

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

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REPORT

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THE TABLE:

The leader of the
Opposition Party (LOM)
Inzofu Mwale

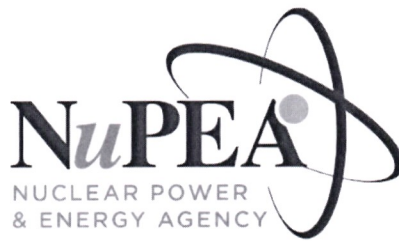
OF

THE AUDITOR-GENERAL

ON

NUCLEAR POWER AND ENERGY AGENCY

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



NUCLEAR POWER AND ENERGY AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

1. Background Information

The Nuclear Power and Energy Agency (NuPEA) is a State Corporation established under the Energy Act 2019 on 12th of March 2019. NuPEA is charged with the responsibility of promoting and implementing Kenya's nuclear power programme, carrying out research and development for the energy sector and Capacity Building in the Energy and Petroleum Sectors.

Towards attainment of its mandate, NuPEA 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. Principal Activities

The mandate of the Agency as stipulated in the Energy Act of 2019 is:

- 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:

- a. Be the nuclear energy programme implementing organization and promote the development of nuclear electricity generation in Kenya; and
- b. Carry out research, development and dissemination activities in the energy and nuclear power sector
- c. Propose policies and legislation necessary for the successful implementation of a nuclear power programme;
- d. Undertake extensive public education and awareness on Kenya's nuclear power programme;
- e. Identify, prepare and facilitate implementation of an approved roadmap for a nuclear power programme;
- f. In collaboration with the relevant Government agencies develop a comprehensive legal and regulatory framework for nuclear electricity generation in Kenya;

- g. Develop a human resource capacity to ensure Kenya has the requisite manpower to successfully establish and maintain a nuclear power programme;
- h. Identify appropriate sites in Kenya for the construction of nuclear power plants and their related amenities;
- i. Enter into collaborative programmes with other countries, international and national organizations in relation to nuclear electricity research and development;
- j. Identify a suitable operator for nuclear power plants;
- k. Enhance research linkages between industry and academia in matters relating to energy;
- l. Continuously train and upgrade human resource capacity in the energy sector to keep up with the changing technological issues in collaboration with training institutions;
- m. Advise on training curriculum and training needs targeting key areas in the energy sector;
- n. Direct, monitor, conduct and implement energy research and technology development in all fields of energy;
- o. Promote energy research and technology innovation;
- p. Establish facilities for the collection and dissemination of information in connection with research, development and innovation in the energy sector.
- q. 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



Vision: Provider of safe and sustainable energy solutions



Mission: To develop nuclear power, and undertake research and capacity building in the energy and petroleum sectors for socio-economic prosperity

Our Core Values

The infographic is set against a dark grey background and is divided into four horizontal sections by dashed lines. Each section features a circular icon and a corresponding text label in a light grey rounded rectangle.

- Integrity:** Represented by a circular icon of the Statue of Liberty.
- Excellence:** Represented by a circular icon of a bar chart with an upward-pointing arrow.
- Teamwork:** Represented by a circular icon of two hands shaking.
- Creativity/Innovativeness:** Represented by a circular icon of a human head profile with a glowing lightbulb inside.

3. Key Management

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

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

4. Fiduciary Management

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

	Designation	Name
1.	Chief Executive Officer	Eng. Collins Juma, MBS
2.	Director, Legal & Regulatory & Corporation Secretary	Mr. Justus Wabuyabo
3.	Manager, Finance and Accounts	CPA. Caren Oduor
4.	Manager, Procurement	Dr. Anthony Lusuli

5. Fiduciary Oversight Arrangements

The key fiduciary oversight arrangements for the Agency for the FY 2020/21 included:

i. The Board Audit Committee

The Board Audit 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.

ii. The Board Finance and Human Resource Committee

The Human Resource and Finance Committee reviews, and as appropriate, acts on behalf of the Board, or makes recommendations to the Board concerning Human Resource, Administration, Finance, Information Communication Technology (ICT), procurement and supply chain issues.

iii. The Board Technical Committee

The Technical Committee to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning legal and technical infrastructure issues for the successful implementation of a nuclear power programme in Kenya.

iv. The Board Strategy and Research Committee

The Strategy and Research Committee reviews, and as appropriate, acts on behalf of the Board, or makes recommendations to the Board concerning planning, strategy, research and business development issues.

v. Parliamentary Oversight Committees

Parliament has a constitutional mandate to scrutinize government spending and oversight functions of the Agency. The National Assembly, through its committees, exercises oversight over national revenue and expenditure.

vi. Inspectorate of State Corporations

The Inspectorate of State Corporation is tasked with ensuring efficient public management system in parastatals and undertakes 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

vii. International Atomic Energy Agency (IAEA)

The IAEA seeks to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world. The IAEA supports the Agency in establishing the necessary infrastructure in implementing the nuclear power programme in compliance with international best practices.

viii. Office of the Auditor-General

The Office of the Auditor-General is mandated to ensure that accountability and transparency are adhered to at the three arms of government. It audits and reports on accounts of the Agency.

ix. State Corporations Advisory Committee (SCAC)

The Committee powers are drawn from section 27 of the State Corporations Act chapter 446. The committee provides leadership in development and implementation of systems and procedures for ensuring efficient management of State Corporations

6. Headquarters

P.O. Box 26374-00100
Kawi House Complex
South C - Red Cross Road,
Nairobi, KENYA

7. Contacts

Telephone: (254) 20 5138300
E-mail: info@nuclear.co.ke
Website: www.nuclear.co.ke

8. Bankers

- i. Kenya Commercial Bank**
Moi Avenue Branch
P.O Box 48400-00100
Nairobi, Kenya
- ii. Co-operative Bank of Kenya**
Mombasa Road Branch
P O Box 48231-00100
Nairobi, Kenya
- iii. NCBA Bank**
Harambee Avenue Branch
P O Box 44599-00100
Nairobi, Kenya
- iv. National Bank of Kenya**
South C-Red Cross Branch
P.O Box 38645-00100
Nairobi, Kenya

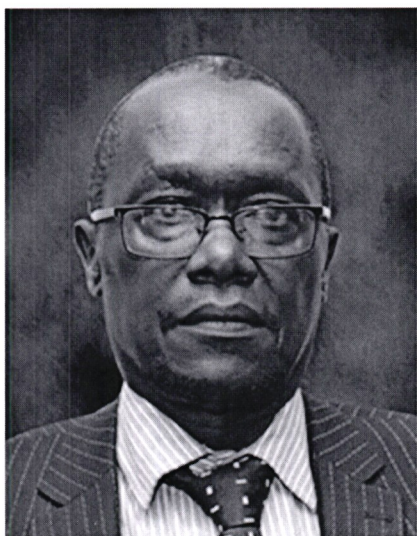
9. Independent Auditors

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

10. Principal Legal Adviser

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

2. BOARD OF DIRECTORS



Mr. Ezra Odondi Odhiambo
Chairman of the Board

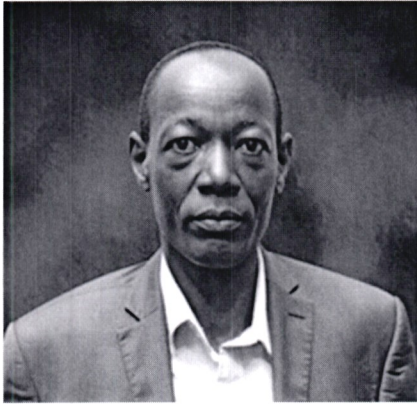
Mr. Odhiambo has expertise in strategic planning, business process re-engineering and improvement, change management, project management, telecommunications systems, computer systems, human resource management and design development and implementation of application software. His expertise has been acquired through holding Board positions and undertaking consultancy work 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 the Computer Society of Kenya.



Hon. Josephine Sinyo, (OGW, EBS)

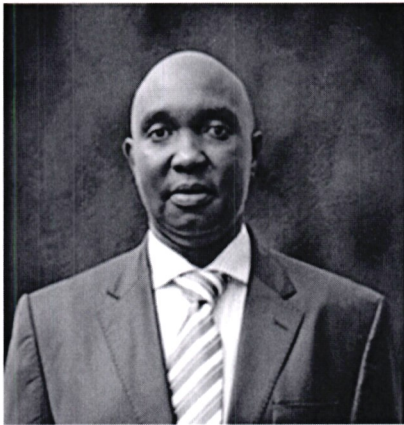
Board Member

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 to 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. Teresia 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 the Nuclear Power & Energy Agency.



Ms. Afandi Olando

Board Member

*Alternate to the Attorney General- State
Law Office*

Ms. Afandi Olando is an advocate of the High Court of Kenya. She holds a Bachelor of Laws degree from Moi University and a Masters of Law degree majoring in Public International Law from University of Nairobi. She holds a Postgraduate Diploma from the Kenya School of Law.

She is a Senior State Counsel at the International Law Division in the Office of the Attorney General and Department of Justice. She has considerable experience in drafting, vetting, reviewing, negotiating and monitoring compliance of legal instruments (Treaties, Conventions, Agreements, Subsidiary Agreements, MOUs, Contracts and Letters of Intent). She also handles a broad range of research and advisory matters pertaining to international humanitarian law, human rights law, maritime law, international criminal law, environmental law and mutual legal assistance matters.

She is a member of the Law Society of Kenya, the Federation of Women Lawyers (FIDA, Kenya Chapter) and a Nippon Fellow.



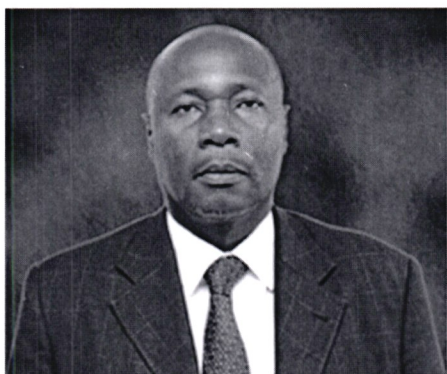
Ms. Zahra Haji

Board Member

Alternate to the Cabinet Secretary

National Treasury

Ms. Zahra Haji holds a Bachelor of Art in Journalism from United State International University - Africa and a Master's degree from University of Westminster in broadcast Journalism. She is experienced and has a demonstrated history of working in the public relations and communications industry. Skilled in Sales, Leadership, Customer Service, Microsoft Office, social media and Strong administrative professional.



Mr. Joseph Odhiambo

Board Member

*Alternate to the Principal Secretary, State
Department for University Education and
Research*

Mr. Odhiambo holds a 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. Timothy Gakuu

Board Member

*Alternate to the Principal Secretary,
Ministry of Energy*

Mr. Gakuu is a seasoned and experienced economist with more than 25 years of public service spanning diverse national and sub-national responsibilities. As an Executive in Charge, was instrumental in pioneering the Constituencies Development Fund Board Structure (CDF), currently the National Government Constituencies Development Fund Board, in its formative stages. Served in Geothermal Development Company (GDC), Youth Enterprise Development Fund (YEDF) Board, UWEZO Fund, Street Families Rehabilitation Fund and Anti-FGM Board as Alternate Director.

Mr. Gakuu holds a Bachelor of Art Degree in Economics from the University of Nairobi and a M.A in Economics from the University of Nairobi.



Eng. Collins Juma, MBS

Chief Executive Officer

Eng. Collins Juma, MBS has been serving as Chief Executive Officer of the Nuclear Power and Energy Agency for the last 5 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 Eastern Africa Federation of Engineering Organizations. 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 &
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 the 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 the 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).

3. MANAGEMENT TEAM

NuPEA MANAGEMENT TEAM




Eng. Collins G. Juma, MBS
CEO



Justus Wabuyabo
Director
*Legal & Regulatory Services
& Corporation Secretary*



Sophia Githuku
Director
*Human Resource
& Administration*



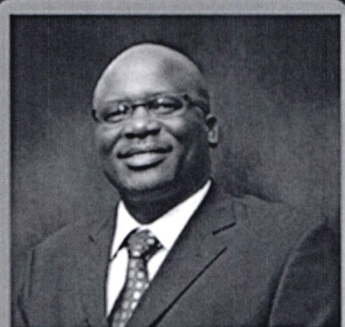
Basett Buyukah
Director
*Information, Advocacy
& Communication*



Erick Ohaga
Director
*Nuclear Energy Infrastructure
Development & Capacity Building*



Winfred Ndubai
Director
Strategy & Planning



Philip Mutai
Director
Legal & Regulatory Affairs

2020/2021 Performance Highlights



Siting of Kenya's NPP

Initiated the long term acquisition of 100 acres of land at the preferred site. Also conducted power system and economic analysis of integrating the NPP site to the national power grid.



