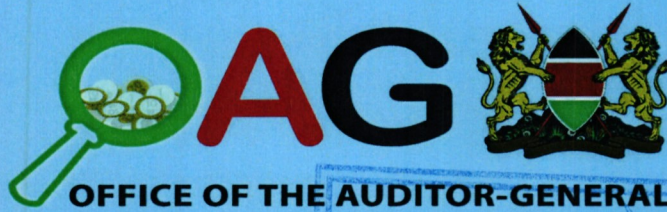


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 JUN 2021

DAY.

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OF KENYA
LIBRARY

REPORT:

OF

THE AUDITOR-GENERAL

ON

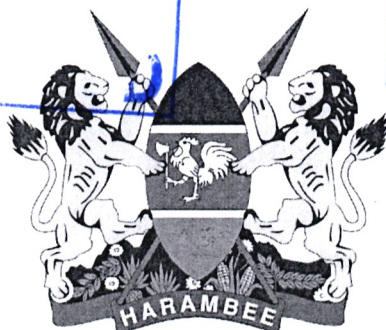
STATE DEPARTMENT FOR SPORTS

**FOR THE YEAR ENDED
30 JUNE, 2020**

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

20 MAY 2021

RECEIVED




NATIONAL GOVERNMENT ENTITY
STATE DEPARTMENT FOR SPORTS

REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	09 JUN 2021 DAY Wednesday
TABLED BY:	Lem Hon. Amos Kimunya, MP Habibus Ahmed

MINISTRY OF SPORTS, CULTURE AND HERITAGE
STATE DEPARTMENT FOR SPORTS
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For the year ended June 30, 2020

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The State Department for Sports is one of the two State Departments in the Ministry of Sports, Culture and Heritage established through the Executive Order No. 1 of June 2018. The Ministry comprises of the State Department for Sports and the State Department for Culture and Heritage. At cabinet level, the State Department for Sports is represented by the Cabinet Secretary for Sports, Culture and Heritage, who is responsible for the general policy and strategic direction of the Ministry.

The State Department for Sports has two technical Departments and four Semi-Autonomous Government Agencies (SAGAs). The Departments were; the Sports Department and the Office of Sports Registrar. The four SAGAs in State Department for Sports are; Sports Kenya (SK), Kenya Academy of Sports (KAS), Sports, Arts and Social Development Fund (SASDF) and Anti-Doping Agency of Kenya (ADAK).

1.1 Vision and Mission of the State Department

i. Vision

A global leader in the provision of Sports Services

ii. Mission

To develop and promote the sports industry through provision of world class sports facilities, nurturing of sports talent and enhancement of clean competitive sport for socio-economic development.

1.2 Strategic Objectives of the State Department

- i. To undertake policy, legal and institutional reforms in order to facilitate implementation of the state Department mandate and functions;
- ii. To promote sporting activities for national identity, pride, integration and cohesion;
- iii. To harness, develop, preserve and promote Kenya's sporting heritage
- iv. To build adequate capacity to enhance provision of quality and efficient services and enhance the image of the state department.

1.3 Mandate of the State Department

According to the Executive Order No. 1 of 2018 the mandate of the State Department was as follows:

- Development, management and Implementation of Sports Policy,

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- Enforcement and implementation of the World Anti-Doping Code and Convention against Doping,
- Promotion and co-ordination of sports training and education,
- Regulation of Sports,
- Expansion of sports industry for sustainable livelihood,
- Development and management of sports facilities,
- Establishment and management of sports academies to nurture talent.

1.4 Core Functions

Arising from its Mandate, the core functions were:

- i. Formulation of policies on the Sports Industry,
- ii. Coordination, facilitation and harmonization of activities of the Sports sector,
- iii. Development, promotion, and preservation of Kenya's Sports Heritage

1.5 Core Values

- i. **Appreciation of diversity:** We recognize and value the diversity of our cultural and national heritage.
- ii. **Customer focus:** We are committed to upholding the highest standards in our service delivery to all customers.
- iii. **Integrity:** We are committed to acting in an honest, impartial, fair and transparent manner.
- iv. **Teamwork:** Employees' involvement and contribution at all levels shall be the hallmark of the Ministry.
- v. **Creativity and Innovation:** We are a Ministry that encourages and facilitates creativity, innovative performance, and embraces change.
- vi. **Professionalism:** We shall be patriotic to the cause of the Ministry and be guided by professional ethics in all our undertakings.
- vii. **Participatory Approach:** We undertake to seek the views of and involve stakeholders in all our programmes and activities.

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(b) Key Management
Senior Management – State Department for Sports



Amb. (Dr.) Amina C. Mohamed, EGH, CAV
 Cabinet Secretary, Ministry of Sports Culture and Heritage



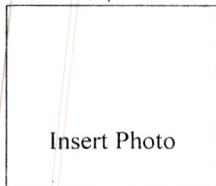
Mr. Hassan Noor Hassan, EBS
 Chief Administrative Secretary, Ministry of Sports Culture and Heritage



Mr. Joe Okundo, CBS
 Principal Secretary, State Department for Sports



Ms. Josephtha Mukobe, CBS,
 Principal Secretary, State Department for Culture and Heritage



Ms. Florence Amoiti
 Secretary Administration



Mr. John O. Nyabwari
 Chief Finance Officer



Mr. Francis Odera
 Head of Accounting Unit



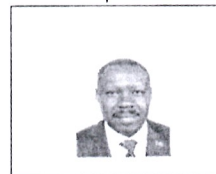
Mr. Japhter Rugut
 Chief Executive Officer
 Anti-Doping Agency of Kenya



Dr. Doreen Odhiambo, PhD
 Ag. Chief Executive Officer
 Kenya Academy of Sports



Mr. Japson Gitonga
 Ag. Commissioner
 of Sports



Mr. Pius Metto
 Director General,
 Sports Kenya



Ms. Rose M. N.
 Wasike
 Registrar of Sports

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Senior Management – State Department for Sports



Amb. (Dr.) Amina C. Mohamed,
 EGH, CAV
Cabinet Secretary
Ministry of Sports, Culture and
Heritage

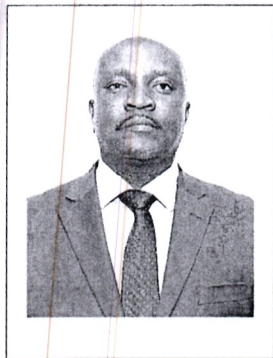
Amb. (Dr.) Amina Chawahir Mohamed, EGH, CAV is a renowned diplomat, lawyer and negotiator serving as the Cabinet Secretary for Sports Culture and Heritage. She previously served as the Cabinet Secretary for Education (2018- 2019) and Cabinet Secretary for Foreign Affairs and International Trade (2013-2018). Amb. Mohamed’s long and distinguished career spans over thirty years with experience in domestic and international apex decision-making positions. Amb. Mohamed served as Kenya's Ambassador and Permanent Representative to the United Nations in Geneva between 2000 and 2006. In 2008, she was appointed Permanent Secretary in the Ministry of Justice and Constitutional Affairs, where she played a key role midwifing the Constitution of Kenya, 2010. In 2011, she joined the United Nations as Assistant Secretary General and Deputy Executive Director of the United Nations Environment Programme (UNEP). She has also held other high-level international leadership positions in various organisations including; WTO, WIPO, ILO, WHO, UNCTAD, UNHCR and UNAIDS. Amb Mohamed holds Bachelors and Masters Degrees in International Law from the University of Kiev, Ukraine and Post-Graduate Diplomas from the Diplomatic Studies Institute, University of Oxford and the Kenya School of Law.



Mr. Hassan N. Hassan, EBS
Chief Administrative Secretary
Ministry of Sports, Culture and
Heritage

Hon. Hassan Noor Hassan, EBS joined Ministry of Sports, Culture and heritage on 28th February 2018 as Chief Administrative Secretary. He has been career administrator from a district officer to Provincial Commissioner (PC). He also served in senior capacities including Secretary Administration both at Ministry of Devolution and Ministry of Water. In 1989 he was tasked by UN-TAG to supervise Namibian election. He was also the chairman of Mau Forest and water towers Secretariat. He was the brainchild of Huduma centre that won UN awards of innovation in Service delivery. In 2007 he was awarded the best civil Servant. Hon. Hassan Noor Hassan holds BA from University of Nairobi as well as MA in international Studies and Diplomacy from Washington International University-USA.

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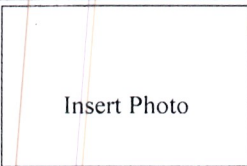


Mr. Joe Okundo, CBS
Principal Secretary
State Department for Sports

Mr. Joe Okudo joined the Ministry of Sports, Culture and Heritage on 14th January, 2020 as the Principal Secretary for State Department for Sports. He is the Accounting Officer for the State Department for Sports. He is responsible for Implementation of government policies on both finance and procurement.

Prior to joining the Public Service, he worked with the Danish Embassy in Kenya (Danida) from 2002 – 2014 where he held several senior positions. The positions included, Business to Business Programme; Business Sector Programme Support Manager, Team Leader of the Private Sector Development Support Programme and Global Green Growth Forum (3GF) Coordinator.

Mr. Joe Okudo holds a Bachelor of Arts Degree from the University of Nairobi and a Masters Degree in Business Administration (MBA) from Copenhagen Business School/Innoro University.



Insert Photo




Florence Amoiti
Secretary Administration



CPA Francis Odera
Deputy Accountant General

Mr. Francis O. Odera has served in the Public Service for the last 24 years. He has a vast experience in Donor Funded Projects Financial Management. He holds a Bachelor of Commerce degree in Finance from the Catholic University of Eastern Africa as well as an MBA in Finance from the same university. Mr. Odera is also a CPA (K) and has attended several management courses at various Government Institutions.

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 <p>Mr. John O. Nyabwari Chief Finance Officer</p>	<p>Mr. John O. Nyabwari joined the State Department for Sports on 15th November, 2017 as the Chief Finance Officer. He is responsible to the Accounting Officer for effective discharge of financial matters. He has over twenty (20) years' experience in public financial management. He holds a Bachelor of Commerce degree (Accounting Option) and an MBA (Finance) degree from Kenyatta University and is a member of the Institute of Internal Auditors (IIA) Kenya.</p>
 <p>Mr. Japhter Rugut Chief Executive Officer Anti-Doping Agency of Kenya</p>	<p>Mr. Rugut was gazetted as the Chief Executive Officer, Anti-Doping Agency of Kenya (ADAK) with effect from 5th February 2016. The Agency is a Semi-Autonomous State Corporation set up under the Anti-Doping Act No. 5 2016 with a mission to lead a coordinated national education awareness programme, testing and promotion of integrity for doping-free sport. He has a wealth of experience having worked with the Civil Service for over 30 years as an administrator. He holds a Master's degree in Business Administration from Jomo Kenyatta University of Agriculture and Technology. He also worked as the Secretary, Sports in the Ministry of Youth Affairs and Sports for two years</p>
 <p>Dr. Doreen Odhiambo, PhD Ag. Chief Executive Officer Kenya Academy of Sports</p>	<p>Dr. Doreen Odhiambo is the Acting, Chief Executive Officer of the Kenya Academy of Sports, which is mandated under the 2013 Sports Act with identifying, nurturing and development of youth sports talents, capacity building of sports technical and administrative personnel and promoting sports research in the country. She has been a Sports Administrator with the Ministry in charge of Sports for the last 20 years and is also an International Lifesaving Judge and Referee (Beach / Ocean/ Pool) License B.</p> <p>She has played Club Field Hockey for more than 15 years with both Inter Capitale and the Blue Eaglets ladies' Clubs and has had several caps to the national team. Dr. Odhiambo earned her Doctorate Degree in Sports Mega Events from the University of Central Lancashire, United Kingdom in 2015 and also holds an MBA Strategic Management Degree from Kenyatta University (2011). She is also an alumni of the FIFA Master Class of 2007 where she earned an International Master's Degree in Management, Law and Humanities of Sports.</p>

