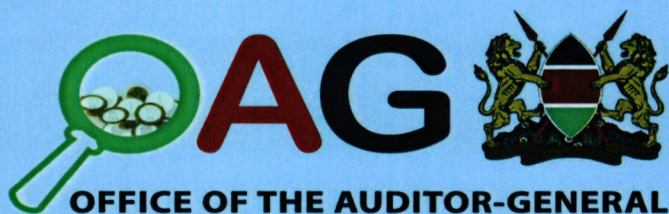


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

NATIONAL ASSEMBLY

DATE: 07 JUN 2022

DAY: Tuesday

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OF KENYA  
LIBRARY

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**THE AUDITOR-GENERAL**

**ON**

**SPORTS KENYA**

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



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**SPORTS KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2020**

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

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

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

Sports Kenya is a body corporate established under the Sports Act No. 25 of 2013

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

The mandate of Sports Kenya as stipulated in the Sports Act 2013 is as follows:

- i). Promote, coordinate and implement grassroots, national and international sports programs for Kenyans, in liaison with the relevant sports organizations and facilitate the active participation of Kenyans in regional, continental and international sports, including in sports administration.
- ii). Manage and maintain the sports facilities specified in the First Schedule and any other facilities which the Cabinet Secretary may, by notice in the Gazette, declare to be sports facilities for the purpose of this Act.
- iii). Establish, manage, develop, plan and maintain the sports facilities, including convention centers, indoor sporting and recreational facilities for the purpose of this Act.
- iv). Adopt, develop, plan, set stadia standards and license and regularly inspect stadia for sporting and recreational use.
- v). Establish and maintain a sports museum.
- vi). Participate in the promotion of sports tourism.
- vii). Provide the necessary amenities or facilities for persons using the services or facilities provided by Sports Kenya.
- viii). Operate sports facilities on public grounds in such a manner as it may deem necessary.
- ix). Collaborate with county governments, learning institutions and other stakeholders concerned with sports and recreation, in the search, identification and development of sporting talent, provision of sports equipment, facilities and technical training.
- x). Identify and recommend talents in sports to national sports organizations.
- xi). Inculcate the sense of patriotism and national pride through sports and recreation, create awareness on matters of national interest through sporting events, create awareness on the benefits of regular participation in sports for healthy living and provide advisory and counseling services to athletes.
- xii). Determine the national colours to be used in national and international competitions, in consultation with the relevant national sports organizations.
- xiii). Facilitate the preparation and participation of Kenyan teams in various international events and the hosting of similar events in the country and recommend members of steering committees for international sports competitions, in consultation with the relevant national sports organizations.
- xiv). Recommend to the relevant authorities' issuance of work permits and visas to foreign athletes and technical sports personnel, in consultation with the relevant national sports organization.
- xv). Approve, at the request of the respective national sports organization, the clearance of foreign sports technical personnel before engagement by national sports organization and other sporting bodies.

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- xvi). Organize and coordinate training, conduct research, maintain a resource Centre and provide and engage consultancy services for sports development programmes, in consultation with the respective national sports organizations.
- xvii). With the approval of the Cabinet Secretary, prescribe: -
  - 1). Access to, or use of any of the resources or facilities of Sports Kenya.
  - 2). The provision of programs, services, information or advice by Sports Kenya, and
  - 3). The admission of persons to events and activities organized by Sports Kenya.
- xviii). Recommend, in liaison with the relevant sports organization, tax exemption for Sportspersons; and
- xix). Performs such other functions related to the implementation of this Act as may be directed by the Cabinet Secretary.

**(c) Key Management**

The Sports Kenya day-today Management is under the following key organs: -

- |       |  |   |                |
|-------|--|---|----------------|
| i).   | Director General                         | - | Pius Metto     |
| ii).  | Deputy Director Technical Services       | - | Gabriel Komora |
| iii). | Ag. Deputy Director Corporate Services   | - | Julius Mbii    |
| iv).  | Ag. Assistant Director Property Services | - | Alex Kataka    |
| v).   | Assistant Director Finance               | - | Japhet Kaunyu  |
| vi).  | Assistant Director Human Resource        | - | Munase Mulama  |

**(d) Fiduciary Management**

The Key personnel who during the financial year ended 30<sup>th</sup> June 2020 had direct fiduciary responsibility were:

- |       |                     |   |   |
|-------|---------------------|---|---|
| i.    | Mr. Fred Muteti     | - | Chairman  |
| ii.   | Mr. Joe Okudo CBS   | - | Principal Secretary State Department for Sports |
| iii.  | Mr. Pius Metto      | - | Director General/Board Secretary                |
| iv.   | Dr. Pius Mutisya    | - | Rep. PS Ministry of Education                   |
| v.    | Mr. Samuel Kaumba   | - | Rep. Office of the Attorney General             |
| vi.   | Dr. Doreen Odhiambo | - | Ag. CEO, Kenya Academy of Sports                |
| vii.  | Mr. Luke Luseno     | - | Ag. Secretary Sports Dispute Tribunal           |
| viii. | Mr. Mark Wambugu    | - | Ag. CEO, Sports Arts & Social Development Fund  |
| ix.   | Mr. James Wang'ombe | - | Rep. Inspectorate of State Corporations         |
| x.    | Eng. Afred Baariu   | - | Independent Director                            |
| xi.   | Mr. Mwangi Muthee   | - | Independent Director                            |
| xii.  | Mr. Bension Mwangi  | - | Independent Director                            |

**KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**

**(e) Fiduciary Oversight Arrangements**

These are subcommittees that provide a high-level description of the key fiduciary oversight arrangements covering: -

- i). Corporate Services Committee
- ii). Sports facilities and Infrastructure Committee
- iii). Business Development, Resource Mobilizations and Sports Programmes Committee
- iv). Audit Committee
- v). Full Board Committee

**(f) Entity Headquarters**

Sports Kenya Headquarters  
Private Bag  
Kasarani,  
Thika Road,  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone: 254 (020) 2390500/2390501  
E-mail: [info@stadiumskenya.co.ke](mailto:info@stadiumskenya.co.ke)  
Website: [www.stadiumskenya.co.ke](http://www.stadiumskenya.co.ke)

**(h) Entity Bankers**

1. Standard Chartered Bank of Kenya  
Ruaraka  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya**
2. Co-operative Bank of Kenya  
TRM Branch  
P.O. Box...  
**Nairobi Kenya**






**(i) Independent Auditors**






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

**(j) Principal Legal Adviser**

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

## 2. THE BOARD OF DIRECTORS


	<p><b>Designation:</b> Chairman, Sports Kenya Board <b>D.O.B:</b> 1976 <b>Qualification:</b> BA <b>Experience:</b> Over 20 years</p>
<p>1. Mr. Fred Muteti</p>	
	<p><b>Board Member:</b> Principal Secretary State Department for Sports Development <b>D.O.B</b> <b>Designation:</b> <b>Qualification:</b> <b>Experience:</b></p>
<p>2. Mr. Joe Okudo CBS</p>	
	<p><b>Designation:</b> Inspector General Inspectorate, State Corporations <b>DOB:</b> 1963 <b>Qualification:</b> MBA, BA (Econs) <b>Experience:</b> 25 years in Public Service <b>Board Member</b></p>
<p>3. Mr. James Wang'ombe</p>	
	<p><b>Designation:</b> Ag. Secretary Sports Disputes Tribunal <b>D.O.B:</b> 1971 <b>Qualification:</b> BA(HR), MBA HR <b>Experience:</b> Over 22 years' experience in public service <b>Board Member</b></p>
<p>4. Mr. Luke Luseno</p>	
	<p><b>Designation:</b> Ag CEO, National Sports Art &amp; Social Development Fund <b>D.O.B:</b> 1976 <b>Qualification:</b> CPA (K), CPS (K), BCom, MBA <b>Experience:</b> Vast experience in financial analysis and Management <b>Board Member:</b></p>
<p>5. Mr. Mark Wambugu</p>	

 <p><b>6. Mr. Mwangi Muthee</b></p>	<p><b>Independent Board Member</b> <b>D.O.B</b> 1961 <b>Designation:</b> Managing Director Business Man</p> <p><b>Qualification:</b> - Msc Toxicology, Hygiene &amp; Safety - BSc (Hons) Bio-chemistry &amp; Botany</p> <p><b>Experience:</b> - Director in various Firms - Former Chairman, KRU - Former Coach – Mwamba Rugby Club - Former Rugby Player</p>
 <p><b>7. Mr. Samuel Kaumba</b></p>	<p><b>Board Member</b> Rep. Office of the Attorney General</p> <p><b>D.O.B</b> <b>Designation:</b> <b>Qualification:</b> LLB,MPPA,DIP.LAW <b>Experience:</b> Vast Experience in legal practice at Attorney General’s Office</p>
 <p><b>8. Eng. Alfred Baariu</b></p>	<p><b>Board Member:</b> Chairman Sports facilities and Infrastructure Committee <b>D.O.B</b> 1977 <b>Designation:</b> Independent Board Member <b>Qualification:</b> BSC(Engineering) <b>Experience:</b> Vast experience in Engineering field</p>
 <p><b>9. Dr. Doreen Odhiambo</b></p>	<p><b>Board Member.</b> <b>D.O.B</b> 1972</p> <p><b>Designation:</b> Ag CEO Kenya Academy of Sports <b>Qualification:</b> PhD - Hosting of Major Sports Events in Developing Countries, Executive Masters of Business Administration (Strategic Management), International Master (MA) in Management, Law &amp; Humanities of Sport(FIFA Master) Grade B</p> <p><b>Experience:</b></p>
 <p><b>10. Dr. Pius Mutysia</b></p>	<p><b>Board Member:</b> Rep. PS, Ministry of Education <b>D.O.B</b> 1959 <b>Designation:</b> <b>Qualification:</b> BED,MED, Phd <b>Experience:</b> Vast experience in Education Sector</p>


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 <p><b>11. Mr. Bension Mwangi</b></p>	<p><b>Board Member:</b> Chairman Audit Committee <b>D.O.B</b> 1957 <b>Designation:</b> Independent Board Member <b>Qualification:</b> Bachelor of Commerce(Accounting) <b>Experience:</b> Vast experience in public sector – financial management</p>
 <p><b>12. Mr. Pius Metto</b></p>	<p><b>Designation:</b> Director General Sports Kenya /Secretary to the Board</p> <p><b>Responsibility;</b> Secretary to the Board; Developing and recommending to the board the long-term strategy business plans and annual operating budgets and establishing proper internal monitoring and control system and procedures; Administration of all the resources and activities of the board; Formulating, implementing and monitoring board development policy legislation and regulations; among others</p> <p><b>Qualification:</b> MBA-University of Plymouth (UK), BED (Arts)-KU, Membership KIM</p>

**3. MANAGEMENT TEAM**

 <p><b>1. Mr. Pius Metto</b></p> <p><b>Qualifications:</b> MBA-University of Plymouth (UK), BED (Arts)- KU, Membership KIM</p>	<p><b>Designation:</b> Director General Sports Kenya</p> <p><b>Responsibility;</b> Secretary to the Board; Developing and recommending to the board the long-term strategy business plans and annual operating budgets and establishing proper internal monitoring and control system and procedures; Administration of all the resources and activities of the board; Formulating, implementing and monitoring board development policy legislation and regulations; among others</p> <p><b>Experience:</b> Public Service Operations &amp; Management/Leadership and Senior manager with over 10yrs in policy &amp; business strategy formulation and implementing.</p>
 <p><b>2. Mr. Gabriel Komora</b></p> <p><b>Qualifications:</b> MBA , Corporate Management</p>	<p><b>Designation:</b> Deputy Director Technical Services</p> <p><b>Responsibility;</b> Responsible to the Board to Formulate policies regarding utilization of the Board’s facilities; Ensure that the Board’s facilities are well maintained; Formulate policies for technical maintenance of mechanical and electrical works among other duties.</p> <p><b>Experience:</b> Over 25 Yrs. in Public Service of which 5yrs as a Ag CEO SSMB Board.</p>
 <p><b>3. Mr. Julius Mbii</b></p> <p><b>Qualifications:</b> MBA – University of Nairobi, Diploma in Business Management, B.Sc.</p>	<p><b>Designation:</b> Ag Deputy Director Corporate Services</p> <p><b>Responsibility;</b> Responsible to the Board to formulate policies, procedures for Marketing all the Boards facilities; Develop and implement short- and long-range goals, objectives, policies, and operating procedures of the division; Develop and identifying new revenue generation opportunities for the Board</p> <p><b>Experience:</b> Over 20 years in Public Service of which 9 years as Assistant Director SSMB Board</p>
 <p><b>4. Mr. Munase Mulama</b></p> <p><b>Qualifications:</b> M.A. HRM -Madurai Kamraj</p>	<p><b>Designation:</b> Assistant Director Human Resource &amp; Administration</p> <p><b>Responsibility;</b> Responsible to the Board to formulate Human Resources Policies and Procedures relevant to Recruitment, Remuneration, Development and Retention of Employees; Formulate Policies on Employees Relations, Reward Systems, Welfare, and Administrative Support</p>

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<p>University, B.A Public Administration and Political Science.</p>	<p><b>Experience:</b> Over 20years in Public sector.</p>
<div style="text-align: center;">  <p><b>5. CPA Japhet Kaunyu</b></p> <p><b>Qualifications:</b> (MBA Finance) - UON, BBA (Accounting), Dip: Forensic Accounting, CPA,K, CPS,K, Member of ICPAK and ICIFA</p> </div>	<p><b>Designation:</b> Assistant Director Finance</p> <p><b>Responsibility;</b> Responsible to the Board to develop and implement accounting systems, procedures that will enhance the quality, timeliness and availability of financial information and overseeing administrative related issues of the Board.</p> <p><b>Experience:</b> Over 20yrs experience in the public sector.</p>

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

It is with pleasure that we present the financial results for Sports Kenya for the year ended 30<sup>th</sup> June 2020. The year's performance was slow as a result of the myriad challenges presented by the Covid – 19 pandemic encountered in the last two (2) quarters of the financial year.

##### **Highlights**

The construction and upgrade of a number of regional stadia to international standards continued after proposals for alternative sources of financing were approved from the Sports Arts and Social Development Fund, (SASDF) in addition to the allocations from the exchequer. The Stadia under construction and renovations included (*Nyayo National Stadium – Nairobi, Kinoru - Meru, Kipchoge Keino - Uasin Gishu, Kamariny – Elgeyo Marakwet, Wote – Makeni, Ruringu – Nyeri, Marsabit – Marsabit, Karatu – Kiambu and Chuka – Tharaka Nithi Counties*). These are priority projects within the Jubilee Government Manifesto. The Government intervention through establishing and operationalizing the SASDF ensured resumption of funding of the sports infrastructure projects.

##### **Operating Environment**

During the year under review, COVID – 19 Pandemic affected Sports functions, events and activities severely. This global pandemic led to suspension of sporting activities worldwide. The impact led to challenges to Sports Kenya however, we strived to implement initiatives and guidelines that have been issued and Circulated by the Ministry of Health to help in the fight against this pandemic.

Key facilities mainly the Main Stadium and the Hotel within the Moi International Sports Complex and Nyayo National Stadium were closed down for renovation works and others due to the pandemic.

The Board projects to complete the construction and upgrade works for different stadia by the 31<sup>st</sup> December 2020. Better performance by different departments of the institutions will also be prioritized after the resumption of sports activities when the Sports Covid – 19 Protocols have been launched by the Cabinet Secretary for Sports Arts and Culture.

The Board is pleased to present the financial statements which reflect the challenges and opportunities mentioned above. I am optimistic that with the commitment of the Government of Kenya in strengthening the funding mechanisms for sports infrastructure, Sports Kenya is poised for a brighter future through emerging opportunities that will be occasioned by the upgrades of sporting facilities and particularly in Post Covid – 19 pandemic.



**Mr. Fred Muteti**  
**B.O.D Chairman,**  
**Sports Kenya.**

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

### **FINANCIAL RESULTS**

#### **Revenue**

Sports Kenya revenue from exchange transaction increased from **Kshs103,292,099.00** to **Kshs238,505,849.00** from the previous year. This was attributed to partial re-opening of facilities in Moi International Stadium Centre Kasarani and the Stadion Hotel after renovations; however the last two (2) quarters of the FY 2019/2020 suffered effects of the Covid – 19 pandemic hence slowing down the organizational capacity to achieve more.

Rental income did not gain much due to continued closure of commercial entities at Nyayo National Stadium which is under renovations.

The board however streamlined rent collections at Kasarani Estate through signing of new leases and evictions of rent defaulters. This included the termination of police line contract to new leases and allocations of those houses to new tenants under the purview of Sports Kenya for direct management and collection. This resulted in marginal increase in rent revenue.

On sponsorship and partnerships, Sports Kenya did not exhaust the potential in this area as the facilities renovations were still closed and not completed in time to partner with the corporate world. The existing opportunities will be exploited in the near future.

