the State Corporations Act chapter 446. The committee has a mandate to advise on the matters and perform any functions it is required by this Act to perform and in addition shall-

- (a) with the assistance of experts where necessary, review and investigate the affairs of state corporations and make such recommendations to the President as it may deem necessary;
- (b) in consultation with the Attorney-General and the Treasury, advise the President on the establishment, reorganization or dissolution of state corporations;
- (c) where necessary, advise on the appointment, removal or transfer of officers and staff of state corporations, the secondment of public officers to state corporations and the terms and conditions of any appointment, removal, transfer or secondment.

(f) Nuclear Power and Energy Agency Head quarters

Nuclear Power and Energy Agency
 Kawi House Complex
 South C - Red Cross Road,
 Nairobi, Kenya

(g) Agency Contacts

P.O. Box 26374-00100
 Telephone: (254) 020 2219407
 Email: info@nuclear.co.ke
 Website: www.nuclear.co.ke

(h) Bankers

1. Kenya Commercial Bank Moi
Avenue Branch
P.O Box 48400-00100
Nairobi, Kenya

2. Co-operative Bank of Kenya
Mombasa Road Branch
P O Box 48231-00100
Nairobi, Kenya

3. NCBA Bank
Harambee Avenue Branch
P O Box 44599-00100
Nairobi, Kenya

4. National Bank of Kenya
South C-Red Cross Branch
P.O Box 38645-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS



Mr. Ezra Odondi Odhiambo

CHAIRMAN OF THE BOARD OF DIRECTORS

Mr. Odhiambo has expertise in strategic planning, business process re-engineering and improvement, change management, project management, telecommunications systems, computer systems, human resource management and design development and implementation of application software. His expertise has been acquired through holding Board positions and undertaking consultancy works such as sugar company operations, financial services, postal services and telecommunication services among others.

He is a member of the Board of directors at Chemelil Sugar Company. Previously, he has served as a member of the Board of Directors of National Irrigation Board 2016-2017; Kenya National Bureau of Statistics 2014-2016; Netcom Information System Ltd 1992 to date; BOMAS of Kenya 2004-2007; Kokuro Secondary School 2003-2006. He also served as Chairman at Apex Construction Company Ltd 2013-2017; Executive Committee Member, Information Standards Technology Association (Kenya) 1992-1997. He is a Member of Computer Society of Kenya.



**Hon. Josephine Sinyo,
(OGW, EBS) Director**

BOARD MEMBER

Hon. Sinyo is an Advocate of the High Court of Kenya. She attended the University of Nairobi and the University of Hull in England for LLB and LLM Degrees respectively. She has over 30 years of experience in human rights, policy development, legislative research and training in addition to service as a State Counsel in the Attorney General's office. She was involved in the Constitutional Review process championing the agenda for children, women and Persons Living with Disabilities (PLWDs) during her tenure as a nominated member of Parliament, 1998-2002.

Further, she has worked with Non-Governmental Organizations (NGO's) including International Federation of Women Lawyers (FIDA, Kenya Chapter); Forum for Women Education (FAWE, Kenya Chapter); the Law Society of Kenya; Kenya Breast Health Program; Kenya union of the Blind; Kenya Society for the Blind and the United Disabled Persons of Kenya (UDPK). In 2006, 2015 and 2017, she received State commendation from the President of Kenya awarding her the Order of the Grand Warrior (OGW); the Excellence Service Award and the Elder of the Burning Spear (EBS) respectively in appreciation of her contribution in nation building.



Mr. Stephen M. Karanja

BOARD MEMBER

Mr. Karanja holds a Master's Degree in Nuclear Science from the University of Nairobi, Bachelor of Education in Science from Kenyatta University and a Diploma in Sales and Marketing from the University of Nairobi. He has also undertaken various nuclear and energy related courses such as; Building Capacity for the implementation of a nuclear power program, Nuclear Energy Management, Energy audit and Non Destructive Testing (NDT) course for trainers. He specializes in NDT using nuclear techniques. He is experienced in teaching and lecturing at secondary schools and universities respectively. He also has a broad experience as a marketer where he has worked as a Regional Manager in the book selling industry and in the insurance industry as a Unit Manager.



**Dr. Kipkorir Koross
Geoffrey Kiptoo**

BOARD MEMBER

Dr. Koross is a lecturer at University of Eldoret, School of Environmental Studies. He holds a Doctor of Philosophy Degree, Environmental Health from the University of Eldoret, Master of Science, Integrated Pollution Control from Middlesex University, UK and Bachelor of Science (Hons), Environmental Management from University of North London (London Metropolitan University), UK. He has over 10 years teaching experience from Kenyan academic institutions. He is a member of the Institute of Environmental Impact Assessment/Audit Lead Expert with National Environmental Management Authority (NEMA), member of Forest Society of Kenya and is a trained implementer of ISO 9000 Standards by Kenya Bureau of Standard.



Ms. Teresiah Malokwe

BOARD MEMBER

Ms. Teresia Malokwe holds a Masters in Health Economics and Policy from the University of Nairobi and a Bachelor of Science (Environmental Health from Kenyatta University. She's a Board member at Kenya Nuclear Electricity Board where she chairs the Finance and General Purpose committee.



Ms. Belinda Kiilu

ALTERNATE TO ATTORNEY GENERAL- STATE LAW OFFICE

Ms. Belinda Kiilu, is an advocate of the High Court of Kenya with over ten years' experience and is currently a Principal State Counsel in the Office of the Attorney General and Department of Justice, with experience in advising the Government on its transactions, commercial contracts as well as international agreements, bilateral and multi-lateral treaties and legal instruments as well as negotiations of contracts and agreements.

She is experienced in advising the Government on its legal, policy and regulatory affairs and is an expert on Public International Law, Energy Law, Water an Environmental Law, intellectual Property and Nuclear Law.

She holds an LLB degree from University of Nairobi and a post graduate diploma in Law. She is a member of the Law Society of Kenya.



Mr. Joseph Odhiambo

ALTERNATE DIRECTOR TO THE PRINCIPAL SECRETARY, STATE DEPARTMENT FOR UNIVERSITY EDUCATION AND RESEARCH - MINISTRY OF EDUCATION

Mr. Odhiambo holds BSc and MSc in Biochemistry. He has worked for International Laboratory for Research on Animal Diseases (ILRAD), International Livestock Research Institute (ILRI), International Centre of Insect Physiology and Ecology(ICIPE), Tulane University(USA), Maseno University and Ministry of Education-State Department for University Education and Research. He has over 20 years' experience in research in Biomedical and Science Technology and information policy formulation.



Mr. Chrispin O. Lupe

ALTERNATE DIRECTOR TO THE PRINCIPAL SECRETARY, MINISTRY OF ENERGY

Mr. Lupe holds a Bachelor of Science Degree in Geology from the University of Nairobi and a Master of Science Degree in Geo-info matics from International Institute for Geo-information Science and Earth Observation (ITC), Netherlands. He is a registered Geologist with the Geologists Registration Board and a professional member of the Geology Society of Kenya. He has served in the Civil Service for 28 years as a Geologist at various levels. He is currently heading the Geo-Exploration Directorate in the Ministry of Energy.



Eng. Collins Juma, MBS

CHIEF EXECUTIVE OFFICER

Eng. Collins Juma has been serving as Chief Executive Officer of the Nuclear Power and Energy Agency for 3 years. He holds a Bachelor of Engineering Degree (Mechanical) from the Indian Institute of Technology and a Master's degree in Operations Management from the University of Nairobi. Eng. Juma is the current President of the Institution of Engineers of Kenya. He is also a registered Consulting Engineer with Engineers Board of Kenya and has worked in the Energy Sector for over 20 years, including stints at Kenya Power and KENGEN. He is currently pursuing a PhD in Operations Management from the University of Nairobi.



Mr. Justus A. Wabuyabo

DIRECTOR, LEGAL & REGULATORY SERVICES & CORPORATION SECRETARY

Mr. Justus Ambutsi Wabuyabo is an Advocate of the High Court with close to 20 years' experience in legal practice. He is a Certified Public Secretary, a Commissioner of Oaths. Mr. Wabuyabo joined Nuclear Power and Energy Agency (NuPEA) as the Director Legal and Regulatory Services and Corporation Secretary in November 2019. Previously he served as the General Manager – Corporate and Legal Services at National Water and Harvesting Authority. Mr. Wabuyabo is a member of the Law Society of Kenya (LSK), the East Africa Law Society (EALS), the Pan African Lawyers Union (PALU) and the Commonwealth Lawyers Association (CLA). He is also a member of the Institute of Certified Secretaries (ICS) and the Association of Professional Societies of East Africa (APSEA).

NuPEA MANAGEMENT TEAM



Eng. Collins G. Juma, MBS
CEO



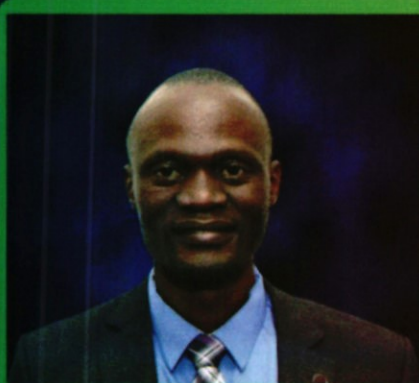
Justus Wabuyabo
Director
Legal & Regulatory Services
& Corporation Secretary



Sophia Githuku
Director
Human Resource
& Administration



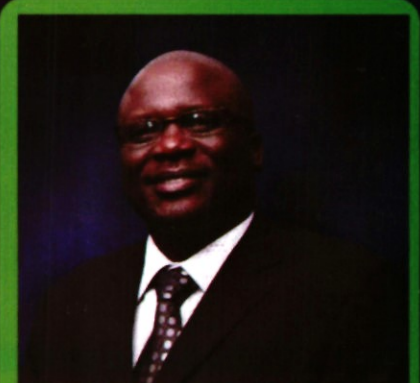
Basett Buyukah
Director
Information, Advocacy
& Communication



Erick Ohaga
Director
Nuclear Energy Infrastructure
Development & Capacity Building



Winfred Ndubai
Director
Strategy & Planning



Philip Mutai
Director
Legal & Regulatory Affairs

3. CHAIRMAN'S STATEMENT



It is a privilege to present to you the 2019/2020 Annual Report of the Nuclear Power and Energy Agency. During the Financial Year 2019/2020, the Agency achieved a key milestone towards the development of the legal and regulatory infrastructure for the nuclear power programme namely, the enactment of the Nuclear Regulatory Act No. 29 of 2019 which established the Kenya Nuclear Regulatory Authority as the nuclear safety regulator for all applications of nuclear technology in Kenya including nuclear electricity generation.