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	<p>Mr. Pius Metto was appointed as the Director General Sports Kenya in January, 2019. Mr. Metto, has a wealth of experience of over twenty-five (25) years, having worked as a Trained Teacher, Deputy Head Teacher, has held various Managerial positions at NHIF as Head of Registration and Revenue Collection and General Manager at NSSF. He holds Master’s Degree from Plymouth University (UK), and a Bachelor’s Degree in Education from Kenyatta University.</p>
<p>Pius Metto Director General Sports Kenya</p>	<p>Ms. Rose Wasike was appointed as the Sports Registrar in the Ministry of Sports, Culture and Heritage in April, 2014. She holds a Master degree in Women’s Law (MA) from the University of Zimbabwe, a Postgraduate Diploma in Law from The Kenya School of Law, this qualified her as an advocate of the high court of Kenya. She also has a Postgraduate Diploma in International Labour Standards from the International Labour Organization Training Centre, Turin-Italy. Ms. Wasike has previously served in various capacities in the Public Service, such as: The Acting Registrar, Industrial Court of Kenya, Deputy Registrar (Legal) of the Industrial Court of Kenya, Senior Labour Officer (Senior Legal Officer), Labour Officer (Legal Officer) in the Ministry of Labour.</p>
	<p>Mr. Japson Gitonga Gerald was appointed as the Ag. Commissioner of Sports on 16th March, 2018. He is responsible to the Accounting Officer for providing technical advice on sports and recreation activities in the country. He holds a Bachelor of Education (Arts) degree from Kenyatta University and ongoing Master of Science degree in Leisure and Recreation Management at Kenyatta University. He has over thirty (30) years’ experience in sports training, management and administration, having served as the Director of Kenya National Sports Institute (now Kenya Academy of Sports), Ag. Assistant Director at the National Youth Talent Academy, Provincial Director of Sports, District Sports Officer and Physical Education Tutor/Teacher.</p>
<p>Ms. Rose M. N. Wasike Registrar of Sports</p>	
<p>Mr. Japson G. Gitonga Ag. Commissioner of Sports</p>	

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(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Cabinet Secretary, Ministry of Sports, Culture and Heritage	Amb. (Dr.) Amina C. Mohamed, EGH, CAV
2.	Chief Administrative Secretary, Ministry of Sports, Culture and Heritage	Hon. Hassan Noor Hassan, EBS
3.	Principal Secretary, State Department for Sports	Mr. Joe Okudo, CBS
4.	Administrative Services	Florence Amoit
5.	Financial Services	Mr. John Ongesa Nyabwari
6.	Accounting Services	CPA Francis O. Odera
7.	Supply Chain Management	Marie Orinda
8.	Human Resource	Mr. Peter N. Mwathi

(d) Fiduciary Oversight Arrangements

Composition of the Audit Committee Members

The various committee members within the State Department are drawn from various sectors of the economy and have a wide range of skills and experience and each contributes independent knowledge and judgement to the committee discussions.

On appointment each committee member is provided with a comprehensive and tailored induction processes covering the State Department's business and operations and provided with information relating to their legal and regulatory obligations.

All committee members are required to re-submit themselves for re-appointment after expiry of their term.

i. Audit and Finance Committee Activities

This committee is composed of the following members drawn from various sectors of the economy with broad business knowledge:

1. Ambrose O. Agenga (Chairman)
2. John Longacha Ejore (Member)
3. Eunice Muyoka Juma (Member)
4. Gabriel Ouko (Member)

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Fiduciary Oversight Arrangements (*continued*)

The committee was responsible and instrumental in:

- Improving the quality of financial reporting by ensuring the accounts are prepared in a timely and accurate manner to facilitate prompt submission of annual financial statements to the Auditor General with a copy to the National Treasury.
- Reviewing and making recommendations on management programs established, to monitor compliance with sound public financial management, internal controls, policies, laws, regulations, procedures and the code of ethics.
- Strengthening the effectiveness of the internal audit function including regular review of its capacity, review and approval of the internal audit charter and internal audit annual work plan.

i. Audit and Finance Committee Activities

The main functions of the audit committee include:

- Address audit issues raised by both the Internal and External auditors;
- Assist the Accounting officer in enhancing oversight, governance, enforcement, and compliance with internal and external audit findings and recommendations;
- Resolve unsettled and unimplemented Public Accounts Committees' recommendations; and,
- Provide a channel of communication between management, internal and external audit, and fostering an independent internal audit function.

ii. Budget Committee Activities

This is the committee charged with the responsibility of implementation of the state department's budget and its prudent management. The duties of the committee include:

- To review and consider the cash flow plans
- To review utilization of the cash limits and consider any changes that may be required;
- To review the utilization of the donor funds voted for the State Department.
- To advise the accounting officer on the challenges related to the budget implementation
- To review and recommend the reallocation of funds.
- To review and approve the submission of the payment returns, payroll IPPD, pending bills and A-I-A returns for the State Department and recommend actions to be taken

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Fiduciary Oversight Arrangements (continued)

- To participate in sector working groups
- To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with Heads of Department.

iii. Budget Committee Members

This committee is composed of the following members drawn from various sectors of the economy with broad business knowledge:

1. Florence Amoiti	Secretary Administration	Chairman
2. Rose Wasike	Sports Registrar	Member
3. Japson Gitonga	Ag. Commissioner of Sports	Member
4. CPA Francis Odera	HAU	Member
5. John O. Nyabwari	Chief Finance Officer	Secretary
6. James Odongo	Head – CPPMU	Member

iv. Human Resources Management Advisory Committee

This committee is composed of the following members drawn from various sectors of the economy with broad business knowledge:

<u>Name</u>	<u>Designation</u>	<u>Position</u>
1. Joe Okudo, CBS	Principal Secretary	Chairman
2. Florence Amoiti	Secretary Administration	Alternate Chairman
3. Rose M. N. Wasike	Sports Registrar	Member
4. Japson Gitonga	Ag. Commissioner of Sports	Member
5. John O. Nyabwari	Chief Finance Officer	Member
6. Rispha M. David	Legal Officer	Member
7. Peter N. Mwathi	Director – HRM & Development	Secretary

This is the committee charged with the responsibilities of taking care of human resource needs.

v. Human Resources Management Advisory Committee Activities

Their duties include:

- Review of promotions of officers in Job Group A-P
- Review of confirmations in appointment
- Review of disciplinary matters
- Review of re-designation of officers from one cadre to another and
- Confirmation of surcharge of officers found to have misused government resources.

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(d) Fiduciary Oversight Arrangements (continued)

vi. Training Committee Members

This committee is composed of the following members drawn from various sectors of the economy with broad business knowledge:

<u>Name</u>	<u>Designation</u>	<u>Position</u>
1. Joe Okudo, CBS	Principal Secretary	Chairman
2. Florence Amoit	Secretary Administration	Alternate Chairman
3. Rose M. N. Wasike	Sports Registrar	Member
4. Japson Gitonga	Ag. Commissioner of Sports	Member
5. John O. Nyabwari	Chief Finance Officer	Member
6. Rispa Mukonyo	Legal Officer	Member
7. Peter N. Mwathi	Director – HRM & Development	Secretary

vii. Training Committee activities

This is the committee charged with the responsibilities of human resource development needs. Their duties include:

- Overall coordination of the training functions in the State Department.
- Review and implementation of the State Department training plan;

(a) State Department for Sports Headquarters

P.O. Box 49849-00100
KENCOM Building
Moi Avenue
Nairobi, KENYA

(b) Entity Contacts

Telephone No. +254-020-2251164/005, 2250576
Fax 254-020-316187
Website: www.sportsheritage.go.ke

(c) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P. O. Box 60000
City Square 00200
Nairobi, KENYA.

National Bank of Kenya
Kenyatta Avenue Branch
Nairobi, KENYA

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(d) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(e) Principal Legal Adviser

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

MINISTRY OF SPORTS, CULTURE AND HERITAGE
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I. FORWARD BY THE CABINET SECRETARY



The Ministry is mandated to develop promote, preserve and disseminate Kenya’s diverse cultural and arts heritage; promote sports and film industry to build national pride and improve livelihoods of the Kenyan people through provision of world class sports facilities, nurturing of sports talent and enhancement of clean competitive sports for social-economic development.

In pursuit of this mandate, the State Department will ensure prudent Financial Management in accordance with the Public Finance Management Act 2012 and public procurement Asset Disposal Act 2015.

BUDGET ALLOCATION

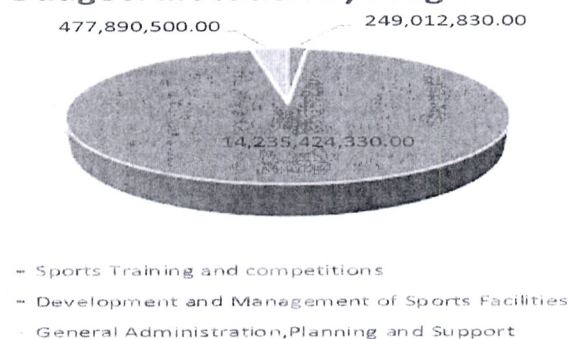
In the financial year 2019/2020 the State Department for Sports had a gross budget of **Kshs 14,962,327,660** which was made up of **Kshs. 1,312,327,660** and **Kshs. 13,650,000,000** for recurrent and development vote respectively.

The State Department spent the gross budget of **Kshs 14,962,327,660** under the following three programmes:

Budget Allocation by Proggmmes

Sports Training and competitions	249,012,830.00
Development and Management of Sports Facilities	14,235,424,330.00
General Administration,Planning and Support	477,890,500.00
	14,962,327,660

Budget Allocation by Proggmmes



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I. Programme 1: SPORTS

The objective of this programme is development and management of Sports Facilities and Sports Training and competitions. This programme was allocated **Kshs 14,484,437,160** Representing 95% of the budget. The allocation was spent under the following sub programmes:

- a. Sub-programme 1.1: Sports Training and Competitions **Kshs 249,012,830**
- b. Sub-programme.1.2: Development and Management of Sports Facilities **Kshs 14,235,424,330**

II. Programme 2: General Administration, Planning and Support Services

The objective of this programme is to give personnel manpower to run the organization in order to achieve its objectives. This programme was allocated **Kshs. 477,890,500 representing 5%** of the budget. A total of **Kshs 477,890,500** was spent under the following sub programme:

- a. Sub-programme 2.1: General Administration, Planning and Support Service **Ksh. 477,890,500**

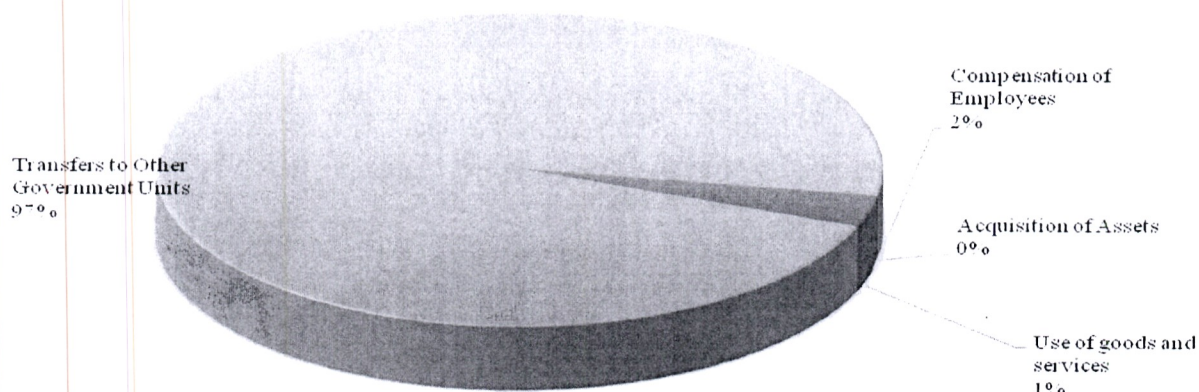
Budget Utilisation

The State Department spent **Kshs. 10,852,003,476** against an approved budget of **Kshs. 14,962,327,660** representing absorption of 7337%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the chart below:

	Approved Budget Allocation	Actual Payments	Variance
	Ksh	Ksh	Ksh
Compensation of Employees	187,120,000	187,772,897	- 652,897
Use of goods and services	173,827,327	166,303,850	7,523,477
Transfers to Other Government Units	14,600,780,000	10,497,352,129	4,103,427,871
Acquisition of Assets	600,333	574,600	25,733
Total Payments	14,962,327,660	10,852,003,476	4,110,324,184

MINISTRY OF SPORTS, CULTURE AND HERITAGE
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Budget Utilisation as Per Economic Items



It is noted that 97% of the State Department's budget was used in Transfers to Other Government Entities Semi-Autonomous Government Agencies (SAGAs). 2% of the budget was utilised on employee compensation while 1% was utilised in use of goods and services while 0.004% of the budget was spent on Acquisition of Assets.