Sports Kenya and the World Rally Championship partnered well and was able to host the signature event dubbed the WRC Safari Rally Test Run. This culminated into Kenya being granted/ re – admitted to the World Safari Rally Circuit after many years of absence.

Debt Collection improved after the Sports Arts and Social Development Fund agreed to finance major federations activities and honouring to offset some of the historical pending bills owed to Sports Kenya. However, Sports Kenya has put in measures including strict adherence to credit policies to reduce the debt level.

Grants from the Exchequer continued to flow as per the budget save for utilities transfer that was not honoured in full resulting in underfunding of the budget. SASDF also supported the board in clearing of the long outstanding pending bills.

#### **Expenditure**

Despite Prudent financial management practices being applied Sports Kenya continues to face challenges in effectively carrying out its mandate. Having assumed the added responsibility of undertaking sports programs at the grassroots, national and international level as specified in Sports Act 2013, the responsibility comes with increased resource requirements. As such, Sports Kenya will seek to expand its resource mobilization framework, including negotiating for a bigger budgetary allocation from treasury.

Operational areas where Sports Kenya experienced high levels of expenditures included wages, water and electricity, pension arrears payments etc. We thank the National Treasury through the

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State department for Sports Development for supporting us in clearing the long outstanding staff pension arrears.

**Service Delivery**

Service delivery innovations realized which is customer focused include pay bill numbers for all our cash collection points. Social media platforms are also available for marketing and awareness creation.

**Future Outlook**

Sports Kenya will endeavour to ensure effectiveness in contributing towards national aspirations under the **Kenya Vision 2030(KV2030)**, **Medium Term Plan III** and the **Big 4 Agenda**, which have provided for sports primarily in its social pillar and secondarily in its economic pillar. The Board therefore undertook a review and commenced implementation of its **Strategic Plan 2018 – 2022** after a series of stakeholder engagements and validation forums.

The Board will pursue completion and equipping of the nine regional stadia already ongoing and four others resulting from Presidential Directives issued within the FY 2019/2020 namely (**Jamhuri Posta Grounds – Nairobi, Wanguru – Kirinyaga, Kirigiti – Kiambu and Jomo Kenyatta Mamboleo Grounds – Kisumu Counties**)

Other areas of future focus will include further investment in provision of more sports and recreational facilities nationally, Mass sports, Competitive sports, Traditional sports, and promotion of Sports Tourism and full implementation of Sports Act 2013.



**Mr Pius Metto**  
**Director General,**  
**Sports Kenya.**

**6. REVIEW OF SPORTS KENYA 'S PERFORMACE FOR FY 2019/2020**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Sports Kenya has five key strategic pillars and objectives within its Strategic Plan for the FY 2018/19 – 2022/2023. These strategic pillars are as follows:

**Pillar 1:** Sports and Recreational Facilities and Equipment's.

**Pillar 2:** Sports Programs and administration.

**Pillar 3:** Development and Implementation of Sustainability Programs.

**Pillar 4:** Sports Research and Adoption of Modern Technology.

**Pillar 5:** Institutional Capacities and Mainstreaming of cross cutting issues.

Sports Kenya developed its annual work plans based on the above 5 pillars. Assessment of the Board's performance was done against its annual work plan on quarterly basis. Sports Kenya achieved its performance targets set for the FY2019 / 2020 period for its five strategic pillars, as indicated in the diagram below:

<b>Strategic Pillars</b>	<b>Objectives</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Pillar 1: Sports and Recreational Facilities and Equipment's</b>	<ul style="list-style-type: none"> <li>• To construct and equip 9 regional Stadia</li> <li>• To construct and upgrade Nyayo National Stadium</li> <li>• Develop and operationalize National standards and regulations for sports</li> </ul>	<ul style="list-style-type: none"> <li>• Signed MOUs</li> <li>• preliminary and final designs</li> <li>• fundraising</li> <li>• construction</li> <li>• Improved Sports facility to international standard</li> </ul>	<ul style="list-style-type: none"> <li>• Design &amp; redesign the VVIP Pavilion</li> <li>• Construct terraces</li> <li>• Undertake Pitch works and mechanical services</li> <li>• Install the athletics track</li> </ul>	<ul style="list-style-type: none"> <li>• Completion &amp; equipping of 9 stadia to international standards is ongoing at 55% implementation status</li> <li>• Draft standards developed &amp; stakeholder engagements ongoing</li> </ul>

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<p><b>Pillar 2: Sports Programs and administration</b></p>	<ul style="list-style-type: none"> <li>To implement grassroots, national and international sports programs</li> </ul>	<ul style="list-style-type: none"> <li>Championships held, number of medals won, number of athletes participated</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of Regional National and international competitions</li> </ul>	<ul style="list-style-type: none"> <li>10 number regional, national and international competitions hosted</li> <li>Participated in 8 number championships</li> </ul>
<p><b>Pillar 3 : Development and Implementation of Sustainability Programs</b></p>	<ul style="list-style-type: none"> <li>To Develop fundraising and resource mobilization framework</li> </ul>	<ul style="list-style-type: none"> <li>Number of policies and framework developed</li> </ul>	<ul style="list-style-type: none"> <li>Developed funding framework, policies and guidelines for fundraising &amp; partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Funding framework, policies and guidelines developed and commenced implementation</li> </ul>
<p><b>Pillar 4: Sports Research and Adoption of Modern Technology</b></p>	<ul style="list-style-type: none"> <li>To identify and conduct sports research in technology on 3 areas over the plan period.</li> </ul>	<ul style="list-style-type: none"> <li>Research report</li> </ul>	<ul style="list-style-type: none"> <li>Conduct research on sports programs, projects/facilities to identify existing gaps</li> <li>Implement Research Findings</li> <li>Monitoring and Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the research report to be initiated in 2020/2021</li> </ul>
<p><b>Pillar5: Institutional Capacities and Mainstreaming of cross cutting issues.</b></p>	<ul style="list-style-type: none"> <li>To enhance human capital to 60% of organizational needs by 2022</li> </ul>	<ul style="list-style-type: none"> <li>Sports Kenya structure implemented</li> </ul>	<ul style="list-style-type: none"> <li>Approval of organizational structure</li> <li>Approval of Staff Establishment.</li> </ul>	<ul style="list-style-type: none"> <li>Sports Kenya submitted the structure and staff establishment for approval</li> <li>Job evaluation review was completed</li> </ul>

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			<ul style="list-style-type: none"> <li>• Review Job evaluation and work load analysis</li> <li>• Develop, seek approval and implement the salaries and allowance structure</li> <li>• Placement of staff into the new SK structure</li> </ul>	<p>and salaries &amp; allowance structure implemented within the FY 2019/2020</p>
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## **7. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

Sports Kenya is a body Corporate established under section 3 of the Sports Act No. 25 of 2013 of the Laws of Kenya. Sports Kenya is a successor to the Sports Stadia Management Board that was established by the Sports Stadia Management Board Order (L.N. 180/2002).

Sports Kenya complies with the Spirit and the letter of the Constitution in exercising its functions as provided for under section 4 of the Sports Act of 2013. Sports Kenya also has established Policies, Institutional Frameworks and Administrative Procedures which ensure and effectively support implementation of the Constitution.

### **The Board of Sports Kenya**

#### **Appointment of Board Members and Succession Plan.**

The Management of Sports Kenya is vested in the Board which is Constituted under section 6 of the Sports Act No. 25 of the Laws of Kenya which function it exercises through the Management of Sports Kenya as led and supervised on its behalf by the Director General. Section 6 of the said constitutes a Board with fourteen (14) Members.

The Board includes a Chair Person appointed by the President as provided for in Section 6(1)(a) of the Sports Act.

The Board also includes four (4) independent Board Members appointed by the Cabinet Secretary on Nomination by the sports organizations recognized as the national coordinating bodies for the promotion and development of high performance Olympic, Paralympic and Deaflympics sports in Kenya; and the national multi-sport sports organization that is responsible for the adherence to all the codes for sports and recreational bodies as provided for in Section 6(1)(i) of the Sports Act.

The Chairperson and members of the Board appointed under subsection 6(1) (i) shall hold office for a term of three years and are eligible for reappointment for one further term of three years. The appointment of the Chairperson and members of the Board appointed under subsection 6(1)(i) is by notice in the Gazette.

The Director-General is appointed by the Board, through a competitive recruitment process as per section 8(1) of the Sports Act. The Director-General shall hold office for a term of three years renewable only once and on such terms and conditions of employment as Sports Kenya may determine as per section 8(3) of the said Act.

The current Board of Sports Kenya consists of twelve (12) members who are named and described as below:

- |                   |   |   |
|-------------------|---|---|
| (1) Fred Muteti   | - | Chairperson                                     |
| (2) Joe Okudo CBS | - | Principal Secretary State Department for Sports |
| (3) Pius Metto    | - | Director General                                |
| (4) Mark Wambugu  | - | CEO Sports Arts and Social Development Fund     |
| (5) Samuel Kaumba | - | Rep. Attorney General                           |

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- |      |                     |   |   |
|------|---------------------|---|---|
| (6)  | Luke Luseno         | - | Secretary Sports Dispute Tribunal       |
| (7)  | Dr. Doreen Odhiambo | - | CEO Kenya Academy for Sports            |
| (8)  | Dr. Pius Mutisya    | - | Rep. PS Ministry of Education           |
| (9)  | James Wang'ombe     | - | Rep. Inspectorate of State Corporations |
| (10) | Eng. Alfred Baariu  |   | Independent Director                    |
| (11) | Mwangi Muthee       |   | Independent Director                    |
| (12) | Benson Mwangi       |   | Independent Director                    |

The Representative to the Principal Secretary to the National Treasury has since retired and Sports Kenya has written to the National Treasury through the Ministry of Sports Culture and Heritage requesting for a replacement. In the absence of the Representative to the Principal Secretary National Treasury, the Board has still been able to exercise its functions as the necessary quorums are always achieved and the professional qualifications of the existing Board Members cover for and consultations are appropriately made as a replacement is awaited.

The Cabinet Secretary the Ministry of Sports Culture and Heritage is also in the process of appointing the fourth Nominated Board Member in consultation with the relevant Sports Organizations.

#### **Statement of Compliance with Policy on Corporate Governance**

Sports Kenya has identified, documented and ensured compliance with all laws, rules, regulations, codes and Standards applicable to its functions. These include the Sports Act No. 25 of 2013, the Leadership and Integrity Act of 2012, the Mwongozo Code, Various Presidential Circulars and the Public Officers Ethics Act of 2003 amongst others.

#### **The Board Charter**

The Board of Sports Kenya has adopted the Board Charter as provided in Annexure I of the Mwongozo Code of Governance for State Corporations.

#### **Roles and functions of the Board**

The Sports Act at Section 7 provides the Board powers necessary for the performance of the functions of Sports Kenya under the Act and in particular: -

- (a.) manage, control and administer the assets of Sports Kenya in such manner and for such purposes as best promotes the purposes for which Sports Kenya is established;
- (b.) receive any gifts, grants, donations or endowments made to Sports Kenya or any other monies in respect of Sports Kenya and make disbursements therefrom in accordance with the provisions of this Act;
- (c.) determine the provisions to be made for capital and recurrent expenditure and for reserves of Sports Kenya;
- (d.) open a banking account or banking accounts for the funds of Sports Kenya; and

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- (e.) invest any monies of Sports Kenya not immediately required for the purposes of this Act in the manner provided in section 11 of the Act.
- (f.) make grants or lend money, and provide scholarships to sportspersons and staff of Sports Kenya; and
- (g.) do any other thing necessary, or expedient for the discharge of its functions under the Act.

The Board has also established four (4) Committees to discharge its duties and make recommendations to the Board.

**Board meetings and Attendance**

The Board has for the period under review held eighteen (18) Full Board Meetings. During the Covid-19 pandemic and subsequent lockdown, the Board has conducted its Board meetings via vide link sessions as guided by the various Government Circulars on containing spread of the virus.

**Conflict of Interest**

Sports Kenya maintains a Conflict of Interest Register in which Board Members and Staff are required to register any instances as provided for in the Code of Conduct and Ethics at Annexure II of the Mwongozo Code of Governance for State Corporations.

**Induction and Training**

The Board underwent induction training in April of 2019 in preparation for the commencement of the 2019/2020 financial year workings. The Board also underwent Audit Committee training on 26<sup>th</sup> and 27<sup>th</sup> September, 2019. The outbreak of Covid-19 has however slowed down the training process as most learning institutions have since been closed to contain the spread.

**Board Remuneration**

Members of the Board are paid a sitting allowance for every meeting scheduled and attended. As per the Code particular Members are also entitled to a base pay and other bonuses. All expenditures on Board remuneration are as provided in the Financial Statements herein.

**Conduct and Ethics**

The Board and Members of Staff of Sports Kenya adhere to the highest standards of behavior so as to contribute to the achievement of National Development Goals. The Organization upholds Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

**Board Member Performance**

The Board of Sports Kenya was to undergo a Performance Appraisal on 24<sup>th</sup> August 2020 which is for the financial years 2018/2019 and 2019/2020 by the State Corporations Advisory Committee.

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

### **SECTION A**

#### **The entity's operational and financial performance**

The organization Completed the review of its strategic plan 2018-2022 and aligned it to MTPIII 2018 - 2022; Sports Kenya endeavoured to complete construction and upgrade of 9 regional stadia to achieve its strategic goal of developing regional Stadia to cover the 47 Counties within the plan period. Through this strategic plan, the organization projected revenues grew by 20% in the year. However, the outbreak of the novel Corona Virus affected the third and fourth quarter efforts to raise appropriation in aid target.

The formulation of the National regulations and Standards to guide Sports stadia and recreational development was initiated and major Stakeholders participated in the process. The draft regulations continue to be subjected to other Stakeholders for ratification and finally Submitted to Cabinet Secretary for gazettelement and implementation. This will oversee enhancement of safety and security and adoption of the best management practise across all stadia in the country.

Sports Kenya is set to adopt best practise in the management of the facilities through innovative use of technology and outsourcing of some services. The organization has also enhanced efforts towards increasing facility utilization through development of fun park/theme park, museums and resource centres.

### **SECTION B**

#### **Entity's compliance with statutory requirements**

Sports Kenya has complied and will continue to comply with all the statutory requirements

### **SECTION C**

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**Key projects and investment decisions the entity is planning/implementing**

Sports Kenya is in the process of constructing nine regional stadia in the line with the National Vision 2030 and MTPIII. The Stadia under the entities Construction and development include Kipchoge Keino – Uasin Gishu, Kamariny – Elgeyo Marakwet, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit, Karatu – Kiambu, Chuka – Tharaka Nithi, Kinoru – Meru Counties. The source of funding is GoK, SASDF and M.O.U.s which have been signed with the various Counties for the joint management of the stadia. This is to ensure the Counties are trained to professionally manage the facilities so as to manage revenue generated for sustainability.

The renovations at Nyayo National Stadium are complete and the facility is awaiting re opening. This will boost the organizations internally generated revenues from the bookings and reservations.

In the Last Quarter of the year Sports Kenya received Presidential directives to initiate construction of four new regional stadia namely; Wangúru stadium – Kirinyaga, Jamhuri Posta grounds – Nairobi, Kirigiti Stadium - Kiambu and Jomo Kenyatta Sports grounds – Ksumu. Sports Kenya has partnered with the State department of public works to develop the designs, bills of quantities and drawings for the facilities. The procurement process for the construction of the stadia was also initiated.

Moi international Sports Centre was accorded hosting rights for the world athletics under 20 championships 2020. The IWF technical team in conjunction with the Local organizing committee identified the requisite upgrading works to host the championships. The works were initiated in the third quarter of the financial year and were almost complete by the end of the financial year. However, the event has been postponed to July 2021 due to COVID -19 Pandemic.

**SECTION D**

**Major risks facing the entity**

Sports Kenya is faced by the following risks in executing its mandate as per Sports Act 2013:-

Financial and Liquidity Risks- Delay in funding from exchequer has resulted in delay in completion of projects. This also results in project cost escalation due to inflation and depreciation of the uncompleted projects.

The closure of facilities at Nyayo for renovations has affected the cash flow and liquidity of the organization. This has a risk of preventing the organization from honoring its obligations in a timely manner as they fall due.

- Covid-19 pandemic has totally disrupted the normal business operation leading to loss of business opportunities for the board due to closure of facilities.

-Security risk because of large clientele patronizing the facilities without corresponding technological capacity to aid in surveillance and access control.

-Compliance Risk due to ever changing National and International rules/Standards and associated costs in conformance.

## **SECTION E**

### **Material arrears in statutory/financial obligations**

The organization I supplementary two was allocated by exchequer monies to offset outstanding Staff pension arrears however staff gratuity arrears did not receive any allocation hence remains outstanding. The entity will further request for funding from the National Treasury.

The historical creditors pending bills also received partial allocation from the Sports Arts and Social Development fund which was paid.