Reactor Technology Selection

The most suitable SMR and Large reactors for Kenya have been selected. NPP safety simulations have also been performed to determine the best technology.



Research Reactor Siting

Preliminary site studies for Kenya's Research Reactor have been conducted at Konza City. RR feasibility studies have also been completed.



Research Reactor IRL in Collaboration with the IAEA at Kenyatta University

In conjunction with the IAEA and Kenyatta University, NuPEA selected KU to host the Internet Research Lab to help build the National Nuclear capacity.

Socio-economic Responsibility & Environmental Sustainability



Environmental Sustainability



4400 trees planted nationally.



510 water tanks donated



Covid-19 Response



Over 409,000 masks donated



2,300 thermal guns donated



Over 6,300 sanitizers donated



Scholarships

53 students have been enrolled into int'l universities in various Nuclear Engineering and Science Masters programs. 42 students have graduated with their Masters.

4. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I take pleasure in presenting the Nuclear Power and Energy Agency's Annual Report and Financial statements for the year ended 30th June 2021.

In a bid to make Kenya ready for Nuclear Power generation, the International Atomic Energy Agency (IAEA) conducted a Phase 1 Integrated Nuclear Infrastructure Review (INIR) mission in August 2015. The IAEA INIR mission is designed to assist Member States in evaluating the status of their national infrastructure for the introduction of a nuclear power programme. In October 2018, Kenya requested the IAEA to conduct a follow up INIR mission to review the status of implementation of the recommendations from the 2015 INIR mission. The follow up mission was conducted in June 2021.

I am pleased to inform you that the INIR follow up mission pointed out that Kenya has made considerable progress in the development of the Nuclear Power Programme. Of note, Kenya has enacted a national nuclear law and created a regulatory body with clear responsibilities for nuclear safety, security and safeguards. The Agency has also commenced assessing the nuclear legal framework and identifying other legislation that require review and developed a number of policies and strategies in key areas. The key areas include nuclear security and radioactive waste management with a view to enable the Government to make informed decisions on the introduction of nuclear power.

NuPEA finalized the preparation of a 5-year Strategic Plan for the period 2020 – 2025 in order to incorporate the Agency's expanded mandate in accordance with the Energy Act No.1 of 2019. This Plan builds on and complements the 15-year roadmap for Kenya's Nuclear Power Programme. Importantly, the Strategic Plan also takes cognizance of the national development agenda as contained in various policy documents including the Constitution of Kenya (2010), Vision 2030 and the Big Four Agenda.

The Agency places great premium on both local and international stakeholder engagement through concerted effort towards adopting strategic and mutually beneficial collaborative agreements. The Agency recognizes that strong strategic partnerships are pivotal in enhancing effective implementation of its mandate. These partnerships support NuPEA's commitment to promoting and implementing Kenya's Nuclear Power Programme, carrying out research and development and capacity building in the energy and petroleum sectors.

In the year under review, the Agency steered through a myriad of challenges. The Covid-19 pandemic and the attendant restrictions imposed by the Government on movement impeded some critical activities that included international visits and training programmes. In addition, our budgetary allocation was significantly reduced from Ksh 895.2M in the FY 2019/20 to Kshs 813.5M in FY 2020/21. This reduction constrained the attainment of the Agency's expanded mandate that presently adds on research and development, as well as capacity building for the energy and nuclear power sector.

As the Agency transitions into FY 2021/22, we remain committed to building on the gains made so far in developing the Nuclear Power Programme and enhancing the coordination frameworks for research and development, and capacity building for the energy and petroleum sectors.

On behalf of the Board of Directors, I express gratitude to the Ministry of Energy, development partners, the management, staff, and all our stakeholders for their continued support as we strive to achieve our mandate.



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Mr. Ezra Odondi Odhiambo
CHAIRMAN

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

Dear stakeholders,

It is my pleasure to present to you the Nuclear Power and Energy Agency's Annual Report and Financial Statements for the year ended 30th June 2021.

During the year under review, NuPEA made remarkable strides towards the quest to provide affordable, safe and clean nuclear electricity in Kenya. In this endeavour, the Government of Kenya through the Ministry of Energy has been a key enabler by way of financing the Agency's operations.

Industry overview

Nuclear power development in Kenya is anchored in the manufacturing component of the Big four agenda. The growth of the manufacturing industry is heavily dependent on reliable and affordable power which NuPEA seeks to provide. Further, the Agency's mandate is in line with Kenya's Vision 2030 economic blueprint which aims to transform Kenya into a newly industrializing, middle-income country providing a high quality of life to all its citizens by the year 2030. The introduction of nuclear electricity into Kenya's energy mix is envisaged to contribute not only to diversification of sources of power, but also reduction of the country's carbon emissions into the environment.

Revenue

In the year under review, NuPEA received **Ksh. 813,557,760** from the exchequer for the Agency's operational and recurrent budget.

Performance overview

NuPEA undertook and achieved various activities in the year under review in line with its mandate as set out below.

Firstly, and notably, the International Atomic Energy Agency (IAEA) conducted a follow-up Integrated Nuclear Review (INIR) Mission in June 2021. The mission sought to assess Kenya's progress with regard to implementation of the recommendations provided by the IAEA during the initial Mission held in August 2015. The follow-up Mission illuminated the way forward for Kenya and clarified outstanding issues to pave the way for advancement of the country's nuclear power programme. The conclusion of the follow-up INIR was that Kenya has made significant progress in addressing all the recommendations and proposals from the 2015 review. The follow-up INIR identified progress in areas as follows:

- Kenya developed both the National Nuclear Policy and the National Policy for Nuclear Safety to guide the Government in key decision making;
- The country enacted a national nuclear law and established a regulatory body – Kenya Nuclear Regulatory Authority (KNRA) with clear responsibilities for safety, security and safeguards;
- The Government completed an assessment of the national legal framework and identified other laws requiring review; and
- The Government enhanced the coordination among its key stakeholders in the development of the nuclear power programme.

NuPEA initiated the process of acquiring 100 acres at the preferred candidate sites which are identified as potential hosts for Kenya's Nuclear Power Plant (NPP). The Agency also identified the most suitable nuclear power reactor technology (both small and large NPPs) for the country and conducted preliminary site studies for the proposed Research Reactor (RR) at Konza City. The RR is expected to provide economic and technological benefits in the areas of education and training, industrial, medical, and research applications within the country and in the region.

In the year under review, NuPEA strengthened its strategic stakeholder partnerships and collaborations. The Agency also enhanced its information sharing by undertaking varied public and stakeholder engagements to interface with its key stakeholders on matters related to nuclear energy.

On nuclear power environmental and social considerations, the Agency commenced stakeholder validation of the Strategic Environmental and Social Assessment (SESA) Report. The inaugural validation workshops were held with stakeholders including leadership and members of the general public drawn from four (4) Counties in Nyanza and Western regions. The Counties involved were Migori, Homa Bay, Busia, and Siaya. More Counties are planned for coverage in this regard in the succeeding financial year.

Challenges

Since the declaration of the COVID 19 as a global pandemic by the World Health Organization (WHO) two years ago, the virus significantly disrupted the normal operations of NuPEA. The Ministry of Health restrictions on social gatherings and travel affected the Agency's activities. However, the Agency was able to brave the impact caused by the prevalence of the virus by utilizing modern technology in some of its business operations in addition to ensuring adherence to the Government and WHO COVID-19 mitigation measures at the workplace among other ways.

Future outlook

Projecting into the near future, NuPEA hopes to finalize the process of acquiring land for Kenya's nuclear power plants in preparation to invite bids from eligible vendors to build the plants.

Finally, I would like to appreciate the Government of Kenya, Ministry of Energy, sector partners, NuPEA Board of Directors, Management team, staff and all our valued stakeholders for supporting the Agency's progress and success in all aspects of its operations in the year under review. We look forward to your patronage in the next financial year and beyond.



.....

Eng. Collins Juma, MBS
CHIEF EXECUTIVE OFFICER

6. STATEMENT OF NUCLEAR POWER AND ENERGY AGENCY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

NuPEA has 5 key result areas (KRAs) within the current Strategic Plan for the FY 2020/21 – FY 2024/25. The KRAs are as follows:

- KRA 1: Nuclear energy infrastructure development
- KRA 2: Public education and stakeholder engagement
- KRA 3: Energy research and development
- KRA 4: Capacity building in the energy and petroleum sectors
- KRA 5: Institutional capacity

NuPEA develops its annual work plans based on the above 5 KRAs. 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 2020/21 period for its 5 KRAs, as indicated in the table below.

Key Performance Indicators	Activities	Achievements
<p>KRA 1: Nuclear energy infrastructure development</p>		
<p>Objective 1.1: To ensure readiness of key nuclear power infrastructure</p>		
<p>Site and supporting facilities identified</p>	<ol style="list-style-type: none"> 1. Initiation of short-term land acquisition (100 acres) at the preferred nuclear power plant (NPP) site 2. Undertaking of stakeholder engagement at the preferred NPP site 3. Undertaking of data updates through site visits to the preferred and alternate sites 4. Conducting of an economic analysis for the grid system for the best and alternate sites 5. Performing of system integration studies for Kenya's NPP for the preferred and alternate sites 6. Modelling of the planned network expansions and proposed system reinforcements into the existing system model to simulate the future power system with an NPP 	<p>The Agency achieved 96% against its target of 100% by:</p> <ol style="list-style-type: none"> a) establishing the Land Access Committee b) engaging stakeholders at the preferred NPP site c) updating data for the preferred and alternate sites d) reviewing the Grid Interconnection Schemes Report, Grid Simulation Report and Electric Grid Model

*Nuclear Power and Energy Agency
Annual Reports and Financial Statements
For the year ended June 30, 2021*

<p>Reactor assessment for the nuclear power programme</p>	<p>1. Conducting of NPP safety simulation using the IAEA Integrated Pressurized Water Reactor (iPWR) software 2. Updating of the user requirements (both small and large NPPs) with stakeholders</p>	<p>The Agency achieved its target of 100% by simulating NPP safety and reviewing the report on Kenya National Small Modular Reactor (SMR) User Requirement</p>
<p>Industrial involvement for the nuclear power programme</p>	<p>1. Updating of local industry data and assessment of self-industry capability for localization 2. Undertaking of nuclear industry stakeholder meetings 3. Review of guide report, local industry data report, industrial involvement policy recommendation report and localization assessment modelling report</p>	<p>The Agency achieved its target of 100% by: a) visiting and collecting modelling data from 7 industries b) updating the guide report, local industry data report, industrial involvement policy recommendation report and localization assessment modelling report</p>
<p>Environmental impact assessment for the nuclear power programme</p>	<p>1. Development of a position paper on the current status of environmental authorization and its implications to nuclear installation projects 2. Development of a schedule for conducting the environment impact assessment (EIA) at the</p>	<p>The Agency achieved 115% against its target of 100% by drafting: a) the position paper on the current status of environmental authorization and its implications to nuclear installation projects b) a project description report for the EIA at the preferred NPP site</p>

preferred NPP site

3. Identification of resources needed for the EIA

- Human resource development strategy for the nuclear power programme
1. Analysis of current education resources (universities, colleges, and artisan schools) finalizing the draft HRD Strategy
 2. Application of the nuclear power human resource (NPHR) model output to update the draft HRD Strategy
 3. Incorporation of comments/suggestions and finalization of the HRD Strategy
- The Agency achieved its target of 100% by updating and finalizing the draft HRD Strategy

Objective 1.2: To have an adequate and supportive legal and regulatory framework

- Legal and regulatory framework for the nuclear power programme developed
1. Development of nuclear energy policy
 2. Development of adequate regulations to operationalize the Nuclear Regulatory Act No. 9 of 2019
 3. Review of the national laws vis-à-vis the Nuclear Regulatory Act No. 9 of 2019
 4. Accession to nuclear conventions
- The Agency achieved 67% against its target of 100% by:
- a) preparing the final draft National Nuclear Policy
 - b) preparing a draft memorandum of understanding highlighting areas of collaboration with Kenya Nuclear Regulatory Authority
 - c) drafting a preliminary report on national laws relevant to the Nuclear Regulatory Act/nuclear power programme in collaboration with Kenya Law Reform Commission
 - d) updating the draft position paper on the international nuclear liability regime