Current Year Performance against Prior Year

	2019-2020	2018-2019	Change	% Change
	Kshs	Kshs		
TOTAL REVENUES	10,861,266,853	10,873,681,709	- 12,414,856	0%
TOTAL PAYMENTS	10,852,003,476	4,153,207,452	6,698,796,024	62%
SURPLUS/DEFICIT	9,263,377	6,720,474,257	- 6,711,210,879	-72449%

Total receipts did not have any significant increase on tax revenues for Sports, Arts and Social Development Fund. Total payments increased by 62%

Receipts

The State Department's receipts mainly comprise of exchequer releases from the National Treasury. Other receipts are from tax revenue collections for the sports, arts and social development fund as well as revenue from Sports Kenya.

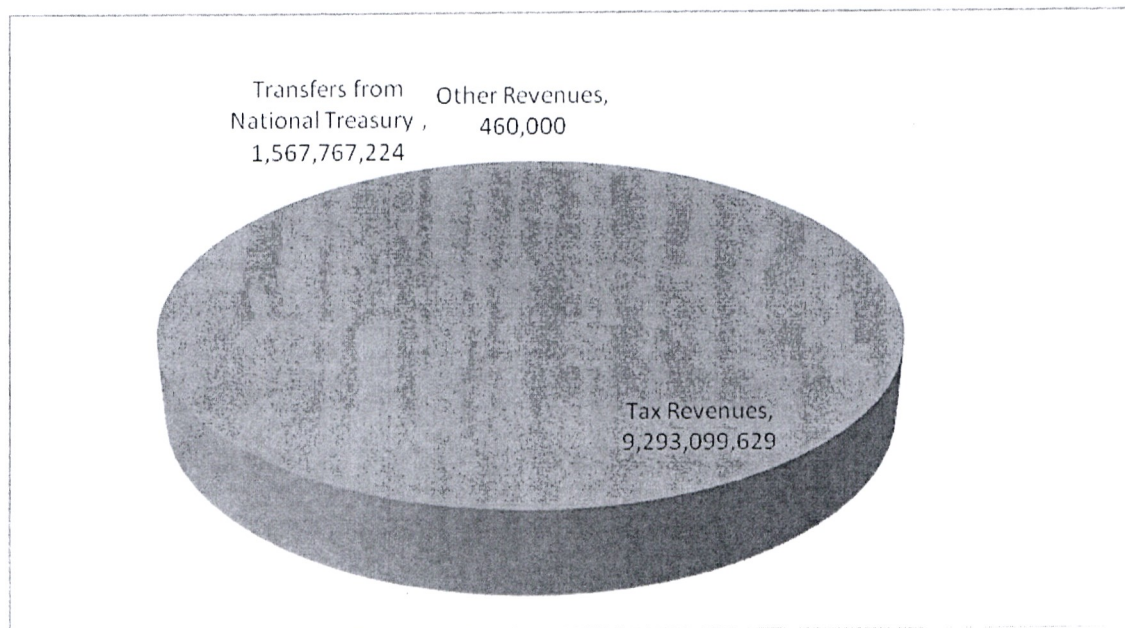
The total receipts for FY 2018/2019 stood at Kshs 10.8 Billion.

Total Receipts Breakdown

RECEIPTS	2019-2020	2018/2019	Change	% Change
	Kshs	Kshs		
Tax Revenues	9,293,099,629	8,109,586,819	1,183,512,810	13%
Transfers from National Treasury	1,567,767,224	2,763,676,640	- 1,195,909,416	-76%
Other Revenues	400,000	418,250	- 18,250	-5%
TOTAL REVENUES	10,861,266,853	10,873,681,709	- 12,414,856	0%

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The increase in total receipts is as a result of Tax Revenues increase by Kshs. 1.1 Billion for the Sports, Arts and Social Development Fund. The decrease in Transfers from National Treasury was occasioned by budget cut in 2019/2020.



RECEIPTS

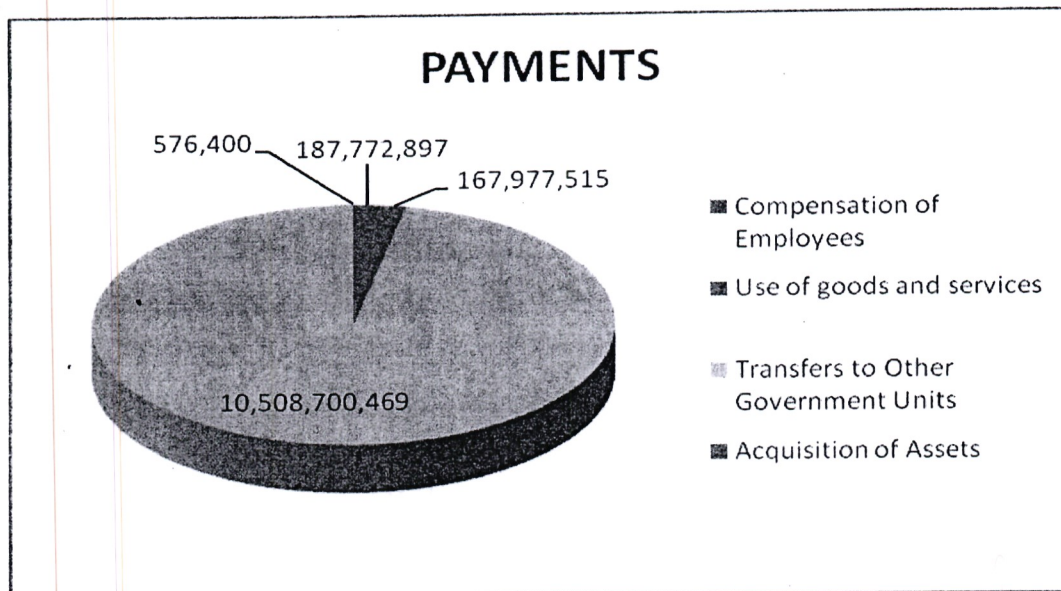
The diagram above depicts the share of major categories of receipts for the financial year ended 30th June 2020. The major source of funding for the State Department for Sports is Tax revenues. Exchequer releases comprise of Kshs. 1,567,767,224 while other revenues is Kshs. 460,000

PAYMENTS

PAYMENTS	2019-2020	2018-2019	Change	% Change
	Kshs	Kshs		
Compensation of Employees	187,772,897.05	203,953,219.45	- 16,180,322.40	-9%
Use of goods and services	166,303,850.35	1,165,105,430.05	- 998,801,579.70	-601%
Transfers to Other Government Units	10,497,352,128.70	2,811,569,629.00	7,685,782,499.70	73%
Acquisition of Assets	574,600.00	10,877,873.00	- 10,303,273.00	
TOTAL PAYMENTS	10,852,003,476.10	4,804,759,913.35	6,047,243,562.75	56%

The diagram below depicts the share of major categories of payments for the fiscal year ended 30th June, 2020:

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Financial Assets Summary

FINANCIAL ASSETS	2019-2020 Kshs	2018-2019 Kshs	Change	% Change
Cash and Cash Equivalents				
Bank Balances	316,673,977	7,105,350,072	- 6,788,676,096	-2144%
Cash Balances	-	-	-	
Total Cash And Cash Equivalents	316,673,977	7,105,350,072	- 6,788,676,096	
Accounts Receivables - Outstanding Imprest and Clearance Accounts	2,037,215	1,066,705	970,510	48%
TOTAL FINANCIAL ASSETS	318,711,191	7,106,416,777	- 6,787,705,586	-2130%

Bank balances decreased significantly because betting and withholding tax receipts for the Sports, Arts and Social Development Fund being were more utilized as compared to the previous financial year.

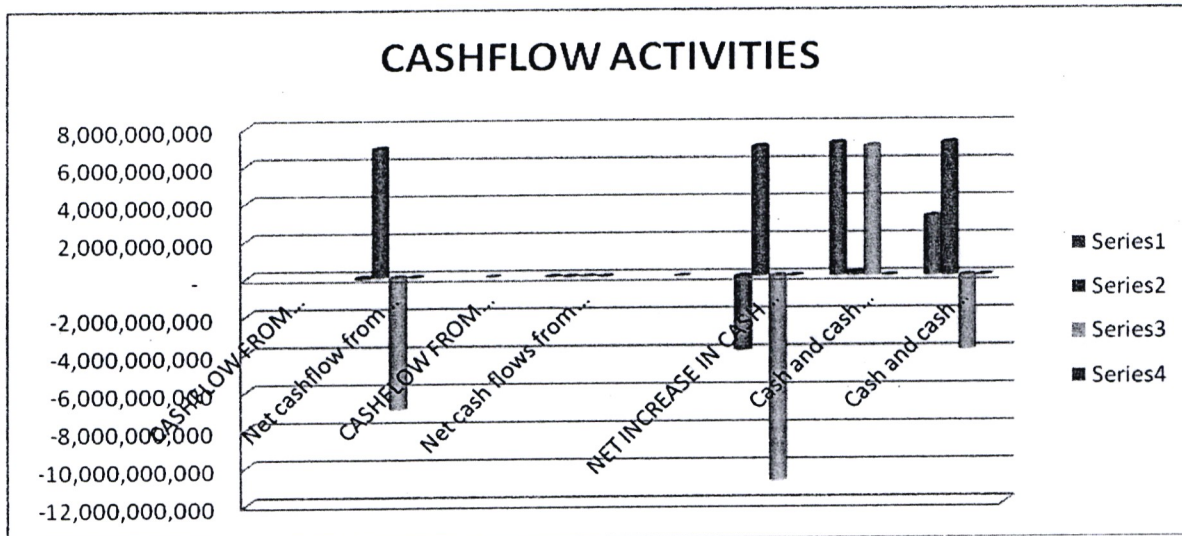
There was no Cash held in the department during the 2019/2020 financial year.

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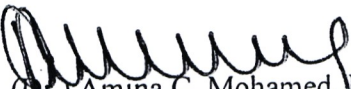
Cash Flow Activities

The table below summarizes cash flows generated and used from various activities.

	2019-2020 KShs	2018-2019 KShs	Change	% Change
CASHFLOW FROM OPERATING ACTIVITIES				
Net cashflow from operating activities	- 6,788,101,496	6,926,359,035	- 13,714,460,531	202%
CASHFLOW FROM INVESTING ACTIVITIES				
Net cash flows from Investing Activities	- 574,600	- 10,877,873	10,303,273	-1793%
NET INCREASE IN CASH AND CASH EQUIVALENT	- 6,788,676,096	6,915,784,736	- 13,704,460,832	202%
Cash and cash equivalent at BEGINNING of the year	7,105,350,072	189,868,910	6,915,481,163	97%
Cash and cash equivalent at END of the year	316,673,977	7,105,350,073	- 6,788,676,096	-2144%



Net cash flows utilised in investing activities decreased significantly due to a decrease in amounts utilised in the acquisition of assets by the State Department for Sports whereas there was increase in net cash flow from operating activities due to a significant increase in utilisation of Tax Revenues from betting taxes by the sports, arts and social development fund.


 Amb. (Dr.) Amina C. Mohamed, EGH, CAV
 Cabinet Secretary
 Ministry of Sports, Culture and Heritage

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II. STATEMENT OF PERFORMANCE AGAINST MDA'S PREDETRMINED OBJECTIVES

Section 81(2) (f) of the Public Finance Management Act ,2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the MDA'S 2018-2022 plan are to:

- a. To provide an enabling policy, legal and institutional framework.
- b. To harness, manage, develop and regulate the sports industry
- c. To harness, develop and promote the creative arts industry
- d. Promote, preserve and maintain positive and diverse cultures for the national identity
- e. Enhance preservation and conservation of the national documentary heritage
- f. To build adequate capacity to enhance provision of quality and efficient services and enhance the image of the Ministry

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide progress on attaining the stated objectives.