Salaries and Remuneration Commission undertook job evaluation review within the financial year. They recommended Salaries and allowance structure adjustment which was duly implemented.

## **SECTION F**

### **The entity's financial probity and serious governance issues**

Sports Kenya is in compliance with corporate governance, PFM Act, National Treasury Circulars and guidelines.

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Sports Kenya exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five pillars; putting the customer first, delivering relevant facilities and services and improving operational excellence. Below is a brief highlight of our achievement in each pillar:

**1. Sustainability strategy and profile**

Sports Kenya has embarked on a major program of building new stadiums and renovating the existing ones in various parts of the country. Apart from doing this as part of its mandate as envisaged in the Sports Act 2013, it is also an effort to avail quality and properly equipped sports and recreational facilities to the Kenyan athletes who depend on sports not only as their main source of employment but also as their day-to-day livelihood.

Sports Kenya has deliberately endeavored to benchmark internationally to attain the conventionally accepted standards by the world governing bodies of various sports disciplines. In effect, the facilities and services provided by Sports Kenya are up to the required international standards.

**2. Environmental performance**

Sports Kenya has put in place a robust Health, Safety and Environment policy that provides guidance to the organization in matters to do with the environment. The policy takes into account the necessary protocols provided by the National Environment Management Authority (NEMA) and Nairobi City County administration. In fact, Sports Kenya has partnered with the county in waste management and disposal in facilities at Kasarani and Nyayo National Stadium. Additionally, Sports Kenya has proactively engaged in proper management of biodiversity by carrying out regular afforestation activities during the rainy seasons annually.

Apart from being natural water catchment areas, the budding forests create the desired biological ecosystem where the plant and animal community interact freely to refresh the environment. Generally, wastes generated by Sports Kenya's activities are disposed of in a manner not to cause any harm to the air, water, soil and the ecosystem as a whole.

**3. Employee Welfare**

Sports Kenya has a Human resource manual that summarizes the organization's policies, regulations, procedures and other relevant administrative processes that govern the employee welfare and those responsible for overseeing the human resource functions. The recruitment and hiring process is anchored on the need to promote gender inclusion, ethnic balance and equal opportunity for all. The policies are revised from time to time as necessary to synchronize them with the organization's strategy and other emerging labour relations trends.

Sports Kenya recognizes the role of training as a management tool in improved productivity, efficiency and employee career progression. The board's operations are of highly specialized nature, characterized by high precision skills and technical knowledge among the professional, technical and support employees. In this regard, the board not only recruits the right caliber personnel but also trains the incumbents for necessary skill sets. Through well trained and competent personnel, the board undertakes to provide services to the public efficiently and effectively.

Sports Kenya has put in place well thought out guidelines and standards for the prevention and protection of employees against accidents and occupational diseases arising at and during the course of work. It also provides procedures to be followed as a result of occurrence of such accidents and modalities for the administration and payment or compensation for work-related injuries and accidents.

In essence, the organization has demonstrated commitment to Occupational Health, Safety and Environment by providing necessary safeguards at all work stations and sites.

#### **4. Market Place Practices.**

**Below are the efforts that Sports Kenya**

##### **A) Responsible Competition Practice.**

Sports Kenya thrives on ethical management practices that are focused on provision of facilities and services that meet and even surpass the expectations of the customers. This is particularly done by ensuring proper product differentiation that naturally and fairly beats the competition. Being a corruption free organization, Sports Kenya puts fundamental emphasis on zero tolerance to corruption and any related vices.

##### **B) Responsible Supply Chain and Supplier Relations.**

Sports Kenya is committed to engage with suppliers in a responsible and responsive manner taking into account the need to comply with the government regulations while taking care of the interests of the organization at the same time. In this regard, Sports Kenya provides equal opportunity for all eligible suppliers to do business and endeavors to honor all contracts as well as payments due to the suppliers within reasonable timelines.

##### **C) Responsible Marketing and Advertising.**

Sports Kenya's marketing philosophy is based not only on the benefits to the customer but also the greater good to the community. In this connection, deliberate efforts are made to ensure that marketing and advertising initiatives are driven by honesty, trust and building of strong relationships with the customers through a set of shared values.

##### **D) Product Stewardship.**

With the vision of Global Excellence in Sports, Sports Kenya employs whatever it takes to provide high quality facilities and services that its customers can trust. That means the ingredients and the raw materials used in construction and preparation of facilities must be safe not only for the people who use them but also for the environment.

#### **5. Community Engagements.**

Community social investment is one of the key pillars of Sports Kenya's Corporate Social Responsibility (CSR) policy. In the past financial year, Sports Kenya has engaged in several charitable initiatives in both cash and kind. Below is a list of some of the community initiatives supported in the past year:

- i. Cerebral Palsy Charity Walk – 29<sup>th</sup> June 2019
- ii. Eldama Ravine Half Marathon – 5<sup>th</sup> October 2019
- iii. Kitui Half Marathon – 20<sup>th</sup> September 2019
- iv. Wahome Gakuru Half Marathon – 10<sup>th</sup> November 2019
- v. Kenya Society for the Blind – October 2019
- vi. Stanchart Marathon – 27<sup>th</sup> October 2019
- vii. Christmas party for street children – 20<sup>th</sup> December 2019
- viii. Mount Kenya Mountain Running – 22<sup>nd</sup> February 2020
- ix. Beyond Zero Half Marathon – 27<sup>th</sup> February 2020.

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**10. REPORT OF THE DIRECTORS**

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The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Sports Kenya's affairs.

**Principal activities**

The principal activity of the Board is to manage all Government-owned sports facilities effectively and efficiently, and to institute sports programs at the grassroots, national and international levels for Kenyans.

**Results**

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

**Directors**

The members of the Board of Directors who served during the year are shown on page Vi to Viii. During the year one director retired (Representative to the Principal Secretary for the National Treasury).

**Dividends/Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

**Auditors**

The Auditor General is responsible for the statutory audit of the Sports Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30.

By Order of the Board



**Mr. Pius Metto  
Director General  
Sports Kenya**

Date.....24/9/21

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**11. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

The Directors are responsible for the preparation and presentation of the Sports Kenya's financial statements, which give a true and fair view of the state of affairs of the Sports Kenya for and as at the end of the financial year ended on June 30, 2020. This responsibility includes:

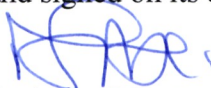
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing 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 Sports Kenya;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.


The Directors accept responsibility for the Sports Kenya's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that Sports Kenya's financial statements give a true and fair view of the state of Sports Kenya's transactions during the financial year ended June 30, 2020, and of Sports Kenya's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for Sports Kenya, 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.


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

**Approval of the financial statements**

The Sports Kenya's financial statements were approved by the Board on 23 - 09 - 2020 and signed on its behalf by:

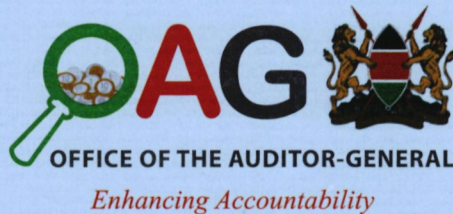
  
**Assistant Director Finance**  
CPA Japhet Kaunyu  
Sports Kenya  
ICPAK M/NO. 15721  
Date: 21/05/2021

  
**Director General**  
Mr. Pius Metto  
Sports Kenya  
Date: 24/5/21

  
**Chairman of the Board**  
Mr. Fred Muteti  
Sports Kenya  
Date: 25/5/21

# REPUBLIC OF KENYA

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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON SPORTS KENYA FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Sports Kenya set out on pages 1 to 70, which comprise the statement of financial position as at 30 June, 2020, the statement of financial performance, the statement of changes in net assets, the statement of cash flows, and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Sports Kenya as at 30 June, 2020, and its financial performance and its cash flows for the year then ended, in accordance with the international public sector accounting standards (IPSAS Accrual) and comply with the Sports Act, 2013 and the Public Finance Management Act, 2012.

#### Basis for Qualified Opinion

##### 1.0 Inaccuracies in Revenue from Exchange Transactions

##### 1.1 Rental Revenue

The statement of financial performance and as disclosed in Note 3 to the financial statements reflects rental income of Kshs.40,527,120. This amount includes Kshs.7,371,120 relating to commercial space rental income out of which Kshs.4,092,958 was not supported by valid contracts. Further, the rental income excluded an unknown amount of income from the International Amateur Athletic Federation (IAAF) World under 20 Championship which has been occupying the Sports Kenya offices without a contract since 1 July, 2018.

In the circumstances, the accuracy, completeness and fair statement of the rental income from commercial space of Kshs.7,371,120 could not be confirmed.

## **1.2 Inaccuracies in Revenue from Hire of Facilities**

The statement of financial performance and as disclosed in Note 2 to the financial statements disclosed revenue from hire of facilities of Kshs.80,833,385. Review of sampled contracts of hire of facilities revealed the following anomalies;

- (i) An amount of Kshs.9,026,332 recorded as received vide EFT from various clients could not be traced in the bank statements and no official receipts were issued for money received and the contracts were not supported by LSOs.
- (ii) Examination of contract books revealed that revenue amounting to Kshs.3,415,400 was not posted in the ledger.

Consequently, the accuracy, completeness, and fair statement of revenue from the hire of facilities of Kshs.80,833,385 could not be confirmed.

## **2.0 Unsupported Pension, Salaries, and Gratuity Arrears**

The statement of financial performance and as disclosed in Note 8 to the financial statements reflects employee costs of Kshs.276,647,061. Included in this amount is Kshs.95,585,109, Kshs.7,117,067 and Kshs.5,357,218 relating to pension, salaries, and gratuity arrears respectively totalling Kshs.108,059,394. Review of the records provided revealed that Management had been allocated an approved budget of Kshs.171,500,000 to defray pensions, gratuity, and salary arrears out of which only Kshs.127,400,000 was received. However, it was established that only Kshs.108,059,394 of received funds was spent for intended purposes resulting to outstanding pension arrears of Kshs.19,340,606. Management did not provide an explanation as to why the funds allocated for clearance of the arrears were diverted.

Further, it was noted that these arrears had not been disclosed in the previous years and therefore the basis for the request and approval of this budget could not be ascertained.

In the circumstances, the propriety of Kshs.127,400,000 diverted to other uses could not be ascertained.

## **3.0 Inaccuracies in Casual Wages**

The use of goods and services reflects Kshs.126,830,343 as disclosed at Note 10 which in turn includes casual wages of Kshs.10,526,121 which was at variance with the accounting records provided for the audit amount of Kshs.19,296,631 leading to an unexplained and unreconciled variance of Kshs.8,770,510.

Consequently, the accuracy and completeness of the casual wages payments of Kshs.10,526,121 could not be confirmed.

## **4.0 Irregular Board Benefits**

As disclosed in Note 9 to the financial statements is Kshs.16,130,274 in respect to the board of directors' allowances which further includes Kshs.1,060,000 and Kshs.9,985,801

relating to honoraria and sitting allowances respectively. However, it was revealed that the Chairman was paid a gross salary of Kshs.100,000 for five (5) months as honoraria instead of Kshs.80,000 in accordance with Mwongozo and the SRC Circular SRC/TS/DRRPS3/26VOL.VI (37), resulting in excess payment of Kshs.100,000.

Further, the Chairman was paid sitting allowances at the rate of Kshs.25,000 per sitting for fifty-two (52) sittings in contravention to the Salaries and Remuneration Commission approved rates of Kshs.20,000 per sitting resulting in an overpayment of Kshs.260,000.

In addition, the Chairman has been assigned a permanent motor vehicle which is in contravention of the terms of service stipulated in his appointment letter Ref. OP/CAB.1/75A dated 25 July, 2018. The work tickets and fuel card statements for this motor vehicle were also not availed for audit verification.

In the circumstances, the validity of the Kshs.360,000 paid in excess of the approved rate was not a proper charge to public funds.

## **5.0 Double Payment for Water and Electricity**

Note 12 to the financial statements reflects an expenditure of Kshs.47,394,988 paid in respect of the bulk purchase of water and electricity out of which Kshs.14,209,312 was advanced to the organization by the State Department of Sports. Further, it was noted that the expenditure item was also budgeted at a sum of Kshs.33,177,721 by the State Department of Sports in the same period leading to double payments.

Further, as previously reported, Note 12 to the financial statements for the year ended 30 June, 2019 disclosed the purchase of water and electricity balance of Kshs.51,872,504 which further includes Kshs.33,354,287 being payment effected on behalf of Sports Kenya by the State Department of Sports from the Board's recurrent grants retained by the State Department. No plausible explanation was provided as to why the State Department retained the grants and continued paying bills on behalf of the Board.

Therefore, the authenticity and accuracy of the Kshs.14,209,312 for the year ended 30 June, 2020 paid in respect of water and electricity could not be ascertained.

## **6.0 Long Outstanding Receivables Accounts**

The statement of financial position and as disclosed in Note 17 to the financial statements reflect Kshs.151,566,884 in respect of account receivables from exchange transactions. Included in this amount is Kshs.20,544,506 in respect of rent arrears that have been outstanding since the 2006/2007 financial year. Further, the accounts receivable from exchange transactions include Kshs.121,060,480 being other trade debtors out of which Kshs.118,915,486 has remained outstanding for more than one hundred and eighty (180) days and some dating back to the financial year 2015/2016 while an amount of Kshs.14,583,506 related to receivables from runaway tenants and debt from line Ministry's tenants of Kshs.5,961,000.

In addition, the opening balance of Kshs.78,599,079 was not analyzed.

In the circumstances, the accuracy and completeness of the account's receivables from exchange transactions balance of Kshs.151,566,884 could not be confirmed and the recoverability of the outstanding balances is in doubt.

### **7.0 Long Outstanding Imprest**

The statement of financial performance and Note 18 to the financial statements reflect Kshs.238,251,114 in respect of account receivables from non-exchange transactions which includes Kshs.2,226,940 relating to outstanding imposts that were not supported by an impost register. Further, impost amounting to Kshs.448,100 has been outstanding for more than ten (10) months.

In addition, cases of staff holding multiple imposts were noted in contravention to legal notice No.34 of the Public Financial Management Act, 2012.

In consequence, the authenticity and accuracy of the account receivables from non-exchange transactions of Kshs.238,251,114 could not be ascertained.

### **8.0 Long Outstanding Loan Advances**

The statement of financial position and as disclosed in Note 18 to the financial statements for the year ended 30 June, 2020 reflected accounts receivables from non-exchange transactions balance of Kshs.238,251,114 which in turn includes Kshs.139,328,016 composed of loan advances made to Deaf Olympics of Kshs.500,000, Ministry of Youth of Kshs.107,390,843, Kenya Academy of Sports of Kshs.1,364,288, NYTA of Kshs.15,590,653, FC Talanta of Kshs.4,482,232 and Kenya Football Federation of Kshs.10,000,000. However, no documentary evidence was provided to confirm how the stated amounts were transferred to the bank accounts of the respective entities in order to qualify as debt.

Further, the terms and purpose for the loan advances have not been provided and no effort appears to have been made to pursue these debts for the last five (5) years.

Consequently, the accuracy, validity, and correctness of the accounts receivable from non-exchange transactions balance of Kshs.238,251,114 as at 30 June, 2020 could not be ascertained.

### **9.0 Lack of Ownership Documents for Property, Plant, and Equipment**

Note 20 to the financial position reflects property, plant, and equipment balance of Kshs.189,389,194 which excluded undetermined values of land on which the International Sports Centre, Kasarani, and Nyayo National Stadium for which Management did not provide ownership documents for audit review. The information available indicates that the Management wrote a letter Ref: SK/CON/LA/15 (217) dated 14 February, 2019 through the Cabinet Secretary Sports, Culture & Heritage to the Cabinet Secretary of Lands and Physical Planning requesting the office to issue title deeds for LR. No. 22596

at Kasarani and LR No. 209/16884 at Nyayo National Stadium in the name of Sports Kenya. However, at the time of the audit, no response had been received from the Ministry.

In addition, the assets register provided for audit review revealed that it was last posted in the year 2014 and hence not updated.

In view of the foregoing, the ownership, completeness, security, and carrying values of the property, plant, and equipment balance of Kshs.189,389,194 as at 30 June, 2020 could not be confirmed.

#### **10.0 Overstated Work in Progress**

Note 21.1 reflects Kshs.34,585,249 in respect to work-in-progress relating to International Sports Academy. However, the project has since been transferred to the Kenya Academy of Sports. Management has not effected the journal entries to transfer the assets to the Kenya Academy of Sports.

Consequently, the property, plant, and equipment balance of Kshs.189,389,194 is overstated by the amount of work-in-progress of Kshs.34,585,249.