Further, considerable progress has been made to align the Agency's structure and resources towards ensuring that the additional mandate to the Agency, that of undertaking research, development and dissemination activities in the energy and nuclear power sector under the Section.56 (1) (b) of the Energy Act, No. 1 of 2019, is actualised. During the year, the Agency reviewed its Organisation Structure and developed a Five Year Strategic Plan (2020 - 2024) to guide its operations. The Strategy will be launched in the current financial year.

The Agency remains resolute in securing strategic partnerships in nuclear power infrastructure development both locally and internationally. Technical Cooperation with the International Atomic Energy Agency (IAEA) has ensured that the Agency has access to nuclear expert-guidance and capacity building opportunities which have been key in fast-tracking the development of nuclear power infrastructure among other peaceful nuclear energy applications such as cancer treatment and research. The Agency remains indebted to the IAEA for their donation of a state of the art COVID - 19 diagnostic equipment that was handed over to the Kenyatta National Hospital and Kenya Agricultural and Livestock Research Organization and hence contributing to the country's fight against the Pandemic.

I take this opportunity to express my sincere gratitude to our parent Ministry - the Ministry of Energy, for their wise counsel, guidance and support to the Agency. I am also grateful to our stakeholders including both chambers of Parliament, namely, the National Assembly and the Senate, Energy Sector Power Utilities, Academic and Research Institutions, service providers Vendors and Customers, for their support and their trust in the Agency, towards establishing the infrastructure for Nuclear Power Programme in Kenya.

With the continued support and goodwill of all stakeholders, my colleagues in the Board and staff, I am confident that Agency will grow from strength to strength and fast-track the realisation of nuclear power for the country.



Mr Ezra Odondi Odhiambo
Chairman, Nuclear Power and Energy Agency

4. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Financial year 2019/2020 was a challenging year for Nuclear Power and Energy Agency (NuPEA). The Agency continued to implement the nuclear power programme with dedication and singleness of purpose.

As we know the COVID 19 was declared a pandemic by the World Health Organization (WHO). The COVID 19 impacted heavily on the activities of the Agency. Through our innovative approach we have been able to surmount the invisible challenges thanks to the technological prowess of the Agency.

The Agency through the assistance of the International Atomic Energy Agency (IAEA) donated state of art COVID 19 diagnostic kits to Kenyatta National Hospital and Kenya Agricultural and Livestock Research Organization (KALRO) Vet Laboratory.

The diagnostic kits and equipment is of nuclear-derived techniques which has contributed to the rapid detection and characterization of COVID 19 viruses up to daily testing capacity of 2,000 samples.

During the period the Agency initiated a process of developing a new strategic plan. This is geared towards aligning the processes and key result areas in order to fully implement the Agency mandate as outlined in the Energy Act 2019. The Agency finalized the preparation of the Terms of Reference (ToR) for conducting site characterization on the potential sites for constructing the nuclear power plants. This is a major undertaking that will set the stage for the Agency to conduct detailed studies of the identified sites.

Planning for human resource development is an important component in the overall strategy for developing the infrastructure for a new nuclear power programme. NuPEA has developed a National Human Resource Plan that assesses the workforce needs for key organizations in a nuclear power programme including: the nuclear regulatory body, owner/operator, and construction contractor. The Plan also examines nationwide education and training strategies, and takes into account related industries that may provide or compete for the nuclear workforce.

In executing the mandate of public awareness and advocacy for nuclear technology, NuPEA organized an African Nuclear Business Platform (ANBP). The Forum was a first of a kind in Africa and brought together a broad spectrum of international industry stakeholders including; Nuclear Suppliers Groups, emerging Nuclear Power Programme countries in Africa, Government officials, nuclear regulators, technology vendors, and construction companies. The forum was a great success as it achieved the extensive national, regional and international engagement on nuclear power programme with special focus on Kenya as the host country.

The Agency is leading the development of a Research Reactor (RR) Programme that is expected to provide economic and technological benefits in the areas of education and training, industrial, medical, and research applications within the country and across the region. The Agency has established a multi-sectoral group of experts to guide this development in order to enhance establishment and implementation of the programme with support of cross sectoral users of the planned facility.

The Agency is grateful for the support from all stakeholders in the implementation of various projects and programmes. I sincerely thank the Board of Directors, the management team and all NuPEA staff for their dedication and zeal to drive the Agency vision. Together the nuclear power programme dream will be a reality in our generation.



Eng. Collins Juma, MBS
CHIEF EXECUTIVE OFFICE

5. REVIEW OF NUCLEAR POWER AND ENERGY AGENCY PERFORMANCE FOR FY 2019/2020

NuPEA develops its annual work plans based on the nuclear power programme's 15-year Roadmap. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. NuPEA achieved its performance targets set for the FY 2019/2020 period, as indicated in the table below;

Key Performance Indicators	Activities	Achievements
Site and supporting facilities identified	<ol style="list-style-type: none"> 1. Developed a land acquisition strategy for the best Nuclear Power Plant (NPP) site; 2. Developed a Site Characterization Strategy and a Quality Assurance Program for Siting; and 3. Conducted Site visits to 3 regions to undertake data update and stakeholder engagement 	The Agency achieved its target of 100% by undertaking the listed activities
Establish safeguards regime for the nuclear power programme	<ol style="list-style-type: none"> 1. Reviewed the current State System of Accounting and Control of Nuclear Material (SSAC) including obligations and commitments to international safeguards instruments; and 2. Developed a plan for the transition from the Small Quantities Protocol (SQP) to Comprehensive Safeguards Agreement (CSA) full implementation 	The Agency achieved its target of 100% by undertaking the listed activities
Emergency planning for the nuclear power programme	<ol style="list-style-type: none"> 1. Reviewed the progress of the implementation of the Emergency Preparedness Review (EPREV) Mission Action Plan and developed a comprehensive report on the status of implementation of the EPREV Mission Action Plan; and 2. Reviewed the comprehensive report on the EPREV Mission Action Plan with keystakeholders 	The Agency achieved its target of 100% by undertaking the listed activities
Environmental protection for the nuclear power programme	<ol style="list-style-type: none"> 1. Reviewed the draft national environmental impact assessment framework for nuclear power plants; 2. Implemented a national workshop by International Atomic Energy Agency (IAEA) in Kenya on environmental assessment scoping as regards the nuclear power project; 3. Developed a report recommending the appropriate framework for Environmental assessment of Nuclear Power Plants (NPPs) in Kenya; and 4. Adopted the Framework for Environmental Assessment of NPPs in Kenya for due engagement with the National Environment Management Authority. 	The Agency achieved 98% out of its target of 100% by undertaking the listed activities

Human resource development for the nuclear power programme	<ol style="list-style-type: none"> 1. Prepared the Kenya Nuclear Power Human Resource (NPHR) Model Case Study; 2. Updated the Human Resource Development (HRD) Strategy to be consistent with the NPHR model output; 3. Conducted analysis of local HRD infrastructure and resources; and 4. Carried out a HRD Review Workshop. 	The Agency achieved 90% out of its target of 100% by undertaking the listed activities
Nuclear security and physical protection	<ol style="list-style-type: none"> 1. Conducted studies on requirements for security and physical protection threat assessment and design basis threat of NPPs and nuclear material and develop draft report; 2. Carried out technical visits to key installations and security agencies for assessment of framework of national security of key infrastructure and develop a report; 3. Reviewed the draft report on preliminary threat assessment and design basis threat for NPP; and 4. Adopted the final comprehensive preliminary National Threat Assessment (NTA) report by the Board. 	The Agency achieved 96% out of its target of 100% by undertaking the listed activities
Policy, legal and regulatory framework for the nuclear power programme established	<ol style="list-style-type: none"> 1. Nuclear Energy Policy Developed 2. Nuclear Regulatory Bill 2017 Validated; 3. Commence the process of reviewing of National Laws vis-a-vis the Nuclear Regulatory Bill/ Nuclear Power Programme; and 4. Nuclear Conventions Accented. 	The Agency achieved 82% out of its target of 100% by undertaking the listed activities
Public communication, information, education and stakeholder management strategy implemented	<ol style="list-style-type: none"> 1. Held various stakeholder engagements in 4 counties, TV infomercials and college/school outreach programs. 	The Agency achieved 96% out of its target of 100% by undertaking the listed activities.
Nuclear research reactor Programme Development	<ol style="list-style-type: none"> 1. Commenced the feasibility study for the Research Reactor programme; 2. Conducted one peer review and expert review of the Consultancy Terms of Reference (TORs); and 3. Held progress Review Workshop. 	The Agency achieved its target of 100% by undertaking the listed activities
	<ol style="list-style-type: none"> 1. Capacity building for 4 members of the Site Selection Team (SST) in Siting related training, Training of the Research Reactors (RR) team; 2. Capacity building for 1 NuPEA staff member on Emergency Planning and Response; 3. Capacity building for three members of staff on Industrial Involvement; 4. Undertook 30 trainings, workshops and meetings on Nuclear power development infrastructure issues; and 	

	5. Negotiated for scholarships and nominate 3 suitable students for Masters studies abroad.	
Development and implementation of NuPEA 2020-2024 Strategic Plan	<ol style="list-style-type: none"> 1. Carried out situation analysis and developed strategic model for the Agency 2020-2024; and 2. Developed a draft strategic plan. 	The Agency achieved 90% out of its target of 100% by undertaking the listed activities
Absorption of Allocated Funds GoK	1. The Agency's printed estimates as at the beginning of the financial year was Ksh 778M . After supplementary budget I and 11 cycle, the final approved budget was Ksh 903.2M .	The total expenditure as at the close of the financial year totaled Ksh701.2M , translating to an under expenditure of Ksh 112M and a negative variance of 12%
Absorption of Externally Mobilized Funds	1. The Agency projected to raise Ksh.8M from the externally mobilized funds. However, as at the close of the financial year the Agency managed to raise Ksh 11.0M , from both the grants and insurance reimbursements, exceeding the target by Ksh 3M .	The Agency exceeded its target resulting in a positive variance of 38%. The entire Ksh.11 M was 100% absorbed within the financial year
Pending Bills	1. The Agency had no pending bills as at the close of the year.	
Implementation of Citizens' Service Delivery Charter	<ol style="list-style-type: none"> 1. Reviewed and displayed the charter prominently at the point of entry/service delivery points in both English and Kiswahili; 2. Ensured compliance with the commitments and standards in the charter by establishing compliance mechanism including maintaining records on service delivery; and 3. Customized the charter to unique needs of the customers through re-publishing of the charter to braille. 	The Agency achieved its target of 100% by undertaking the listed activities
Application of Service Delivery Innovations	<ol style="list-style-type: none"> 1. Developing the e-Learning Project Proposal including the system and content specification and framework; 2. Developing the Terms of Reference for the Content Specialist and commenced the procurement; and 3. Reviewed the e-learning Portal Project Progress Report. 	The Agency achieved its target of 100% by undertaking the listed activities
Resolution of Public Complaints	<ol style="list-style-type: none"> 1. Established the complaints management and access to information infrastructure; and 2. Proactively disclosed information as per required format by 30th September, 2019. 	The Agency achieved 96.25% out of its target of 100% by undertaking the listed activities