MDA Project	Objectives	Indicator	Outcome	Performance
Kamariny Regional Stadia	Completion of Kamariny Regional Stadia	The project is at 30% to completion	Awaiting verification of works by the State Department of Public Works to ascertain payment of pending certificates	
Karatu Ndarugu Regional Stadia	Completion of Karatu Ndarugu Regional Stadia	The project is 40% complete	Contractor has signed a return to work agreement and resumed work	

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Wote Regional Stadia	Completion of Wote regional Stadia	The project is 30% complete	Contractor has signed a return to work agreement and resumed work	
Marsabit Regional Stadia	Completion of Marsabit Regional Stadia	The project is 30% complete	Contractor has signed a return to work agreement and resumed work	
Sports Leisure and Entertainment park. (National Stadia in Nairobi)	Completion of Sports Leisure and Entertainment park	Land identified, feasibility studies undertaken and concept designs developed	Awaiting approval of EOI for master developer and conclusion of land acquisition process	
Kenya Academy of Sports, Phase 1	Completion of Kenya Academy of Sports Phase 1	The project is 89% complete	The project is ongoing	
Nyayo Stadium	Completion of upgrading of Nyayo Stadium	The project is 90% complete	Works to completion on going	
Ruringu Regional Stadia	Completion of Ruringu Regional Stadia	The project is 30% complete	Contract is domiciled at the Ministry Headquarters	
Chuka regional Stadia	Completion of Chuka Regional Stadia	The project is 75% complete	The contractor signed a return to work agreement and has returned to site	
Kipchoge Keino Regional Stadia	Completion of Kipchoge Keino Regional Stadia	The project is 60% complete	The contractor signed a return to work agreement and has returned to site	

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PROJECTS DETAILED ACHIEVEMENTS REPORT

The Sports Kenya status report comes amidst increased budgetary constraints occasioned by the COVID-19 pandemic. The Government's focus on the Big Four Agenda has also resulted in resources being focused on the MDAs that are directly impacting the targeted areas of focus. However, in the financial year of 2019/2020, the state Department of Sports has not undertaken any Monitoring and Evaluation to ascertain the state of the projects.

The Ministry has been able to undertake various renovation, refurbishments and construction of new and existing stadia.

These include:

1. Karatu Stadium – Kiambu County at 40%
2. Ruring'u Stadium – Nyeri County at 100%
3. Kasarani Stadium (Pitch) – Nairobi County at 65%
4. Nyayo Stadium – Nairobi County at 75%
5. Kinoru Stadium – Meru County at 87%
6. Chuka Stadium – at 75%
7. Wote Makueni Stadium 30%
8. Marsabit Stadium- Marsabit County 30%
9. Kamariny Stadium- Elgeyo Marakwet County at 30%

PROJECTS IMPLEMENTATION STATUS

Karatu Ndarugu Stadium

Basic information on the project:

Location	Thirteen and a half (13.5) km north West of Gatundu town, Kiambu County
Plot size	2.67 Ha
Contract Value	KShs. 299,742,201.00
Amount paid	KShs. 15,000,000 (5%)
Project Completion Status	40%
Project Duration	Eight (8) months
Contractor	Smith and Gold Productions Company Limited
Site hand over date	03/02/2017
Original expected completion date	03/10/2017– Deadline not met
Reviewed expected completion date	31/05/2018-Deadline not met

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The ongoing works include: football pitch works, 6 lane track, VIP pavilion, parking, perimeter wall and ablution blocks.

Scope of Work and Status:

- Outer perimeter fence – only gates to be installed (Fabrication ongoing) **95%**
- Football/rugby pitch Excavation and levelling completed, compacting of first layer of soil done, field drainage works ongoing **60 %**
- Six (6) lane athletics track, Earthworks ongoing **40 %**
- VIP pavilion, Foundation Level **10 %**
- Tartan Track – **Yet to start**
- Interior Chain-link – **Yet to start**
- Parking area – **Yet to start**
- Changing rooms and ablution blocks - **Yet to start**

Overall status of the project: **40%**

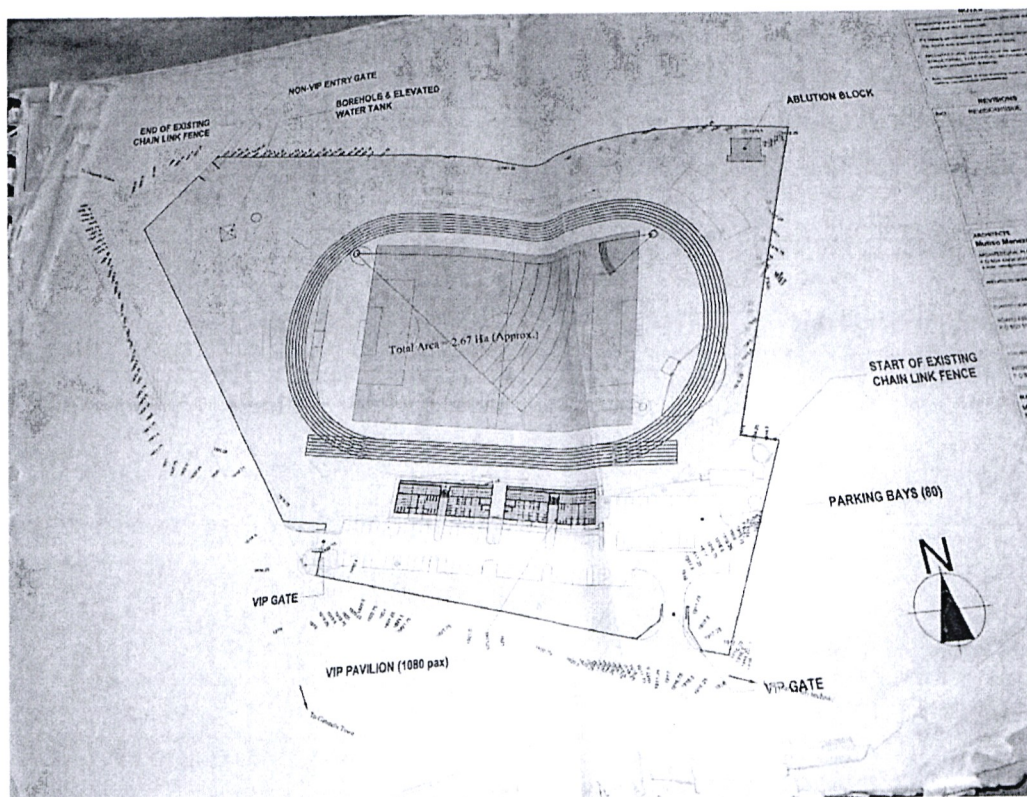


Figure 1 Architectural designs for Karatu Stadium

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Figure 2: Construction Signboard



Figure 3: Karatu stadium after start of construction of stadium

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Figure 4: Karatu Stadium before the start of construction

RURING’U STADIUM – NYERI COUNTY

The ongoing works include: Football Pitch Works, 6 lane track, Part of VIP Pavillion (Phase 1) and Parking.

Location	half a Kilometer (2) km of Nyeri Town Centre
Plot size	Approximately 6 ha
Contract Value	Ksh 288.1 Million
Amount paid	Khs. 20,000,000
Project Completion Status	30%
Project Duration	Eight (8) months
Contractor	Funan Construction Company Ltd
Site hand over date	05/01/2017
Original expected completion date	05/09/2017 Deadline not met
Reviewed expected completion date	Date 31/05/2018 Deadline not met

General conditions:

- i. Rich historical significance and landmark including a fig tree planted by the founding father and was meeting point for the MAU MAU.
- ii. The Stadium was constructed from a virgin land which was used as an Agricultural show ground, a lot of clearing ; uprooting trees and massive excavation was done to attain the required levels
- iii. Comprises of old pitch (to be a warm up pitch) and the new pitch

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Figure 5: Riring'u Stadium Pitch Inspection

KIRUBIA CHUKA STADIUM – THARAKA NITHI

Location	Chuka Nairobi Road
Plot size	Approximately 2.67 Ha
Contract Value	Ksh 274.3 Million
Amount paid	24,678,796
Project Completion Status	75%
Project Duration	Eight (8) months
Contractor	Toddy Construction Limited
Site hand over date	05/01/2017
Original expected completion date	05/09/2017 - Deadline not met
Reviewed expected completion date	31/05/2018 Deadline not met

Scope of Work and Status:

Pitch, 6 lane track, VIP Pavilion, Water system (Borehole drilling and electrical installations), Ablution Blocks

- Pitch Works complete, awaiting seeding/Planting – **90%**
- **6 lane** Track to sub base level – **20%**
- Construction of VIP Pavillion– **75%**
- Installation of drainage System complete **70%**
- Drilling of borehole and storage tanks to boost water supply – **70%**
- Overall Status of the project **75%**

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Observation: Earthworks and massive excavation were done. Levels demanded a retention wall be constructed to hold soil to rooftop on the Southern side of the field. The Contractor informed the team of the need for variations due to unexpected challenges including construction of gabions to protect the soil along the perimeter wall. The Ministry's Maintenance Engineer promised to handle the issues and assured the Contractor that the concerns would be addressed. Chuka stadium progress is at an advanced stage compared to the other stadiums and what is remaining can be attained within the time limits set



Figure 6: Construction Signboard

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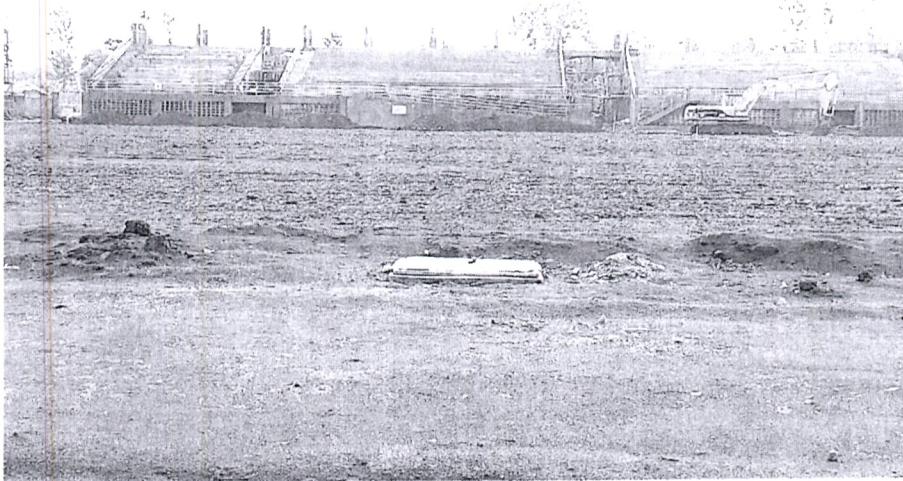


Figure 7: Ongoing Works Chuka

Figure: Extent of backfilling done



Figure 8: Chuka Site Meeting

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KINORU STADIUM – MERU

Location	Within the Town
Plot size	Approximately 4.7 ha
Contract Value	Ksh 869M
Amount paid	Ksh 303M
Project Completion Status	87%
Project Duration	Eight (8) months
Contractor	Toddy Construction Limited
Site hand over date	05/01/2017
Original expected completion date	244/08/2017
Reviewed expected completion date	Date 31/04/2018 Deadline not met

Scope of Work and Status:

Pitch, Sub Base for tartan track, VIP Pavillion, Water system, Ablution Blocks, Terraces, Parking and Perimeter wall

- Pitch Works complete, awaiting seeding/Planting – **90%**
- 8 lane Track to sub base level ready for Tartan Track stage – **80%**
- Construction of VIP Pavillion– **10%**
- Drilling of borehole and storage tanks to boost water supply ongoing, Ground and elevated tanks installed– **70%**
- Installation of French Drainage System and automated irrigation system – Drainage is installed, ballast and sand mixing ongoing **70%**
- Terraces Constructed round the field – **80%**
- Perimeter Wall – Already existing