#### **11.0 Long Outstanding Trade and Other Payables**

Note 22 reflects trade and other payables from exchange transactions of Kshs.132,285,794 as at 30 June, 2020. Included in this amount is Kshs.1,126,000 being refundable deposits from tenants held by Management as a security against the tenant's noncompliance with the terms of the agreement. Review of the schedule supporting the reported amount revealed a block amount of the opening balance of Kshs.755,700 from 1 July, 2018 which was unanalyzed and unexplained. In addition, the employee obligation and pension amount of Kshs.23,414,891 were not analyzed or supported.

Further, a review of the aging analysis in support of trade and other payables balance revealed that creditors totalling Kshs.66,923,919 or 51% of the total balance had been outstanding between one (1) and eleven (11) years respectively as at 30 June, 2021. No satisfactory reason was given for the failure to settle above stated long outstanding creditors.

In view of the foregoing, it has not been possible to confirm that the trade and other payables from the exchange transactions balance of Kshs.168,017,085 are fairly stated.

#### **12.0 Overpayment for the Provision of Consultancy Services for Feasibility Study and Development of Detailed Designs**

A contract was signed on 8 January, 2015 between Sports Kenya and PKF Kenya for provision of consultancy services for feasibility study and development of detailed designs for a sum of USD 1,071,105 (Kshs.117,821,597 at the current dollar exchange rate).

Examination of the financial statements reveals that Kshs.507,617,038 has so far been paid which is Kshs.388,795,441 above the contract sum.

In the circumstances, it was not possible to confirm that the value for money has been obtained in regard to Kshs.507,617,038 as at 30 June, 2020.

### **13.0 Unresolved Prior Year Audit Issue on the Construction of Moi Stadium – Kisumu County**

As earlier reported, the project was a partnership between Sports Kenya and the County Government of Kisumu. The project was due to be completed in the financial year 2015/2016. However, the project had not been completed by the time of audit. Management was to install the floodlights and the County Government of Kisumu was to connect the power. The total sum paid to the contractor was Kshs.15,000,000. As at the time of field inspection in February, 2021, the installation of the bulbs had still not been done and the project had stalled.

Consequently, the delays in the completion of the contractual works within the stipulated period were likely to lead to an escalation of the total cost of the project.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sports Kenya Management in accordance with ISSAI 130 on the 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.

#### **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 Delayed Completion of Construction Works - Nyayo National Stadium**

The Management on 18 August, 2017 entered into two (2) contracts in respect of civil works and builder's works in preparation for the CHAN football tournament at a contract sum of Kshs.206,690,139 for civil works and Kshs.325,829,431 for builder's works. Further, the Board entered into nine (9) other minor tenders of Kshs.623,851,572 which were awarded through a competitive process for works expected to be completed in a fourteen (14) weeks period.

The works were to commence on 24 August, 2017 with an expected completion date of 24 January, 2018. Audit inspection carried out in February, 2021 revealed that the contractor was still on site despite the expiry of the project performance period by over 34 months and the project works had resumed and was ongoing albeit at a slow phase.

As at 30 June, 2020, an additional amount of Kshs.390,037,292 had been paid bringing the total amount paid to Kshs.666,492,506 hence 57.4% of the total contract sum had been paid. However, the amount reported as per Note 21.2 to the financial statements is Kshs.337,389,122 as at 30 June, 2020 resulting to the variance of Kshs.52,648,170 which could not be explained.

Further, no proper explanation has been given as to why the building and civil works at the Nyayo National Stadium have not been completed and the delays are likely to lead to cost escalation.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

### **2.0 Cost Overruns on the Supply and Installation of Three Tracks at Kasarani Stadium and Kenyatta University Sports Field**

The Local Organizing Committee (LOC) for the IAAF World Under 18 Championships on 1 March, 2017 entered into a contract through direct procurement for the supply and installation of three running tracks at Kasarani Stadium and Kenyatta University Sports Field at a contract sum of Euros.3,018,740 (approximately Kshs.344,037,489). The works were to commence on 1 March, 2017 with a completion period of 18 weeks. Further examination of records availed for audit revealed the following:

- a) The contractor was paid an advance payment of 50% of the contract sum which amounted to Euros 1,509,370 (approximately Kshs.169,200,370). This payment was not secured with a bank guarantee and exceeded the 20% allowable limit contrary to Section 147(1) of the Public Procurement and Asset Disposal Act, 2015
- b) Records provided for audit review indicate that the contractor had been paid a total of Euros.3,117,344 (approximately Kshs.355,275,143) which was Euros.98,604 (approximately Kshs.11,237,654) in excess of the contract sum. In addition, an audit

inspection of the installation of the tartan track at Kenyatta University revealed that the works had not been completed by 10 July, 2017, 54 weeks after signing the contract.

- c) Bills of quantities and completion certificates were also not provided for audit verification to confirm that works were done to specifications. In addition, a retention fee of 5% was not deducted from the contractor's payments in accordance with clause 26 of the contract to cover for defects liability period.
- d) Clause 27.1 of the contract requires the contractor to pay the Local Organizing Committee liquidated damages of Euros 136 (approximately Kshs.15,500) per week for delays in completing the works. No evidence has been produced to show that a claim had been lodged against the contractor.

A review of the matter in the year under review and a field inspection done in March, 2021 revealed that the works were still incomplete while the contractor had abandoned the site. Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

### **3.0 Irregular Award of Contract for Construction of Kipchoge Keino Stadium, Eldoret**

Management awarded the contract at a contract sum of Kshs.304,204,413 on 5 January, 2016. The scope of works under this contract included construction of eastern stand concrete terrace; northern and southern stand terraces with different specifications as well as fencing; sewerage system and motor vehicle parking in addition to generator house and floodlights and underground and overhead tanks. The contract period was not clearly documented to know when the contractor was supposed to start and end works. The Management further explained verbally that the contractor suspended work on 14 September, 2020. However, a copy of the suspension letter was not availed to justify the purported suspension and how the matter was eventually resolved.

Further, documents for approved extensions of the contract period accompanied by a revised and approved program of works were not provided for audit review contrary to Section 9(e) of the Public Audit Act, 2015. Review of payment records as at 30 June, 2020 indicates that the contractor had been paid Kshs.165,808,083 while Kshs.40,763,695 though certified were pending.

In addition, in an effort to cover inadequacies relating to the first contract, the Sports Kenya Management awarded another contract to a local contractor at a sum amounting to Kshs.325,829,431 for construction of substructure of VIP stand as well as form-works; steel-fixing; electrical; plumbing and casting of the first slab including curing to achieve instructed technical specification. Audit inspection for the Phase II contract undertaken on 11 February, 2021 confirmed that the sub-structure for VIP stand was complete while other works were incomplete and the progress reports were not availed for audit review.

In the circumstances and in the absence of bid documents, technical evaluation, and duly certified contract documents, it was not possible to confirm that the award was

competitive and that the contractor was executing works within the terms and contract period.

#### **4.0 Stalled Works at Kamariny Stadium**

Management awarded a contract for the construction of the Kamariny Stadium in Elgeyo Marakwet at a contract sum of Kshs.287,837,775. Management did not provide for audit contract details such as the bid and tender documents; scope of works and progress of work reports. Examination of payment vouchers revealed that the contractor had been paid Kshs.81,590,104.

Audit inspection of the project undertaken on 11 February, 2021 revealed that the contractor was not on-site and works stalled at the preliminary level due to some dispute whose documentation was not made available for audit review. No reasons have been given for the failure to settle or terminate this contract.

Further, the overall completion status was verbally explained to be 30% and a physical inspection of the construction site revealed the following: -

- (i) French drains for the main pitch had not been completed
- (ii) Installation of irrigation systems had not started.
- (iii) Hard packing for the main pitch works had not started.
- (iv) Excavation works for the main Pavilion at the sub-base level had not been done.
- (v) Internal pitch drainage works had not been done.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

#### **5.0 Delayed Completion of Wote Stadium**

Sports Kenya awarded contract for the construction of Wote Stadium at a contract cost of Kshs.299,309,555. The works commenced on 5 January, 2017 and were expected to have been completed on 31 May, 2018. An extension of time was awarded to the contractor revising the completion date to 31 December, 2021 with a defects liability period of twelve (12) months.

The delay in completing the project was alluded to a change in the original site by Makueni County Government as the new site was noted to have topographical/geological challenges necessitating variations to stabilize the grounds. However, no documents were provided for audit review regarding the change from the original site to the current site.

Examination of a letter Ref: (A3r)/DKN/em dated 28 July, 2020 together with minutes for the site meeting held on 27 July, 2020, the consultant explained the need for variation of

foundation designs due to soil conditions at the pavilion which necessitates a foundation change. The top ground has hard marram but too soft to bear foundations at an excavation depth of 4.5m with design options being western pavilion cost estimated at Kshs.48,878,786 (16% variation of original contract sum) and eastern pavilion cost estimated at Kshs.35,499,466 (12% variation of the original contract sum).

Although additional costs were being proposed, there are risks that Wote Stadium may not meet set International Standards and as such may not be suitable for the purpose for which the project was intended; a clear indication that a feasibility study was not undertaken. Examination of payment records as at 30 June, 2020 reveals that the contractor had been paid Kshs.113,875,098.

Although it had been explained verbally that the overall completion status was 40%, an audit inspection of the project undertaken in February, 2021 revealed the following observations: -

- (i) Main Pitch Sub-base was ongoing
- (ii) French drains were completed
- (iii) Excavation works for Main Pavilion were completed
- (iv) Athletics track Hand packing was ongoing
- (v) Perimeter wall – ongoing
- (vi) Irrigation pipes were not fixed
- (vii) There were no gates, Pavilions, Retaining walls, or ablution blocks.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

## **6.0 Delayed Completion of Karatu Ndarugu Stadium – Gatundu**

Management entered into a contract for the construction of Karatu Ndarugu Stadium in Kiambu County at a contract sum of Kshs.259,604,780. The works commenced on 3 February, 2017 and were expected to have been completed on 31 May, 2018. The scope of works involved pitch works, 6 lane track, VIP pavilion, parking, construction of ablution blocks and a perimeter wall.

Examination of payment records reveals that the contractor has been paid Kshs.102,180,206 as at 30 June, 2020. Audit inspection of the project conducted in February, 2021 revealed that the project commenced on 3 July, 2017 for eight (8) months contract period. No reasons were given for the failure to complete the project as per the terms of the contract.

Further, it has been explained verbally that the actual work done was just about 47% at a time the project ought to have been completed by 31 December, 2020. The advance payment guarantee expired on 31 December, 2020 and there appears to be no other guarantee in place and the advance money had not been fully recovered.

In addition, the pavilion was incomplete; no work done on the pitch, the perimeter wall had caved in on the eastern side of the stadium, cover grown thickets on the car park.

A physical inspection of the construction site reveals that:-

- (i) Perimeter fence was ongoing
- (ii) Athletics track works were ongoing
- (iii) Main Pitch Sub-Base complete
- (iv) Main Pavilion at Sub structure level complete

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

#### **7.0 Cost Overruns and Delayed Completion of Kinoru Stadium - Meru County**

Management awarded a contract for the construction of Kinoru Stadium in Meru at the contract sum of Kshs.442,137,530. The works commenced on 5 January, 2017 and were expected to be completed on 24 August, 2017. The scope involved pitch works, sub-base for the tartan track, VIP Pavilion, water system, ablution blocks, terraces, parking, and perimeter wall.

An audit inspection of the project undertaken in February, 2021 revealed that the contract is nearly 100% complete, though not commissioned, and therefore, it was yet to be used. Further, a review of this project during financial year 2019/2020 revealed that the contractor and sub-contractors had been paid a total of Kshs.740,883,085 resulting to unexplained cost overrun of Kshs.298,745,555.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

#### **8.0 Delayed Completion Kirubia Stadium - Tharaka Nithi County**

Management awarded a contract for the construction of Kirubia Stadium to a local Construction Company at a contract sum of Kshs.274,300,000. The works commenced on 5 January, 2017 and were expected to be completed on 5 September, 2017 which was later revised to 31 May, 2018. The scope involved pitch works, 6 lack track, VIP Pavilion, water system, and ablution blocks. An audit inspection of the Stadium in September, 2019 revealed that substantial progress had been made with the overall progress of 85% realized. It is not clear why the remaining works had not been completed by the end of the contract extension in May, 2018.

Review of the contract during the 2019/2020 financial year reveals that the contractor has so far been paid Kshs.159,380,378 or 58% of the contract sum. An audit inspection of the project undertaken in February, 2021 revealed that works had been completed as per the BQs and payment certificates. Other works relating to paints were however still outstanding.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

#### **9.0 Delayed Completion of Ruringu Stadium - Nyeri County**

The Management awarded a contract for the construction of Ruringu stadium in Nyeri at a contract cost of Kshs.288,045,530. Audit inspection of the construction site undertaken in February, 2021 revealed the following observations: -

- (i) Athletics track sub-base completed and ready to have receive tartan installed.
- (ii) Pitch arena drainage complete, irrigation system installed, mixing of manure, river sand, as well as planting of grass which was noted to be ongoing.
- (iii) VIP Arena/Pavilion ground floor slab ongoing.
- (iv) Laying of curbs to separate football pitch and "D" ongoing.
- (v) The construction of the "D" was ongoing.

Further, there were no progress report provided for audit review to confirm that the overall completion status was 60 % at the time of audit. It was also not possible to determine whether the contractor was working within the contract period as the supervision team did not provide any records citing COVID 19 challenges.

Consequently, value for money has not been realised on this project and the delay in the completion of this project may result in cost overruns.

#### **10.0 Irregular Contracted Professional Services - Legal Advisor of Government Entities**

Note 11 reflects legal fees of Kshs.3,678,000 for the year ended 30 June, 2020 for various court cases in 2019/2020 incurred for payment to two law firms for representing the organization. No explanation was availed as to why Sports Kenya did not seek consent from the Attorney General to engage private legal firms as provided under Section 5 Subsection 1(a) of the Office of Attorney General Cap 49 of the Laws of Kenya.

Consequently, the Management was in breach of the law.

#### **11.0 Repairs and Maintenance**

Note 13 to the financial statements reflect Kshs.20,381,966 for the year ended 30 June, 2020 in respect to repairs and maintenance. Examination of payment records

revealed that the repairs and maintenance work worth Kshs.3,197,628 were done using cash/imprests contrary to the provisions of the Public Legal Notice No.69 of 2020.

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

#### **12.0 Unsupported Construction Works of Marsabit Stadium**

The Management entered into a contract for the construction of the Marsabit Stadium at a contract cost of Kshs.295,236,215 during the 2016-2017 financial year. During the year under review, the Management made payments of Kshs.133,737,234. However, tender documents relating to the procurement for Marsabit Stadium which include original tender documents, tender opening minutes, evaluation committee reports, and procurement professional opinions were not provided for audit.

Although all documents relating to the procurement of stadia were reported to have been taken away by the Ethics and Anti-Corruption Commission (EACC) Officers to assist in investigations of alleged irregularities in the award of the tenders, no documents have been provided for audit verification.

Consequently, it has not been possible to confirm whether value for money was realised on this project.

#### **13.0 Unsupported Legal Consultancy for Public-Private Partnership for the Construction of Three (3) Stadia**

Sports Kenya on 9 September, 2015 entered into a contract under a request for proposals for public-private partnership legal advisory services for the construction of three (3) Stadia at a contract sum of Kshs.47 million which was to be undertaken on the basis of public-private partnership. According to the contract document, the consultant was to perform the services commencing on 9 September, 2015 and through to 30 June, 2015.

During the year under review, the consultant had been paid Kshs.54,520,000 an amount over and above the initial contract sum but it was noted that no private partnership had so far been entered into by the time of audit and no Stadium has been developed or initiated using a public-private partnership. Approval of the excess contract sum of Kshs.7.5 million was not provided for audit review.

In the circumstances, value for money has not been realized from the legal consultancy payments totalling Kshs.54,520,000.

#### **14.0 Consultancy Services for Feasibility Study and Development of Detailed Designs for Three (3) Stadia**

Sports Kenya on 8 January, 2015 entered into a contract with a consortium of local and international firms to offer consultancy services for feasibility study and development of detailed designs for three (3) national/international Stadiums in Nairobi, Mombasa, and Eldoret Counties at a contract price of US\$1,071,105 (approximately Kshs.110,323,860).

Further, the entire project including the feasibility study was estimated at a cost of US\$320,000,000 which was used as a basis for payment to the other consultants in the consortium.

Review of the position during the year under review indicated that the feasibility studies were completed in 2016 while the project was indicated to be at the detailed design stage. As at 30 June, 2019, the consortium had received payments totalling Kshs.537,297,227. However, there was no evidence of the feasibility study and designs being put into use four and a half years later.

In addition, although the sites for the construction of three (3) Stadiums had been identified in Nairobi, Mombasa, and Eldoret Counties, according to the Management, only one formal agreement, in the form of a Memorandum of Understanding (MoU) had been signed to initiate the process of acquiring the land.

It is therefore not clear if and when the construction of the Stadiums would be initiated and the feasibility study put into use.

In view of the foregoing, value for money was not obtained from the Kshs.537,297,227 expenditure on the feasibility study.