Objective 1.3: To inculcate nuclear safety culture among the key stakeholders

Nuclear management	<ol style="list-style-type: none"> 1. Review of requirements for the nuclear power programme and the first NPP project 2. Review of future management developments required in NPP regulation 3. Development of scenarios for bid invitation specification (BIS) 4. Project organization – development of the necessary organization to manage the project 5. Management systems – development of requirements for management systems to deliver the NPP project 6. Training to create a safety and security culture 	<p>The Agency achieved its target of 100% by:</p> <ol style="list-style-type: none"> a) reviewing the responsibilities and capabilities required to deliver a safe, secure, and economically viable nuclear power programme b) commencing an audit of the existing management capabilities in the institutions with a responsibility in the nuclear power programme c) developing a management and leadership program for nuclear executives d) conducting training – the FIRST Programme for Early-Career Nuclear Professionals on Nuclear Security, Safety, and Safeguards (3S) concepts and Small Modular Reactor (SMR) technologies – in association with the United States Department of State and Sandia National Laboratories
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KRA 2: Public education and stakeholder management

Objective 2.1: To increase stakeholder's awareness and support of N/PEA's mandate

Public information, stakeholder education and management	<ol style="list-style-type: none"> 1. Production of television series highlighting nuclear energy development in Kenya and N/PEA's expanded mandate incorporating 	<p>The Agency achieved 93% against its target of 100%. The Agency strengthened its strategic partnerships and collaborations and enhanced information sharing through implementing the outlined</p>
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strategy implemented research and capacity building public communication and stakeholder involvement activities

2. Development of NuPEA Crisis Communication Policy
3. Conducting of public education on nuclear energy in ten countries
4. Coordination of one international conference in Kenya for knowledge exchange and benchmarking on nuclear energy development
5. Engagement of three professional bodies on nuclear energy development in Kenya
6. Undertaking of nuclear energy debate for tertiary institutions

KRA 3: Energy research and development

Objective 3.1: To champion use of safe, efficient, and sustainable energy systems

Coordination of energy and petroleum research and development (R&D) enhanced

1. Undertaking of energy R&D need/gap analysis The Agency achieved its target of 100% by:

2. Identification of R&D thematic areas a) developing and submitted the draft report on Energy R&D and Potential R&D Thematic Areas in the Energy and Petroleum Sectors

3. Commence development of energy R&D coordination framework b) completing preparatory activities for the development of the coordination framework for R&D in the energy and petroleum

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		sectors
Implementation of nuclear research reactor (RR) project facilitated	<ol style="list-style-type: none"> 1. Carrying out stakeholder needs quantification for Eastern Africa region 2. Development of preliminary technical and functional specifications 3. Carrying out site survey 4. Carrying out financial and economic cost benefit analysis (CBA) 5. Updating of the infrastructure development report 6. Carrying out risk assessment for RR project 7. Development of the business model for RR project 8. Compilation of the Feasibility Study Report 	<p>The Agency achieved its target of 100% by:</p> <ol style="list-style-type: none"> a) compiling and finalizing the draft Feasibility Study Report and submitted it b) completing preparatory activities for the CBA and development of the business model for the research reactor project, including collaboration with Kenya Institute for Public Policy Research & Analysis (KIPPR)
KRA 4: Capacity building in the energy and petroleum sectors		
Objective 4.1: To ensure availability of skilled and competent human capital in the energy and petroleum sectors		
Development of human capital in the energy and petroleum sectors strengthened	<ol style="list-style-type: none"> 1. Undertaking of knowledge mapping (gap analysis) in the sector 2. Identification of capacity building areas 3. Commence development of capacity building 	<p>The Agency achieved its target of 100% by:</p> <ol style="list-style-type: none"> a) developing and submitting the draft report on the Capacity Building Needs and Potential Capacity Building Areas in the Energy and Petroleum Sectors

coordination framework

b) completing preparatory activities for the development of the human resource capacity building masterplan and implementation framework for the energy and petroleum sectors

KRA 5: Institutional capacity

Objective 5.1: To enhance financial sustainability of the Agency

Capabilities to attract 1. Absorption of allocated funds by GoK
increased government 2. Absorption of externally mobilized funds
allocation strengthened 3. Pending bills

The Agency achieved 97% against its target of 100%. The Agency:

- a) received 100% revenue disbursements against the target with nil variance
- b) had a utilization that translated to an absorption rate of 93%
- c) had no pending bills

Objective 5.2: To enhance efficiency and effectiveness in service delivery

Automation of operational 1. Implementation of citizens' service delivery processes enhanced charter
2. Application of service delivery innovations
3. Resolution of public complaints

The Agency achieved its target of 100% by:

- a) customizing the charter to unique needs of the customers and displayed the charter at service delivery points
- b) undertaking the configuration of the e-learning portal
- c) putting in place mechanisms for receiving and handling complaints

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Safety and security measures	1. Implement the Management System (ISMS)	Security Information	The Agency achieved 85% against its target of 100%. The Agency trained auditors and prepared a status report on the implementation of the ISMS Action Plan
Objective 5.3: To have a versatile, competent, highly performing and motivated workforce			
Competency development	<ol style="list-style-type: none"> 1. Review of NuPEA Skills Gap Analysis Report 2. Carrying out of staff training needs assessment 3. Execution of interventions to address the identified skills gap and training needs 4. Knowledge management 5. Performance appraisal 		The Agency achieved its target of 100%. The Agency strengthened its human capital management and enhanced staff capacity development through implementing the outlined activities

7. CORPORATE GOVERNANCE STATEMENT

The responsibility of governing the Agency lies with the Board of Directors. NuPEA has adopted high standards and applies strict rules of conduct based on the best corporate practices. Board members act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest and favoring the interests of the Agency over other interests.

Guiding Principles

In line with Section 3 of the Leadership and Integrity Act (Act No. 19 of 2012 of the Laws of Kenya), Board members respect the values, principles and the requirements of the Constitution, including:

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

Board members also uphold the tenets of good governance as guided by the Code of Governance for State Corporations (*Mwongozo/Code of Governance*), the Board Charter and the Public Officers and Ethics Act No.4 of 2003.

Board Charter

The Board Charter defines the roles and responsibilities of the Board of NuPEA as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with NuPEA's strategic direction and expectations, with respect to governance. The Charter also sets out the powers of various Board Committees, the separation of roles between the Board and management, as well as the policies and practices of the Board with respect to corporate governance matters.

The Charter has been adopted by NuPEA, acting in accordance with the *Mwongozo* Code of Governance for State Corporations and is complementary to the requirements regarding the Board contained in applicable Kenyan laws and regulations.

Board Membership

In line with the guidelines of the *Mwongozo* Code of Governance for State Corporations, the Board comprises nine (9) members. Of these, five (5) are Independent Directors including the Chairman, while four (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-officio* member. The constitution of the Board takes into consideration diversity in gender, age, ethnicity and culture.

Appointment and removal of Board Members

Board members are appointed in accordance with the requirements of the *Mwongozo* Code of Governance for State Corporations. The Code of Governance requires all Chairpersons of State Corporations to be appointed by the President. Board members are formally appointed by the Cabinet Secretary of the parent Ministry (Ministry of Energy) through a Gazette Notice and thereafter an appointment letter.

In accordance with the Code of Governance, the Board may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law. Any removal of a Board member shall be through formal revocation.

Roles and functions of the Board

In furtherance of its responsibilities, the Board is required to:

- a) Determine the organization's mission, vision, purpose and core values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the organization;
- c) Review, evaluate and approve the organization's budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the organization;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the organization's operations and performance;

- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the organization;
- k) Adopt, implement and monitor compliance with the organization's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the organization's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Protect the rights of shareholders and optimize shareholder value;
- o) Enhance the organization's public image and ensure engagement with stakeholders through effective communication;
- p) Monitor compliance with the Constitution, all applicable laws, regulations and standards; and
- q) Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

Board Committees and Membership

The State Corporations Act, Cap 446 of the Laws of Kenya, allows the Boards of State Corporations to establish committees in order to effectively discharge their mandates. The *Mwongozo* Code of Governance for State Corporations allows the Board to establish not more than four (4) committees of the Board, one of which must be an Audit Committee. The Board has established four standing committees as follows:

Human Resource and Finance Committee

The Board of Directors has established the Human Resource and Finance Committee that consists of four (4) members to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning human resource, administration, finance, Information Communication Technology (ICT), procurement and supply chain issues.

The Human Resource and Finance Committee is comprised of the following members:

- 1) Mr. Stephen Karanja – Chairperson
- 2) Ms. Teresia Malokwe
- 3) Ms. Afandi Olando
- 4) Ms. Zahra Haji

Technical Committee

The Board of Directors has established the Technical Committee to review, and as appropriate, act on behalf of the Board, and make recommendations to the Board concerning legal and infrastructure issues for the successful implementation of a Nuclear Power Programme in Kenya.

The Technical Committee is comprised of the following members:

- 1) Ms. Teresia Malokwe – Chairperson
- 2) Hon. Josephine Sinyo
- 3) Mr. Joseph Odhiambo
- 4) Mr. Timothy Gakuu

Strategy and Research Committee

The Board of Directors has established the Strategy and Research Committee to review, and as appropriate, act on behalf of the Board, and makes recommendations to the Board concerning planning, strategy, research and business development issues.

The Strategy and Research Committee is comprised of the following members:

- 1) Hon. Josephine Sinyo – Chairperson
- 2) Mr. Joseph Odhiambo
- 3) Dr. Kiptoo Koross
- 4) Mr. Stephen Karanja

Audit Committee

The Audit Committee is a key component of the governance process. The Committee provides independent expert assessment of the activities of the management team, the quality of risk management, financial reporting, financial management and internal audit to the Board of Directors and executive management.

The Audit Committee is comprised of the following members:

- 1) Dr. Kiptoo Koross – Chairperson
- 2) Ms. Afandi Olando
- 3) Ms. Zahra Haji
- 4) Mr. Timothy Gakuu

The Board provides Terms of Reference for each committee; reviews the mandate of the Committees periodically; determines the frequency of committee meetings; appoints the Chairperson of each Committee; and annually reviews the effectiveness and performance of its Committees. The Board may establish an ad-hoc Committee to deal with emerging issues that do not fall under the domain of regular Board Committees.

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 (10) days in advance.

During the year under review, the Board held a total 10 Full Board meetings and 32 Committee meetings (including special meetings) to consider key issues relating to strategy, performance and sustainability of the Agency.

Board and Committee Meeting Attendance 2020/2021

Board Member	Full Board Meetings*	Board Committees Meetings			
		Human Resource and Finance Committee	Technical and Legal Committee	Strategy and Research Committee	Audit Committee
		10 meetings	18 meetings	4 meetings	6 meetings
Mr. Ezra Odondi Odhiambo (Chairperson)	10/10	-	-	-	-
Hon. Josephine Sinyo	7/10	6/18	7/4*	5/6	-
Ms. Teresia	9/10	11/18	7/4*	2/6	2/4

Malokwe Mbaika						
Mr. Stephen Karanja	9/10	11/18	5/4*	5/6	1/4	
Dr. Kipkorir Koross	8/10	5/18	3/4	5/6	5/4*	
Mr. Timothy Gakuu	8/10	2/18	4/4	-	5/4*	
Ms. Zahra Haji	-	5/18	-	-	1/4	
Mr. Joseph Odhiambo	9/10	1/18	6/4*	5/6	1/4	
Ms. Afandi Olando	10/10	18/18	4/4	1/6	6/4*	
Eng. Collins Juma MBS	1/10 (on invitation)	6/18 (on invitation)	- (on invitation)	1/6 (on invitation)	- (on invitation)	

*includes special meetings

Board Capacity Development

The Board of Directors is committed to empowering members with a view to enabling them to understand their responsibilities as directors, general principles of corporate governance and Board practices. The Board 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. The Board Audit Committee undertook induction training among other capacity building programmes focusing on leadership, corporate governance, finance and other areas relevant to the mandate of the Agency.