Overall status of the project: **87%**

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Figure 9: Kinoru - Site meeting before inspection

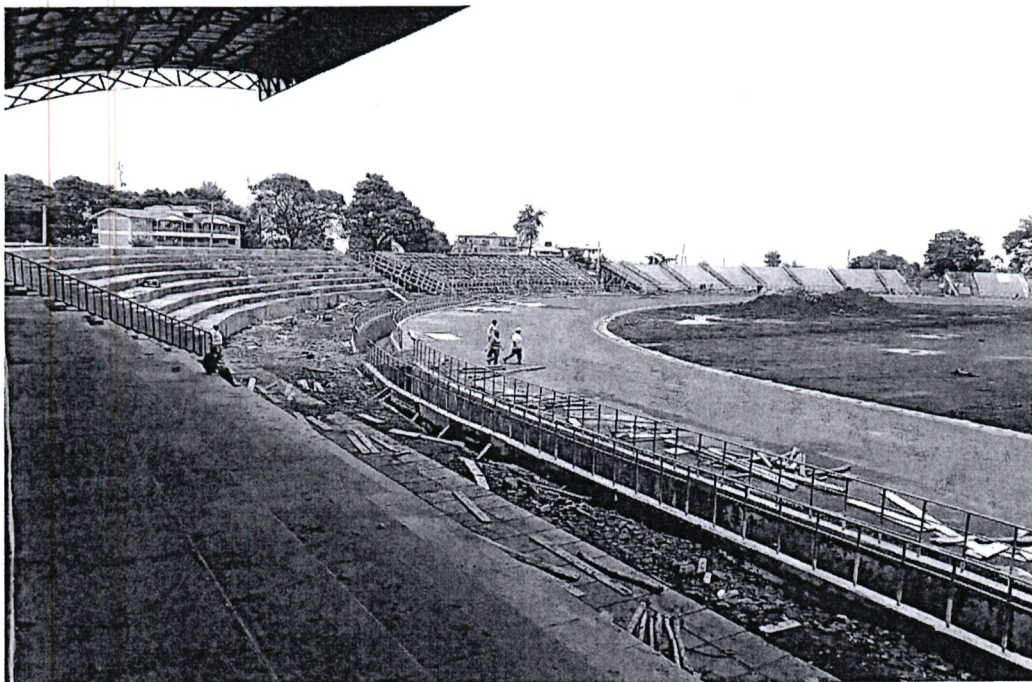


Figure 10: Ongoing Works, Kinoru Stadium

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WOTE STADIUM – MAKUENI

Location	Makueni, 5 kms from Town Centre
Plot size	Approximately 10 Acres
Contract Value	Kshs. 338,955,186
Amount paid	Kshs. 36,937,860
Project Completion Status	30%
Project Duration	– Eight (8) months
Contractor	Toddy Construction Limited
Site hand over date	5/01/2017
Original expected completion date	24/08/2017
Reviewed expected completion date	31/05/2018 Dead line not met

Scope of work and status:

Pitch, 8 lane track, VIP Pavilion, Water system (Borehole drilling, 2 tanks installation and electrical installations), Ablution Blocks, perimeter wall

- Pitch Works ongoing, excavation, levelling, drainage system, and sand done. Awaiting final layer of red soil before seeding/Planting – **50%**
- **8 lane** Track to sub base level – **50%**
- Construction of VIP Pavilion– Yet to start
- Installation of automated irrigation System - yet to start
- Drilling of borehole and storage tanks to boost water supply excavation for underground tank ongoing – **10%**
- **Overall Status of the project 30%**

Observation: Wote – The unconstructed perimeter walls, unfinished pitch and track works, underground tank excavation and general pending works gives Wote stadium a disorganized look. The construction works are not ongoing due to lack of cooperation from the consultant. The weather conditions have also contributed to the delays.



Figure 11: Wote Stadium status



Figure 12: Area needing retention wall



Figure 13: Underground tank excavation hampered by rain



Figure 14: various materials including borehole drilling pipes and perimeter wall stones on site but not well stored

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MARSABIT STADIUM

Location	Marsabit Town
Plot size	Approximately 6 ha
Contract Value	Ksh 324,210,466
Amount paid	Kshs. 26,573,689
Project Completion Status	30%
Project Duration	Eight (8) months
Contractor	Benisa Limited
Site hand over date	03/02/2017
Original expected completion date	03/10/2017– Deadline not met
Reviewed expected completion date	Date 31/05/2018 Deadline not Met

Scope of Work and Status:

Pitch, Tartan track, Water system, Ablution Blocks, Terraces, Parking

- Pitch Works complete, ongoing – 30%
- 8 lane Track to Tartan Track level – **40%**
- Drilling of borehole and storage tanks to boost water supply ongoing, Ground and elevated tanks installed– – **Yet to start**
- Installation of French Drainage System and automated irrigation system – Drainage is installed, ballast and sand mixing ongoing – Yet to start
- Terraces Constructed round the field – Yet to start
- Perimeter Wall – Already existing

Overall status of the project: **30%**

Observation: The Contractor had gone on a go slow on the site due to delayed payments and hence much work delayed. However, the Contractor was advised to increase work force to compensate lost time

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KIPCHOGE KEINO STADIUM

Basic information on the project

Location	Within Eldoret Town
Plot size	12 acres
Contract Value	KShs. 384,100,000
Amount paid	KShs. 42,000,000 (10%)
Project Completion Status	60%
Project Duration	Eight (8) months
Contractor	Pitch: Gregori International - The Stadium is one of the beneficiaries of Chan Gregoori contract of refurbishment of the Pitch to international standards. VIP Pavilion: Shiv Construction Terraces: Chinese Firm
Site hand over date	03/08/2017
Original expected completion date	03/03/2018– Deadline not met
Reviewed expected completion date	31/06/2018

The ongoing works include: Design and construct perimeter fence; design and develop football pitch; design and construct changing rooms and public washrooms; design and construct the VIP terraces; design and construct public terraces; drilling of bore hole to supplement external water supply

Scope of Work and Status:

- Football/rugby pitch Excavation and levelling completed, compacting of first layer of soil done, field drainage works ongoing **60 %**
- VIP pavilion, Foundation Level **10 %**
- Tartan Track – **Existing**
- Interior Chain-link – **Yet to start**
- Parking area – **Yet to start**
- Terraces, Offices, Changing rooms and ablution blocks (2 Storied) – **50%**

Overall status of the project: **60%**

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Observation: The BQs for the VIP pavilion were revised. The Contractor raised concerns concerning the pace of payments and indicated that he was willing to fast track the process.

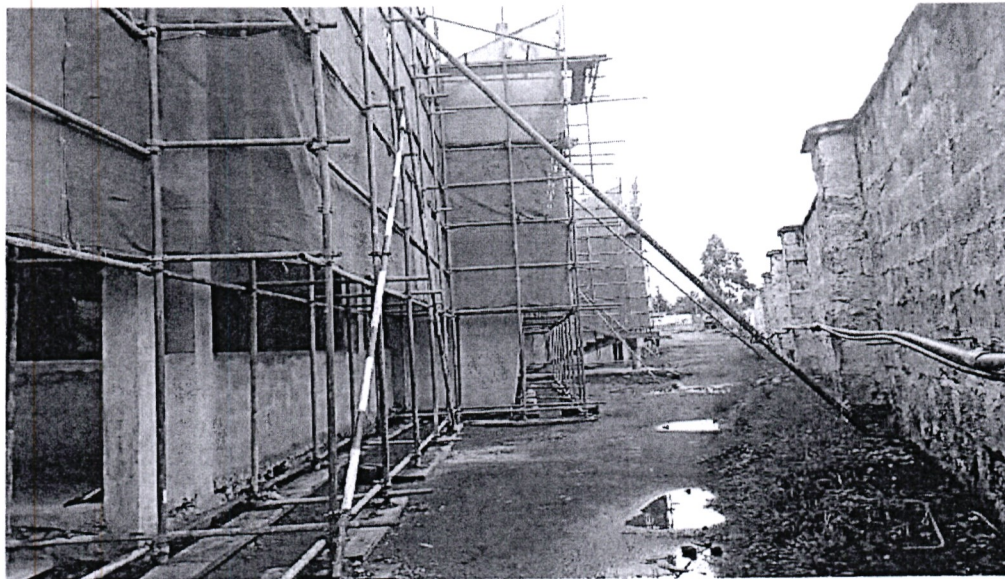


Figure 15:



Figure 16:

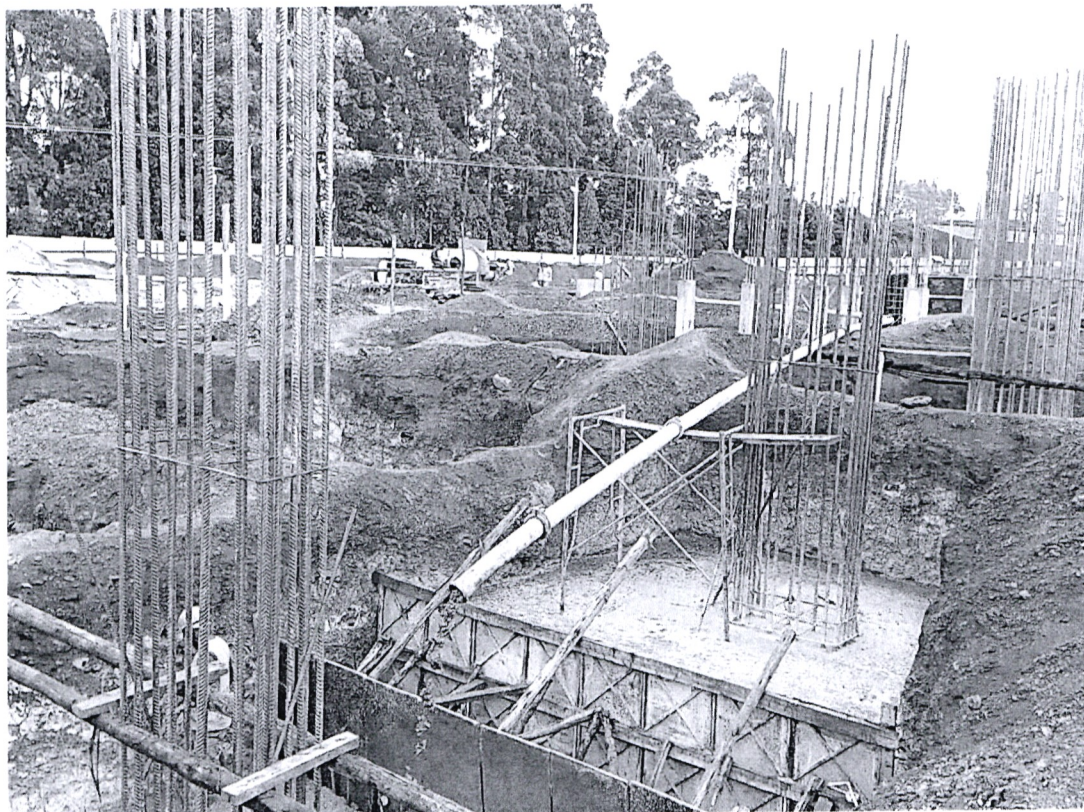


Figure 17:

KAMARINY STADIUM - ELGEYO MARAKWET COUNTY

Basic information on the project

Location	
Plot size	
Contract Value	KShs. 357,731,101
Amount paid	KShs. 25,905,399
Project Completion Status	30%
Project Duration	Eight (8) months
Contractor	Smith and Gold Productions Company Limited
Site hand over date	03/02/2017
Original expected completion date	03/10/2017– Deadline not met
Reviewed expected completion date	31/05/2018 deadline not met

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Scope Design and construct perimeter fence; development of entry and exit gates; design and construct changing rooms and public washrooms; cutting, filling, grading planting of grass on the football pitch; design and construct the VIP terraces; design and construct public terraces; design and construct internal protective perimeter fence; drilling of bore hole to supplement external water supply; design and develop facilities for volleyball; installation of synthetic athletics track

The ongoing works include: football pitch works, 6 lane track, VIP pavilion, parking, perimeter wall and ablution blocks.