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 governance were not effective.

### **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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Sports Kenya's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate Sports Kenya or to cease operations.

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

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

Those charged with governance are responsible for overseeing the 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.

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 Sports Kenya 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 going concern 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 Sports Kenya's ability to continue as a going concern. 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 Sports Kenya to cease to continue as a going concern.
- 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 Sports Kenya to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicated 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**20 May, 2022**

**Sports Kenya**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2020**

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

	<b>Notes</b>	<b>2019-2020</b>	<b>2018- 2019</b>
<b>Revenue from non-exchange transactions</b>		<b><u>Kshs</u></b>	<b><u>Kshs</u></b>
GOK Recurrent Grants	1.0	303,189,312	295,001,825
<b>Total Revenue from non-exchange transactions</b>		<b><u>303,189,312</u></b>	<b><u>295,001,825</u></b>
<b>Revenue from exchange transactions</b>			
Hire of facilities	2.0	80,833,385	46,042,321
Rental revenue	3.0	40,527,120	32,285,400
Hotel Income	4.0	109,346,945	18,182,471
Branding	5.0	400,000	348,534
Advertising	6.0	7,315,537	6,366,667
Other income	7.0	82,862	66,707
<b>Total Revenue from exchange transactions</b>		<b><u>238,505,849</u></b>	<b><u>103,292,099</u></b>
<b>Total Revenue</b>		<b><u>541,695,161</u></b>	<b><u>398,293,924</u></b>
<b>Expenses</b>			
Employee costs	8.0	276,647,061	182,742,799
Remuneration of Board	9.0	16,130,274	16,730,145
Use of Goods and Services	10.0	126,830,343	102,326,117
Contracted and professional services	11.0	31,351,034	11,165,770
Bulk Purchases of water and electricity	12.0	47,394,988	51,872,504
Repairs and Maintenance	13.0	20,381,966	7,975,462
Depreciation and amortization expense	14.0	38,267,192	11,397,517
Finance Cost	15.0	-	627,768
<b>Total Expenses</b>		<b><u>557,002,858</u></b>	<b><u>384,838,082</u></b>
<b>Net Surplus/(Deficit) for the year</b>		<b><u>(15,307,697)</u></b>	<b><u>13,455,842</u></b>

The notes set out on pages 11 to 38 form an integral part of these Financial Statements

14. STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16.0	180,991,025	9,592,855
Accounts receivables from exchange transactions	17.0	151,566,884	200,697,515
Accounts receivables from non exchange transactions	18.0	238,251,114	144,289,387
Inventories	19.0	5,201,077	3,934,217
		<b>576,010,100</b>	<b>358,513,974</b>
<b>Non current assets</b>			
Property and equipment	20.0	189,389,194	132,431,455
Work in progress (WIP)	21.0	2,054,853,293	973,727,099
		<b>2,244,242,487</b>	<b>1,106,158,554</b>
<b>Total assets</b>		<b>2,820,252,587</b>	<b>1,464,672,528</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payable from exchange transactions	22.0	132,285,794	208,017,719
Refundable deposits from rent customers	23.0	1,126,000	1,126,000
Receipts in advance from trade customers	24.0	5,436,880	
Provision for audit fee	25.0	522,000	522,000
Employee benefit obligation & pension	26.0	23,414,891	-
Audit fee payables	27.0	5,231,520	-
Provision for PAYE assessment	28.0	-	-
		<b>168,017,085</b>	<b>209,665,719</b>
<b>Non-current liabilities</b>			
Provision for KRA tax assessment	29.0	4,995,897	4,995,897
Projects 10% retention fee	30.0	89,006,481	-
		<b>94,002,378</b>	<b>4,995,897</b>
<b>Total liabilities</b>		<b>262,019,463</b>	<b>214,661,616</b>
<b>Net assets</b>		<b>2,558,233,124</b>	<b>1,250,010,912</b>
<b>Reserves</b>			
Accumulated surplus	31.0	345,823,904	280,734,952

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Capital Funds	32.0	2,212,409,220	969,275,960
<b>Total net assets &amp; liabilities</b>		<b><u>2,558,233,124</u></b>	<b><u>1,250,010,912</u></b>

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

**Director General**  
 Mr. Pius Metto  
 Sports Kenya

Date 24/5/21

**Chairman of the Board**  
 Mr. Fred Muteti  
 Sports Kenya

Date 25/5/21

**Assistant Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
 ICPAK M/NO. 15721

Date.....

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

	<b>Revenue Reserve</b>	<b>Capital Reserve</b>	<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 /06/2018</b>	<b>267,279,109</b>	<b>569,275,960</b>	<b>836,555,069</b>
Net surplus /(deficit) for the year	13,455,843		13,455,843
Additions for the year		400,000,000	400,000,000
Deferred Income	-	-	-
Prior year adjustment			-
<b>As at 30/06/2019</b>	<b>280,734,952</b>	<b>969,275,960</b>	<b>1,250,010,912</b>
			-
As at 1/7/2019	280,734,952	969,275,960	1,250,010,912
GOK Subsidy - SASDF Transfers	80,396,649		80,396,649
Net surplus /(deficit) for the year	(15,307,697)		(15,307,697)
Additions for the year	-	1,243,133,260	1,243,133,260
<b>As at 30/06/2020</b>	<b>345,823,904</b>	<b>2,212,409,220</b>	<b>2,558,233,124</b>

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

	<b>Notes</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Revenue from non-exchange transactions</b>			
GOK Recurrent grants	1.0	303,189,312	295,001,82
<b>Revenue from exchange transactions</b>			
Hire of facilities	2.0	80,833,385	46,042,32
Rental revenue	3.0	40,527,120	32,285,40
Hotel income	4.0	109,346,945	18,182,471
Branding	5.0	400,000	348,53
Advertising	6.0	7,315,537	6,366,667
Other income	7.0	82,862	66,70,
<b>Expenses</b>			
Employee costs	8.0	(276,647,061)	(182,742,799)
Remuneration of Board	9.0	(16,130,274)	(16,730,145)
Use of goods and services	10.0	(126,830,343)	(102,326,117)
Contracted and profesional services	11.0	(31,351,034)	(11,165,770)
Bulk Purchases of water and electricity	12.0	(47,394,988)	(51,872,504)
Repairs and maintenance	13.0	(20,381,966)	(7,975,462)
Finance cost	15.0	-	(627,768)
<b>Working capital changes</b>			
Increase/decrease in receivables exchange transactions	17.0	49,130,631	37,056,249
Increase/decrease in receivables non -exchange transactions	18.0	(93,961,727)	562,12
Increase /decrease in inventories	19.0	(1,266,860)	(2,197,710)
Increase/decrease in payables	22.0	(75,731,925)	29,137,167
Increase/decrease in refundable deposit for rent	23.0	-	370,30
Increase/decrease in receipt in advance from customers	24.0	5,436,880	
Increase/decrease in pension obligation	26.0	23,414,891	(2,081,897)

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Increase/decrease in Audit fee payable	27.0	5,231,520	
Increase/decrease in PAYE assessment	28.0	-	(11,712,082)
Increase/decrease in KRA tax assessment	29.0	(0)	(57,936,054)
Increase/decrease in projects 10% retention fee	30.0	89,006,481	-
<b>Net cashflow from operating activities</b>		<b>24,219,386</b>	<b>18,051,453</b>
<b>Cashflow from investing activities</b>			
Purchase of fixed assets	20.0	(95,224,932)	(6,143,164)
Payment of capital	21.0	(1,081,126,193)	(404,451,138)
<b>Cashflow from financing activities</b>			
GOK Subsidy - SASDF Transfers (Pending Bills Funding)	31.0	80,396,649	
Capital funds	32.0	1,243,133,260	400,000,000
<b>Net increase in cash and cash equivalents</b>		<b>171,398,170</b>	<b>7,457,151</b>
Cash and Cash equivalents at the start of the year		9,592,855	2,135,704
<b>Cash and Cash equivalents at the end of the year</b>	11.0	<b>180,991,025</b>	<b>9,592,855</b>

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

SPORTS KENYA									
STATEMENT OF BUDGET COMPARISON FY 2019/2020 KSHS.									
ITEM DESCRIPTION	Approved Budget FY2019/2020	Adjustments	Revised Budget Estimates FY 2019/2020	Actual YTD 30 <sup>th</sup> June 2020	Variance Analysis YTD		Explanation of material variances		
					Shs	Shs		Variance	Variance
<b>REVENUES</b>									
<b>Revenue from non-exchange transactions</b>									
Grants GOK Recurrent	212,864,000	127,400,000	340,264,000	303,189,312	(37,074,688)	-11%	This was due to Utility Bills paid by State Dept of Sports.		
Grants GOK Development	600,000,000	(250,000,000)	350,000,000	250,000,000	(100,000,000)	-29%	Insufficient funding from the Exchequer.		
Grants SASDF - WU 20 Projects	-	332,544,953	332,544,953	150,000,000	(182,544,953)	-55%	This was received in the subsequent period. Funding is based on certified works.		
Grants SASDF - Nyayo National Stadium	-	612,979,621	612,979,621	360,960,431	(252,019,190)	-41%	This was received in the subsequent period. Funding is based on certified works		
Grants SASDF - Kinoru Stadium	-	559,398,861	559,398,861	428,398,899	(130,999,962)	-23%	This was received in the subsequent period. Funding is based on certified works		
Grants SASDF - Kipchoge Keino Stadium	-	53,773,930	53,773,930	38,360,249	(15,413,681)	-29%	This was received in the subsequent period. Funding is based on certified works		

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<b>Sub-Total</b>	<b>812,864,000</b>	<b>1,436,097,365</b>	<b>2,248,961,365</b>	<b>1,530,908,891</b>	<b>(718,052,474)</b>	<b>-32%</b>	is based on certified works
<b>Revenue from exchange transactions</b>	<b>361,402,000</b>	<b>(71,686,000)</b>	<b>289,716,000</b>	<b>238,505,849</b>	<b>(51,210,151)</b>	<b>-18%</b>	Due to the impact of Covid-19 and closure of facilities.
<b>Total Revenues</b>	<b>1,174,266,000</b>	<b>1,364,411,365</b>	<b>2,538,677,365</b>	<b>1,769,414,740</b>	<b>(769,262,625)</b>	<b>-30%</b>	
<b>Expenditure</b>							
<b>Employees cost</b>							
Salaries & Wages	168,264,000	8,000,000	176,264,000	174,634,614	1,629,386	1%	This still awaits final reconciliation with fund Administrators.
Pension arrears	49,500,000	69,500,000	119,000,000	95,585,109	23,414,891	20%	This is due to inadequate Funding.
Staff gratuity arrears	44,500,000	-	44,500,000	5,357,218	39,142,782	88%	There were some arrears which were paid.
Service gratuity contracted Staff	846,000	-	846,000	1,070,120	(224,120)	-26%	
<b>Sub-Total</b>	<b>263,110,000</b>	<b>77,500,000</b>	<b>340,610,000</b>	<b>276,647,061</b>	<b>63,962,939</b>	<b>19%</b>	
Remuneration of Board	19,680,000	(2,880,000)	16,800,000	16,000,274	799,726	5%	N/A
Use of Goods and services	158,931,000	(19,906,000)	139,025,000	126,755,333	12,269,667	9%	N/A
Contracted Services	35,714,000	(5,000,000)	30,714,000	31,351,034	(637,034)	-2%	N/A
<b>Bulk purchases/Utilities</b>					-		
Electricity	34,552,000		34,552,000	21,928,895	12,623,105	37%	Part of the Expenditure is captured by the State Dept of Sports.
Water & conservancy	32,600,000		32,600,000	25,466,093	7,133,907	22%	Part of the Expenditure is

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<b>Sub-Total</b>	<b>67,152,000</b>	-	<b>67,152,000</b>	<b>47,394,988</b>	<b>19,757,012</b>	<b>29%</b>	captured by the State Dept of Sports
Repair and maintenance	13,500,000	2,000,000	15,500,000	20,381,966	(4,881,966)	-31%	Contingency expenditure due to preparation of Nyayo Stadium for preparation for the death of Moi.
Provision for Depreciation	5,179,000	-	5,179,000	38,267,192	(33,088,192)	-639%	It is a non cash expenditure due to additional WU 20 Expenditure.
<b>Total Recurrent Expenditure</b>	<b>563,266,000</b>	<b>51,714,000</b>	<b>614,980,000</b>	<b>556,927,848</b>	<b>58,052,152</b>	<b>9%</b>	
<b>CAPITAL</b>							
Purchase of Motor Vehicle	11,000,000		11,000,000	10,977,414	22,586	0%	N/A
Plant & equipment	-	1,100,000	1,100,000	2,210,280	(1,110,280)	-101%	Budgeted under WU20 Championship.
Office Equipment & Computers	-	2,900,000	2,900,000	7,552,958	(4,652,958)	-160%	Budgeted under WU20 Championship
World U 20 Projects		332,544,952	332,544,952.00	110,969,730	221,575,222	67%	Due to uncertified works.
Kinoru Stadium		559,398,860	559,398,860.00	428,398,899	130,999,961	23%	Due to uncertified works.
Nyayo National Stadium	-	612,979,620	612,979,620.00	337,389,122	275,590,498	45%	Due to uncertified works.
Kipchoge Keino Phase II	100,000,000	53,773,930	153,773,930.00	38,360,249	115,413,681	75%	Due to uncertified works.
Indoor Arena Construction			-	700,000	(700,000)	100%	Pending works
7 REGIONAL STADIA:							
Kipchoge Keino Phase I						0%	N/A

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	71,428,571	(56,317,071)	15,111,500	15,111,500	0		
Kamaryny Stadium	71,428,571	(33,115,282)	38,313,290	38,313,290	(0)	0%	N/A
Wote Stadium	71,428,571	(38,856,686)	32,571,885	32,271,885	300,000	1%	N/A
Karatu Stadium	71,428,571	(17,153,185)	54,275,386	53,975,386	300,000	1%	N/A
Ruringu Stadium	71,428,571	(33,628,995)	37,799,576	37,799,576	0	0%	N/A
Marsabit Stadium	71,428,571	(53,847,881)	17,580,690	8,373,162	9,207,528	52%	Due to uncertified works.
Chuka Stadium	71,428,571	(17,080,897)	54,347,674	53,947,675	399,999	1%	N/A
<b>SUB-TOTAL</b>	<b>611,000,000</b>	<b>1,312,697,365</b>	<b>1,923,697,365</b>	<b>1,176,351,126</b>	<b>747,346,239</b>	<b>39%</b>	
<b>TOTAL EXPENDITURE</b>	<b>1,174,266,000</b>	<b>1,364,411,365</b>	<b>2,538,677,365</b>	<b>1,733,278,974</b>	<b>805,398,391</b>	<b>32%</b>	

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

### **1. GENERAL INFORMATION**

Sports Kenya is established by and derives its authority and accountability from Sports Act 2013 and given the mandate to carry out functions formally performed by Sports Stadia Management board and the Department of Sports. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote co-ordinate and implement national and international sports programs, establish, manage, develop and maintain the sports facilities including convention centers, indoor sporting and recreational facilities in the country and participate in the promotion of sports tourism among others. Sports Kenya is expected to develop modern sports facilities as well as improve the existing ones.

### **2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Sports Kenya's accounting policies.

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

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

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

#### **i. Early adoption of standards**

The entity did not adopt any new or amended standards in year 2020.

### **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Revenue recognition**

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

###### **Fees, taxes and fines**

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

**Interest income**

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the FY 2019-2020 budget following the governing body's approval.

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

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Taxes**

*Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**c) Taxes (Continued)**

*Sales tax*

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**e) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**f) Property, plant and equipment**

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

Depreciation is calculated on reducing balance basis to write down the cost of each asset to their reducing balance over their estimated useful life as follows:

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Motor vehicle	-	25%
Plant & Equipment	-	37.5%
Office Equipment	-	30%
Computers	-	30%
Furniture	-	12.5%
Building	-	2%

Equipment, furniture and fittings are periodically reviewed for impairment where the carrying amount of an asset is greater than estimated recoverable amount it is written down immediately to its carrying amount. New assets are charged depreciation fully in the year of acquisition.