Access to Government Procurement Opportunities (AGPO)	<ol style="list-style-type: none"> 1. Awarded 33% of total value of procurement budget for goods and services to youth, women and PWD's; 2. Carried out capacity building of the three target groups through sensitisation on government procurement procedures; requirements for accessing government procurement opportunities; and on the specific opportunities available in the Agency at one AGPO Forum; and 3. Submitted to PPRA a summary of the procurement opportunities allocated to the target groups in the format provided in the PPRA website, www.tenders.go.ke and to NCPW. 	The Agency achieved only 21.9% of the target by awarding Kshs. 28,797,689 against its target of Kshs. 99,030,556 to the target groups (youth, women and PWD's) . The low performance was partly as a result of the effects of Covid 19 that affected the operation of the Agency in the 3rd and 4th quarters of the financial year
Promotion of local Content in procurement	<ol style="list-style-type: none"> 1. Reserved a minimum of 40% of the procurement budget for local goods and services; and 2. Prepared and submitted quarterly progress reports on the implementation of this indicator to the Ministry of Industry, Trade and Cooperatives. 	The Agency achieved 47.1% of the target by awarding Kshs. 55,820,014 against a target of Kshs. 118,592,608 performance was also affected by the effects of Covid 19 that affected the operation of the Agency in the 3rd and 4th quarters of the financial year

6. CORPORATE GOVERNANCE STATEMENT

The Agency has embraced the tenets of Corporate Governance as the pivotal framework through which its operations are set, attained and its performance monitored. Governance dictates the way of engagement and interactions between the Board, the management and the sector partners so as to realise sustainable benefits of all stakeholders. The Board of Directors are responsible for the Corporate Governance practices of the Agency. This statement sets out the main practices in operation during the year under review.

A. The Board

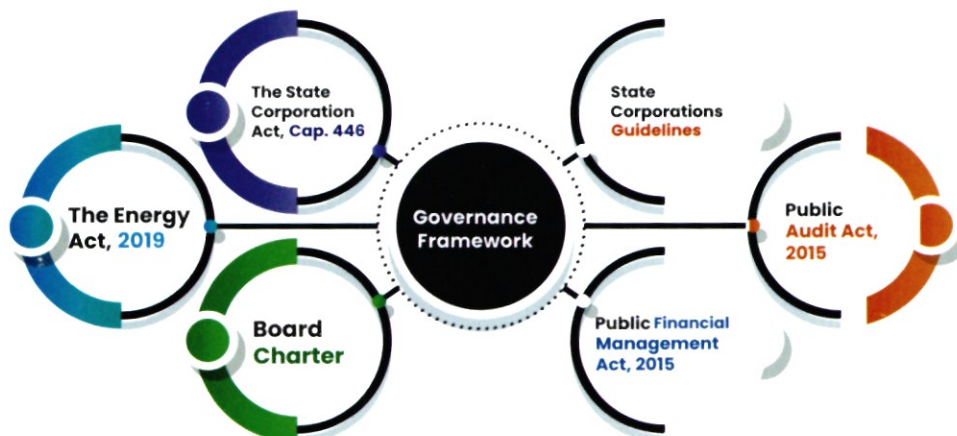
In line with the guidelines of the Code of Governance for State Corporations, the Board is composed of **nine** members. Out of this, 5 are Independent Directors including the Chairman; 4 are Non-Independent Directors representing the National Treasury, the Ministry of Energy, Ministry of Education, and the Office of the Attorney General. The Chief Executive Officer is an ex-official member. The constitution of this Board takes into consideration diversity in gender, age, ethnicity and culture.

B. Responsibilities of the Board

The management of the Agency is vested in the Board of Directors which is responsible for overall leadership through provision of oversight and policy guidance. The functions of the Board are to:

- i. Establish the Agency's strategic direction and priorities and adopting plans proposed by management for the achievement of the strategic objectives;
- ii. Monitoring and evaluating the implementation of strategies, policies, and management of the performance of the Agency;
- iii. Providing oversight in financial management and reporting;
- iv. Ensure compliance by the Agency with the legal and regulatory regime to which the Agency is subject;
- v. Safeguarding the Agency assets by instituting appropriate internal control systems.
- vi. Reviewing succession planning for the management and making senior executive appointments, organizational changes and remuneration issues.
- vii. Overseeing business affairs of the Agency considering emerging risks and opportunities and
- viii. Ensuring the Agency complies with all relevant laws, regulations and codes of best business practices.

C. Governance Framework



D. Board Calendar and meetings

The Board's Calendar contains a schedule of meetings of the Board and its committees for the year. The agenda for each Board meeting is prepared and circulated to members at least ten days in advance. During the year, the Board held a total 10 Full Board meetings (including special meetings) and 42 Committee meetings to consider key issues relating to strategy, performance and sustainability of the Agency. Other meetings were held by the Human Resource and Finance Committee of the Board for recruiting necessary personnel to support the functions of the Agency.

E. Board and Committee Membership

Name of the Board Director	Board Position	Board Committees			
		Human Resource and Finance Committee	Technical and Legal Committee	Strategy and Research Committee	Audit Committee
Mr. Ezra Odondi Odhiambo	Chairman	-	-	-	-
Hon. Josphine Sinyo	Independent Director	V(Chair)	V	V	-
Ms. Teresia Malokwe Mbaika	Independent Director	-	-	V	V(Chair)
Mr Stephen Karanja	Independent Director	-	V(Chair)	V	V
Dr. Kipkorir Koross Geoffrey Kiptoo	Independent Director	V	V	V(Chair)	-
Mr Chrispin Ochieng Lupe	Alternate to PS, Ministry of Energy	V	V	-	-
George Muthemba	Alternate to PS, Ministry of Treasury	y	-	-	V
Joseph Odhiambo	Alternate to PS, Ministry Treasury of Education	-	V	V	V
Belinda Kiilu	Alternate Office of the Attorney General	V	V	-	V

F. Board and Committee Meeting Attendance

Total Number of Meeting	Board Committees				
	Full Board Meetings*	Human Resource and Finance Committee	Technical and Legal Committee	Strategy and Research Committee	Audit Committee
	10	18		6	
Mr. Ezra Odondi Odhiambo	10/10	-	-	-	-
Hon. Josephine Sinyo	8/10	18/18	4/4	6/6	
Ms. Teresia Malokwe Mbaika	10/10	-	-	6/6	4/4
Mr Stephen Karanja	10/10	-	3/4	3/6	4/4
Dr. Kipkorir Koross Geoffrey Kiptoo	8/10	16/18	3/4	6/6	-
Mr Chrispin Ochieng Lupe	7/10	12/18	2/4	-	-
George Muthemba	6/10	10/18	-	-	2/4
Joseph Odhi-ambo	10/10	-	3/4	4/6	3/4
Belinda Kiilu	7/10	10/18	2/4	-	2/4
Eng. Collins Juma	3/10 <i>(on invitation)</i>	7/18 <i>(on invitation)</i>	2/4 <i>(on invitation)</i>	1/4 <i>(on invitation)</i>	

*Includes special meetings

G. Board Capacity Development

The Board of Directors underwent induction and capacity building tailored to their individual needs to acquaint them with their responsibilities as well as keep them abreast of the Agency's strategy and operations. During the year, the Board of directors undertook E- Board training and Board Audit Committee Induction training among other capacity building programmes focusing on leadership, corporate governance, finance and other relevant areas to the mandate of the Agency.

H. Accountability and audit

Each trading year, Board of Directors are required to prepare annual financial statements which reflect a true and fair view of the financial position of the Agency as per the regulations of Audit Act 2015. The Board ensured that suitable accounting policies are consistently applied, supported by reasonable and prudent judgments, and estimates and that financial statements are audited each trading year.

7. MANAGEMENT DISCUSSION AND ANALYSIS

A. NuPEA'S Operational and Financial Performance

1. Operational Performance

During the Financial year 2019/2020, the Agency planned to implement several programs and projects aimed at achieving its overall core mandate as per the Energy Act 2019. The programs were in line with the Agency's strategic plan, Governments Strategic objectives and the Vision 2030 agenda. The activities and the performance achievement are discussed in the table below.

	Activities	Achievement	
a)	Policy, Legal and Regulatory Framework for the Nuclear Power Programme development	<ul style="list-style-type: none"> The Agency planned to undertake the following activities Submission of the already developed Nuclear Energy policy to IAEA for review, carry out stakeholders participation and present the policy for adoption as National Policy. Provision of technical support to the National Assembly towards enactment of The Nuclear Regulatory Bill 2018 and plan for Development of Nuclear Regulatory Body Continuation of ascension of nuclear safety conventions by commencing process towards ascension to the Convention on Civil Liability for Nuclear Damage, while working with the Ministry of Foreign Affairs to complete ascension to the four (4) conventions commenced in the 2018/2019 FY. 	<p>The Agency Submitted the Draft National Nuclear Policy to IAEA for review and adopted the final National Nuclear Policy by the Board of Directors</p> <p>The agency provided the technical support to the National Assembly that saw the enactment of the Nuclear Regulatory Act No.29 of 2019 - at the end of the second quarter thus providing framework for the institutional building of the newly established nuclear regulatory body.</p> <p>The Agency also developed a Position Paper on the IAEA international nuclear liability regime and submitted the Final Cabinet Memorandum on Accession to the Nuclear Safety Conventions to the Ministry of Energy, Office of the Attorney General, and the Ministry of Foreign Affairs.</p>
b)	Site and Supporting Facilities Identified	Agency Planned to initiate implementation of a roadmap for site characterization by developing a land acquisition strategy for the best site, Site Characterization Strategy, Quality Assurance Program for Siting, finalize the review and adoption of ToRs for Site Characterization and Conduct Site visits in 3 regions to undertake data update and stakeholders' engagement.	The Agency developed a land acquisition strategy for the best site, site characterization strategy, finalized the review and adopted ToRs for Site Characterization and developed a quality assurance program for siting.

c)	<p>Establish Safeguards Regime for the Nuclear Power Programme</p>	<p>The Agency projected to carry out a review of the existing safeguards framework including formulating a plan to transition from the Small Quantities Protocol (SQP) to Comprehensive Safeguards Agreement (CSA) full implementation by undertaking the following activities; developing Terms of References (TOR) and establish the Nuclear Safeguards Technical Working Group, review current State System of Accounting and Control of nuclear material (SSAC) including obligations and commitments to international safeguards instrument, develop a plan for the transition from the SQP to CSA full implementation and; review and approve the draft Safeguards Framework.</p>	<p>The Agency Reviewed the current State System of Accounting and Control nuclear material (SSAC) including obligations and commitments to international safeguards instruments, developed a plan for the transition from the SQP to CSA full implementation and reviewed and approved the draft Safeguards Framework.</p>
d)	<p>Nuclear Research Reactor</p>	<p>The Agency planned to carry out feasibility study for the Research Reactor programme and Conduct peer review and expert review of the Consultancy TORs</p>	<p>The Agency Commenced the feasibility study for the Research Reactor programme and Conducted one peer review and expert review of the Consultancy TORs.</p>
e)	<p>Emergency Planning for the Nuclear Power Programme</p>	<p>The Agency planned to undertake activities towards determining the status of implementation of the recommendations of the International Atomic Energy Agency (IAEA) Emergency Preparedness Review (EPREV) Mission by the stakeholder organizations including; National Disaster Operations Centre (NDOC) National Disaster Management Unit (NDMU), Radiation Protection Board (RPB), Kenyatta National Hospital (KNH), Red Cross) with regards to emergency planning and response to nuclear emergencies.</p>	<p>The Agency Reviewed the progress of the implementation of the Emergency Preparedness Review (EPREV) Mission Action Plan and developed and adopted the comprehensive report on the status of implementation of the plan.</p>

f)	Environmental Protection Nuclear Power Programme	The Agency planned to carry out a review of the current national environmental protection regulations, guidelines and procedures in their application to Nuclear Power Plant (NPP) projects with the aim of identifying the existing gaps and recommend integration of NPP requirements in national environmental frameworks.	The Agency Reviewed the draft national environmental impact assessment framework for nuclear power plants, implemented a national workshop by IAEA in Kenya on environmental assessment scoping as regards the nuclear power project, developed a report recommending the appropriate framework for Environmental assessment of Nuclear Power Plants (NPPs) in Kenya and adopted the Framework for Environmental Assessment of Nuclear Power Plants (NPPs) in Kenya for due engagement with the National Environment Management Authority.
g)	Human Resource Development Nuclear Power Programme	In its effort to develop a knowledgeable, skilled and indigenous workforce to perform all the necessary activities throughout all the distinct stages of the Nuclear Power Programme, the Agency planned in the financial year to Develop and coordinate the implementation of a comprehensive National Human Resource Development Strategy for Kenya's Nuclear Power Programme and to identify and define the strategy, staffing, training and organization structures across all the stages of the Nuclear Power Programme.	The Agency, in the FY 2019/2020, Prepared the Kenya Nuclear Power Human Resource (NPHR) Model Case Study, updated the HRD Draft Strategy to be consistent with the Nuclear Power Human Resource (NPHR) model output and Conducted analysis of local HRD infrastructure and resources capacity.
h)	Nuclear Security and Physical Protection	The Agency planned to develop a preliminary threat assessment and design basis threat for NPP and adoption of the final comprehensive preliminary National Threat Assessment (NTA) report.	The Agency Conducted studies on requirements for security and physical protection threat assessment and design basis threat of Nuclear Power Plants (NPPs) and nuclear material and developed draft report, Carried out technical visits to key installations and security agencies for assessment of framework of national security of key infrastructure and, developed and adopted the final comprehensive preliminary National Threat Assessment.

i)	Public Communication, Information, Education and Stakeholder Management Strategy Implemented Programme	<p>The Agency planned to carry out activities aimed at increasing public/stakeholder knowledge, understanding and awareness of nuclear technology for electricity generation in Kenya by, conducting civic/public education on nuclear energy in twenty counties, undertaking academic linkages by holding an essay contest for primary and high school students to increase their interest in nuclear energy issues, hold one international conference in Kenya to provide a platform for knowledge exchange and bench-marking on nuclear energy development (Africa Nuclear Business Platform 2019) and educate policymakers by organizing one study visit to a nuclear power plant operating country.</p>	<p>Due to Coronavirus pandemic and the cessation of movements in some counties and suspension of all forms of public gatherings, the Agency could not undertake physical public sensitization activities in the counties as had been scheduled, however, the Agency in partnership with Consumer Federation of Kenya (CoFEK), held a Consumer Dialogue Webinar using online platforms drawing participants from various counties in Kenya with the message of safe use of nuclear energy. In addition, NuPEA deployed television and radio infomercials to reach stakeholders and the public with messages on its mandate as well as COVID 19. We Undertook a campaign in the broadcast media through procurement of three television stations and seven radio stations for an awareness campaign on NuPEA's mandate and nuclear energy, Undertook academic linkages by holding an essay contest for primary and high school students to increase their interest in and understanding of nuclear energy issues and finally held one international conference in Kenya to provide a platform for knowledge exchange and bench-marking on nuclear energy development (Africa Nuclear Business Platform 2019).</p>

2. Financial performance

NuPEA is a state owned agency under the Ministry of Energy and is fully funded through Exchequer allocations. The exchequer is disbursed through the Ministry of Energy on quarterly basis. Further the Agency also has externally mobilized fund from International Atomic Energy Agency (IAEA) to support Agency Capacity Building activities.

In the financial year 2019/2020, NuPEA had printed estimates of **Ksh 778M** comprising of **Ksh.415M** for development, **Ksh.255M** for recurrent and **Ksh.8M** for grant from IAEA. During supplementary one cycle, the development budget was reduced by **Ksh.20M**, while during supplementary two, the Agency received additional allocation of **Ksh 145M** under recurrent budget. This resulted to a final approved budget of **Ksh 903M** comprising of **Ksh 495M** development and **Ksh. 408M**, translating to **52%** increase in budget allocation from the previous financial year 2018/2019 as indicated in the table below.

Table 1 : Comparison of budget allocation for the financial year 2019/2020 and 2018/2019

	2019/2020	2018/2019	Change	% Increase (decrease)
	Ksh Million	Ksh Million	Ksh Million	
Development	495.0	379.4	115.6	30%
Recurrent	400.0	209.9	190.1	91%
IAEA grant	8.0	8.0	-	0%
	903.0	597.3	310.7	52%

Revenue

Revenues are government grants in form of exchequer disbursements from the Ministry of Energy and grants from International Atomic Energy Agency.

During the Financial year the Agency received 100% exchequer allocation for the period amounting to **Ksh 895.0M**, translating to 75% increase from the Financial year 2018/2019. The total grants received from IAEA totaled **Ksh 9.6M** while **Ksh 8.2M** was received in the same period previous year, translating to 17% increase in the financial year 2019/2020, as depicted in the table below.

Table 2: Comparison of revenue received for the financial year 2019/2020 and 2018/2019.

	2019/2020	2018/2019	% Increase (decrease)
	Ksh Million	Ksh Million	
Exchequer	895.0	510.0	75%
Grant from IAEA	9.6	8.2	17%

NB: Most of the development exchequer was received in the 4th quarter

Expenditure

As at the end of the financial year, the Agency had incurred a total expenditure of **Ksh. 750.4M** against **Ksh. 546.6 M** in the year 2018/2019. Further the Agency spent **Ksh.15.3M** on purchase of fixed assets, a total of **Ksh4.0M** was spent in the financial year 2018/2019, and **Ksh.112.5M** in staff mortgage and car loans. The expenses were incurred under the following categories.

Table 3: Comparison of expenditure incurred for the financial year 2019/2020 and 2018/2019.

	2019/2020	2018/2019	% Increase
	Ksh Million	Ksh Million	(Decrease)
Compensation of employees	310.3	256.5	17%
Goods and services	264.3	253.1	4%
Purchase of non-financial assets	15.7	4.4	250%
Employee mortgage and car loans	112.5	32.6	245%
Total	702.5	546.6	29%

Budget Surplus

The Agency realized a budget surplus of **Ksh 157.4M**. This was as a result of effect of the Covid19 pandemic that affected the operations of the Agency in term of projects implementation. The surplus will be carried forward as appropriation in Aid in the financial year 2020/2021 budget to enable the Agency undertake the projects

3. Compliance with statutory requirements

NuPEA complied with all the statutory provisions in terms of reporting requirements, taxation returns and payment and all financial obligations related to payroll statutory deductions.

There was no any non-compliance that may expose the Agency to potential contingent liabilities of any future financial loss.

4. Key Projects being Implemented by NuPEA

The following are the key projects that NuPEA in currently implementing and plans to implement in the coming Financial year.

i) Nuclear Power Plant Siting (Location)

One of the mandates of NuPEA is to identify appropriate sites for construction of a nuclear power plant (NPP). Identification of these sites involves consideration of the best national option for locating nuclear power facilities. In fulfilling its mandate, NuPEA conducted reconnaissance field studies which yielded a number of potential sites during Phase 1 of site studies. Following the International Atomic Energy Agency (IAEA) guidelines on site selection, this process was followed by site evaluation to further analyse the potential sites to select the most suitable (candidate) sites, which was carried out in this financial year.

This project intends to achieve milestone 2 of the three milestones in the IAEA milestone approach.

In this milestone, (a) suitable site(s) for nuclear power plants should be identified, secured and the site developed in preparation for construction of the nuclear power plant. The activities of site selection will involve site surveys, ranking of the sites, and selection of sites based on a set of national criteria, regulatory requirement and quality assurance mechanisms that are currently being developed. This will also involve securing and development of the site(s) in preparation for construction of nuclear power plants.

The output of the project is a suitable site with internationally acceptable standards for nuclear power plants. The project risks include relocating people (to be addressed through lobbying and adequate compensation) and high cost of land acquisition due to speculations (to be addressed through non-disclosure agreements) This project is funded by grants from the Government of Kenya and specifically through Exchequer.

ii) Resource Development for the Nuclear Power Programme

A Nuclear Power Program is knowledge intensive. The NPP comprises three main institutions: Promoter, Operator and a regulator. These three organizations require personnel with various skills and professional competencies. NuPEA has commenced the training of such personnel.

The Agency has rolled out annual training programmes targeting Kenyans for training in various nuclear fields so as to build adequate capacity for the support of the country's nuclear power programme. The trainings comprise of both short and long term programmes in partnership with local and international institutions.

Thirty seven(37) students have undertaken MSc Nuclear Engineering at Kepco International Nuclear Graduate School (KINGS) in South Korea out of which 29 have already graduated. A total of 58 students have been sponsored to undertake MSc Nuclear Science at the Institute of Nuclear Science and Technology, University of Nairobi. This project is funded by the grants from the Government of Kenya and specifically through Exchequer.

iii) To develop Policy, legal and institutional framework for peaceful uses of nuclear technology in Kenya.

The project involves addressing four key areas which includes

- a) National Nuclear Policy to address policy gaps in peaceful utilization of nuclear technology
- b) National Nuclear Regulatory Law to address legal, institutional and regulatory gaps for safepeaceful use of nuclear for electricity generation, among other uses outlined in the Policy. This has culminated to the enactment of draft Nuclear Regulatory Bill 2018.
- c) Harmonization of National Laws with Nuclear Regulatory Law; The outcome of this process will ensure smooth regulation of the sector by reducing compliance and regulatory challenges.
- d) Accession to Nuclear Safety Conventions which includes the Convention on Nuclear Safety (CNS), the Convention on Early Notification of a Nuclear Accident, the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency; and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management. This project is funded by the grants from the Government of Kenya and specifically through appropriation in Aid from the Ministry of Energy.

iv) Strategic Environmental Assessment for Kenya's Nuclear Power Programme (SEA)

SEA is legal requirement for all large projects in order to assess the strategic and environmental viability of a programme as well as provide several alternatives to the programme.

Pursuant to the provisions of the Environmental Management and Co-ordination Act 1999 and the Agency's 15-year Strategic Plan, we have undertaken a Strategic Environmental Assessment of the Kenya's Nuclear Power Programme to obtain more effective and efficient decision-making for sustainable development of Nuclear Power Programme. This project is aimed at achieving general public acceptability of the Nuclear Power project, Lay down a basis for the commencement of an EIA for the nuclear power plant and Carry out public participation stakeholder engagement for the nuclear power programme.

This project is funded by the grants from the Government of Kenya and specifically through Ex-chequer.

5. Major Risks facing NuPEA

Risk management is an integral part of the Agency's control and corporate governance structures. The framework is based on an ongoing process designed to: Identify the principal risks to the achievement of NuPEA's objectives, Evaluate the nature and extent of those risks and Manage risks efficiently, effectively and economically within the risk appetite set by the Agency.

The Risk Management Framework as defined by ISO 31000 is a set of components that provide the foundations and organizational arrangements for designing, implementing, reviewing and continually improving risk management throughout the organization.

In the FY 2018/2019, the Agency adopted a proactive process-based approach towards identification, mitigation and management of risks that could impede the realization of its objectives. Departmental Risk Registers were developed in line with ISO 9001:2015 and the Agency's Quality Procedures. During the FY2019/2020, the Agency completed the preparation of its Risk Registers and developed an Annual Risk Management Plan that will be implemented in FY 2020/2021.

A summary of the major risks and mitigation strategies is provided in the table below:

Risk Category	Description	Risks	Mitigation Strategy
Strategic Risk	Risks arising during the strategic management process (planning, implementation, monitoring and evaluation).	i. Failure to achieve the strategic objectives; ii. Weak monitoring, evaluation and reporting.	i. Develop and implement a Monitoring and Evaluation system/plan; ii. Implement a performance management system.
Operational Risk	Risks arising from activities engaged in including systems, processes and procedures.	Lack of requisite policies, procedures and systems.	i. Develop/Review requisite policies and procedures; ii. Implement appropriate organizational systems (i.e. ISO 9001:2015, ISO/IEC 27001:2013, ISO 31000).
Technology Risk	Risks arising from technological, process and service delivery innovations.	i. Resistance to adoption of new technologies; ii. Information security and cybercrime.	i. Undertake staff training on new systems adopted by the Agency; ii. Continuous monitoring and strengthening of information system security.
Political Risks	Exposures arising out of the changing political landscape.	Some stakeholders may oppose some of the proposed programmes or activities.	i. Enhance public education and awareness; ii. Effective stakeholder management; iii. Seek effective collaborations and sharing of information.

Human Resource Risk	This entails high employee turnover rate.	<ul style="list-style-type: none"> i. High staff turnover; ii. Inadequate staff capacity number and skill mix. 	<ul style="list-style-type: none"> i. High staff turnover; ii. Inadequate staff capacity number and skill mix iii. Implement strategies that will facilitate retention of qualified and productive staff; iv. Monitor and evaluate Job Descriptions and specifications.
Financial Risk	This involves the adequacy and accessibility of funds to finance the Agency's projects and programmes.	<ul style="list-style-type: none"> i. Inadequate funding; ii. Delays in disbursement of resources to programmes/ activities. 	<ul style="list-style-type: none"> i. Lobby for allocation of adequate resources from the government ii. Seek support from development partners; iii. Synchronize work plans, budgets and procurement plans; iv. Alignment of financial statements to prescribed timelines and requirements.
Legal and Regulatory Risk	These are risks that arise as a result of change in laws and regulations, amendment of laws and inability of the Agency to meet its contractual commitments /obligations.	<ul style="list-style-type: none"> i. Inadequate regulatory framework; ii. Litigation. 	<ul style="list-style-type: none"> i. Propose review of relevant laws; ii. Ensure full compliance with applicable laws and regulations; iii. Enhance public participation and stakeholder engagement.

6. Material arrears in statutory and Financial obligations

NuPEA has most of its staff on a three year contractual terms and as a result pay gratuity to the staff upon expiry of their contracts. Most of the Staff have their contract expiring in the first quarter of the Financial year 2020/2021 and will be due for payment of gratuity to the tune of **Ksh.76.9M**.

The gratuity is accrued every year and reported in the Statement of Financial performance as expense and as provision in the statement of Financial position. The total accrued amount as at the close of the financial year is **Ksh 77.1M**. The agency has set aside funds for payment of this gratuity as and when it falls due.

7. NuPEA's financial probity and serious Governance issues

The Agency did not have any financial improbity reported by either internal audit, Board audit committee, external auditors, or any other National Government Agencies providing oversight, neither was there any serious governance issues among the Board or member of the Board and top management including conflict of interest identified.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Nuclear Power and Energy Agency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the following pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar.

1. Sustainability strategy and profile

Nuclear Infrastructure Development

The Government's objective in implementation of a nuclear power programme is the provision of safe, reliable and competitively priced electricity to power successful implementation and operationalization of Vision 2030 flagship projects and other future power intensive development projects.

Kenya's development of a nuclear power programme is a major undertaking that requires long term commitment to the highest standards of safety, security and operational excellence. NuPEA has continued to effectively coordinate and build sustainable nuclear infrastructure that will provide governmental, legal, regulatory, managerial, technological, human resource, industrial and stakeholder support throughout the nuclear power programme's life cycle. The following projects have been successfully implemented;

- i. Enactment of the Kenya Nuclear Regulatory Act, 2019, that established the country's nuclear regulatory authority. The Act provides a comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources and the management of radioactive waste;
- ii. Developed a national nuclear energy policy.
- iii. Developed a framework for ascension of international nuclear safety treaties and conventions.
- iv. Finalized technical requirements for site characterization of nuclear power plants in Kenya.
- v. Evaluated emergency planning framework for the nuclear power programme.
- vi. Developed a framework for environmental assessment of nuclear power plants in Kenya.
- vii. Conducted studies on requirements for security and physical protection threat assessment and design basis threats of nuclear power plants and nuclear material.
- viii. Prepared a model case for the Kenya Nuclear Power Human Resource development strategy.
- ix. Reviewed the current State System of Accounting and Control of Nuclear Material (SSAC) including obligations and commitments to international safeguards instrument and developed a plan for the transition from the Small Quantities Protocol to Comprehensive Safeguards Agreement.
- x. Conducted stakeholder engagement in various counties and implemented school outreach programs.

NuPEA is committed towards establishment of requisite infrastructure for efficient implementation of Kenya's nuclear power programme

Energy Research & Development and Capacity Building

In addition to the role of development of infrastructure necessary for establishment of a nuclear power programme in Kenya, the Energy Act, 2019 provides additional mandates to NuPEA for coordination of research and development and capacity building in the energy and petroleum

sectors in Kenya. The Agency implemented the following;

- i. To guide the Agency's operations in the medium term, the Agency developed a 5-year strategic plan that incorporates the new mandates and spells out clear five-year objectives and implementation plans.
- ii. Towards establishment of NuPEA that required transition from Kenya Nuclear Electricity Board (KNEB) to NuPEA and update relevant legal instruments, NuPEA adopted its new name and updated all internal documents.
- iii. NuPEA undertook a process for developing a new logo. This process was successfully completed and a new logo adopted.
- iv. Towards implementation of new functions of coordinating R&D and capacity building in the energy and petroleum sectors;
 - a) Constituted two Technical Working Groups (TWGs) to develop coordination frameworks for R&D and capacity building with representation from the ministries in charge of energy and petroleum sectors as well as all state corporations in the two sectors
 - b) NuPEA and REREC jointly developed a framework for collaboration on renewable energy R&D.
- v. A study to evaluate the justification towards establishment of a research reactor in Kenya was undertaken. A research reactor is envisaged to support education and training, industrial, medical, and research applications within the country and across the region. A feasibility study of the project is being undertaken. NuPEA continues to build adequate capacity towards provision of excellent leadership to the energy and petroleum sectors through efficient coordination of R&D and capacity building.

2. Environmental performance

Nuclear Power and Energy Agency, is charged with the responsibility of promoting and implementing Kenya's Nuclear Power Programme and carrying out research and development for the energy sector. Towards attainment of its mandate, the Nuclear Power and Energy Agency is currently developing policies and legislation, identifying suitable sites for the construction of Nuclear Power Plants; carrying out research, development and innovation on energy technologies as well as capacity building for the energy sector.

Currently, NuPEA does not generate any waste streams, but future prospects and goals of undertaking its mandate will be the construction of the first nuclear power plant for generation of electricity and also the construction of the first research reactor facility for utilization in the medical sector, education sector, industry, agriculture and research and development. These facilities will generate waste streams in the form of radioactive waste and spent fuel (irradiated nuclear fuel in the reactor core). Therefore, a clear policy and strategy needs to be in place to realize safe management of radioactive waste and spent fuel, in terms of storage, transport, processing, and eventual disposal (geological disposal) with minimal or no release to harm people and the environment. Another possibility of waste generation that is beyond radioactive waste and spent fuel generation is during construction and decommissioning of the mentioned facilities and construction Kenya's first deep and near-surface geological disposal facilities for spent fuel material and radioactive waste. With these in mind, current guidance laws that shall achieve the above objectives and align to the mandate of NuPEA are:

- i) **The Environmental Management and Coordination Act (EMCA)** - a framework law on environmental management and conservation. The Act provides for environmental protection through;
 - a. Environmental impact assessment of a facility and public participation.
 - b. Environmental audit and monitoring.

- c. Environmental restoration orders, conservation orders, and easements.
- d. Strategic Environmental Assessment (SEA) for integrating environmental consideration into Policies, Plans, and Programs (PPP) and evaluate the inter-linkage with economic and social considerations through public participation.

ii) NEMA subsidiary legislations - on environment protection

- e. NEMA has established subsidiary legislations for regulations of activity that would result in generation of any waste to minimize harmful environmental impact to any activities, in this case the nuclear power programme

iii) Nuclear Regulatory Act establishment of Kenya Nuclear Regulatory Authority- a

comprehensive framework for the regulation of safe, secure and peaceful utilization of atomic energy and nuclear technology; the production and use of radiation sources and the management of radioactive waste and spent fuel management .

- f. The act provides provisions for classification of radioactive waste, regulations, responsibility, export and import controls and safety requirements of a facility licensed for management/ production of waste, to ensure no release of radioactive material that could bring harm, damage to people and the environment.

iv) KNRA subsidiary legislations on nuclear regulations and environmental protection

- g. KNRA shall provide subsidiary legislations for regulations of activity that would result in generation of radioactive waste, through inspection, requirements, licensing and quality management and planning.

Based on the guidance laws stated above NuPEA has undertaken and is currently undertaking the following.

i. Strategic Environmental and Social Assessment (SESA)

- a. NuPEA has engaged accredited environmental and social experts to conduct a SESA for the nuclear power programme. This has been completed and the final report is undergoing public review. The purpose for the SESA is to assist Kenya to systematically and comprehensively address the unique issues of the nuclear power programme based on the Strategic Plan for Nuclear Power Programme for Kenya and any other relevant information. The SESA outputs present a unique opportunity for the country to systematically address environmental and socio-economic management issues pertaining to Nuclear Power Programme activities in the context of sustainable development..
- b. Though SESA is done for a nuclear power programme it also encompasses a smaller scale environmental and socio-economic management issues pertaining to Nuclear Power Programme activities in the context of sustainable development. Assessment of a research reactor through an Environment Impact Assessment.

ii NuPEA has developed a Draft Nuclear Fuel Policy And Strategy on:

- a. Requirements of spent fuel storage.
- b. Provided Ultimate solution options for spent fuel in terms of reprocessing, recycling and disposal.
- c. The need for research and development on solutions to disposal, resource exploration and mining.
- d. Requirements for human resource infrastructure for the nuclear fuel cycle.

iii NuPEA has identified the following international treaties for ratification which have been submitted to the State Law Office and Ministry of Foreign Affairs for review and ratification.

- a. **The Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, 1997:** An International Atomic Energy Agency (IAEA) treaty that addresses radioactive waste management on a global scale.
- b. **The Convention on Nuclear Safety (CNS), 1994:** An IAEA convention whose aim is to legally commit participating States operating land-based nuclear power plants to maintain a high level of safety by setting international benchmarks to which States would subscribe..

iv. NuPEA has developed a Radioactive Waste Management Policy and Strategy which

- a. Recommends the establishment of a waste management organization for radioactive waste management that is independent and well-funded
- b. The importance of classification of radioactive waste and recommendation on approach
- c. Recommendations on Export/Import of spent fuel/radioactive waste
- d. Recommendations on Emergency Response
- e. Recommendations on Technologically Enhanced Naturally Occurring Radioactive Material (TE-NORM)
- f. Recommendation on transportation of radioactive waste/spent fuel.

v. NuPEA 5 year strategic plan has included

- a. The establishment of a waste management organization as recommended in the RWM policy and strategy.
- b. Economics assessment of nuclear fuel cycle implementation decisions of all levels.
- c. Undertake activities for finding possible solutions of the back end of the nuclear fuel cycle and waste management (both storage and disposal).
- d. Harmonization of environmental assessment regulation for nuclear power plants by the nuclear regulator and environmental authority.
- e. Environmental Impact Assessment on the preferred site for the nuclear power plant and research reactor.

3. Employee welfare

Nuclear Power and Energy Agency recognizes all its employees as the most valuable resource and that the welfare of all staff is essential in achieving the Agency's Vision and Mission. The Agency is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them develop and optimize their full potential. The staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively. The Agency has in place staff welfare policies and schemes such as staff medical, group life and work injury benefits, mortgage and car loan among others.

a) Recruitment

The Agency recognizes that human capital is a critical asset to achievement of its strategic objectives and is fundamental to its success. The Agency has adopted a strategic and systematic approach to resourcing in order to attract and retain competent staff with requisite skills, knowledge and capabilities.

The Agency is an equal opportunity employer and is committed to ensuring that the recruitment and selection of employees is conducted in a manner that is competitive, promotes equal opportunity, equality, diversity and and does no not discriminate on the basis of race religion, ethnicity or any other form of discrimination. The Constitutional requirements on mainstreaming

of gender and persons with disabilities as stipulated in Article 52 and 57 of the Constitution Kenya 2010 are observed alongside other policies issued by the National Cohesion and Integration Commission.

The agency has in place gender policy and gender based policies that are aligned to the national values.

b) Career guidelines

The Agency has a Career Guidelines Policy that guides on appointment and promotion of employees in their respective field of employment in order to promote career growth and motivate employees. The Career Guidelines Policy outlines the competency framework, experiences and qualifications required for career progression. It also defines and document the Agency's succession plan by defining positions, responsibilities and accountabilities in a progressive manner

c) Performance Management

The Agency is committed to promoting high performance standards in order to achieve its overall mandate and strategic objectives. To this end, the Agency has adopted the application of performance contracting, a results oriented system of management aimed at introducing a systematic process of planning work, setting goals and expectations, continually monitoring performance, developing the capacity to perform and periodically rating performance. The Agency Performance contract is anchored on national development goals with clear linkage to the Agency's strategic plan. It is cascaded to all Departments/ Divisions, levels and cadres of employees.

The Staff Performance Appraisal system (SPAS) is grounded on the principle of work planning, setting of agreed performance targets, feedback and reporting. It is linked to other human resource systems and processes including employee development, career guidelines, placement, rewards and sanctions

The Agency have put in place incentive scheme aimed at rewarding members of staff based on the value they are adding to the Agency in relation to their performance, approved experience and professional skills/competence. The Rewards and Sanction framework establishes a basis for rewarding exemplary performance and administering sanctions for poor performance, motivating employees to have positive attitude to work and to enhance productivity in the Agency.

d) Training and Development

Whilst the Agency will recruit competent personnel, it endeavors to continuously upgrade employee's core competencies, knowledge, skills and attitudes of its employees to ensure that their performance meets and/or exceeds the minimum expectations and benchmarks best practices. The Agency therefore recognizes the need for training and development of all employees in order to ensure effective delivery of it's the Agency mandate. The Agency is committed to providing training and development opportunities to all staff in a fair and equitable manner without any form of discrimination.

e) Occupation Healthy and Safety

The Management of NuPEA is committed to the health and safety of its employees and stakeholders at large. Management is committed to continuing improvement toward an accident-free workplace through effective administration, education and training. To this end, the Agency has developed OHS Policy that provides guidelines for NuPEA to make conscious effort to conserve and improve safe and healthy working conditions for staff, clients and visitors in compliance with Occupational Safety and Health Act No. 15 of 2007 and any other relevant occupational safety and health legislation and regulations. The policy seeks to reduce the number of workrelated accidents and diseases, and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases.

4. Community Engagements

As a corporate citizen, Nuclear Power and Energy Agency (NuPEA) values and cherishes the rich tapestry, variety and diversity of the country's social fabric. NuPEA has been involved in CSR activities with an impact on various segments of the population.

During the financial year 2019-2020, NuPEA supported initiatives whose import was to benefit Kenyans at community, local, sectoral and/or national level. The unique circumstances prevailing during the period in respect of the Coronavirus pandemic shaped the direction and nature of the interventions as NuPEA focused on supporting the Government's efforts in combating and mitigating COVID 19:

- i. A contribution by NuPEA to the COVID-19 Emergency Response Fund in the sum of 2.5 million shillings.
- ii. Procured and distributed NuPEA -branded face masks and hand sanitizers.
- iii. Facilitated a donation of COVID-19 testing equipment and personal protective equipment from the International Atomic Energy Agency through the National Liaison Office which is housed at NuPEA to the Kenyatta National Hospital.
- iv. Ran a COVID-19 awareness and sensitization campaign on television and radio reinforcing the government messages to Kenyans on health, safety and wellbeing as well as preventive measures and guidelines.

NuPEA is committed to supporting endeavors that better the lives of Kenyans

9. REPORT OF THE DIRECTORS

The Board of Directors submits their report together with the Audited Financial Statements for the year ended 30 June 2020, which disclose the state of Nuclear Power and Energy Agency affairs.

Principal Activities

The principal activities of the entity are to be the nuclear energy programme implementing organization & promote the development of nuclear electricity generation in Kenya; and carry out research, development and dissemination activities in the energy and nuclear power sector. These are as outlined in the Energy Act 2019.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 to 17.

Directors

The members of the Board of Directors who served during the year and to the date of this report are set out on page viii to xi.

Auditor

The Agency Auditor, The Auditor-General, will continue to be in the office in accordance with Article 229 of the Constitution of Kenya and Public Audit Act 2015.