Scope of Work and Status:

- Outer perimeter fence – only gates to be installed (Fabrication ongoing) **95%**
- Football/rugby pitch Excavation and levelling completed, compacting of first layer of soil done, field drainage works ongoing **60 %**
- Six (6) lane athletics track, Earthworks ongoing **40 %**
- VIP pavilion, Foundation Level **10 %**
- Tartan Track –
- Interior Chain-link –
- Parking area –
- Changing rooms and ablution blocks -

Overall status of the project: **30%**

Revised estimated completion date **May 31st 2018** subject to availability of funds and weather conditions.

Observation: The Project is going on well. The VIP Pavilion construction is much behind at foundation level of 10%. However, most materials are on site and the contractor assured the team of continuous work.



Figure 18: Foundation works, VIP Pavilion



Figure 19: Ongoing works, effects of rainy weather visible

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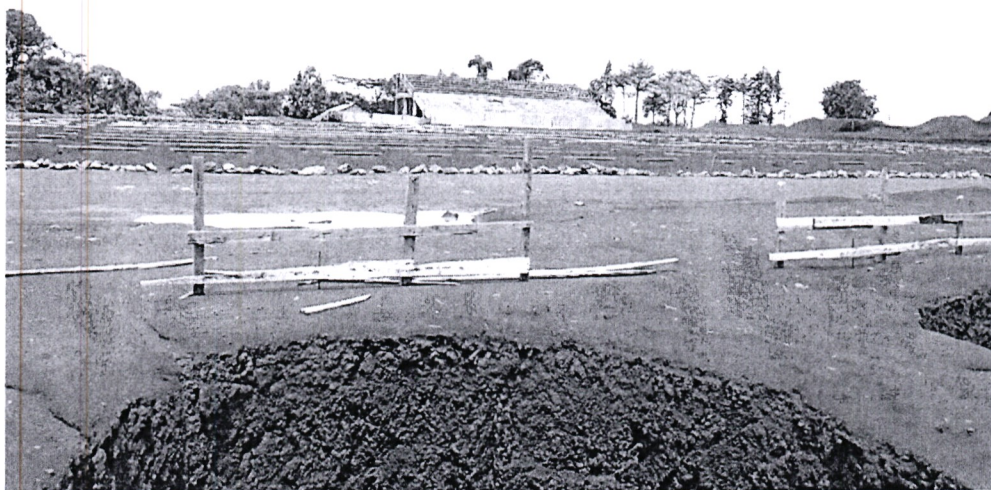


Figure 20: status of Kamariny Stadium

KASARANI STADIUM – Renovation of Pitch

Location	Thika Road, 25Kms from CBD
Contract Value	525,513 Euros
Amount paid	
Project Completion Status	65%
Project Duration	8 Months
Contractor	Gregori International - The Stadium is one of the beneficiaries of Chan Gregoori contract of refurbishment of the Pitch to international standards.
Site hand over date	19/9/2017
Original expected completion date	31/05/2018
Reviewed expected completion date	31/05/2018

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Scope of Work and Status: Pitch

- Excavation of existing grass and stabilizing the base – Complete **100%**
- Installation of French Drainage System – Drainage is installed, awaiting testing and commissioning **95%**
- Installation of automated irrigation system – Pipe laid, 35 no. pop up sprinklers installed, control solenoid installed, awaiting testing and commissioning **95%**
- Preparation of the lawn/pitch for planting the grass – doing the final top service in readiness for seeding **60%**
- Planting/Seeding of grass and nurturing the grass to establishment

Overall status of the project: **65%**

Observation: The Contractor is on site and works ongoing.



Figure 21: Effects of heavy rains on ongoing Projects

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Figure 22: Ongoing refurbishment of Kasarani Main Football Pitch

NYAYO STADIUM

Location	Mombasa road
Contract Value	Ksh 766,434,400
Amount paid	Ksh 357,036,975
Project Completion Status	90%
Project Duration	Eight (8) Months
Contractor s	Lexus Building and Civil Works Borehole drilling and water tanks – Furjano Construction Electrical - Makem limited 95M Plumbing – Jossua Pitch Works - Gregori International
Site hand over date	05/01/2017
Original expected completion date	05/09/2017 Deadline not met
Reviewed expected completion date	Date 31/05/2018 deadline not met

Scope of Works: Redesigning and construction of VIP Pavilion 3 levels, changing rooms, office rooms, wet areas - **building work.**

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Cabro pave all parking areas, improvement of interior road, internal channel – **Civil works.**

Drilling of borehole, equipping, two ground water tanks, one high level water tank – **Mechanical Works.**

Electrical and structured cable installation.

Irrigation works

Scope of Work and Status:

- Redesigning and construction of VIP Pavilion 3 levels – 60%
- 4No. changing rooms, - 80%
- Office rooms – Constructed around the Stadium terraces 50%
- Wet areas – Public toilets ongoing 50%
- Cabro pave all parking areas, - 50%
- improvement of interior road, - 50%
- internal channel – Constructed channel all-round the field at 60% completion
- Drilling of borehole, equipping, - Complete 100%
- two ground water tanks, one high level water tank – Bearers constructed. Tank assembly ongoing – 50%
- Electrical installations - Ongoing
- structured cable installation - Ongoing
- Irrigation works – French drainage and irrigation piping, pop up sprinklers installed. 100%

Pitch

- Excavation of existing grass and stabilizing the base – Complete **100%**
- Installation of French Drainage System – Drainage is installed, awaiting testing and commissioning **95%**
- Installation of automated irrigation system – Pipe laid, 35 no. pop up sprinklers installed, control solenoid installed, awaiting testing and commissioning **95%**
- Preparation of the lawn/pitch for planting the grass – doing the final top service in readiness for seeding **95%**
- Planting/Seeding of grass – Ready for seeding
- Nurturing the grass to establishment

Overall status of the project: **90%**

Observation: The Contractors are on site and works ongoing well. However, due to the extensive refurbishment going on, Nyayo Stadium is totally inaccessible and as a result, loss of revenue is substantial. There is need to prioritize and speed up the projects.



Figure 23: Ongoing Works, Nyayo Stadium



Figure 24: Automated irrigation system at Nyayo Stadium

CHALLENGES

- **Weather Conditions** – Heavy rains have resulted in tough working conditions due to flooding, erosion and mud.
- **Timely payments** – delays in payment resulting in delays and stoppage of works
- Required variations needs to be assessed and approved where necessary

Nature of contracts: Both foreign (Chan Gregory contract of Contract of Renovation of Five Pitches to International Standards Pitches) and local contracts

CONCLUSION

There is a need for more frequent M&E to ensure the progress of the ongoing Projects is as planned. Additionally, there is need to clearly define the number and nature of projects that are going on concurrently in the various stadia.

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III. CORPORATE SOCIAL RESPONSIBILITY STATEMENT / SUSTAINABILITY REPORTING

1. Sustainability strategy and profile.

The top management more so the Accounting Officer has endeavoured to borrow best practices from international standards (ISO), putting the customer / citizen first when delivering relevant goods and services and improving operational excellence. To achieve all these practices, the Accounting Officer has documents that contain policies, procedures, programmes, calendar of events, both human and material resources, well-trained and professional manpower to utilize the resources available while following the procedures and programmes. In order to achieve the desired targets in Sports, we have the Sports Act 2013 that enables the Accounting Officer to achieve sustainability in service delivery. The Act created SAGAs and departments like Sports Academy, Sports Fund, ADAK, Sports Kenya, office of the Sports Registrar and office of the Commissioner of Sports. All the SAGAs have CEOs or Directors that carry out their programmes according to the Sports Policy. The Accounting Officer is able to serve citizens excellently. Sportsmen or Women are served in a more organised way. There is also the Service Charter that outlines the mission, vision and time frame for service delivery of goods and services to clients.

Key achievement are as follows:

- Enactment of Sports Act 2013 created departments that are able to serve citizens independently without delay. Sports bodies can now be registered with the Sports Registrar.
- Many teams, Sportsmen or Women have benefited a lot from the Sports Fund since its creation.
- It has reduced wrangles in sports.
- Anti-Doping Activities have taken route with many Sportsmen and women being tested for drug abuse in sports.
- Major challenge is lack of enough funds to cater for more Sportsmen and women.
- Corruption is also a major challenge; like lack of transparency from some of the federations that are not ready to disclose their sources of funding.

2. Employee welfare

There is proper policy / guidelines that provide for the hiring process. Whenever there is a vacancy or any recruitment in the civil service, the Public Service Commission advertises the posts and the requirements for citizens to participate. Both men and women are given equal chance for consideration. After recruitment, employees are remunerated according to their job groups. They are also promoted and awarded for good work. Two third gender rule is applied when conducting the exercise. There are deliberate efforts that have been made in improving skills and managing careers, appraisal and reward system. Yearly short courses or long-term courses are also conducted on employees. Trainings do take place every Financial Year.

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Employees have also benefited from upgradings and promotions. Staff appraisals are done quarterly and yearly with each employee awarded marks or percentages accordingly. In some cases, the best performing employees are rewarded a full month's salary.

There are Schemes of Services for all employees. Employees in the service are provided with life insurance policy (N.H.I.F) that covers everyone. In case of injury or sickness, the insurance covers. There is enough office space that is properly ventilated with modern office equipment e.g. computers, furniture and employees are allowed to go on annual leave for at least 30 days in a year to be with their families.

3. Market place practices

The State Department for Sports has a system put in place that allows market systems to flow where everybody is given equal chance to participate in business. The Procedure for applying for tenders in government are open to all. There are rules and guidelines that provide for people with special needs, women and youth to be considered. The system for awarding tenders is competitive and all participants are allowed to witness, the opening and awarding of tenders. This ensures that there is no corruption as everyone is a participant and the system is open to all of them. There are sealed anti-corruption boxes near offices for reporting cases of bribery and corrupt practices. Any winner for the tenders is approved and his/her contract given out according to the contract.

The procurement procedure requires that the head of supply chain handles all government tenders. Suppliers/contractors put their requests for consideration during tendering procedure through the head of supply chain, who has a committee that considers every application according to the specification of the tender. Upon which after signing the approval and accepting the contract, work starts immediately and there are experts who do evaluation of the quality, quantity and specification of the tender so that payment can be made. The government provides a system called IFMIS for payment. The contractor is paid direct into his or her bank account (money transfer). This mode of payment also controls corruption in the system.

The system also provides for proper advertisement through open tender by advertising in the local daily newspapers. All suppliers and contractors are given equal opportunity to participate without discrimination.

Consumers (clients) are given services on the basis of first come first serve. Sports Men and Women who go to participate in competitions, are given good and quality sports kits according to specifications. These are given or provided for according to the then tastes and preferences.

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4. Community based support programmes

The State Department for Sports participated in community based support programmes which included supporting athletes financially during the COVID-19 Pandemic. A total of One Hundred Million Shillings (Ksh. 100,000,000) was disbursed for the same.

The Department also organized the Lewa Marathon event held in 2019 to promote and create awareness on how to continue conserving our environment.

Planting of trees was also done in Trans-Nzoia to conserve and protect the environment.

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IV. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

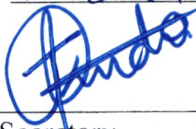
The Accounting Officer in charge of the State Department for Sports is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Sports accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2020, and of the entity's financial position as at that date. The Accounting Officer charge of the State Department for Sports further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the State Department for Sports confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further, the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The State Department for Sports' financial statements were approved and signed by the Accounting Officer on 18th SEPT 2020.



Principal Secretary
Name: Joe Okudo, CBS



Deputy Accountant General
Name: CPA Francis Otieno Odera
ICPAK Member Number: 5398

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE STATE DEPARTMENT FOR SPORTS FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the financial statements of the State Department for Sports set out on pages 50 to 66, which comprise of the statement of assets and liabilities as at 30 June, 2020, and the statement of receipts and payments, the statement of cash flows and the summary statements of appropriation-recurrent and development combined 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 the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Sports as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Compensation of Employees

The statement of receipts and payments reflects an expenditure of Kshs.187,772,897 under compensation of employees which includes an amount of Kshs.5,301,802 that was wrongly coded and paid outside payroll using payment vouchers.