Declaration of Conflict of Interest

Board members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the Agency. A board member who identifies an area of conflict discloses any actual or potential conflict of interest to the Board, provides all relevant information and abstains from decision making.

Governance audit

The Board is expected to ensure that a governance audit of the Agency is undertaken in collaboration with the State Corporation Advisory Committee (SCAC) on an annual basis in line with the *Mwongozo* Code of Governance for State Corporations. The purpose of the audit is to ensure that the Agency conforms to the highest standards of governance practice. In the year under review, a governance audit was not undertaken.

Board remuneration

Board members are remunerated for their services in accordance with guidance from the State Corporation Advisory Committee (SCAC) through circulars issued from time to time, as well as the prevailing relevant legislative provisions and/or guidance from the relevant authorities.

The gross allowances for Board Chairperson and Board members for the FY 2020-2021 are as follows:

	Allowance	Chairperson	Board members
1.	Honoraria	Ksh.960,000	N/A
2.	Sitting		Ksh.15,050,750
3.	Daily Subsistence Allowance (DSA)		Ksh.8,308,318
4.	Medical Expenses		Ksh.757,828
5.	Total Directors Remuneration		Ksh. 25,076,897

8. MANAGEMENT DISCUSSION AND ANALYSIS

NuPEA'S Operational and Financial Performance

I. Operational Performance

During the Financial year 2020/2021, 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 here below;

A. Policy, Legal and Regulatory Framework for the Nuclear Power Programme development

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 safe peaceful use of nuclear energy for electricity generation, among other uses outlined in the Policy. This has culminated in the Nuclear Regulatory Act 2019.
- 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.
- e) Consideration of the nuclear liability requirements in the liability conventions adopted under the auspices of the IAEA.

This project is funded by the grants from the Government of Kenya and specifically through appropriation in Aid from the Ministry of Energy.

The Agency provided technical support to the National Assembly culminating in the enactment of the Nuclear Regulatory Act No.29 of 2019. The Nuclear Regulatory Act 2019 provides a framework for the institutional building of the newly established nuclear regulatory body and paves the way for the development of implementing regulations.

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 in line with the Treaty Making and Ratification Act No.45 of 2012.

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

SEA is a 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, the Agency has undertaken a Strategic Environmental Assessment of Kenya's Nuclear Power Programme to obtain more effective and efficient decision-making for sustainable development of the 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 Exchequer.

C. Site and Supporting Facilities Identified

One of the functions 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 involve site surveys, ranking of the sites, and selection of sites based on a set of national criteria, regulatory requirements 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.

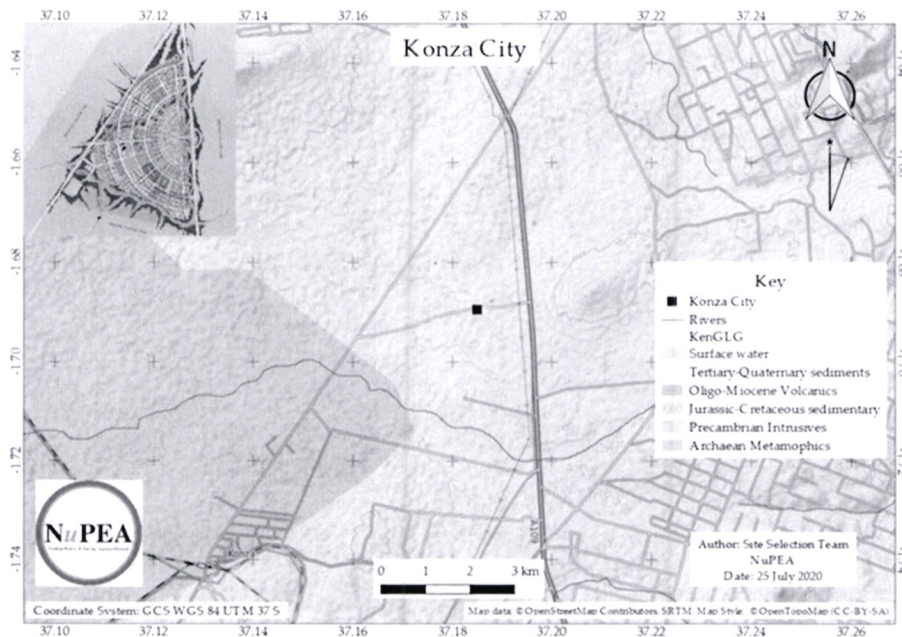
One hundred (100) acres of land at the preferred site is being acquired in collaboration with the NLC (National Land Commission). The siting process was initiated through a reconnaissance visit to the regions of interest. The team then developed siting criteria to guide the process. Site visits/preliminary site studies were then conducted, various site characteristics analyzed and ranked from the best to the worst. Later, land identified in the preferred site is under the acquisition process, being led by NLC. After acquisition, preliminary and final site characterization shall be conducted. Grid interconnection schemes for the site have been developed and their economic analysis conducted. The Agency is establishing a regional office at the coastal city of Mombasa.



One of the candidate sites at the coast.

D. Nuclear Research Reactor

The Agency conducted a feasibility study and preliminary site studies for the national research reactor program. An Emergency Plan for the Research Reactor site at Konza City has also been developed.



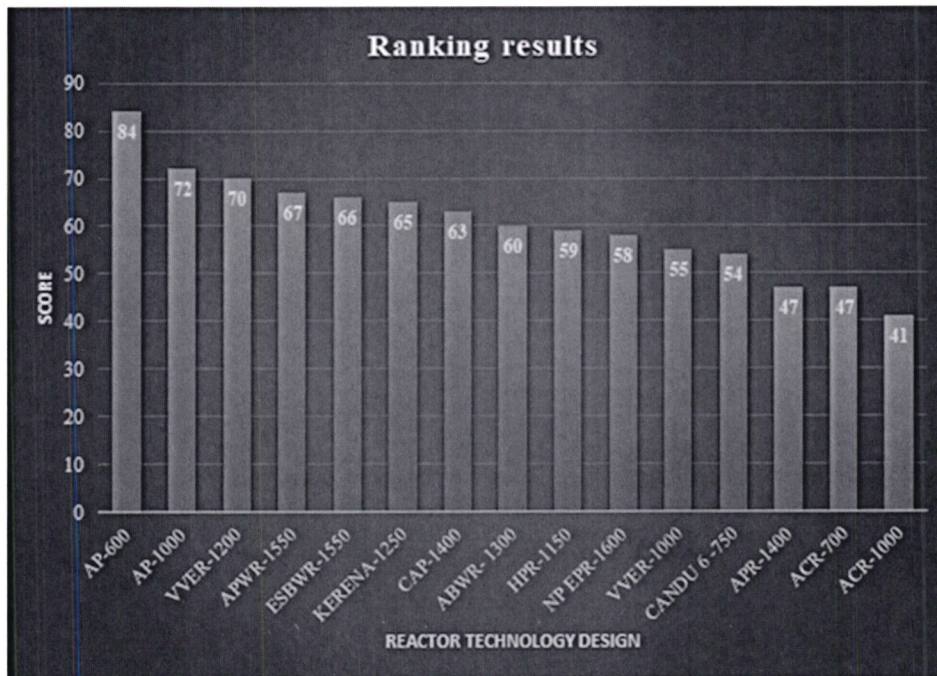
Map showing the geology of Konza



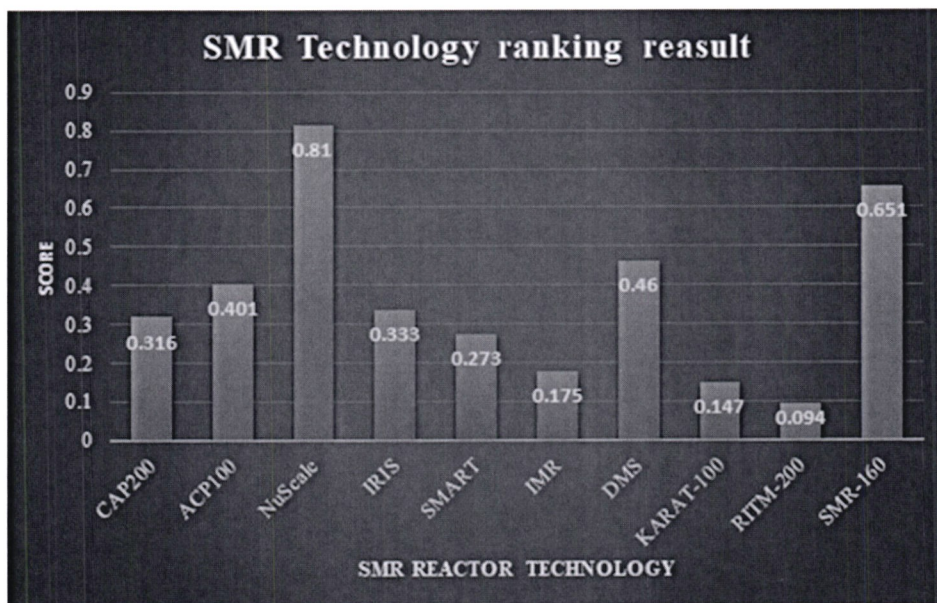
Panoramic view of Konza City

E. Reactor Technology Selection

The Agency conducted technology assessments for small, modular (SMR) and large reactor selection and the best reactors were selected. Preliminary safety analysis for Pressurized Water Reactors (PWRs) and integrated/modular reactors has also been performed.



Ranking of large reactors

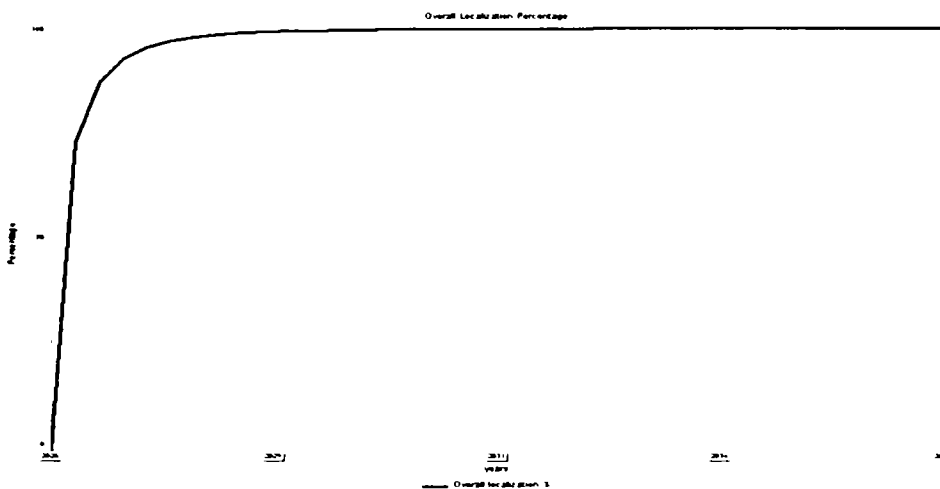


Ranking of Small and Modular Reactors

F. Industrial Involvement

NuPEA determined the industrial involvement industry localization percentage in order to demonstrate what role the local industry can play in developing the national nuclear programme.

Graph showing quantity requirements for cables, cement and steel during construction of Kenya's NPP from 2026 - 2036



Graph showing the localization percentage of cables, steel and cement. The curve shows that local industry can supply all the cables, steel and cement needed for the programme.