Gains and losses on disposal of equipment furniture and fittings are determined by reference to their carrying amount and are taken into account in determining the surplus or deficit for the year.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**h) Intangible assets**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**i) Research and development costs**

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

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**h) Research and development costs (Continued)**

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

**j) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

ii) **Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ii) Inventories (Continued)**

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**iii) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

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

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**iv) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

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

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

**vi) Employee benefits**

**Retirement benefit plans**

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

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

**vii) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**viii) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ix) Related parties**

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

**x) Service concession arrangements**

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

**xi) Cash and cash equivalents**

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

**xii) Comparative figures**

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

**xiii) Subsequent events**

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

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

**4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**  
**(Continued)**

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**5 FINANCIAL RISK MANAGEMENT**

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

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

**(i) Credit risk**

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**(ii) Liquidity risk management**

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

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management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**(iii) Market risk**

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

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

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

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

b) Interest rate risk

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

*Management of interest rate risk*

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

*Sensitivity analysis*

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

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

**FINANCIAL RISK MANAGEMENT (Continued)**

**Fair value of financial assets and liabilities (Continued)**

*a) Financial instruments not measured at fair value (Continued)*

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

**6 RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the principal shareholder of Sports Kenya, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Sports Arts and Social Development Fund;

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

**7 EVENTS AFTER THE REPORTING PERIOD**

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

**8 ULTIMATE AND HOLDING ENTITY**

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Sports Culture and Heritage. Its ultimate parent is the Government of Kenya.

**9 Currency**

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

**10 Government Subsidy SASDF Transfer**

Government subsidy of Kshs 80,396,649 entails funds transferred by Sports Arts and Social Development Fund to assists the board in clearing historical pending bills.

11 Parent ministry paid some utility bills on behalf of Sports Kenya.

**12 Mobilization fee**

The board gave mobilization of Kshs200,642,478/= to contractors at the beginning of the projects. The amount is included in the cumulative expenditure and will be recovered from the contractor's certificates before the completion of the projects.

**13. Service Gratuity-Ksh 77,000,000**

This relates to Service gratuity Payments owed to staff before Sports Kenya engaged a fund Administrator (Jubilee Insurance) for defined contributory scheme between 2005 to June 2011. Reconciliation is on-going to establish the correct amount for inclusion on the face of the Financials.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NO	NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2020	2019-2020	2018-2019
	<b>Income from Non-Exchange Transactions</b>		
1.0	<b>GOK Grants</b>	<b>Kshs</b>	<b>Kshs</b>
	Recurrent grant	161,580,000	295,001,825
	Recurrent- pension & salaries arrears grant	127,400,000	
	GOK Utility Grants - Water & Electricity	14,209,312	-
	<b>Total</b>	<b>303,189,312</b>	<b>295,001,825</b>

		2019-2020	2018-2019
2.0	<b>Hire of facilities</b>	<b>Kshs</b>	<b>Kshs</b>
	Hire of Hospitality	300,000	903,414
	Hire of main stadium & equipment	35,455,260	17,407,530
	Hire of aquatic stadium	8,627,578	11,003,340
	Hire of indoor courts	27,185,207	10,941,355
	Gate takings	2,984,155	2,909,625
	Hire of flood light	5,791,185	521,552
	Live coverage income	490,000	2,232,505
	Hire of barriers	-	123,000
	<b>Total</b>	<b>80,833,385</b>	<b>46,042,321</b>

		2019-2020	2018-2019
3.0	<b>Rental Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Residential housing	33,156,000	29,880,000
	Commercial space	7,371,120	2,405,400
	<b>Total</b>	<b>40,527,120</b>	<b>32,285,400</b>

		2019-2020	2018-2019
4.0	<b>Hotel Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Hotel income , Cyber café, Bar sales	109,346,945	18,182,471
	<b>Total</b>	<b>109,346,945</b>	<b>18,182,471</b>

		2019-2020	2018-2019
5.0	<b>Branding Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Nyayo stadium	-	-
	Moi International Sports Centre	400,000	348,534
	<b>Total</b>	<b>400,000</b>	<b>348,534</b>

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		<b>2019-2020</b>	<b>2018-2019</b>
6.0	<b>Advertising Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Nyayo National Stadium/ MISC	7,315,537	6,366,667
	<b>Total</b>	<b>7,315,537</b>	<b>6,366,667</b>

		<b>2019-2020</b>	<b>2018-2019</b>
7.0	<b>Other Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Miscellaneous	62,862	66,707
	Sale of tenders	20,000	-
	Disposal of assets	-	-
	<b>Total other Income</b>	<b>82,862</b>	<b>66,707</b>

		<b>2019-2020</b>	<b>2018-2019</b>
8.0	<b>Employee Costs</b>	<b>Kshs</b>	<b>Kshs</b>
	Employee related costs salaries and wages	116,604,441	123,295,089
	Employee related cost contribution to pension	12,768,586	13,178,442
	Pension arrears	95,585,109	-
	Gratuity contracted	1,070,120	-
	Gratuity arrears	5,357,218	5,025,187
	NSSF	339,200	319,400
	Acting allowance	728,986	903,329
	Special duty allowance	1,321,951	756,960
	Residential telephone line	892,000	831,000
	Housing allowance	38,286,000	35,571,336
	Leave allowance	3,693,450	2,862,056
	<b>Total Employee cost</b>	<b>276,647,061</b>	<b>182,742,799</b>

		<b>2019-2020</b>	<b>2018-2019</b>
9.0	<b>Board of Directors allowances</b>	<b>Kshs</b>	<b>Kshs</b>
	Chairman's honoraria	1,060,000	960,000
	Chairman's Telephone Allowance	60,000	-
	Chairman's Mobile Allowance	70,000	-
	Board of Directors sitting allowances	9,985,801	8,669,656
	International per diem	334,502	392,496
	International travel	732,539	233,500
	Local travel	1,022,077	1,456,000
	Local per diem	2,865,355	2,970,393
	Training	-	2,048,100
	<b>Total Cost</b>	<b>16,130,274</b>	<b>16,730,145</b>

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		<b>2019-2020</b>	<b>2018-2019</b>
10.0	<b>Use of goods and services</b>	<b>Kshs</b>	<b>Kshs</b>
	Marketing and Advertisement	3,150,590	3,422,608
	Transport operating	3,862,393	4,068,877
	Local travel & perdiem	11,806,945	18,584,015
	International travel & perdiem	1,523,816	166,780
	Stationery	4,450,840	4,108,903
	Telephone and internet	3,789,035	3,309,581
	ICT expenses	6,305,955	2,360,093
	Gas and fuel	3,166,070	737,523
	Food purchase	28,870,137	13,318,900
	Hotel expenses	12,265,934	2,846,212
	Medical insurance	11,258,021	8,776,000
	Subscriptions	1,040,534	138,384
	Office refurbishment	1,527,430	724,773
	Office cleaning materials	6,769,204	3,242,104
	Insecticides sprays and chemicals	4,552,117	2,843,180
	Motor vehicle insurance	235,053	150,675
	General insurance	922,294	-
	Casuals	10,526,121	21,084,466
	Uniforms	-	185,520
	Training expenses	971,875	802,180
	Staff welfare	3,876,362	8,019,844
	Official entertainment	2,726,857	1,720,000
	CSR activities	1,760,120	1,193,500
	Audit fee	522,000	522,000
	Bank charges	950,640	-
	<b>Total cost</b>	<b>126,830,343</b>	<b>102,326,117</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.1	<b>Marketing and advertising cost</b>	<b>Kshs</b>	<b>Kshs</b>
	Marketing	1,990,038	2,850,100
	Advertising	1,160,552	572,508
	<b>Total cost</b>	<b>3,150,590</b>	<b>3,422,608</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.2	<b>Transport operating</b>	<b>Kshs</b>	<b>Kshs</b>

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	Transport taxi	25,060	247,970
	Transport fare	58,750	153,990
	Mileage claims	1,410,400	675,882
	Motor Vehicle fuel	1,942,233	1,359,107
	Motor Vehicle repair	425,950	1,631,927
	<b>Total cost</b>	<b>3,862,393</b>	<b>4,068,877</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.3	<b>Local travel &amp; perdiem</b>	<b>Kshs</b>	<b>Kshs</b>
	Local travel expenses	2,969,820	3,364,741
	Local perdiem	8,837,125	15,219,274
	<b>Total cost</b>	<b>11,806,945</b>	<b>18,584,015</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.4	<b>International travel &amp; perdiem</b>	<b>Kshs</b>	<b>Kshs</b>
	International travel	495,430	-
	International perdiem	1,028,386	166,780
	<b>Total cost</b>	<b>1,523,816</b>	<b>166,780</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.5	<b>Stationery</b>	<b>Kshs</b>	<b>Kshs</b>
	Photocopy	380,415	293,247
	Printing	3,782,005	3,580,136
	Local dailies and publication	288,420	235,520
	<b>Total cost</b>	<b>4,450,840</b>	<b>4,108,903</b>

		<b>2019-2020</b>	<b>2018-2019</b>
10.6	<b>Telephone &amp; Internet</b>	<b>Kshs</b>	<b>Kshs</b>
	Internet	840,420	783,283
	Telephone -Mobile	2,934,000	2,514,377
	Telephone -Landline	14,615	11,920
	<b>Total cost</b>	<b>3,789,035</b>	<b>3,309,581</b>

		<b>2019-2020</b>	<b>2018-2019</b>
11.0	<b>Contracted and Professional services</b>	<b>Kshs</b>	<b>Kshs</b>
	Cleaning services	8,770,510	-
	Consultancy services	-	5,939,200
	Security services	18,902,524	1,646,020
	Legal fees	3,678,000	3,580,550
	<b>Total cost</b>	<b>31,351,034</b>	<b>11,165,770</b>

		<b>2019-2020</b>	<b>2018-2019</b>
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12.0	<b>Total Bulk purchases</b>	<b>Kshs</b>	<b>Kshs</b>
	Electricity	21,928,895	28,339,829
	Water	25,466,093	23,532,675
	<b>Total Cost</b>	<b>47,394,988</b>	<b>51,872,504</b>

		<b>2019-2020</b>	<b>2018-2019</b>
13.0	<b>Repair and Maintenance</b>	<b>Kshs</b>	<b>Kshs</b>
	Repair and maintenance of Stadia	20,381,966	7,975,462
	<b>Total Cost</b>	<b>20,381,966</b>	<b>7,975,462</b>

		<b>2019-2020</b>	<b>2018-2019</b>
14.0	<b>Depreciation &amp; amortization</b>	<b>Kshs</b>	<b>Kshs</b>
	Land & Buildings	2,118,629	2,064,017
	Motor vehicles	2,780,715	48,483
	Plant & Machinery	16,866,747	3,980,204
	Office Equipment	14,225,300	2,703,898
	Furniture	2,275,800	2,600,916
	<b>Total</b>	<b>38,267,192</b>	<b>11,397,517</b>

		<b>2019-2020</b>	<b>2018-2019</b>
15.0	<b>Finance Cost</b>	<b>Kshs</b>	<b>Kshs</b>
	Bank Interest/Overdraft	-	627,768
	<b>Total</b>	<b>-</b>	<b>627,768</b>

		<b>2019-2020</b>	<b>2018-2019</b>
16.0	<b>Cash and Cash Equivalents</b>	<b>Kshs</b>	<b>Kshs</b>
	Standard Chartered main bank	4,961,282	1,264,499
	Fund Account	338,423	7,278,863
	Project Account	22,380,331	37,351
	Rent Account	957,893	1,012,141
	Co-operative Project Account	152,353,096	-
	Cash in Hand	-	-
	<b>Total</b>	<b>180,991,025</b>	<b>9,592,855</b>

		<b>2019-2020</b>	<b>2018-2019</b>
17.0	<b>Accounts receivables from -exchange transactions</b>	<b>Kshs</b>	<b>Kshs</b>
	Rent	30,506,404	41,607,295
	Trade debtors	121,060,480	159,090,220

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	<b>Total</b>	<b>151,566,884</b>	<b>200,697,515</b>
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18.0	<b>Accounts receivables from non -exchange transactions</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
	Deaflympics	500,000	500,000
	Ministry of Sports, Culture and the Arts	107,390,843	107,390,843
	KAS	1,364,288	1,364,288
	NYTA	15,590,653	15,590,653
	Fc Talanta	4,482,232	4,482,232
	Kenya Football Federation -Loan	10,000,000	10,000,000
	Salary advance	2,527,228	2,539,380
	Imprest outstanding	2,226,940	2,421,991
	Kipchoge Stadium phase II grants	53,773,930	-
	Recurrent grant quarter 4	40,395,000	-
	<b>Total</b>	<b>238,251,114</b>	<b>144,289,387</b>

19.0	<b>Inventory</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
	Moi international Sports Centre main stores	4,544,081	3,563,522
	Food Stores	309,652	158,019
	Nyayo National stadium stores	347,344	212,677
	<b>Total</b>	<b>5,201,077</b>	<b>3,934,217</b>

20.0	<b>Property Plant and Equipment</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
	Land & Buildings	103,812,826	101,136,827
	Motor vehicles	8,342,146	145,448
	Plant & Machinery	28,111,245	6,633,673
	Office Equipment	33,192,366	6,309,094
	Furniture	15,930,611	18,206,413
	<b>Total</b>	<b>189,389,194</b>	<b>132,431,455</b>

21.0	<b>Work In Progress</b>	<b>2019-2020</b>	<b>2018-2019</b>
21.1	<b>International Sports Academy (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	34,585,249	34,585,249
	Expenditure	-	-
	<b>Total</b>	<b>34,585,249</b>	<b>34,585,249</b>
21.2	<b>Rehabilitation Works (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>

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	Opening bal	394,214,095	-
	Kipchoge Keino Stadium Phase I	15,111,500	19,337,237
	Ruringu Stadium	37,799,576	2,837,836
	Marsabit Stadium	8,373,162	2,837,836
	Wote Stadium	32,271,885	-
	Karatu Stadium	53,975,386	-
	Chuka Stadium	53,947,675	-
	Kamariny Stadium	38,313,290	-
	Nyayo National Stadium	337,389,122	276,455,214
	Kinoru Stadium	428,398,899	6,518,836
	Kipchoge Keino Stadium Phase II	38,360,249	-
	Stadion Hotel	-	84,227,137
	Public Service Club	-	2,000,000
	World U 20 Project	36,485,450	-
	<b>Total</b>	<b>1,474,640,289</b>	<b>394,214,095</b>
		<b>2019-2020</b>	<b>2018-2019</b>
21.3	<b>Indoor Court Complex (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	37,310,717	<b>27,073,673</b>
	Expenditure	700,000	10,237,044
	<b>Total</b>	<b>38,010,717</b>	<b>37,310,717</b>
21.4	<b>National Stadia</b>	<b>2019-2020</b>	<b>2018-2019</b>
	Feasibility Works -PKF	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	507,617,038	507,617,038
	Expenditure	-	-
	<b>Total</b>	<b>507,617,038</b>	<b>507,617,038</b>
	<b>TOTAL WIP</b>	<b>2,054,853,293</b>	<b>973,727,099</b>

		<b>2019-2020</b>	<b>2018-2019</b>
22.0	<b>Trade and other payables from exchange transactions</b>	<b>Kshs</b>	<b>Kshs</b>
	Trade and other payables from Exchange transactions	132,285,794	208,017,719
	<b>Total</b>	<b>132,285,794</b>	<b>208,017,719</b>

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>

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23.0	<b>Refundable rent deposits</b>	<b>1,126,000</b>	<b>1,126,000</b>
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		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
24.0	<b>Receipts in advance from customers</b>		
	Rent received in advance	<b>507,130</b>	-
	Receipts in advance from trade customers	<b>4,929,750</b>	-
	<b>Total</b>	<b>5,436,880</b>	-

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
25.0	<b>Provision for audit fee</b>	522,000	522,000
	<b>Total</b>	<b>522,000</b>	<b>522,000</b>

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
26.0	<b>Employee benefit obligation &amp; pension</b>	23,414,891	-
	<b>Total</b>	<b>23,414,891</b>	-

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
27.0	<b>Audit Fee Payable</b>	5,231,520	-
	<b>Total</b>	<b>5,231,520</b>	-

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
28.0	<b>Provision for PAYE assessment</b>		
	Provision for PAYE assessment	-	-

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
29.0	<b>Provision for KRA tax assessment</b>	<b>4,995,897</b>	<b>4,995,897</b>

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
30.0	<b>Projects 10% retention fee</b>	<b>89,006,481</b>	-

		<b>2019-2020</b>	<b>2018-2019</b>
		<b>Kshs</b>	<b>Kshs</b>
31.0	<b>Accumulated surplus</b>		
	Opening bal	280,734,952	267,279,109
	GOK Subsidy - SASDF Transfers (Pending Bills Funding)	80,396,649	

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	Net surplus for the year	(15,307,697)	13,455,843
	<b>Total</b>	<b>345,823,904</b>	<b>280,734,952</b>

		<b>2019-2020</b>	<b>2018-2019</b>
32.0	<b>Capital funds</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	969,275,960	569,275,960
	Grants for the year-Kinoru,NNS & Kipchoge II (CHAN)	843,133,260	400,000,000
	Grants for the year-Regional Stadia	250,000,000	-
	Grants for the year-World U 20 Project	150,000,000	-
	<b>Total</b>	<b>2,212,409,220</b>	<b>969,275,960</b>