Consequently, the accuracy and validity of the reported compensation of employees expenditure of Kshs.187,772,897 could not be ascertained.

2.0 Transfers to Other Government Units

The statement of receipts and payments reflects transfers to other government entities amounting to Kshs.10,497,352,129 which, as disclosed in Note 6 to the financial statements, includes Kshs.538,980,000 transferred to Sports Kenya. However, a disbursement of Kshs.14,209,312 was erroneously charged under grants and transfer to other Government entities instead of use of goods and services. In addition, disbursements of Kshs.3,152,500 and Kshs.8,000,000 to the Kenya National Sports Council and Gor-Mahia Football Club respectively were not supported by confirmations from recipients.

In the circumstances, the accuracy of the grants and transfers to other government entities of Kshs.10,497,352,129 as at 30 June, 2020 could not be confirmed.

3.0 Accounts Receivable- District Suspense

The statement of assets and liabilities reflects an accounts receivables balance of Kshs.2,037,215 which, as disclosed in Note 9 to the financial statements, includes an amount of Kshs.102,541 relating to district suspense. However, as previously reported, the movement of the balance from Kshs.20,756,326 reported in 2017/18 financial year to Kshs.102,541 in financial year 2018/19 was not supported.

Under the circumstances, the accuracy, validity and completeness of the accounts receivables balance of Kshs.2,037,215 as at 30 June, 2020 could not be confirmed.

4.0 Undisclosed Pending Bills

As reported in the year ended 30 June, 2019, the State Department had pending bills totaling Kshs.134,092,005 which were carried forward to the 2019/2020 financial year. During the year under review, bills totaling Kshs.52,268,940 were paid leaving an unpaid balance of Kshs.81,823,065. However, the unpaid balance of Kshs.81,823,065 is not disclosed and Note 14 to the financial statements reflects nil pending bills for the financial year 2019/2020.

Under the circumstance, the accuracy and completeness of the financial statements presented for audit could not be ascertained.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The summary statement of appropriation-recurrent and development combined reflects actual receipts of Kshs.10,861,266,853 against a budget of Kshs.14,962,327,660 resulting into a receipts shortfall of Kshs.4,101,060,807 or 27% of the budgeted receipts. Similarly, the statement reflects an actual expenditure of Kshs.10,862,003,476 against budgeted amount of Kshs.14,962,327,660 resulting to an under-expenditure of Kshs.4,110,324,184 or 27%, an indication that the goals and objectives of the State Department may not have been achieved as planned.

2.0 Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues.

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

1.0 Payment of Special Duty Allowance

The State Department paid a sum of Kshs.682,192 being arrears of special duty allowance in financial year 2018/2019. However, some of the officers had been called upon to perform duties of posts that were more than two (2) grades higher than their substantive grades while others were paid the allowance for more than six (6) months contrary to the provisions of Section C.15 (3) and (4) of Public Service Commission – Human Resource Policy and Procedures Manual for the Public Service, 2016.

2.0 Failure to Maintain an Assets Register

The summary of fixed assets register presented at Annex 1 to the financial statements reflects a cumulative historical cost of Kshs.1,832,985,791. However, the State Department did not maintain an assets register contrary to Regulation 143 of Public Finance Management (National Government) Regulations, 2015. Further, although the State Department does not own any buildings or structures, the annex reflected an amount of Kshs.1,814,044,124 relating to buildings and structures. In addition, the State Department had ten (10) vehicles which were not registered in its name, thereby casting doubts on their ownership.

In the circumstances, the State Department was in breach of law and it could not be confirmed that the assets of the State Department had been properly safeguarded.

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 those Charged with Governance

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

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

Those charged with governance are responsible for overseeing the State department's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence 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 office of the State Department'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 State 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 State Department 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 that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

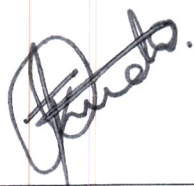
03 May, 2021

MINISTRY OF SPORTS, CULTURE AND HERITAGE
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VI. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2019/2020 Kshs	2018/2019 Kshs
RECEIPTS			
Tax Revenues	1	9,293,099,629	8,109,586,819
Transfers from National Treasury	2	1,567,767,224	2,763,676,640
Other Revenues	3	400,000	418,250
TOTAL REVENUES		10,861,266,853	10,873,681,709
PAYMENTS			
Compensation of Employees	4	187,772,897	203,953,219
Use of goods and services	5	166,303,850	1,126,806,731
Transfers to Other Government Units	6	10,497,352,129	2,811,569,629
Acquisition of Assets	7	574,600	10,877,873
TOTAL PAYMENTS		10,852,003,476	4,153,207,452
SURPLUS/DEFICIT		9,263,377	6,720,474,257

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Sports' financial statements were approved on 21/5/20 2020 and signed by:



Principal Secretary
Name: Joe Okudo, CBS



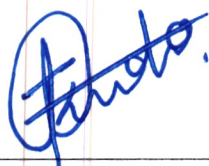
Deputy Accountant General
Name: CPA Francis Otieno Odera
 ICPAK Member Number: 5398

MINISTRY OF SPORTS, CULTURE AND HERITAGE
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VII. STATEMENT OF ASSETS AND LIABILITIES

	Note	2019/2020 Kshs	2018/2019 Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	8a	316,673,977	7,105,350,072
Cash Balances	8b	-	-
Total Cash And Cash Equivalents		316,673,977	7,105,350,072
Accounts Receivables - Outstanding Imprest and Clearance Accounts	9	2,037,215	1,066,705
TOTAL FINANCIAL ASSETS		318,711,191	7,106,416,777
LESS: FINANCIAL LIABILITIES			
Accounts Payables - Deposits	10	316,660,242	373,463,827
NET FINANCIAL ASSETS		2,050,950	6,732,952,950
REPRESENTED BY			
Fund balance b/fwd	11	6,732,952,950	33,132,478
Prior year adjustments	12	(6,740,165,377)	(20,653,785)
Surplus/Deficit for the year		9,263,377	6,720,474,257
NET FINANCIAL POSSITION		2,050,950	6,732,952,950

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Sports' financial statements were approved on 31st OCT 2020 and signed by:



Principal Secretary
Name: Joe Okudo, CBS



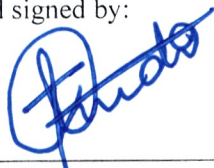
Deputy Accountant General
Name: CPA Francis Otieno Odera
 ICPAK Member Number: 5398

MINISTRY OF SPORTS, CULTURE AND HERITAGE
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VIII. STATEMENT OF CASH FLOWS

	Note	2019/2020 Kshs	2018/2019 Kshs
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts for operating income			
Tax Revenues	1	9,293,099,629	8,109,586,819
Transfers from National Treasury	2	1,567,767,224	2,763,676,640
Other Revenues	3	400,000	418,250
		10,861,266,853	10,873,681,709
Payments for operating expenses			
Compensation of Employees	4	(187,772,897)	(203,953,219)
Use of goods and services	5	(166,303,850)	(1,126,806,731)
Transfers to Other Government Units	6	(10,497,352,129)	(2,811,569,629)
		(10,851,428,876)	(4,142,329,579)
Adjusted for:			
Changes in receivables		970,510	19,707,375
Changes in payables		(56,803,586)	195,953,316
Adjustments during the year	12	(6,740,165,377)	(20,653,785)
Net cashflow from operating activities		(6,788,101,496)	6,926,359,035
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	(574,600)	(10,877,873)
Net cash flows from Investing Activities		(574,600)	(10,877,873)
CASHFLOW FROM BORROWING ACTIVITIES			
Net cash flow from financing activities			-
NET INCREASE IN CASH AND CASH EQUIVALENT			
		(6,788,676,096)	6,915,481,163
Cash and cash equivalent at BEGINNING of the year		7,105,350,072	189,868,910
Cash and cash equivalent at END of the year		316,673,977	7,105,350,073

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The State Department for Sports' financial statements were approved on 21/06/2020 and signed by:



Principal Secretary
 Name: Joe Okudo, CBS



Deputy Accountant General
 Name: CPA Francis Otieno Odera
 ICPAK Member Number: 5398

**MINISTRY OF SPORTS, CULTURE AND HERITAGE
STATE DEPARTMENT FOR SPORTS
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IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

Revenue/Expense Item	Original Budget		Adjustments		Final Budget		Actual on Comparable Basis		Budget Utilisation Difference		% of Utilisation Difference to Final Budget	
	a	b	c=a+b	d	e=c-d	f=d/c %						
RECEIPTS												
Tax Receipts	13,200,000,000	0	13,200,000,000	9,293,099,629	3,906,900,371	70%						
Exchequer releases	1,865,630,000	(197,862,340)	1,667,767,660	1,567,767,224	100,000,436	94%						
Other Receipts	47,280,000	47,280,000	94,560,000	400,000	94,160,000	0%						
Total Receipts	15,112,910,000	(150,582,340)	14,962,327,660	10,861,266,853	4,101,060,807	73%						
Payments												
21 Compensation of Employees	101,960,000	85,160,000	187,120,000	187,772,897	(652,897)	100%						
22 Use of goods and Services	134,079,291	39,748,037	173,827,327	166,303,850	7,523,477	96%						
263 Transfers to Other Government Units	14,306,290,000	294,490,000	14,600,780,000	10,497,352,129	4,103,427,871	72%						
Other grants and transfers				0	0	0%						
261/2/4 Acquisition of Assets	5,045,079	(4,444,746)	600,333	574,600	25,733	96%						
Grand Total	14,547,374,369	414,953,291	14,962,327,660	10,852,003,476	4,110,324,184	73%						
Surplus/Deficit	565,535,631	(565,535,631)	0	9,263,377	(9,263,377)							

The State Department for Sports' financial statements were approved on 18th SEP 2020 and signed by:



Principal Secretary
Name: Joe Okudo, CBS



Deputy Accountant General
Name: CPA Francis Otieno Odera
ICPAK Member Number: 5398

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X. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT

Revenue/Expense Item	Original Budget			Adjustments		Final Budget		Actual on Comparable Basis		% of Utilisation	
	a	b	c=a+b	d	e=d-c	f=d/c %	Difference	Final Budget	Difference to	Final Budget	
RECEIPTS											
Tax Receipts											
Exchequer releases	1,165,630,000	52,137,660	1,217,767,660	1,217,767,224	436	100%					
Other Receipts	47,280,000	47,280,000	94,560,000	400,000	94,160,000	0%					
Total Receipts	1,212,910,000	99,417,660	1,312,327,660	1,218,167,224	94,160,436	93%					
PAYMENTS											
Compensation of Employees	101,960,000	85,160,000	187,120,000	187,772,897	(652,897)	100%					
Use of goods and Services	134,079,291	39,748,037	173,827,327	166,303,850	7,523,477	96%					
Transfers to Other Government Units	406,290,000	544,490,000	950,780,000	854,252,500	96,527,500	90%					
Other grants and transfers	0	0	0	0	0	0%					
Acquisition of Assets	5,045,079	(4,444,746)	600,333	574,600	25,733	96%					
Total Payments	647,374,369	664,953,291	1,312,327,660	1,208,903,847	103,423,813	92%					
Surplus/Deficit	565,535,631	(565,535,631)	0	9,263,377	(9,263,377)						

Notes

The State Department for Sports' financial statements were approved on 18th SEP 2020 and signed by:



Principal Secretary
 Name: Joe Okudo, CBS



Deputy Accountant General
 Name: CPA Francis Otieno Odera
 ICPAK Member Number: 5398

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XI. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Code	Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
	RECEIPTS			0			
	Tax Receipts	13,200,000,000		13,200,000,000	9,293,099,629	3,906,900,371	70%
	Exchequer releases	700,000,000	(250,000,000)	450,000,000	350,000,000	100,000,000	78%
	Total Receipts	13,900,000,000	(250,000,000)	13,650,000,000	9,643,099,629	4,006,900,371	71%
	Payments						
263	Transfers to Other Government Units	13,900,000,000	(250,000,000)	13,650,000,000	9,643,099,629	4,006,900,371	71%
31	Acquisition of Assets	0	0	-	0	0	0%
	Grand Total	13,900,000,000	(250,000,000)	13,650,000,000	9,643,099,629	4,006,900,371	71%
	Surplus/Deficit	0	0	0	0	(0)	

The State Department for Sports' financial statements were approved on 12th Jan 2020 and signed by:



Principal Secretary
 Name: Joe Okudo, CBS



Deputy Accountant General
 Name: CPA Francis Otieno Odera
 ICPAK Member Number: 5398

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XII. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES

Program	Sub Program	Description	Final Budget 30th June, 2020 Kshs	Actual on comparable basis 30th June, 2020 Kshs	Budget utilization difference Kshs
0		Default - Non Programmatic	0	0	0
		Default - Non Programmatic	0	0	0
901000000		Sports	14,962,327,660	10,852,003,476	4,110,324,184
	901010000	Sports Training and competitions	249,012,830	245,185,822	3,827,008
	901020000	Development and Management of Sports Facilities	14,235,424,330	10,125,108,672	4,101,060,380
	901030000		477,890,500	481,708,982	(3,818,482)
905000000		General Administration, Planning and Support Services	0	0.00	0.00
	905010000	General Administration, Planning and Support Services	0	0.00	0.00
		Grand Total	14,962,327,660	10,852,003,476	4,110,324,184

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XIII. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the State Department for Sports. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

3. Reporting Currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

4. Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

a) Recognition of Receipts

The Entity recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Entity.