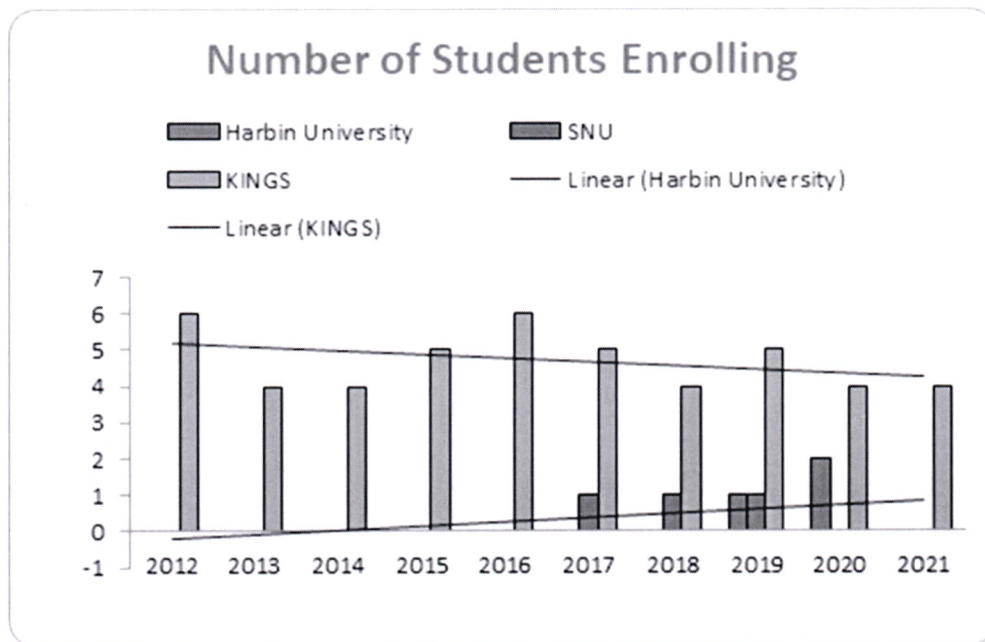
G. Human Resources Strategy Development

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.

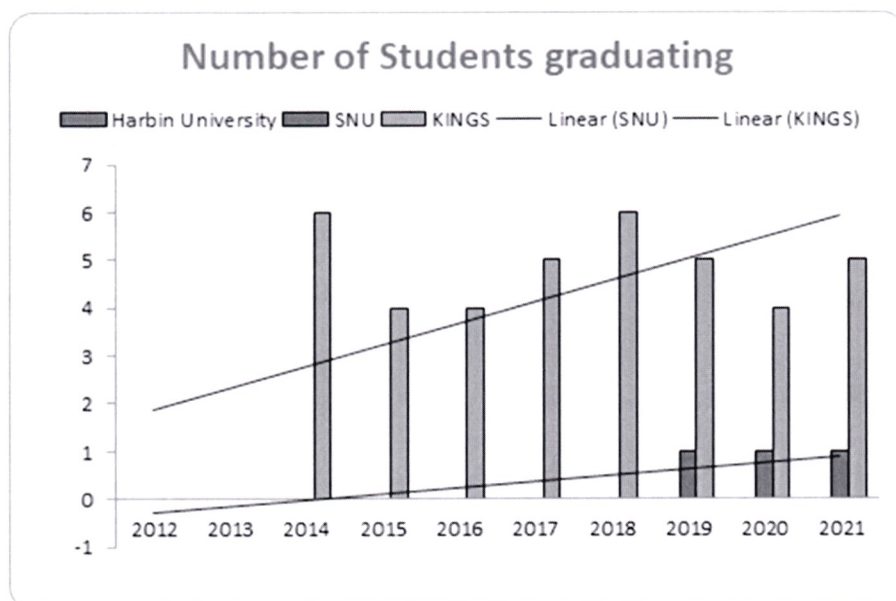
The Agency has rolled out annual training programmes targeting Kenyans for training in various nuclear fields so as to build adequate capacity for the support of the country's nuclear power programme. The training comprises both short and long term programmes in partnership with local and international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

The Agency has developed a Human resources development strategy. A total of 53 students have been enrolled in foreign universities (Harbin University in China, Seoul National University (SNU)

and KEPCO International Nuclear Graduate School (KINGS) both in South Korea) to study masters in Nuclear Engineering and Science. Out of these, 42 have already graduated and the rest are due to graduate by 2023. A total of 58 students have been sponsored to undertake MSc Nuclear Science at the Institute of Nuclear Science and Technology, University of Nairobi.



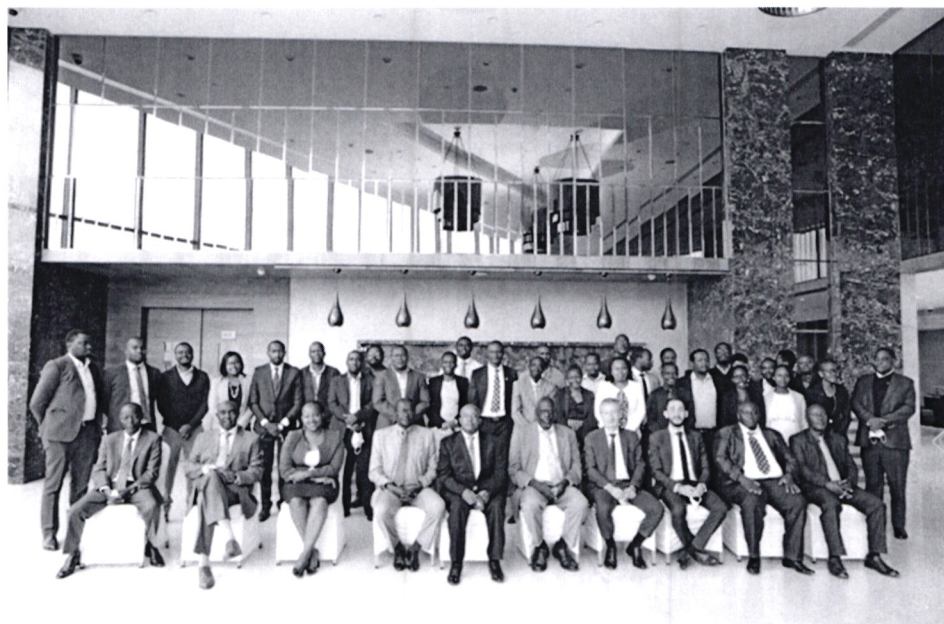
Graph showing the number of students enrolled in foreign universities.



Graph showing the number of students who have graduated from foreign universities.

H. Integrated Nuclear Infrastructure Review (INIR) Follow Up mission

The Agency conducted an INIR Follow Up mission to review the status and progress of the National Nuclear Infrastructure Development. The INIR mission is an IAEA led activity where experts in the various nuclear infrastructure issues review the national progress in developing those nuclear infrastructure issues.



Participants of the INIR Follow Up mission conducted in collaboration with the IAEA and NuPEA's stakeholders.

II. 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.

In the financial year 2020/2021, NuPEA had a total revenue from Government grants of **Ksh 813.5M**, comprising of **Ksh.430M** for development and **Ksh.383.6M** for recurrent. This translated to **9%** decrease in budget allocation from the previous financial year 2019/2020 as indicated in the table below.

Table 1 : Comparison of budget allocation for the financial year 2020/2021 and 2019/2020

	2020/2021 Ksh Million	2019/2020 Ksh Million	Change Ksh Million	% Increase (decrease)
Development	430	495	(65)	(13%)
Recurrent	383	400	(17)	(4%)
IAEA grant	8	8	-	-
Total	821	903	(82)	(9%)

Revenue

The Agency source of revenue is Government grants inform of exchequer disbursements from the Ministry of Energy.

During the financial year the Agency received 100% exchequer allocation for the period amounting to **Ksh 813.6M**, translating to **9%** decrease from the financial year 2019/2020

The Agency during the financial year did not receive any grants from IAEA while **Ksh.9.6M** was received in the previous year. The reason for failure to receive any grant from IAEA is attributed to COVID-19 restrictions which affected IAEA sponsored programmes. The table below shows the comparison of revenue received in FY2020/2021 and the previous year.

Table 2: Comparison of revenue received for the financial year 2020/2021 and 2019/2020.

	2020/2021 Ksh Million	2019/2020 Ksh Million	% Increase(Decrease)
Exchequer	813.6	895	(9%)
Grant from IAEA	-	9.6	(100%)

Expenditure

As at the end of the financial year 2020/2021, the Agency had incurred a total expenditure of **Ksh.779.2 M** against **Ksh.797M** in the year 2019/2020 resulting to a **2%** decrease. The expenditure included **Ksh.37.6M** utilized on purchase of fixed assets and **Ksh.43M** used on staff mortgage and car loans. During the previous financial year the Agency spent **Ksh.75.2M** on purchase of fixed sets and **Ksh.112.5M** on staff mortgage. The expenditure was incurred under the following categories;

Table 3: Comparison of expenditure incurred for the financial year 2020/2021 and 2019/2020.

	2020/2021 Ksh Million	2019/2020 Ksh Million	% Increase (Decrease)
Compensation of employees	375.1	310.3	21%
Remuneration to Directors	28.3	34.7	-18%
Goods and services	295.2	264.3	12%
Purchase of non-financial assets	37.6	75.2	-50%
Employee mortgage and car loans	43	112.5	-62%
Total	779.2	797	-2%

Budget Surplus

In the previous year the Agency realized a budget surplus of **Ksh 127.9M**. This was as a result of effects of the Covid19 pandemic that affected the operations of the Agency in term of projects

implementation. The surplus was carried forward as appropriation in Aid to the financial year 2020/2021 budget. The Agency utilized the funds to finance the implementation of projects and realized a budget surplus of **Ksh.162.3M**.

III. 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 non-compliance that may expose the Agency to potential contingent liabilities of any future financial loss.

IV. 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 FY 2019/2020, the Agency completed the preparation of its Risk Registers and developed an Annual Risk Management Plan and implemented it 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).	1. Failure to achieve the strategic objectives. 2. Weak monitoring, evaluation and reporting.	1. Stakeholder involvement during planning. 2. Develop and implement a Monitoring and Evaluation system/plan.

			3. Implement a performance management system.
Operational Risk	Risks arising from activities engaged in including systems, processes and procedures.	1. Lack of requisite policies, procedures and systems.	<p>1. Develop/Review requisite policies and procedures.</p> <p>2. Implement appropriate organizational systems (i.e. ISO 90001:2015, ISO/IEC 27001:2013, ISO 31000).</p>
Technology Risk	Risks arising from technological, process and service delivery innovations	<p>1. Resistance to adoption of new technologies.</p> <p>2. Information security and cybercrime.</p>	<p>1. Undertake staff training on new systems adopted by the Agency.</p> <p>2. Continuous monitoring and strengthening of information system security.</p>
Political Risks	Exposure arising out of the changing political landscape	1. Some stakeholders may oppose some of the proposed programmes or activities.	<p>1. Enhance public education and awareness.</p> <p>2. Effective stakeholder management.</p> <p>3. Seek effective collaborations and sharing of information.</p>
Human Resource Risk	This entails high employee turnover rate	<p>1. High staff turnover.</p> <p>2. Inadequate staff capacity - number and skill mix.</p>	<p>1. Hire staff with requisite skills.</p> <p>2. Staff training and development.</p> <p>3. Develop and implement</p>

				strategies that will facilitate retention of qualified and productive staff.
				4. 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.	1. Inadequate funding. 2. Delays in disbursement of resources to programmes/activities. 3. Low absorption rate		1. Pitch for allocation of adequate resources from the government. 2. Seek support from development partners. 3. Synchronize work plans, budgets and procurement plans. 4. Alignment of financial statements to prescribed timelines and requirements. 5. Adherence to the procurement plan 6. Training of staff members on finance for non-financial staff and procurement.
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	1. Inadequate regulatory framework. 2. Litigation.		1. Propose review and development of relevant laws and regulations. 2. Ensure full compliance with applicable laws and regulations. 3. Enhance public

/obligations

participation and
stakeholder
engagement.

V. Material arrears in statutory and financial obligations

NuPEA has most of its staff on three-year contractual terms and as a result pay gratuity to the staff upon expiry of their contracts. The gratuity is accrued every year and reported in the Statement of Financial Performance as an expense and as a provision in the Statement of Financial position.

As at the end of the financial year the Agency had made a provision of **Ksh.53.3M** in respect of accrued gratuity.

VI. NuPEA's financial probity and serious governance issues

The Agency did not have any financial impropriety reported by either internal audit, Board Audit Committee, external auditors, or any other National Government Agencies providing oversight. There were no serious governance issues among the Board and top management including conflict of interest.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

NuPEA exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Agency's policies and activities that promote sustainability.

Nuclear electricity generation utilizes clean enriched Uranium fuel. This is a zero carbon emission generation.

i) 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 implemented successfully;

- a) 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;
- b) Developed a national nuclear energy policy
- c) Developed a framework for ascension of international nuclear safety treaties and conventions
- d) Finalized technical requirements for site characterization of nuclear power plants in Kenya
- e) Evaluated emergency planning framework for the nuclear power programme
- f) Developed a framework for environmental assessment of nuclear power plants in Kenya
- g) Conducted studies on requirements for security and physical protection threat assessment and design basis threats of nuclear power plants and nuclear material
- h) Prepared a model case for the Kenya Nuclear Power Human Resource development strategy
- i) 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.
- j) 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;

- a) 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.
- b) 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.
- c) NuPEA undertook a process for developing a new logo. This process was successfully completed and a new logo adopted.
- d) Towards implementation of new functions of coordinating R&D and capacity building in the energy and petroleum sectors;
- e) NuPEA 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.
- f) NuPEA and REREC jointly developed a framework for collaboration on renewable energy R&D.
- g) 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.

ii) Environmental performance

The 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:

- a) The Environmental Management and Coordination Act (EMCA) - a framework law on environmental management and conservation. The Act provides for environmental protection through;
 - i. Environmental impact assessment of a facility and public participation
 - ii. Environmental audit and monitoring
 - iii. Environmental restoration orders, conservation orders, and easements.
 - iv. Strategic Environmental Assessment (SEA) for integrating environmental consideration into Policies, Plans, and Programs (PPP) and evaluating the inter-linkage with economic and social considerations through public participation.
- b) NEMA subsidiary legislations on environment protection
 - i. 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.
- c) 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
 - i. 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.
- d) KNRA subsidiary legislations on nuclear regulations and environmental protection

- i. KNRA shall provide subsidiary legislation to regulate activities that would result in generation of radioactive waste, through inspection, requirements, licensing and quality management and planning.

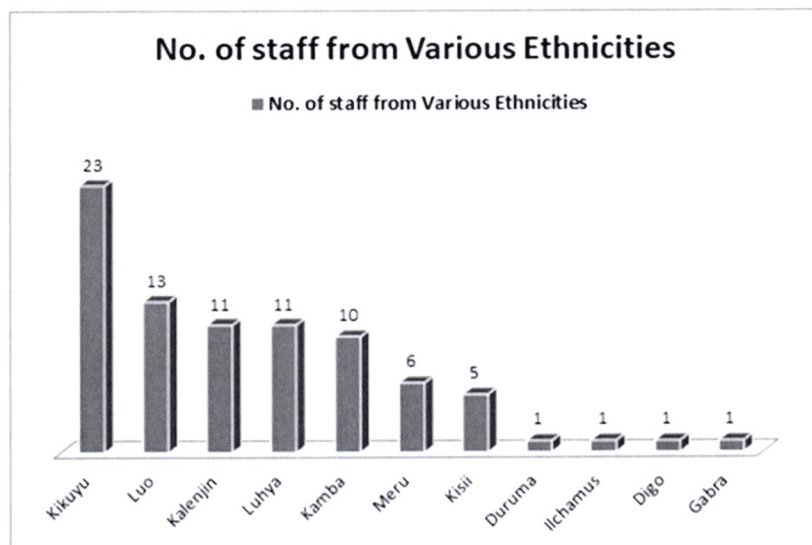
iii) Employee welfare

The 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 to 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.

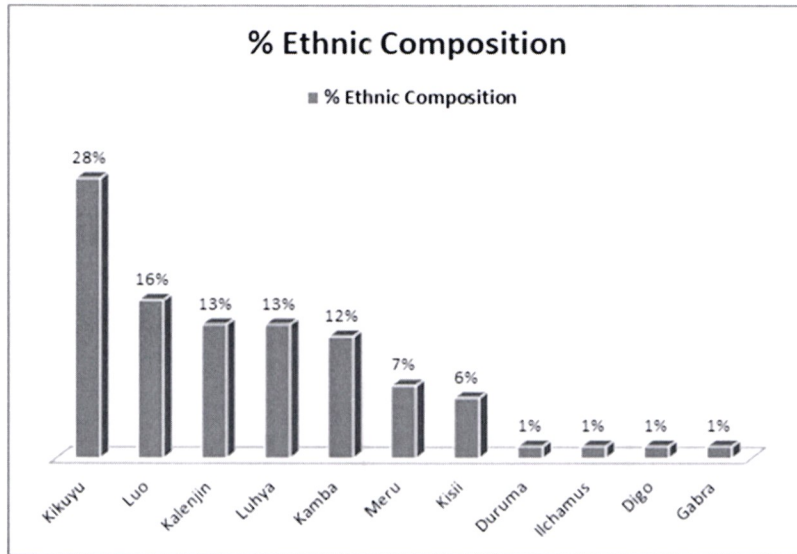
Recruitment

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 does not discriminate on the basis of race religion, ethnicity or any other form of discrimination.



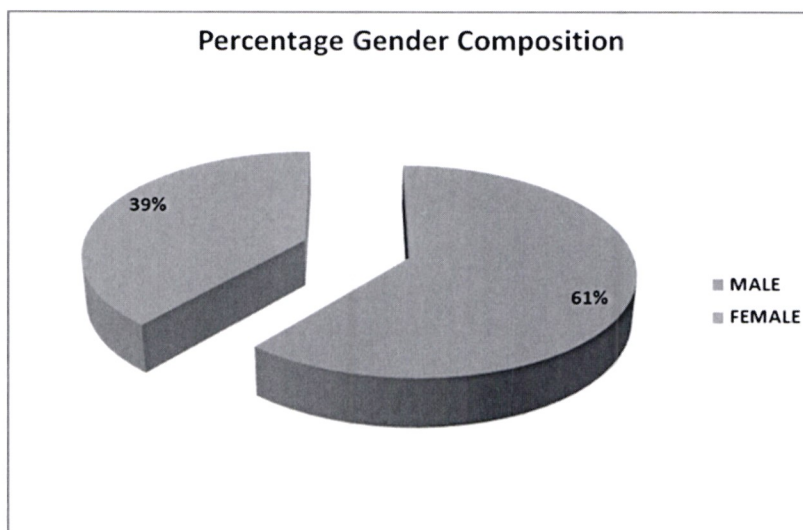
Ethnic composition of the 83 NuPEA staff members



Percentage ethnic composition of NuPEA staff members.

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 a gender policy in place and gender-based policies that are aligned to the national values.



NuPEA percentage gender composition

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 documents the Agency's succession plan by defining positions, responsibilities and accountabilities in a progressive manner.

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 has put in place an 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 a positive attitude to work and to enhance productivity in the Agency.

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.

Occupational Health 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 work-related accidents and diseases, and equitably provide compensation and rehabilitation to those injured at work or who contract occupational diseases.

Community Engagements

As a corporate citizen, the 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 2020-2021, 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:

- a) A contribution by NuPEA to the COVID-19 Emergency Response Fund in the sum of 2.5 million shillings.
- b) Procured and distributed NuPEA branded face masks, thermal guns and hand sanitizers.
- c) 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.
- d) 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.

iv) Marketplace practices

NuPEA is committed to public advertising as a part of enhancing knowledge and understanding of Kenya's nuclear power programme and its mandate. This is also geared towards strengthening its brand and corporate visibility. The target audience is both national and international stakeholders including members of the general public. The Agency's advertisements are intended to publicize packaged key messages about nuclear energy, job vacancies, NuPEA events, and procurement opportunities among other infomercials.

In order to realize sustainable advertising, NuPEA deploys an intensive multimedia approach. The Agency majorly utilizes electronic and print media such as paid-up advertorials on television, radio and newspaper supplements particularly on MyGov. Further, the Agency undertakes digital media advertising which entails proactive publishing of content on its website and social media platforms (Twitter, Facebook and Instagram). Other forms of advertising used by the Agency are Information, Education and Communications (IEC) materials such as brochures, fliers, banners and branded merchandise.

a) Responsible competition practice

The Agency gives the suppliers opportunities to register with the Agency on different categories to provide goods, works and services on the expertise they have. Further, the Agency invites registered suppliers on rotational basis to ensure equal chances in bidding process.

b) Responsible Supply chain and supplier relations

The Agency ensures supplier relationship through collaboration and working as a team with its suppliers. This involves having a two-way information flow and resolving any arising conflicts amicably.

In the year under review, the Agency awarded tenders worth Kshs. 276,762,693.00 out of which Kshs. 181,621,374.40 was awarded to youth, women and People with Disabilities (PWDs). This is in accordance with the Procurement act, regulations and Government preferential procurement policy which provides for a public entity to allocate at least 30% of its procurement budget for procuring goods, works and services from micro and small enterprises owned by youth, women and PWDs.

The Agency also ensures that suppliers payment documents are compiled timely to ensure that the payments for the goods/ works/services is done within the stipulated period.

c) Responsible marketing and advertising

The Agency advertises its open tenders via MyGov as per the government guidelines.

d) Product stewardship

The Agency ensures that the goods and services procured meets the standards requirements as required.

v) Corporate Social Responsibility / Community Engagements

On Corporate Social Responsibility (CSR), NuPEA is committed to environmental conservation and partnership with other organizations toward the attainment of the presidential directive on tree planting and increase in forest cover in the country. The Agency planted 4,000 tree seedlings at Lambwe Forest in Homa Bay County. This is in line with the Agency's commitment and efforts to contribute to the global mitigation of climate change by promoting sustainable environmental stewardship. Further, NuPEA partnered with the National Environment Management Authority (NEMA) and joined other corporate entities in tree planting during the national World Environment Day (WED) which was held in Garissa County.

NuPEA made efforts to support the fight against the COVID 19 virus by distributing face masks, hand sanitizers and thermo-gun scanners to staff and stakeholders. The Agency donated COVID-19 testing equipment and personal protective equipment to the Kenyatta National Hospital. This was supported by the International Atomic Energy Agency through the National Liaison Office which is domiciled at NuPEA.

NuPEA recognizes that many girls continue to miss out on education due to absenteeism that is related to reproductive health issues as they are forced to stay away from school when they are not able to manage their menstruation. The Agency made efforts to support the Government Sanitary Towels Programme steered by the Ministry of Public Service, Youth and Gender Affairs. The Programme is geared toward addressing the menstrual challenge faced by school girls in the reproductive age bracket. The Agency disseminated sanitary towels and accessories to less privileged girls in public primary and secondary schools in Western and Nyanza regions of Kenya. This was aimed at helping the girls to access uninterrupted education and retain them in school during their menstrual periods and thereby enhance their academic performance.

The Agency with the support of the International Atomic Energy Agency (IAEA) established a fully equipped cancer radiotherapy treatment centre at the Moi Teaching and Referral Hospital (MTRH) in Eldoret. Through this noble initiative, it is projected that about 25 million Kenyans in the West and North Rift regions of the country will have access to cancer treatment services from the centre. The establishment is a part of other applications of nuclear science and technology whose implementation is overseen by the country's National Liaison Office hosted at NuPEA.

10. REPORT OF THE DIRECTORS

The Board of Directors submits their report together with the Audited Financial Statements for the year ended 30 June 2021, which disclose the state of Nuclear Power and Energy Agency affairs.

i) Principal Activities

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

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

ii) Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 26

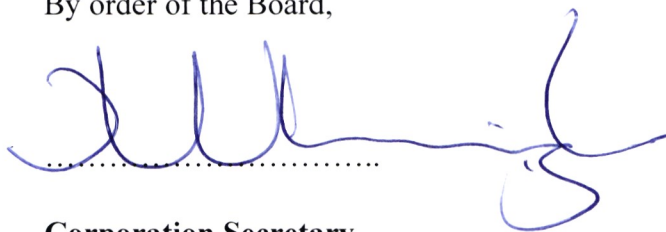
iii) Directors

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

iv) 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

Date..... 6/6/2022.....

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of 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/period and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which 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 (period) ended on June 30, 2021. This responsibility includes:

- i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2012 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 the Agency's transactions during the financial year ended June 30, 2021, 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 17/09/ 2021 and signed on its behalf by:



Mr. Ezra Odondi Odhiambo
CHAIRMAN OF THE BOARD



Eng. Collins Juma, MBS
CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NUCLEAR POWER AND ENERGY AGENCY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Nuclear Power and Energy Agency set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2021 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual

Report of the Auditor-General on Nuclear Power and Energy Agency for the year ended 30 June, 2021

amount 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, except for the effect of matters described in the Basis for Qualified Opinion section of the report, the financial statements present fairly, in all material respects, the financial position of the Nuclear Power and Energy Agency as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Energy Act, 2019.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment net book value balance of Kshs.56,376,746 which, as disclosed in Note 15 to the financial statements is net depreciation charge amounting to Kshs.11,594,359. However, review of computation on the depreciation charge indicates that the Agency applied a different depreciation charge for motor vehicles, office equipment computers and intangible assets which differed with the rate prescribed in the Depreciation Policy as summarized below:

Asset Classification	Policy Rate %	Financial Statements Reporting Rates %
Motor Vehicles	20	25
Office Equipment	17.5	12.5
Computers	30	33.33
Intangible Assets	-	10

In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.56,376,746 could not be confirmed.

2.0 Unsupported Dormant Bank Account

The statement of financial position reflects cash and cash equivalent balance of Kshs.222,346,051 which as disclosed in Note 13 to the financial statements includes a balance of Kshs.47,559 held in a local commercial bank but has been dormant for a long time. However, bank certificate supporting the balance was not provided for audit verification and the Agency continues to incur interest and ledger fee for the maintenance of the account and ought to have been closed. .

In the circumstances, the accuracy of the amount of Kshs.47,559 held in the dormant bank account could not be confirmed.

3.0 Unsupported Expenditures

The statement of financial performance reflects use of goods and services balance of Kshs.290,979,902 which as disclosed in Note 18 to the financial statements includes an

amount of Kshs.83,057,357 spent on resource development for Nuclear Power Programme. The balance constitutes an expenditure amounting to Kshs.67,461,400 on assorted items which did not relate to resource development activities and were not supported with approval for reallocation of funds while amount of Kshs.1,619,860 was incurred on participation expenses which was not supported with details of the participants. Management did not also provide evidence that the goods were procured competitively as required by the Public Procurement and Asset Disposal Act, 2015.

In the circumstances, the regularity of the expenditure of Kshs.67,461,400 could not be confirmed.

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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects total budgeted receipts of Kshs.949,494,208 against actual receipts of Kshs.941,495,529 resulting in a revenue shortfall of Kshs.8,001,321 or 1% of the approved budget. However, the statement reflects final expenditure budget and actual on comparable basis of Kshs.949,494,208 and Kshs.779,212,058 respectively resulting in an under-expenditure of Kshs.170,282,150 or 18% of the approved budget.

In the circumstances, the Agency's activities may not have been implemented as per the approved work plan and budget.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Preparation of Financial Statements for the Fund

As disclosed in Note 14 (b) to the financial statements, the statement of financial position reflects transfers to the Staff Mortgages and Car Loan Fund amounting to Kshs.287,285,000. According to Management, these transfers are made to Stima Sacco, which operates the Fund on behalf of the Agency. However, the verification of the amounts held by Stima Sacco amounted to Kshs.223,870,000 resulting in unexplained variance of Kshs.64,415,000. Management has not prepared separate financial statements for the Fund contrary to Section 84(1) of the Public Finance Management Act, 2012.

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

2. Delayed Consultancy Services

Review of records revealed that during the year under review, Management awarded a contract to a consultant firm for the revaluation of assets and preparation of the asset register(s) at a contract sum of Kshs.3,135,000. However, the revaluation of assets and preparation of the asset register(s) had not been completed at the end of the year. Consequently, and as previously reported, the Agency did not maintain a comprehensive fixed asset register detailing the costs, dates of acquisition, disposals, accumulated depreciation, location of the assets and the unique identifier such as tagging code and the officer currently responsible for each asset.

In the circumstances, the Agency did not obtain value for money on the expenditure of Kshs.3,135,000 on asset revaluation and preparation of the asset register(s).

3. Irregular Issuance of Imprest

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.112,419,045. Included in the balance is an amount of Kshs.4,376,485 in respect of staff imprests. Out of this balance, an amount of Kshs.3,992,365.75 was issued as imprests to Board of Directors who are not employees of the Agency. Further, there was no evidence that the imprests were surrendered as required by Regulation 93(5) of the Public Finance Management Regulation, 2015.

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

4. Procurement of an Enterprise Resource Planning (ERP) Software

The statement of financial position reflects intangible assets balance of Kshs.18,043,170 which as disclosed in Note to the financial statements includes an amount of Kshs.16,493,778 in respect of procurement of an ERP Software using direct method of procurement. Review of records indicates that the request for approval to use direct method of procurement did not demonstrate the rationale for use of the method as required by Section 103(2) of the Public Procurement and Asset Disposal Act, 2015 and there was no evidence provided to confirm that the supplier was the only supplier of the software.

Further, the request was for a specific software and by a specific supplier instead of generic description of the software including the functions of the software. The procurement was an international procurement and should have used international tender procedures.

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

5. Non-Compliance with Executive Order on Procurement

During the year under review, the Agency did not publish processed tenders in the Public Procurement Information Portal. The Agency is yet to migrate its procurement processes to the E-procurement platform and all procurements were processed manually during the year under review. This was contrary to the provisions of the Executive Order No.2 of 2018 which requires all public entities to publish all tenders processed by the respective entities through the Public Procurement Regulatory Authority website, and the Public Procurement Regulatory platforms.

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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that 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 that 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 that are identified during the audit.

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 October, 2022

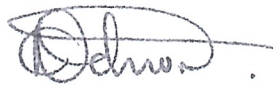
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2021

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Revenue from non exchange transactions			
Transfers from other government entities	6	813,557,760	895,224,600
Other income	7	-	12,636,650
Total Revenue		813,557,760	907,861,250
Expenses			
Use of goods and services	8	290,979,902	280,250,149
Employee costs	9	375,096,517	294,386,489
Remuneration of Directors	10	28,316,897	34,713,368
Depreciation and amortization expense	11	13,599,100	17,519,056
Repairs and maintenance	12	4,188,183	13,249,806
Total expenses		712,180,599	640,118,868
Surplus before Tax		101,377,161	267,742,382
Taxation			-
Surplus(Deficit) for the period		101,377,161	267,742,382

The notes set out on pages 7 to 24 form an integral part of these Financial Statements
The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



Chief Executive Officer
Eng. Collins Juma, MBS



Head of Finance
CPA Caren Oduor
CPAK No: 6187



Chairman of the Board
Mr. Ezra Odhiambo

Date... 6/6/2022

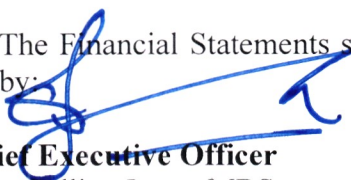
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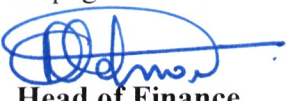
Date... 6/6/2022

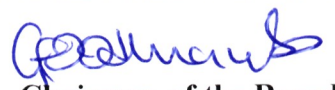
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Note	2020-2021	2019-2020
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	13	222,346,051	307,965,926
Receivables from non-exchange transactions	14(a)	112,419,045	20,294,202
Total Current Assets		334,765,096	328,260,127
Non-current assets			
Property, plant and equipment	15	56,376,746	50,388,458
Intangible Assets	16	18,043,170	-
Staff Mortgage/ Car Loan fund	14(b)	287,285,000	244,285,000
Total non - current assets		361,704,916	294,673,458
Total assets		696,470,012	622,933,585
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	17	142,171,464	118,829,161
Total current liabilities		142,171,464	118,829,161
Non-current liabilities			
Non-current employee benefit obligation	18	53,315,388	76,904,372
Total non-current liabilities		53,315,388	76,904,372
Total liabilities		195,486,852	195,733,533
Net assets			
Reserves		118,518,313	118,518,313
Accumulated surplus		382,464,847	308,681,739
Total net assets		500,983,160	427,200,053
Total net assets and liabilities		696,470,012	622,933,586

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..... 6/6/2022

Date..... 6/6/2022

Date..... 6/6/2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE, 2021

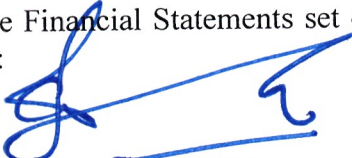
	Fund Account	Accumulated Surplus	Total
	Kshs	Kshs	Kshs
At 1 July 2019	118,518,313	59,673,657	178,191,970
Surplus for the period		267,742,382	267,742,382
Prior year Adjustments		(18,734,300)	(18,734,300)
At 30 June 2020	118,518,313	308,681,739	427,200,052
At 1 July 2020	118,518,313	308,681,739	427,200,052
Surplus for the period		101,377,161	101,377,161
Prior year Adjustments		*(27,594,053)	(27,594,053)
At 30 June 2021	118,518,313	382,464,847	500,983,160


*The Prior year adjustment relates to 2010/2020 accruals that were not paid and had to be reversed in the current financial year.


16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities	6	738,557,760	1,024,597,670
Other income		-	12,636,650
Total Receipts		738,557,760	1,037,234,320
Payments			
Use of goods and services		315,945,479	265,101,345
Employees costs		395,096,517	294,386,489
Remuneration to directors		28,316,897	34,713,368
Repairs and maintenance		4,188,183	13,249,806
Total Payment		743,547,075	607,451,008
Net cash flows from operating activities		(4,989,315)	429,783,312
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16/15	(37,630,559)	(15,328,988)
Increase in Staff mortgage/car Loan fund		(43,000,000)	(112,500,000)
Net cash flows used in investing activities		(80,630,559)	(127,828,988)
Net increase/(decrease) in cash and cash equivalents		(85,619,875)	301,954,324
Cash and cash equivalents at 1 July 2020	13	307,965,926	6,011,602
Cash and cash equivalents at 30 June	13	222,346,051	307,965,926

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
CPAK No: 6187


Chairman of the Board
Mr. Ezra Odhiambo

Date... 6/16/2022

Date... 6/16/2022

Date... 6/16/2022

17 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE, 2021

	Original Budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		% of Utilization
	KShs	a	KShs	b	KShs	c=(a+b)	KShs	d	KShs	e=(c-d)	
Revenue											
Government grants and subsidies	813,556,439		-		813,556,439		813,557,760	(1,321)			100%
Other incomes	8,000,000		127,937,769		135,937,769		127,937,769	8,000,000			94%
Total income	821,556,439		127,937,769		949,494,208		941,495,529	(8,001,321)			99%
Expenses											
Compensation of employees	378,200,000		10,500,000		388,700,000		375,096,517	13,603,483			97%
Goods and services	366,783,439		64,400,769		431,184,208		323,484,981	107,699,227			75%
Purchase of non-financial assets	63,573,000		23,037,000		86,610,000		37,630,560	48,979,440			43%
Employee mortgage and car loans	13,000,000		30,000,000		43,000,000		43,000,000	-			100%
Total expenditure	821,556,439		127,937,769		949,494,208		779,212,058	170,282,150			82%
Surplus for the period							162,283,471				

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 Reconciliation of Budget and Statement of Financial Performance

Details	
Expenditure as per statement of budget	779,212,058
Add	
Depreciation Expense	13,599,100
Total	792,811,158
Less	
Staff Mortgage	(43,000,000)
Acquisition of Assets	(37,630,559)
Total Expenditure as per Financial Performance	712,180,599

Note 3 Reconciliation of Surplus/ (Deficit)

Surplus as per Financial Performance	101,377,161
Add	
Add Depreciation Expense	13,599,100
Surplus B/F	127,937,769
	-
Less	
Staff Mortgage	(43,000,000)
Acquisition of Assets	(37,630,559)
Surplus as per Statement of Budget	162,283,471

18. 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 Nuclear Power and Energy 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>The standard has no impact on the Agency's financial statements.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

	<p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p>The standard has no impact on the Agency's financial statements</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The standard has no impact on the Agency's financial statements</p>

iii. Early adoption of standards

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other government entities 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.

b) Budget Information

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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.