By order of the Board,



Corporation Secretary
Nairobi

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2020. 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 Agency;
- (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 Agency;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

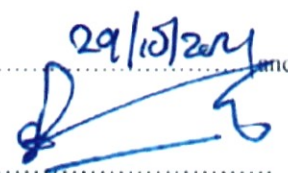
The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2020, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's 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 Agency will not remain a going concern for at least the next twelve months from the date of this statement

Approval of the Financial Statements

The Agency's financial statements were approved by the Board on
Signed on its behalf by:



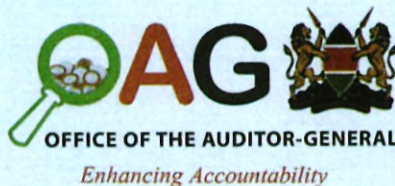
Chairperson of the Board

29/10/2020 and


Chief Executive Officer

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NUCLEAR POWER AND ENERGY AGENCY FOR THE YEAR ENDED 30 JUNE, 2020**REPORT ON THE FINANCIAL STATEMENTS****Opinion**

I have audited the accompanying financial statements of Nuclear Power and Energy Authority set out on pages 1 to 19, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Nuclear Power and Energy Agency as at 30 June, 2020, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Energy Act, 2019 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Report of the Auditor-General on Nuclear Power and Energy Agency for the year ended 30 June, 2020

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.903,224,500 and Kshs.907,861,250 respectively resulting to an under-funding of Kshs.4,636,750 or 5% of the budget. Similarly, the Authority expended Kshs.750,428,791 against an approved budget of Kshs.903,224,500 resulting to an under-expenditure of Kshs.152,795,709 or 17% of the budget.

Although the Authority exceeded the budgeted receipts by 5%, the underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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 and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Incomplete Fixed Assets Register

As disclosed in Note 14 to the financial statements, the statement of financial position reflects property, plant, and equipment with a net book value of Kshs.50,388,458. However, the Agency did not maintain a complete register of assets detailing cost and

Report of the Auditor-General on Nuclear Power and Energy Agency for the year ended 30 June, 2020

dates of acquisition, disposals, depreciation, accumulated depreciation, location of the assets, tagging and officer responsible for each asset. In the circumstances, it has not been possible to determine whether the Agency has effective mechanism to safeguard its assets.

Lack of Financial Expert in the Board of Directors

The Mwongozo Code of Governance for State Corporations outlines governance principles on appointment of Directors to State Corporations. The principles require at least one Board Member to be a financial expert, with necessary qualifications and expertise in financial management or accounting and in addition, be a bona fide member of a profession compliant with the requirements of the profession's membership. However, biodata of the Agency's Directors serving during the year under review, indicated that none possessed financial management expertise as defined in the Mwongozo principles.

In the circumstances, the Board may not have the necessary competency mix to form the required Board Committees especially the Board Audit Committee.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Agency'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 Agency or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Agency's 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 which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Agency'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 Agency 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 which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu

AUDITOR-GENERAL

Nairobi

03 November, 2021

Report of the Auditor-General on Nuclear Power and Energy Agency for the year ended 30 June, 2020

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Ksh
Revenue from non-exchange transactions			
Transfers from other governments MOE	5	895,224,600	509,984,600
other income	6	12,636,650	8,182,083
		907,861,250	518,166,683
Expenses			
Use of good and services	7	264,293,065	*199,711,498
Employee costs	8	310,343,573	280,467,479
Remuneration of Directors	9	34,713,368	27,535,263
Depreciation and amortization expense	10	17,519,056	19,513,078
Repairs and maintenance	11	13,249,806	1,916,288
Total expenses		640,118,868	529,143,606.00
Surplus before Tax		267,742,382	*(10,976,923.00)
Taxation			
Surplus for the period		267,742,382	(10,976,923.00)

**Restated as per note no.18*

The notes set out on pages 7 to 20 form an integral part of these Financial Statements.

13. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2019-2020	2018-2019
		Ksh	Ksh
Assets			
Current assets			
Cash and cash equivalents	12	307,965,926	6,011,602
Receivables from non-exchange transactions	13	20,294,202	140,715,981
Total Current Assets		328,260,127	146,727,583
Non-current assets			
Property, plant and equipment	14	50,388,458	52,578,535
Intangible Assets	15		
Staff Mortgage/ Car Loan fund	13(a)	244,285,000	131,785,000
Total non-current assets		294,673,458	184,363,535
Total assets		622,933,585	331,091,118
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	15	111,771,011	87,439,459
Provisions	15	6,840,000	3,252,000
Employee benefit obligation	15	218,150	10,078,800
Total current liabilities		118,829,161	100,770,259
Non-current employee benefit obligation	16	76,904,372	52,128,879
Total non-current liabilities		76,904,372	52,128,879
Total liabilities		195,733,533	152,899,138
Net assets			
Reserves		118,518,313	118,518,313
Accumulated surplus		308,681,739	59,673,667
Total net assets		427,200,053	178,191,980
Total net assets and liabilities		622,933,585	331,091,118

**Restated as per note no.18 .*

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



Chief Executive Officer
Eng. Collins Juma, MBS



Head of Finance
CPA Caren Oduor
ICPAK No: 6187



Chairman of the Board
Mr. Ezra Odhiambo

Date 29/10/2021

Date 29/10/2021

Date 29/10/2021

**14. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
30 JUNE 2020**

	Fund Account	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
At 1 July 2018	118,518,313	115,349,254	233,867,567
Surplus for the year		7,757,377	7,757,377
Prior year adjustments		(63,432,974)	(63,432,974)
At 30 June 2019	118,518,313	59,673,657	178,191,970
At 1 July 2019	118,518,313	59,673,657	178,191,970
Surplus for the period		267,742,382	267,742,382
Prior year adjustments (Note 18)		(18,734,300)	(18,734,300)
At 30 June 2020	118,518,313	308,681,739	427,200,052

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies		1,024,597,670	380,611,530
Other income		12,636,650	8,182,083
		1,037,234,320	388,793,613
Payments			
Goods and Services		278,295,503	121,099,311
Employees Costs		320,204,223	185,017,882
Other payments		8,951,291	5,722,203
Total Payment		607,451,017	311,839,396
Net cash flows from operating activities		429,783,303	76,954,217
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		15,328,979	(4,423,456)
Proceeds from sale of property, plant and Equipment			
(Decrease/increase) in non-current receivables		112,500,000	(77,485,000)
(Decrease/increase) in investments			
Net cash flows used in investing activities		127,828,979	(81,908,456)
Cash flows from financing activities			-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		301,954,324	(4,954,239)
Cash and cash equivalents as at July 1,2019	12	6,011,602	10,965,841
Cash and cash equivalents at end of the quarter.	12	307,965,92	6,011,602

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original Budget 2019-2020	Adjustment 2019-2020	Final Budget 2019-2020	Actual on comparable basis 2019-2020	Performance Difference 2019-2020	Variance
	Kshs	Kshs	Kshs	Kshs	Ksh	
Revenue						
Government grants and subsidies	750,224,500.00	145,000,000.00	895,224,500	895,224,600	(100.00)	0%
Other incomes	8,000,000.00		8,000,000	12,636,650	(4,636,650.00)	-58%
Total income	758,224,500		903,224,500	907,861,250	(4,636,750.00)	
Expenses						
Compensation of employees	323,004,000		323,004,000	310,343,573	12,660,427.18	4%
Goods and services	329,220,500	8,500,000	337,720,500	312,256,239	25,464,261.24	8%
Purchase of non-financial assets	60,000,000	70,000,000	130,000,000	15,328,979	114,671,020.77	88%
Employee mortgage and car loans	46,000,000	66,500,000	112,500,000	112,500,000	-	
Total expenditure	758,224,500	145,000,000	903,224,500	750,428,791	152,795,709	17%
Surplus for the period				157,432,459		

NOTES ON STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Note 1

The Agency during the financial year received all its exchequer allocation as shown in the statement of comparison of budget and actual amounts.

Note 2

Details	Amount
	Kshs
Expenditure as per statement of budget	750,428,791
Add	
Depreciation Expense	17,519,056
Total	767,947,847
Less	
Staff Mortgage	(85,000,000)
Staff Car Loans	(27,500,000)
Acquisition of Assets	(15,328,979)
Total Expenditure as per Financial Performance	640,118,868

Note 3 Reconciliation of Surplus/(Deficit)

Reconciliation of Surplus /(deficit)	Amount
	Kshs
Surplus as per Financial Performance	267,742,382
Add	
Depreciation Expense	17,519,056
Taxation	-
Less	
Staff Mortgage	(85,000,000)
Staff car Loans	(27,500,000)
Acquisition of Assets	(15,328,979)
Surplus as per Statement of Budget	157,432,459

17. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Nuclear Power and Energy Agency (NuPEA), formerly Kenya Nuclear Electricity Board (KNEB), is a State Corporation established under the Energy Act 2019. It is charged with the responsibility of promoting and implementing Kenya's nuclear power programme, carrying out research and development for the energy sector.

Towards attainment of its mandate, the Nuclear Power and Energy Agency shall develop policies and legislation, undertake public education and awareness, identify suitable sites for the construction of Nuclear Power Plants; carry out research, development and innovation on energy technologies as well as capacity building for the energy sector.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies.

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

The financial statements have been prepared in accordance with the Public Finance Management (PFM) Act, the State Corporations Act, Legal Notice No. 131 dated 16th November 2012 and International Public Sector Accounting Standards (IPSAS) (Accrual Basis). The accounting policies adopted have been consistently applied to all the years presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i) Revenue from non-exchange transactions- IPSAS 23

Transfers from other government entities and International Atomic Energy Association

Revenues from non-exchange transactions with other government entities and International Atomic Energy Association are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

ii) Revenue from exchange transactions - IPSAS 9

Interest income

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

b) budget Information - IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) 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 Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

d) Intangible Assets- IPSAS 31

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.

e) Research and Development Costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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.

f) Provisions - IPSAS 19

Provisions are recognized when the Agency 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 Agency 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.

g) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements. The reverse maintained by the Agency is capital reserve, where funds are set aside to purchase fixed assets. By setting aside a reserve, the Agency of Directors segregates funds from the general operations.

h) Changes in accounting policies and estimates - IPSAS 3

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

i) Employee benefits - IPSAS 25

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Related parties - IPSAS 20

The Agency 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 Agency, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

j) Service concession arrangements - IPSAS 32

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

k) Cash and cash equivalents

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

l) Budget Information

The original budget for FY 2019-2020 was approved by the National Assembly on 30 June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order

to conclude the final budget. Accordingly, the entity recorded additional appropriations of the 2019-2020 budget following the governing body's approval.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 5 of these financial statements.

m) Comparative figures

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

n) Subsequent Events -IPSAS 14

There have been no events subsequent to the financial year-end with a significant impact on the financial statements for the year ended June 30, 2020.

4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY -IPSAS

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency 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 Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140.

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Agency.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- 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.

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.