Tax Receipts

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received. (Check if this policy is applicable to entity)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Transfers from the Exchequer**

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

• **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30th June 2020, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

• **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

b) Recognition of payments

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the Entity.

• **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

• **Use of Goods and Services**

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

• **Interest on Borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are paid for.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

• **Acquisition of Fixed Assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the financial statements.

5. In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Entity includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

7. Cash and Cash Equivalentents

Cash and cash equivalentents 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.

Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June, 2020, this amounted to Kshs 316,660,242 compared to Kshs 373,463,827 in prior period as indicated on note 11.

There were no other restrictions on cash during the year.

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SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

9. Accounts Payable

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

10. Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Entity at the end of the year. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

11. Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2019 for the period 1st July, 2019 to 30th June 2020 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

12. Comparative Figures

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

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SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

13. 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 30th June 2020.

14. Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

During the year, errors that have been corrected are disclosed explaining the nature and amounts.

15. Related Party Transactions

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

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XIV. NOTES TO THE FINANCIAL STATEMENTS

1 TAX REVENUES

TAX REVENUES	2019-2020 Kshs	2018-2019 Kshs
Taxes on Goods and Services	9,293,099,629	8,109,586,819
TOTAL	9,293,099,629	8,109,586,819

2 EXCHEQUER RELEASES

Description	2019-2020 Kshs	2018-2019 Kshs
Total Exchequer Releases for quarter 1	249,850,074	387,419,500
Total Exchequer Releases for quarter 2	665,074,894	960,825,800
Total Exchequer Releases for quarter 3	240,296,489	487,109,000
Total Exchequer Releases for quarter 4	412,545,767	928,322,340
TOTAL	1,567,767,224	2,763,676,640

3 OTHER REVENUES

	2019-2020 Kshs	2018-2019 Kshs
Receipts from Administrative Fees and Charges - Collected as AIA	-	-
Receipts from Sale of Incidental Goods	400,000	418,250
TOTAL	400,000	418,250

4 COMPENSATION OF EMPLOYEES

	2019-2020 Kshs	2018-2019 Kshs
Basic salaries of permanent employees	112,451,586	121,778,354
Basic wages of temporary employees	4,628,945	72,000
Personal allowances paid as part of salary	70,692,366	82,102,866
TOTAL	187,772,897	203,953,219

5 USE OF GOODS AND SERVICES

	2019-2020 Kshs	2018-2019 Kshs
Utilities, supplies and services	51,377,130	33,354,287
Communication, supplies and services	3,090,048	4,279,889
Domestic travel and subsistence	9,282,603	119,541,145
Foreign travel and subsistence	1,143,471	712,643,229
Printing, advertising and information supplies & services	774,575	1,669,099
Rentals of produced assets	63,795,570	61,561,347
Training expenses	7,036,757	8,916,182
Hospitality supplies and services	3,499,041	85,458,099
Specialised materials and services	5,979,689	60,779,165
Office and general supplies and services	4,642,633	9,569,507
Fuel Oil and Lubricants	3,757,090	7,785,497
Other operating expenses	6,132,357	14,091,291
Routine maintenance – vehicles and other transport equipment	3,780,086	5,884,295
Routine maintenance – other assets	2,012,801	1,273,698
Exchange Rate Losses	-	-
TOTAL	166,303,850	1,126,806,731

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES

TRANSFER TO OTHER GOVERNMENT ENTITIES		
Description	2019-2020	2018-2019
	Kshs	Kshs
Transfers to National Government entities (SCOA Codes 2630100, 2630200, 2640400, 2640500, 2649900, 2820100, 2820200, 2820300)	10,497,352,129	2,811,569,629
TOTAL	10,497,352,129	2,811,569,629

The above transfers were made to the following self-reporting entities in the year:

Description	RECURRENT	DEVELOPMENT	TOTAL	2019-2020
	Kshs	Kshs	Kshs	Kshs
Transfers to other government units				
Kenya Academy of Sports	45,650,000	100,000,000	145,650,000	145,650,000
Sports Kenya	288,980,000	250,000,000	538,980,000	538,980,000
Anti Doping Agency	257,470,000		257,470,000	257,470,000
KENYA NATIONAL SPORTS COUNCIL	3,152,500		3,152,500	3,152,500
Sports and Arts Development Fund		9,293,099,629	9,293,099,629	9,293,099,629
Sports and Arts Development Fund - Secretariat	251,000,000		251,000,000	251,000,000
Sports and Arts Development Fund - Development			-	
Gor-Mahia Football Club	8,000,000		8,000,000	8,000,000
TOTAL	854,252,500	9,643,099,629	10,497,352,129	10,497,352,129

During the year, the State Department for Sports received Kshs. 190 million and Kshs. 52,268,940 from SASDF being budgetary support and Pending Bills payment respectively.

7 ACQUISITION OF ASSETS

	2019-2020	2018-2019
	Kshs	Kshs
Refurbishment of Buildings	-	2,000,000
Purchase of Vehicles and Other Transport Equipment	-	7,480,000
Purchase of Office Furniture and General Equipment	464,400	1,306,673
Purchase of Specialised Plant, Equipment and Machinery	110,200	91,200
Rehabilitation of Civil Works	-	-
Sub Total	574,600	10,877,873
TOTAL	574,600	10,877,873

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 BANK ACCOUNTS

Name of Bank, Account No. & currency	Exc rate (if in foreign currency)	2019-2020	2018-2019
		Kshs	Kshs
Central Bank of Kenya, 1000385658, KShs RECURRENT		-	1,186,306
Central Bank of Kenya, 1000385669, KShs DEVELOPMENT			
Central Bank of Kenya, 1000385677, KShs DEPOSIT		316,660,242	373,463,827
Central Bank of Kenya, 1000394005, KShs WORLD YOUTH CHAMP-2017		13,735	3,744,161
Central Bank of Kenya, 1000404671, KShs SASDF-COLLECTION		-	6,706,955,778
Central Bank of Kenya, 1000404868, KShs SASDF-DEV		-	20,000,000
Central Bank of Kenya, 1000404892, KShs SASDF-REC		-	
Total		316,673,977	7,105,350,072

9 ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS

Description	2019-2020	2018-2019
	Kshs	Kshs
Government Imprests	1,916,920	946,410
Salary advances	17,753	17,753
District suspense	102,541	102,541
TOTAL	2,037,215	1,066,705

10 ACCOUNTS PAYABLE

	2019-2020	2018-2019
	Kshs	Kshs
Deposits	154,071,650	189,988,827
Retentions	162,588,591	183,475,001
TOTAL	316,660,242	373,463,827

11 FUND BALANCE BROUGHT FORWARD

	2019-2020	2018-2019
	Kshs	Kshs
Bank accounts	7,105,350,072	189,868,910
Cash in hand	-	-
Receivables - Outstanding Imprests	1,066,705	20,774,079
Payables - Deposits	(373,463,827)	(177,510,512)
TOTAL	6,732,952,950	33,132,478

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 PRIOR YEAR ADJUSTMENTS

	2019-2020 Kshs	2018-2019 Kshs
Adjustments on bank account balances	0	0
Adjustments on receivables - SASDF ACCTS NO. 1000404671&1000404868	(6,726,955,778)	(20,653,785)
Adjustments on payables - Error on wrong carry down (386,673,426-373,463,827)	(13,209,599)	
TOTAL	(6,740,165,377)	(20,653,785)

13 RELATED PARTY DISCLOSURES

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the State Department for Sports

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

Related party transactions:

	2019-2020 Kshs	2018-2019 Kshs
Key Management compensation	-	-
Transfers to other State Corporations and Semi-Autonomous Government Agencies	10,497,352,129	2,811,569,629

14 PENDING ACCOUNTS PAYABLE

	2019/2020 Kshs	2018-2019 Kshs
Construction of civil works	-	-
Supply of goods	-	134,062,006
Supply of services	-	-
TOTAL	-	134,062,006

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XV. PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITOR'S 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unsupported Expenditure on Supply, Delivery and Installation of Security, Access Control, Communications, Audio-visual and Pitch Lighting Systems in Various Stadiums		CEO – Sports Kenya	On-going	
2.	Irregular Payments to Members of Parliament (MPs)		HAU	Resolved	
3.	Excess-Development Appropriation Vote		HAU	Resolved	
4.	Pending Bills	Pending Bills cleared by the Internal Audit have been paid	HAU	Resolved	
5.	Un-budgeted Disbursement and Excess Vote to National Sports Fund		CEO – National Sports Fund		
6.	Advance from the Anti-Doping Agency of Kenya	Full refund was made	HAU	Resolved	
7.	Unresolved Prior Year Matters:		CFO	Resolved	
7.1	Supply and Delivery of Petroleum Products in Bulk		Head of Procurement	Resolved	
7.2	Theft of Parking Lights at Kasarani Stadium		CEO – Sports Kenya	On-going	



Principal Secretary
Name: Joe Okudo, CBS



Deputy Accountant General
Name: CPA Francis Otieno Odera
ICPAK Member Number: 5398

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ANNEX 1 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs)
Buildings and structures	1,814,044,124	0	0	1,814,044,124
Office equipment, furniture and fittings	10,332,067	464,400	0	10,796,467
ICT Equipment, Software and Other ICT Assets	463,800		0	463,800
Purchase of Vehicles and other Transport Equipment	7,480,000		0	7,480,000
Purchase of Specialized Plant, Equipment and Machinery	91,200	110,200	0	201,400
Total	1,832,411,191	574,600	0	1,832,985,791

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ANNEX 2 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE ENTITY

Ref	SC, SAGA or Public Fund's Name	Principal activity of entity	Accounting Officer	Amount transferred during the year (Kshs)	Inter-entity reconciliations done (yes/no)
1	Kenya Academy of Sports	Enhance sporting talents	Dr. Doreen Odhiambo. PhD - Ag. CEO	145,650,000	Yes
2	Sports Kenya	Develop sports infrastructure to enhance sports and related activities	Pius Metto- Director General	553,189,312	Yes
3	Kenya National Sports Council	Enhance participation and competition of various sporting activities	Nderitu Gikaria - Chairman	3,152,500	Yes
4	Anti-Doping Agency of Kenya Sports, Arts and Social Development Fund	Promote integrity for doping-free sports Provide funding to support the development and promotion of Sports, Arts and the promotion of social developments including universal healthcare	Japhter Rugut - CEO Mark Wambugu – Ag. CEO	257,470,000 9,293,099,629	Yes Yes
5					
6	Sports, Arts and Social Development Fund-Secretariat	Provide funding to support the development and promotion of Sports, Arts and the promotion of social developments including universal healthcare	Mark Wambugu – Ag. CEO	251,000,000	Yes
	TOTAL			10,503,561,441	

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ANNEX 3- REPORTS GENERATED FROM IFMIS

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes