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**33.0 PROPERTY, PLANT AND EQUIPMENTS MOVEMENT**  
**SCHEDULE:**

	Land	Buildings	Motor Vehicles	Plant & Machinery	Office Equipment	Furniture	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
<b>Cost/Valuation</b>							
<b>At 1st July 2018</b>							-
Additions	105,726,790	11,011,934	48,022,399	32,085,009	40,140,277		236,986,409
Disposals	5,390,664	-	-	752,500	-		6,143,164
Transfer/adjustments	-	-	-	-	-		-
<b>At 30 June 2019</b>	<b>111,117,454</b>	<b>11,011,934</b>	<b>48,022,399</b>	<b>32,837,509</b>	<b>40,140,277</b>		<b>243,129,573</b>
<b>Depreciation and impairment</b>							
At 1 July 2018	7,916,610	10,818,004	37,408,522	23,824,517	19,332,949		99,300,602
Depreciation (Charge for the yr.)	2,064,017	48,483	3,980,204	2,703,898	2,600,916		11,397,517
Impairment	-	-	-	-	-		-
<b>At 30 June 2019</b>	<b>9,980,627</b>	<b>10,866,486</b>	<b>41,388,726</b>	<b>26,528,415</b>	<b>21,933,865</b>		<b>110,698,119</b>
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)		(Kshs.)
<b>Cost/Valuation</b>							
<b>At 1st July 2019</b>	<b>111,117,454</b>	<b>11,011,934</b>	<b>48,022,399</b>	<b>32,837,509</b>	<b>40,140,277</b>		<b>243,129,573</b>
Additions	-	10,977,414	2,210,280	7,552,958	-		20,740,652
Additions WU20	4,794,628	-	36,134,039	33,555,613	-		74,484,280
Disposals	-	-	-	-	-		-
Transfer/adjustments	-	-	-	-	-		-
<b>At 30 June 2020</b>	<b>115,912,082</b>	<b>21,989,348</b>	<b>86,366,718</b>	<b>73,946,080</b>	<b>40,140,277</b>		<b>338,354,505</b>
<b>Depreciation and impairment</b>							
At 1 July 2019	9,980,627	10,866,486	41,388,726	26,528,415	21,933,865		110,698,119
Depreciation (Charge for the yr.)	2,118,629	2,780,715	16,866,747	14,225,300	2,275,800		38,267,192
Impairment	-	-	-	-	-		-
<b>At 30 June 2020</b>	<b>12,099,256</b>	<b>13,647,202</b>	<b>58,255,473</b>	<b>40,753,714</b>	<b>24,209,666</b>		<b>148,965,311</b>
<b>Net book values</b>							
<b>At 30 June 2020</b>	<b>103,812,826</b>	<b>8,342,146</b>	<b>28,111,245</b>	<b>33,192,366</b>	<b>15,930,611</b>		<b>189,389,194</b>
<b>At 30 June 2019</b>	<b>101,136,827</b>	<b>145,448</b>	<b>6,633,673</b>	<b>6,309,094</b>	<b>18,206,412</b>		<b>132,431,454</b>

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**19. APPENDICES**

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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.	<p><b>1. Property, Plant and Equipment</b></p> <p>The statement of financial position as at 30 June 2019 reflects property, plant and equipment (PPE) balance of Kshs.132,431,455 which excludes undetermined values of land on which the International Sports Centre Kasarani and Nyayo National Stadium are built as Sports Kenya does not have ownership documents. Information available indicates that Sports Kenya wrote a letter Ref: SK/CON/LA/15 (217) dated 14 February 2019 through the Cabinet Secretary Sports, Culture &amp; Heritage to the Cabinet Secretary of Lands and Physical Planning requesting the office to issue title deeds for LR. No. 22596 at Kasarani and LR No. 209/16884 at Nyayo National Stadium in the name of Sports Kenya. However, as at the time of audit, no response had been received from the Ministry.</p> <p>In addition, the assets register availed for audit revealed that it was last posted in year 2014 hence not up to date.</p> <p>In view of the foregoing, the ownership, completeness, security and carrying values of the property, plant and equipment balance of Kshs. 132,431,455 reflected in the statement of financial position as at 30 June 2019 could not be ascertained.</p>	<p>i) It is true that Sports Kenya is in the process of acquiring ownership documents for Kasarani and Nyayo Stadia as evidenced by the information provided to External Auditors. Sports Kenya currently has a legal officer who has been mandated to follow up on this matter. Once the ownership documents are secured, the valuation</p>	Fredrick Muema - CSMO	Not Resolved	FY 2020/21

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>will be done to establish the collect values to update the assets register.</p> <p>The organization has an existing asset register which supports Ks132,431,455 reported in the financial statements. However, the management is in the process of securing a comprehensive asset register for the organization in the Fy 2020/2021.</p>			
<p><b>2.0.</b> <b>2.1.</b></p>	<p><b>2.0. Accounts Receivables</b></p> <p><b>2.1. Trade Debtors</b></p> <p>The statement of financial position as at 30 June 2019 reflects receivables from exchange transactions balance of Kshs.200,697,515. Included in this balance is Kshs.159,090,220 in respect of trade debtors as disclosed under Note 14 to the financial statements. A review of the schedule provided in support of trade debtors revealed some long outstanding balances totalling Kshs.72,767,466 relating to Kenya Football Federation-Kshs.42,338,852, Kenya Rugby Football- Kshs.12,637,616, National Olympic Committee - Kshs.5,136,700 and Kenya Volleyball Federation - Kshs.12,654,298.</p> <p>Further, trade debtors balance of Kshs.159,090,220 also includes debts totalling Kshs.30,559,000 owed by two (2) media firms namely M/s Alliance Media - Kshs.11,850,000 and M/s Page signs and Graphics - Kshs.18,709,000 in respect of fees</p>	<p><b>Management Response</b></p> <p>Most of the trade debtors arose from long outstanding debts from sports federations namely; Football Kenya Federation, Kenya Football Federation, Kenya Rugby Union, Kenya Volleyball Federation and the National Olympics Committee of Kenya among others. Collecting the funds from the federations has been challenging due to lack of funds from the respective federations and their sponsors. While the board has engaged them to pay the debts it has also liaised with the Kenya Revenue Authority to work as an agency on its behalf to collect the amount owed.</p>	<p>Japhet Kaunyu - ADF</p>	<p>Not Resolved</p>	<p>FY2020/21</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>due from advertising contracts which have been outstanding since 2012. Although one of the advertising firms M/s Alliance Media took the matter to court, the issue is yet to be resolved.</p> <p>In addition, no provision was made for doubtful debts as per IPSAS 15 which requires reasonable provision to be made for doubtful debts based on management's assessment of their collectability so as to reflect debtors at their fair value.</p>	<p>Sports Kenya is in the process of writing to Sports Arts and Social Development Fund informing them of the long outstanding debts owed by respective federations which should be effectively deducted from their allocations and remitted to Sports Kenya. Sports Kenya is in the process of developing credit policy that will also include provisions for bad and doubtful debts.</p>			
2.2	<p><b>2.2. Rent Receivable</b></p> <p>The receivables from exchange transactions balance of Kshs. 200,697,515 also includes rent receivables totaling Kshs. 41,607,295 which includes Kshs. 41,583,507 in respect of amounts due from tenants who vacated the rental houses between 1 July 2006 and 30 June 2019. However, no legal action had been made to recover these amounts.</p> <p>In the circumstances, the accuracy and completeness of the accounts receivables from exchange transactions balance of Kshs. 200,697,515 as at 30 June 2018 could not be confirmed.</p>	<p><b>Management Response</b></p> <p>It's true that in the receivables from exchange transactions balance of Kshs. 200,697,515 also includes rent receivables totaling Kshs. 41,607,295 from various tenants including police line, NIS Line, Line Ministries staff and individuals. The management embarked on follow up on previous and current tenants with debts by writing letters to recover rent arrears especially from public servants through their employer.</p> <p>Further we have reviewed Tenancy Agreement for the current tenants. Effective 21<sup>st</sup> March, 2018 all tenants were required to sign tenancy agreements renewable on a yearly basis</p>	Elizabeth Wekesa-Estate Officer	Not Resolved	FY2020/21

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		whereby tenants are required to give full details. Renewal of the annual agreement is based on clearing of all outstanding arrears. Sports Kenya through the legal office has instituted legal proceedings against most of these defaulters.			
2.3	<p><b>2.3 Outstanding Imprests</b></p> <p>Included in the receivables from non-exchange transactions balance of Kshs.144,289,387 are outstanding imprests totalling Kshs.2,421,991 out of which Kshs.721,360, had been surrendered as at the time of audit in Jan 2020. Further, it was also observed that some officers took multiple imprests without surrendering the earlier ones. The recoverability of the imprest balance of Kshs.1,700,631 remains doubtful.</p>	<p><b>Management Response</b></p> <p>It's true that in the financial year under review there were un surrendered imprests amounting to Kshs. 2,421,991. Kshs721,360 have since been surrendered in the current year (2019/20) and Kshs 1,700,631 recovery has commenced through payroll effective January 2020. See Appendix II.</p>	Japhet Kaunyu - ADF	Resolved	
2.4	<p><b>2.4 Long Outstanding Loan Advances</b></p> <p>Note 15 to the financial statements for the year ended 30 June 2019 reflects accounts receivables from non-exchange transactions balance of Kshs.144,289,387. Included in the account receivables from non-exchange transaction is Kshs.139,328,016 being loan advances made to the Deaflympics Kshs.500,000, Ministry of youth Kshs.107,390,843, Kenya Academy of Sports Kshs.1,364,288, NYTA Kshs.15,590,653, FC Talanta Kshs.4,482,232, Kenya football Federation Kshs.10,000,000</p>	<p><b>Management Response</b></p> <p>Sports Kenya is in the process of writing to Sports Arts and Social Development Fund informing them of the long outstanding debts owed by respective debtors which will be effectively deducted from their allocations and remitted to Sports Kenya. In future we will include the provision of bad and doubtful debts in our books once the credit</p>	Japhet Kaunyu - ADF	Not Resolved	FY2020/21

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>respectively. However, no evidence has been presented to confirm that the stated amounts were transferred to the accounts of the respective entities in order to qualify as debt. Further, the terms and purpose for the loan advances have not been provided and no effort appears to have been made to pursue these debts for the last five (6) years.</p> <p>In the circumstances, the validity of the debts totaling Kshs.139,328,016 could not be confirmed as at 30 June 2019.</p>	policy is finalized.			
3.0	<p><b>3.Long Outstanding Trade and Other Payables</b></p> <p>The statement of financial position as at 30 June 2019 reflects current liabilities balance of Kshs.214,661,616 which includes trade and other payables from exchange transaction amounting to Kshs.208,017,719. A review of the aging analysis in support of trade and other payables balance revealed that creditors totaling Kshs.178,880,552 or 86% of the total balance had been outstanding for between two (2) years and ten (10) years respectively as at 30 June 2019. Further it was noted that Sports Kenya did not accrue the outstanding certified Works despite having received certificates totaling Kshs.2,392,909,269.</p> <p>No satisfactory reason was given for the failure to settle the long outstanding creditors.</p>	<p><b>Management Response</b></p> <p>i. Sports Kenya has been experiencing financial challenges in the past in paying creditors on time because of low cash inflow due to closure of some of its facilities and inadequate funding from exchequer. Once the facilities are fully operational, Sports Kenya will be able to pay the creditors. The board has currently been able to pay</p>	Japhet Kaunyu - ADF	Resolved	

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		<p>some of the historical pending bills. It has also requested National Treasury for support in this regard.</p> <p>ii. The projects are reported on cash basis hence the outstanding certificates are not included in the account payables reported. The certified works are treated as pending bills which are budgeted for in the subsequent financial year for payment.</p>			
4.0	<p><b>4.Casual employees Expenses</b></p> <p>The statement of financial performance reflects General expenses balance of Kshs.102,326,117. Included in this balance is Kshs.21,084,466 or 21% relating to casual employees' costs. It was however noted that casual payments were not supported by master rolls.</p> <p>In the circumstances it was not possible to ascertain the accuracy and propriety of the total Kshs.21,084,466 spent on casual employees.</p>	<p><b>Management Responses</b></p> <p>It's true that during the financial year under review, the board incurred Kshs.21,084,466 on casual employees. All casual payments were supported with master rolls and signing schedules.</p>	Fredrick Mulama – ADHR&A	Resolved	
5.0	<p><b>5.0 Bulk Purchases of Water and Electricity-Related Party</b></p>	<p><b>Management Responses</b></p>	Japhet Kaunyu -	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p><b>Transactions</b></p> <p>Note 7 to the financial statements discloses purchase of water and electricity balance of Kshs. 51,872,504. Included in this balance is Kshs.33,354,287 being payment effected on behalf of Sports Kenya by the parent state department of Sports from the board's recurrent grants they had retained. No plausible explanation was provided as to why the parent state department of Sports retained Sport Kenya grants and continued paying for their bills.</p>	<p>It's true that during the financial year under review, Ministry of sports, culture and Heritage through State Department paid on behalf of Sports Kenya pending utility bills from the Exchequer allocation which was meant for Sports Kenya. This amount was used to reduce our utility payables. Sports Kenya continued to pay current bills for the financial year under review as reflected in financial statements.</p>	ADF		
6.0 6.1	<p><b>6.0 Delayed Completion of Major Stadiums and Expiry of Performance Bonds</b></p> <p><b>6.1 Indoor Sports Facility at Moi International Sport Centre-Kasarani</b></p> <p>Sports Kenya on 27 May 2016 entered into a contract (Tender No. SK/005/2015-2016) with M/s Nitram and Taphes Enterprises Ltd for the construction of an indoor sports facility at the Moi International Sports Centre, Kasarani at a contract sum of Kshs.31,020,776. The works commenced on 27 May 2016 with a completion period of 32 weeks within which the contractor was expected to have executed the works and carried out remedies for any defects therein.</p> <p>The indoor games facilities to be constructed included a Tennis and Badminton Court. A site inspection of the project carried out in September 2019 revealed that the works had not been completed</p>	<p><b>Management Response</b></p> <p>Construction Works for Indoor Sports Facility at Moi International Sport Centre-Kasarani has delayed in completion due to lack of funds. This project was to be funded by the internally generated funds, however with closure of our facilities for the last two years has affected its completion period. The Contractor is already on site and the project is at 99% completion level. The contractor is set to handover the project to the board anytime from now. The contract variation was within the accepted legal margin of below 25% of the contract sum.</p>	Gabriel Komora - DDTS	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>despite expiry of the contract period and the contractor was no longer on site. As at 30 June 2019 the contractor had received payments totalling to Kshs. 37,310,673 or 120% of the total contract sum. The delayed completion of the construction works implies that the expected benefits from the project have not been realized and additional resources over and above the awarded contract sum may be required to complete the project.</p> <p>Sports Kenya risks further costs escalation and contract non-performance due to expired performance bond.</p>				
6.2	<p><b>6.2 Construction Works - Nyayo National Stadium</b></p> <p>Sports Kenya on 18 August 2017 signed two (2) contracts with M/s Lexis International Ltd in respect to civil works and builder's works in preparation for the CHAN football tournament that was to be held in Kenya in January 2018. The Tenders No.SK/004B/2017-2018 for civil works of Kshs.206,690,139 and Tender No.SK/004A/2017-2018 for builder's works of Kshs.325,829,431 among other nine (9) minor tenders of Kshs.623,851,572 were awarded through a competitive process and works were expected to be completed within a period of 14 weeks. The project carried a total contract sum of Kshs.1,156,371,142.</p> <p>The works were to commence on 24 August 2017 with an expected completion date of 24 January 2018. As at the time of the audit in January 2020 the contractor's equipment were still on site despite the expiry of the project performance period by over 22 months and the project had stalled. As at 30 June 2019 an amount of Kshs. 276,455,214 or 24%</p>	<p><b>Management Response</b></p> <p>The contract period has been extended to cover the delayed completion which was occasioned by lack of funds. The status of completion of the projects is currently at 98%. The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTS	Resolved	

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	<p>of the total contract sum had been paid.</p> <p>No proper explanation was given as to why the building and civil works at the Nyayo National Stadium had not been completed and the delays are likely to lead to cost escalation.</p>				
<b>6.3</b>	<p><b>6.3 Moi stadium – Kisumu County</b></p> <p>The project was a Partnership between Sports Kenya and County Government of Kisumu. The project was due to be completed in the Financial Year 2015/2016. However, the project has not been completed to date. Sports Kenya was to install the floodlights and the County Government of Kisumu was to connect power. The total sum paid to contractor to date is Kshs 15,000,000. As at the time of field inspection in September 2019, the bulbs had not been installed and the project had stalled.</p> <p>Consequently, the delays in completion of the contractual works within the stipulated period was likely to lead to escalation of the total cost of the project.</p>	<p><b>Management Response</b></p> <p>The project was a Partnership between Sports Kenya and County Government of Kisumu, Sports Kenya honored its part of the bargain in the project, however, the County Government of Kisumu reneged on their part of the bargain. This has led to the contractor to seek legal redress in the court of law</p>	Gabriel Komora - DDTs	Not Resolved	
<b>7.0</b> <b>7.1</b>	<p><b>7.0. Construction of Eight (8) County Stadia</b></p> <p>As previously reported, Sports Kenya awarded tenders for the construction of eight county stadia at a combined cost of Kshs.2,450,611,652. However, tender documents relating to the procurement of contractors for the eight (8) County Stadia Projects which include original tender documents, tender opening minutes, evaluation committee reports and procurement professional opinions were not provided for audit</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTs	Not Resolved	FY2020/21