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.

c) Property, Plant and Equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Intangible Assets

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

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:

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

f) Provisions

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) Contingent liabilities

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

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates

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.

j) Employee benefits

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

k) Related parties

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 directors, the CEO and senior managers.

l) Service concession arrangements

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.

m) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

n) Comparative figures

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

o) Subsequent Events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Significant Judgments and Sources of Estimation Uncertainty (Continued)

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 16

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfer from Other Government Entities

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred	Total grant income during the Year 30 June 2021	Amount recognized in capital fund	Total transfers 2020-2021	Prior year 2019-2020
	KShs	KShs	KShs	KShs	Kshs	KShs
Ministry of energy	813,557,760	-	813,557,760		813,557,760	895,224,600
		-				
Total	813,557,760		813,557,760	-	813,557,760	895,224,600

7. Other Incomes

Description	2020-2021	2019-2020
	KShs	KShs
Grant from International Atomic Energy Agency	-	12,636,650
Total other income	-	12,636,650

8. Use of goods and services

Description	2020-2021	2019-2020
	KShs	KShs
Advertising	-	10,183,819
Telephone and internet services	3,812,302	3,331,117
Audit fees	348,000	348,000
Conferences ,seminars and workshops	21,753,228	17,316,525
Consultancy fees	4,838,400	26,181,161
Staff welfare	4,050,932	4,985,548
Water and Electricity	1,021,821	684,981
Office Supplies	3,302,879	4,051,099
Staff Uniform	5,172,516	-
Fuel and oil	3,618,330	1,426,864
Insurance	1,142,842	1,301,347
Cleaning Services	4,452,945	952,779
Legal fees	-	2,425,000
Licenses and permits	4,239,207	11,914,449
Training	14,237,567	17,163,234
Security expenses	1,424,670	1,464,760
Rent	528,914	-
Postage	1,215,148	387,606
Printing and stationery	11,077,188	4,021,787
Bank Charges	347,625	231,980
Travelling expenses	7,939,232	15,957,084
Membership and subscriptions	2,743,006	2,128,385

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Publicity and advocacy(PA)	68,657,875	48,900,855
Nuclear plant siting expenses(NPPD)	18,223,044	45,078,507
Nuclear policy Legislation(NPL)	10,225,756	14,845,729
Resource development for Nuclear power programme (RDNPP)	83,057,357	22,951,413
National Liaison Office expenses	-	22,016,120
Research and development(RD)	1,640,179	-
Strategic Environmental and Social Assessment	11,908,938	-
Total Use of goods and services	290,979,902	280,250,149

9. Employee Costs

Description	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	304,769,963	235,435,190
Gratuity	47,445,552	38,645,093
Medical Expenses	19,721,898	15,029,700
Staff Group life insurance	3,159,104	5,276,506
Employee costs	375,096,517	294,386,489

10. Remuneration of Directors

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria	960,000	1,044,000
Directors fees	3,240,000	3,240,000
Directors emoluments	12,002,880	14,958,425
Traveling Expenses	11,356,188	14,981,413
Medical expenses	757,828	489,530
Total director emoluments	28,316,897	34,713,368

11. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Motor vehicle	3,181,623	3,702,992
Furniture and Fittings	1,234,132	1,444,000
Computers	6,314,281	11,489,030
Office equipment	864,324	883,035
Intangible assets	2,004,741	-
Total depreciation and amortization	13,599,100	17,519,056

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Building	668,380	9,100,000
Equipment	933,212	2,214,882
Vehicles	2,586,591	1,934,924
Total repairs and maintenance	4,188,183	13,249,806

13. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	Kshs	KShs
Current account	222,146,051	307,765,926
Cash in hand	200,000	200,000
Total cash and cash equivalents	222,346,051	307,965,926

13. (a) Detailed Analysis of Cash and Cash Equivalents

a) Current account		
Financial institution	2020-2021	2019-2020
	KShs	KShs
Kenya Commercial Bank	187,667,462	272,594,126
Cooperative Bank	7,432,701	124,241
NCBA Bank	47,559	47,559
National Bank	26,998,330	35,000,000
Sub- total	222,146,051	307,765,926

14. Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
a)Current receivables		
Exchequer Receivable	75,000,000	-
Staff Receivables	7,891,697	16,294,202
Prepayments	25,527,348	-
Deposits	4,000,000	4,000,000
Total current receivables	112,419,045	20,294,202
b)Non-current receivables		
Staff Mortgage fund	209,770,000	166,770,000
Staff Car loans Fund	77,515,000	77,515,000
Total non-current receivables	287,285,000	244,285,000
Total receivables	399,704,045	264,579,202

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Property, Plant and Equipment

Cost	Motor vehicles		Furniture and fittings		Computers		Office Equipment		Total	
	Kshs	%	Kshs	%	Kshs	%	Kshs	%	Kshs	Kshs
At 30 June 2019	26,381,140	25%	14,238,208	12.5%	93,502,398	33.3%	8,067,286	12.5%	142,189,032	
Additions	-		3,721,620		8,759,343		2,848,016		15,328,979	
At 30 June 2020	26,381,140		17,959,828		102,261,741		10,915,302		157,518,011	
Additions	7,454,224		2,254,560		2,053,361		5,835,245		17,597,390	
Transfer/adjustments	(14,741)		-		-		-		(14,741)	
At 30 June 2021	33,820,623		20,214,388		104,315,102		16,750,547		175,100,660	
Depreciation										
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	
At 30 June 2020	15,272,165		7,503,547		79,280,536		5,073,306		107,129,554	
Depreciation	3,181,623		1,234,132		6,314,281		864,324		11,594,359	
At 30 June 2021	18,453,788		8,737,679		85,594,817		5,937,629		118,723,913	
Net book values										
At 30 June 2021	15,366,835		11,476,709		18,720,285		10,812,918		56,376,747	
At 30 June 2020	11,108,975		10,456,281		22,981,205		5,841,996		50,388,458	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Intangible Assets

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of year	-	-
Additions	20,047,911	
At end of year	20,047,911	-
Additions—internal development		
At end of year	20,047,911	-
Amortization and impairment		
At beginning of year	-	
Amortization	2,004,741	-
At end of year	2,004,741	
Impairment loss	-	
At end of year	2,004,741	
Net Book Value	18,043,170	-

17. Trade and Other Payables from Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	132,091,464	111,771,011
Employee Benefit obligation	-	218,150
Provisions	10,080,000	6,840,000
Total trade and other payables	142,171,464	118,829,161
Provisions	2020-2021	2019-2020
	KShs	KShs
Audit Fees Accrued	1,200,000	1,200,000
Directors Fees payable	8,880,000	5,640,000
Provision	10,080,000	6,840,000

18. Non-current employee benefit obligation

Description	2020-2021	2019-2020
	KShs	KShs
Gratuity	53,315,388	76,904,372
Total Non-current employee benefit obligation	53,315,388	76,904,372

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Cash Generated from Operations

Description	2020-2021	2019-2020
	KShs	KShs
Surplus for the year	101,377,161	267,742,382
Adjusted for:		
Depreciation	13,599,100	17,519,056
Non-cash grants received	-	
Contribution to provisions	-	
Prior year adjustment	(27,594,053)	(18,734,300)
Working Capital adjustments		
(Increase) in Receivables from non-exchange transactions	(92,124,843)	120,421,779
Increase in Trade and other payables from exchange transactions	23,342,303	18,058,902
(Decrease) in Non-current employee benefit obligation	(23,588,984)	24,775,493
Net cash flow from operating activities	(4,989,316)	429,783,312

20. Financial Risk Management

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 2021			
Receivable from non-exchange transactions	112,419,045	112,419,045	-
Bank balances	222,346,051	222,346,051	-
Total	334,765,096	334,765,096	-
As at June 2020			
Receivable from non-exchange transactions	20,294,201	20,294,201	-
Bank balances	307,765,926	307,765,926	-
Total	328,060,127	328,060,127	-
	Total Amount	Fully Performing	Impaired

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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
As at June 2021				
Trade payables	129,151,345	1,142,094	1,798,025	132,091,464
Provisions	-	3,240,000	6,840,000	10,080,000
Employee benefit obligation	8,855,884	4,338,503	40,121,001	53,315,388
Total	138,007,229	8,720,597	48,759,026	195,486,852
As at June 2020				
Trade payables	89,908,588	5,816,400	16,046,023	111,771,011
Provisions	-	3,252,000	3,588,000	6,840,000
Employee benefit obligation	-	10,465,682	66,438,690	76,904,372
Total	89,908,588	19,534,082	86,072,713	195,515,383

iii) Market risk

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Description	2020-2021	2019-2020
	Kshs	Kshs
Retained earnings	382,405,227	308,681,739
Capital reserve	118,518,313	118,518,313
Total Funds	500,923,540	427,200,053
Total borrowings		-
less: cash and bank balances	(222,346,051)	(307,765,926)
Net debt/(excess cash and cash equivalents)	(222,346,051)	(307,765,926)
Gearing	0%	0%

21. 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related Parties		
a) Grants from the Government		
Grants from National Govt	813,557,760	895,224,600
b) Key management compensation		
Directors' emoluments	25,076,897	34,713,368
Compensation to CEO	13,051,176	12,793,454
Compensation to key management	81,133,848	57,567,973
Total	119,261,921	105,074,795

22. Capital Commitments

	2020-2021	2019-2020
	Kshs	Kshs
Authorized for	-	53,030,517
Authorized and contracted for	84,510,954	-
Total	84,510,954	53,030,517

23. Events after the Reporting Period

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

24. Ultimate and Holding Entity

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

25. Currency

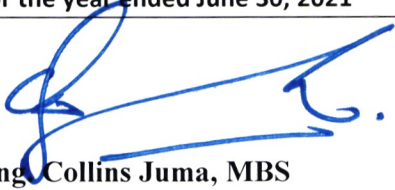
The financial statements are presented in Kenya Shillings (Kshs).

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Incomplete Fixed Assets Register	The management has engaged a consultant to develop a live Asset register as per the provision of IPSAS 17 and PFM regulations. The consultant is in the final stages of developing the Asset Register and is expected to deliver the same before the end of current financial year. The contract for the engagement is available for your consider	The consultant finalized the development of a live assets register which was availed for verification during the audit exercise. The Fixed assets register was implemented in the financial year 2021-22.	Resolved
2	Lack of Financial Expert in the Board of Directors	We agree with the observation; The BAC has done a paper to the Full Board to appraise it on the same and seek approval to co-opt a person with financial background; With the Board Resolution, the Agency will write to ICPAK to be provided with a person with the requisite skills;	The issue was resolved through the appointment of Head of Accounting unit in the Ministry of Energy as the Alternate to the Principal Secretary	Resolved

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Eng. Collins Juma, MBS

CHIEF EXECUTIVE OFFICER

APPENDIX II: INTER-ENTITY TRANSFERS

NUCLEAR POWER AND ENERGY AGENCY				
Break down of Transfers from the State Department of Energy				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
		<u>Date</u>		
		04/09/2020	95,889,439	2020/2021
		7/12/2020	95,889,439	2020/2021
		26/04/2021	27,816,000	2020/2021
		27/04/2021	68,073,443	2020/2021
		11/06/2021	95,889,439	2020/2021
		Total	383,557,760	
b.	Development Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Financial Year</u>
		<u>Date</u>		
		18/09/2020	75,000,000	2020/2021
		11/11/2020	130,000,000	2020/2021
		27/04/2021	75,000,000	2020/2021
		27/04/2021	75,000,000	2020/2021
		08/07/2021	75,000,000	2020/2021
		Total	430,000,000	

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

Finance Manager
NuPEA

Head of Accounting Unit
Ministry of Energy

Sign



Sign



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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total amounts-Ksh	Where Recorded/recognized					Others must be specific	Total transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables			
Ministry of Energy	4/9/2020	Recurrent	95,889,439	95,889,439	-	-	-	-	-	95,889,439
Ministry of Energy	7/12/2020	Recurrent	95,889,439	95,889,439	-	-	-	-	-	95,889,439
Ministry of Energy	26/04/2021	Recurrent	27,816,000	27,816,000	-	-	-	-	-	27,816,000
Ministry of Energy	27/04/2021	Recurrent	68,073,443	68,073,443	-	-	-	-	-	68,073,443
Ministry of Energy	11/6/2021	Recurrent	95,889,439	95,889,439	-	-	-	-	-	95,889,439
Ministry of Energy	18/09/2020	Development	75,000,000	75,000,000	-	-	-	-	-	75,000,000
Ministry of Energy	11/11/2020	Development	130,000,000	130,000,000	-	-	-	-	-	130,000,000
Ministry of Energy	27/04/2021	Development	75,000,000	75,000,000	-	-	-	-	-	75,000,000
Ministry of Energy	27/04/2021	Development	75,000,000	75,000,000	-	-	-	-	-	75,000,000
Ministry of Energy	8/7/2021	Development	75,000,000		-	-	75,000,000	-	-	75,000,000
Total			813,557,760	738,557,760	-	-	75,000,000	-	-	813,557,760