Assumptions were used in determining the provision gratuity payable to employee at the end of contractual period.

5. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred	Amount recognised in capital fund	Total grant income during the year	2019-2020
	Ksh	Ksh	Ksh	Ksh	Ksh
Ministry of Energy	895,224,600	-	-	895,224,600	895,224,600
Total	895,224,600	-	-	895,224,600	895,224,600

6. OTHER INCOME

Description	2019-2020	2018-2019
	Kshs	Kshs
Grant from International Atomic Energy Agency	9,593,077	8,182,083
Insurance compensation	3,043,573	
Total other income	12,636,650	8,182,083

7. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	Kshs	Kshs
Advertising	10,183,819	37,966
Telephone and internet services	3,331,117	3,828,428
Audit fees	348,000	348,000
Conferences ,seminars and workshops	17,316,525	4,496,613
Staff Welfare	2,516,996	1,705,000
Consultancy fees	26,181,161	244,300
Office refreshment	2,468,552	5,382,382
Water and Electricity	684,981	618,918
Consumables	4,051,099	170,151
Fuel and oil	1,426,864	2,223,924
Insurance	1,301,347	579,499
Cleaning Services	952,779	1,104,848
Legal fees	2,425,000	7,091,399

Licenses and permits	11,914,449	9,292,878
Training	17,163,234	35,665,565
Security expenses	1,464,760	1,343,980
Postage	387,606	127,501
Printing and stationery	4,021,787	6,956,583
Bank Charges	231,980	267,900
Membership and subscriptions	2,128,385	1,309,629
Publicity and advocacy	48,900,855	34,758,530
Nuclear plant siting expenses	45,078,507	20,434,750
Nuclear building capacity	22,951,413	22,446,289
National Liaison Office expenses	22,016,120	10,341,399
Regulatory and Legislation	14,845,729	23,445,082
Other expenses	-	5,489,984
Total General expenses	264,293,065	199,711,498

7 COVID 19 EXPENSES

Included the Consumable expenses under use of goods and services is **Ksh 1,090,460.30** spent on COVID 19 related expenses.

8. EMPLOYEE COSTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Salaries and wages	235,435,190	203,902,494
Gratuity	38,645,093	33,358,016
Medical Expenses	15,029,700	15,531,404
Staff Group life insurance	5,276,506	3,696,017
Travelling and accommodation allowance	15,957,084	23,979,548
Employee costs	310,343,573	280,467,479

9. REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	Kshs	Kshs
Chairman's Honoraria	1,044,000	435,000
Directors fees	3,240,000	1,134,066
Directors emoluments	14,958,425	9,394,674
Traveling Expenses	14,981,413	15,963,410
Medical expenses	489,530	608,113
Total director emoluments	34,713,368	27,535,263

10. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	Kshs	Kshs
Motor vehicle	3,702,992	4,937,322
Furniture and Fittings	1,444,000	1,168,379
Computers	11,489,030	12,853,518
Office equipment	883,035	553,859
Total depreciation and amortization	17,519,056	19,513,078

11. REPAIRS AND MAINTAINANCE

Description	2019-2020	2018-2019
	Kshs	Kshs
Building	9,100,000	-
Equipment	2,214,882	962,749
Vehicles	1,934,924	953,539
Total repairs and maintenance	13,249,806	1,916,288

12. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Current account	307,765,926	5,812,026
Cash in hand	200,000	199,576
Total cash and cash equivalents	307,965,926	6,011,602

12. (a) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

a) Current account		
Financial institution	2019-2020	2018-2019
	Kshs	Kshs
Kenya Commercial Bank	272,594,126	3,708,096
Cooperative Bank	124,241	2,056,372
NIC Bank	47,559	47,559
National Bank	35,000,000	-
Sub- total	307,765,926	5,812,027

13. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Description		
Current receivables	2019-2020	2018-2019
	Kshs	Kshs
Exchequer Receivable	-	129,373,070
Staff Receivables	16,294,202	7,342,911
Deposits	4,000,000	4,000,000
Sub- total	20,294,201.58	132,715,981

13. (a) RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Description		
Non-current receivables	2019-2020	2018-2019
	Kshs	Kshs
Staff Mortgage fund	166,770,000	81,770,000
Staff Car loans Fund	77,515,000	50,015,000
Total non-current receivables	244,285,000	131,785,000

14 .PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 july 2018	26,381,140	12,188,859	91,128,291	8,067,286	137,765,576
Additions	-	2,049,349	2,374,107		4,423,456
Disposals					
Transfers/adjustments	-	-	-	-	-
At 30 June 2019	26,381,140	14,238,208	93,502,398	8,067,286	142,189,032
Additions	-	3,721,620	8,759,343	2,848,016	15,328,979
Disposals					
Transfer/adjustments					
At 30 June 2020	26,381,140	17,959,828	102,261,741	10,915,302	157,518,011
Depreciation and impairment					
At 1july 2018	6,631,851	4,891,169	54,937,988	3,636,411	70,097,419
Depreciation	4,937,322	1,168,379	12,853,518	553,859	19,513,078
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2019	11,569,173	6,059,548	67,791,506	4,190,270	89,610,497
Depreciation	3,702,992	1,444,000	11,489,030	883,035	17,519,056
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30 June 2020	15,272,165	7,503,547	79,280,536	5,073,306	107,129,554
Net book values					
At 30 June 2020	11,108,975	10,456,281	22,981,205	5,841,996	50,388,458
At 30 June 2019	14,811,967	8,178,660	25,710,892	3,877,016	52,578,535

15. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	Kshs	Kshs
Trade payables	111,771,011	87,439,459
Payroll Liabilities	218,150	10,078,800
Provisions	6,840,000	3,252,000
Total trade and other payables	118,829,161	100,770,259

16. EMPLOYEE BENEFIT OBLIGATION

Description	2019-2020	2018-2019
	Kshs	Kshs
Non-Current benefit obligation	76,904,372	52,128,879
Total	76,904,372	52,128,879

17. CASH GENERATED FROM OPERATIONS

	2019-2020	2018-2019
	Kshs	Kshs
Surplus for the year before tax	267,742,382	7,757,377
Ad justed for:		
Depreciation	17,519,056	19,513,078
Contribution to provisions	28,363,493	
Working Capital ad justments		
Increase in receivables	96,222,567	(43,770,085)
Increase in payables	19,935,804	56,205,838
Increase in employee benefit obligation		37,248,009
Net cash flow from operating activities	429,783,302	76,954,217

18. PRIOR YEAR ADJUSTMENT ON THE STATEMENT OF CHANGES IN NET ASSETS

The amount of **Ksh. 18,734,300** in respect to prior year adjustment in the statement of changes in net assets relates to Nuclear power plant siting expenses that were erroneously omitted in the financial statements now restated.

19. FINANCIAL RISK MANAGEMENT CREDIT RISK

i. Credit Risk

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

	Total Amount	Fully Performing	Impaired
	Kshs	Kshs	Kshs
As at June 2020			
Receivable from exchange transactions	-	-	-
Receivable from non-exchange transactions	264,579,202	264,579,202	-
Bank balances	307,765,926	307,765,926	-
Total	572,345,127	572,345,127	-
As at June 2019			
Receivable from exchange transactions	-	-	-
Receivable from non-exchange transactions	264,500,981	264,500,981	-
Bank balances	5,812,027	5,812,027	-
Total	270,313,008	270,313,008	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and hence the Agency has not made any provision for uncollectable debts as all the credit risk is employee related.

ii. Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at June 2020				
Trade payables	89,908,587	5,816,400	16,046,023	111,771,010
Provisions		3,252,000	3,588,000	6,840,000
Employee benefit obligation		10,465,682	66,438,690	76,904,372
Total	89,908,587	19,534,082	86,072,713	195,515,382
As at June 2019				
Trade payables	10,078,800	87,439,459		97,518,259
Provisions		1,068,000	2,184,000	3,252,000
Employee benefit obligation			52,128,879	52,128,879
Total	10,078,800	88,507,459	54,312,879	152,899,138

iii) Market risk

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

The board has put in place an internal audit function to assist it in assessing the risk faced by

the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

The Agency has no exposure to market risks or the manner in which it manages and measures the risk since the Agency does not trade in foreign currency nor does it hold financial instruments in foreign currency.

iv) Capital Risk

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

	2019-2020	2018-2019
	Kshs	Kshs
Retained earnings	308,681,739	59,673,667
Capital reserve	118,518,313	118,518,313
Total Funds	427,200,053	178,191,980
Total borrowings	-	-
less: cash and bank balances	(307,765,96)	(5,812,027)
Net debt/(excess cash and cash	(307,765,96)	(5,812,027)
Gearing	0%	0%

20. RELATED PARTY BALANCE

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Agency holding 100% of its equity interest. Other related parties include;

- i. Ministry of Energy.
- ii. Key Management.
- iii. Board of Directors.

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related Parties		
a) Grants from the Government		
Grants from National Govt	895,224,600	509,984,600
b) Key management compensation	-	-
Directors' emoluments	34,713,368	27,535,263
Compensation to CEO	12,793,454	12,885,953
Compensation to key management	57,567,973	61,570,644
Total	105,074,795	101,991,860

21. CAPITAL COMMITMENTS

	2019-2020	2018-2019
	Kshs	Kshs
Authorized for	51,153,615.22	-
Authorized and contracted for	-	-
Total	51,153,615.22	-

22. EVENTS AFTER THE REPORTING PERIOD

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

23. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of Energy. Its ultimate parent is the Government of Kenya.

23. CURRENCY

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

APPENDIX I: INTER-ENTITY TRANSFER

NUCLEAR POWER AND ENERGY AGENCY				
Break down of Transfers from the State Department of Energy				
FY2019/2020				
a.	Recurrent Grants	Bank Statement Date	Amount	Financial Year
			(Kshs)	
		5/09/2019	63,806,150	2019/2020
		15/11/2019	63,806,150	2019/2020
		20/01/2020	63,806,150	2019/2020
		29/05/2020	208,806,150	2019/2020
		Total	400,224,600	
				-
b.	Development Grants	Bank Statement Date	Amount	Financial Year
			(Kshs)	
		30/09/2019	48,750,000	2019/2020
		13/12/2019	98,750,000	2019/2020
		5/02/2020	73,750,000	2019/2020
		5/02/2020	200,000,000	2019/2020
		30/6/2020	73,750,000	2019/2020
		Total	495,000,000	

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

Manager, Finance and
Accounts NuPEA

Sign







Head of Accounting Unit
Ministry of Energy

Sign





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