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	<p>verification. The documents were reported to have been taken away by the Ethics and Anti-Corruption Commission (EACC) officers to assist them in their investigations of alleged irregularities in the award of the tenders. A review of the matter during the 2017/2018 audit in April 2019 revealed that the documents were still not available for audit review.</p> <p>Under the circumstances, it has not been possible to confirm the efficiency, competition, fairness with which the contracts were entered into and the propriety or whether value for money spent was obtained from the amount already paid totaling Kshs.830,770,246 as at 30 June 2019. A Review of implementation status during 2018/2019 audit revealed that there was delay in completion of various stadia while some contractors had abandoned sites as follows:</p> <p><b>7.1 Kamariny Stadium in Elgeyo Marakwet County</b></p> <p>Sports Kenya awarded contract No. SK/RT/003/2016-2017 for the construction of Kamariny Stadium to M/s Funan construction Company Limited at a contract sum of Kshs. 287,837,775. The works commenced on 5 January 2017 and was expected to have been completed by 31 May 2018. The scope of works involved construction of Kerio Valley View Point, VIP Pavilion, changing rooms, reference rooms, medical rooms, anti-doping room, office for stadium management, pitch works, and track lanes.</p> <p>An audit inspection at the stadium on</p>				

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	<p>9 March 2019 revealed that there was no noticeable pitch and track works and the site had been abandoned. It was noted that as at 30 June 2019 the contractor had been paid a total of Kshs.160,729,949 or 56% of the total contract cost while the contract performance period had expired.</p> <p>No proper explanation was given as to why the contractor had abandoned the site before completing the works.</p>				
7.2	<p><b>7.2 Ruringu Stadium- Nyeri County</b></p> <p>An audit inspection of the Stadium on 14 March 2019 revealed that the contractor was not on site and no works seemed to have been undertaken despite payments totaling Kshs. 71,191,675.35. It was also noted that the initial contract period expired on 5 September 2017 and no evidence of extension of time was availed for audit verification. As at the time of audit inspection in September 2019, the field track had already grown weeds. There were no materials or machinery on site and the project had stalled.</p> <p>In the circumstances, the propriety of the payment of Kshs. 71,191,675.35 or 25% of the contract sum could not be ascertained.</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTS	Not Resolved	FY2020/21
7.3	<p><b>7.3 Kinoru Stadium- Meru County</b></p> <p>Contract No. D113/EN/1602 for the construction of Kinoru Stadium was awarded to M/s Toddy Construction Company Limited at contract sum of Kshs.442,137,530. The works commenced on 5 January 2017 and were expected to be completed on 24 August 2017. The scope involved pitch works, sub base for tartan track,</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTS	Not Resolved	FY2020/21

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	<p>VIP pavilion, water system, ablution blocks, terraces, parking and perimeter wall.</p> <p>An audit inspection of the Stadium in September 2019 revealed that substantial work had been done with an overall progress of 90% realized. However, the contractor had issued a notice to stop works due to non-payments of certified works totaling Kshs.244,842,180 for certificate No.3 and 4 of Kshs.139,590,571.60 and Kshs.105,251,608.80 respectively.</p> <p>The failure to settle certified works is likely to lead to delay in completion and escalation of the total cost of the project.</p>				
7.4	<p><b>7.4 Kirubia Stadium - Tharaka Nthi County</b></p> <p>Contract No.SK/RT/009/2016-2017 for the construction of Kirubia Stadium was awarded to M/s Toddy Construction Co Ltd at a cost of Kshs. 274,300,000. The works commenced on 5 January, 2017 and were expected to be completed on 5 September 2017(31 May 2018 rev.). The scope involved pitch works, 6 lack track, VIP pavilion, water system and ablution blocks. An audit inspection of the Stadium in September 2019 revealed that substantial progress had been made with an overall progress of 85% realized. It is not clear why the remaining works had not been completed by the end of contract extension in May 2018.</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTS	Not Resolved	FY2020/21
7.5	<p><b>7.5 Wote Stadium - Makueni County</b></p> <p>Sports Kenya awarded contract no.</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts</p>	Gabriel Komora - DDTS	Not Resolved	FY2020/21

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	<p>SK/RT/006/2016-2017 for the construction of Wote Stadium to Taphes and Nitram at a cost of Kshs 299,309,554. The works commenced on 5 January 2017 and was expected to have been completed on 31 May 2018. The scope of works involved pitch works, 8 lane track, VIP Pavilion, Water System which included borehole drilling, 2 tank installation and electrical installation and construction of ablution blocks and perimeter wall.</p> <p>An audit inspection at Wote Stadium in September 2019 revealed that there was no noticeable pitch and track works, the underground excavation was partially done and the perimeter wall had not been constructed. The construction site was looking so disorganized with building materials including sand, ballast and stones scattered all over and the contractor had abandoned the site. It was noted that as at 30 June 2019 the contractor had been paid a total of Kshs 104,655,419 or 35% of the total contract cost and the contract performance period had expired.</p> <p>No explanation was given as to why the contractor had abandoned the site before completing the works casting doubt on the value for money of the already incurred.</p>	<p>and Social Development Fund (SASDF) to complete this project.</p>			
7.6	<p><b>7.6 Karatu Ndarugu Stadium – Gatundu</b></p> <p>Contract No.SK/RT/005/2016-2017 for the construction of Karatu Ndarugu Stadium in Kiambu County was awarded to M/s Smith and Gold Productions Ltd at a contract sum of Kshs. 259,604,780. The works</p>	<p><b>Management Response</b></p> <p>The Board has requested for funding from the Sports, Arts and Social Development Fund (SASDF) to complete this project.</p>	Gabriel Komora - DDTS	Not Resolved	FY2020/21

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	<p>commenced on 3 February 2017 and was expected to have been completed on 31 May 2018. The scope of works involved pitch works, 6 lane track, VIP pavilion, parking, construction of ablution blocks and a perimeter wall.</p> <p>An audit inspection at Karatu Ndarugu Stadium on 9 May 2019 revealed that the contractor had abandoned the site due to failure by Sports Kenya to pay for certificates of completed works. The works already done included excavation of the pitch, the installation of drainage pipes and backfilling of the main football pitch. The VIP pavilion was still at foundation level and works on the six-lane athletic track, ablution blocks and parking were yet to start. The perimeter wall had been constructed even though the gate had not been done. As at 30 June 2018 the contractor had been paid a total of Kshs. 69,580,372 or 27% of the total contract sum while the contract performance period had expired. No progress was reported in the 2018/2019 audit.</p> <p>Consequently, the delays in completion of the contractual works within the stipulated period was likely to lead to escalation of the total cost of the project.</p>				
<p><b>8.0</b></p> <p><b>8.1</b></p>	<p><b>8.0 Consultancy Services for Construction of Three Stadiums</b></p> <p><b>8.1 Legal Consultancy for Public Private Partnership (PPP)</b></p> <p>Sports Kenya on 9 September 2015 entered into a contract with M/s S.S Malonza and Co. Advocates Ref: RFP/SK/001/20115-2016 under Request for Proposals for Public Private Partnership legal advisory</p>	<p><b>Management Response</b></p> <p>Sports Kenya engaged legal consultancy to assist in exploring the financing models that would work for the proposed construction of the three (3) National Stadia. This was because the construction would not</p>	<p>Gabriel Komora - DDTS</p>	<p>Not Resolved</p>	<p>FY2020/21</p>

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	<p>services for construction of three (3) stadiums at a contract sum of Kshs.47 million to be undertaken on the basis of Public Private Partnership (PPP). According to the contract document, the consultant was to perform the services commencing on 9 September 2015 and through to 30 June 2015.</p> <p>During the year under review, the consultant had been paid Kshs.54,520,000 an amount above the initial contract sum but it was noted that, no private partnership has so far been entered into and no stadium has been developed or initiated using Public Private Partnership. Approval of the excess contact sum of Kshs.7.5m was not availed for audit verification.</p> <p>In the circumstances, Sports Kenya and the Kenyan Public have so far not obtained value for money from the legal consultancy payments made so far totalling Kshs.54,520,000 as at 30 June 2019.</p>	<p>have been accommodated within the exchequer allocation but through Public Private Partnership. The financing models were provided by the consultant to the Board as per the terms of the contract. This is still work in progress and once approval for tendering of the EOI is given the Board will proceed to the next stage of identifying and engaging the investors.</p>			
8.2	<p><b>8.2. Consultancy Services for Feasibility Study and Development of Detailed Designs for Three (3) Stadia</b></p> <p>Sports Kenya on 8 January 2015 entered into a contract with a consortium of local and international firms to offer consultancy services for feasibility study and development of detailed designs for three (3) national/international stadiums in Nairobi, Mombasa and Eldoret Counties at a contract price of US\$1,071,105.43 or approximately Kshs.110,323,860. Further, the entire project including feasibility study was estimated at a cost of US\$320,000,000 which was used as a basis for payment to the other consultants in the consortium.</p> <p>A review of the position in the year</p>	<p><b>Management Response</b></p> <p>Sports Kenya contracted a consortium to conduct feasibility study and develop concept designs for three (3) national stadia at Nairobi, Mombasa and Eldoret. This was in line with the National Vision 2030 and government manifesto. Elaborate designs have been provided to the auditors before showing the designs that the consortium came up with. The government therefore received value for money based on terms of reference of the contract.</p>	Gabriel Komora - DOTS	Not Resolved	

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	<p>under review indicates that the feasibility studies were completed in 2016 while the project was stated to be at the detailed design stage. As at 30 June 2019, the consortium had received payments totaling to Kshs.537,297,227. However, there was no evidence of the feasibility study and designs being put into use four and a half (4½) years later.</p> <p>In addition, although the sites for the construction of three (3) stadiums had been identified in Nairobi, Mombasa and Eldoret Counties, according to the management, only one formal agreement in form of Memorandum of Understanding (MoU) had been signed to initiate the process of acquiring the Land.</p> <p>It is therefore not clear if and when the construction of the stadiums would be started and the feasibility study put into use.</p> <p>In view of the foregoing, Sports Kenya and the Kenyan public have not received value for money from the Kshs.537,297,227 expenditure on feasibility study as at 30 June 2019.</p>				
9.0	<p><b>9. Supply and Installation of Three Tracks at Kasarani Stadium and Kenyatta University Sports Field</b></p> <p>As previously reported the Local Organizing Committee (LOC) for the IAAF World Under 18 Championships on 1<sup>st</sup> March 2017 entered into a contract with M/S Mondo Iberica S.A through direct procurement for the supply and installation of three running tracks at Kasarani stadium and Kenyatta University sports field at a contract sum of Euros 3,018,739.89 (approximately Kshs.344,037,488.76). The works were to commence on 1 March 2017</p>	<p><b>Management Response</b></p> <p>We wish to state that:</p> <p><b>a)</b> The 50% advance payments of Kshs-. 169,200,370 were done as per the contract agreement and this was meant to facilitate the manufacture, shipping, delivery and</p>	Gabriel Komora - DDTS	Not Resolved	

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	<p>with a completion period of 18 weeks. Further examination of records availed for audit revealed the following:</p> <p>a) M/s Mondo Iberica SA was paid an advance payment of 50% of the contract sum which amounted to Euros 1,509,369.94 (approximately Kshs.169,200,370). This payment was not secured with a bank guarantee and exceeded the 20% allowable limit contrary to Section 147(1) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>b) Available records indicated M/s Mondo Iberica S.A had so far been paid a total of Euros 3,117,344.13 (approximately Kshs.355,275,143) which was Euros 98,604.24 (approximately Kshs.11,237,654.24) in excess of the contract sum. In addition, an audit inspection of the installation of the tartan track at Kenyatta University revealed that the works had not been completed by the 10<sup>th</sup> of July 2017 or by 54 weeks after signing the contract.</p> <p>c) Bills of Quantities and completion certificates were also not availed for audit verification to confirm that works were done to specifications. In addition, retention fee of 5% was not deducted from the contractor's payments in accordance with clause 26 of the contract to cover for defects liability period.</p> <p>d) Clause 27.1 of the contract requires</p>	<p>installation of the artificial turf for timely delivery of the contract. It was necessary and stipulated within the negotiated contract for 50% advance to be paid to enable timely delivery of the turf.</p> <p>b) The payment of Euros 98,604.24 (Approximately Kshs. 11,237,654.24) in excess of the contract sum was occasioned by fluctuations in the exchange rate between the Euros and the Kenya shillings. This resulted in change of values from the time of signing and actual payment. Further the installation of track at Kenyatta University was part of the legacy project for the event. This has however been adversely affected by bad weather which has occasioned the delay in its completion.</p>			

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	<p>the contractor to pay the Local Organizing Committee liquidated damages of Euros 136 (approximately Kshs.15,499.50) per week for delays in completing of the works. No evidence has been produced to show that a claim had been lodged against the contractor.</p> <p>A review of the matter in the year under review revealed that the works were still incomplete while the contractor had abandoned the site.</p>	<p>c) The copies of bills of quantities and completion certificates were not available as at time of audit. The documents have been traced and are available. I would like to state that the performance bond of 5% was given in view of the same.</p> <p>d) On requirement that the contractor should pay liquidated damages for delays in completing of the works, I wish to state that delays were occasioned by:</p> <ul style="list-style-type: none"> <li>- Adverse weather characterized by heavy rain</li> <li>- Prevailing political situation that made expatriates relocate to their home country for the period.</li> </ul>			

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		<p>Therefore, the delay was not at the contractor's default, the laying of the track has since progressed to about 80% completion level.</p> <p>The full completion is delayed as Kenyatta University is contemplating expanding the track from the earlier designed six (6) lanes to eight (8) lanes</p>			
<b>10.0</b> <b>10.1</b>	<p><b>10.0 Unresolved Prior Year's Matters</b></p> <p><b>10.1 Going Concern and Sustainability of Services</b></p> <p>As previously reported, the statement of financial position as at 30 June 2018 reflected current liabilities of Kshs. 469,934,024 which exceeded the current assets balance of Kshs. 386,477,483 by Kshs. 83,456,541. Sports Kenya was operating with a negative working capital. In consequence, its ability to sustain services is dependent on the continued financial support from the Government, its bankers and its creditors.</p>	<p><b>Management Response</b></p> <p>It is true that, as at 30<sup>th</sup> June 2018 the board was operating with a negative working capital. In the FY 2018/2019, the working capital is positive.</p>	Japhet Kaunyu - ADF	Resolved	
<b>10.2</b>	<p><b>10.2. Supply, Delivery and Installation of Synthetic Track Surface Mombasa County Stadium</b></p> <p>As previously reported, Sports Kenya entered into a contract on 9 April 2015 with a local construction company for the supply, delivery and installation of a synthetic track surface at the Mombasa County Stadium at a contract price of Kshs.48,852,056. However, the specific duration of the contract was not given. During the financial year 2015/2016, Kshs.69,752,994 was paid to the contractor while</p>	<p><b>Management Response</b></p> <p>During the procurement of the tartan track for Mombasa County Stadium in 2015, VAT and Duty had not been factored because it was expected that it would be waived as had been the case in the past where Tax on Sports equipment was exempted. When the</p>	Gabriel Komora - DDTS	Not Resolved	

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	<p>Kshs.10,666,934 was paid in the financial year 2016/2017 leading to a total amount paid to Kshs.80,419,928 resulting in an excess payment of Kshs.31,567,872.</p> <p>No justification has been made for the excess payment which was beyond the threshold of contract value variation of 25% allowed by Section 139(4)(c) of the Public Procurement and Asset Disposal Regulations, 2015. An audit inspection at the Stadium in September 2019 almost four (4) years after signing the contract revealed that, the tartan track had not been installed and was still stored in containers located in Shimanzi area. Only partial work has been done on the sub-base despite the overpayment of the contract sum.</p> <p>Although the management of Sports Kenya has continued to state that part of the works remaining was to be undertaken by the County Government of Mombasa, no status report on the progress made was availed for audit review. In addition, no Memorandum of Understanding (MoU) between the County Government of Mombasa and Sports Kenya specifying responsibilities and ownership of the project was presented for audit verification.</p> <p>In the circumstances, the validity and value for money for the total expenditure of Kshs.80,419,928 including an excess payment of Kshs.31,567,872 could not be ascertained.</p>	<p>request for VAT and DUTY waiver was declined, the Board authorized payment of Duty and VAT to enable clearance of the track and to forestall possible auction of the track. There were also additional costs incurred due to demurrage and container charges.</p> <p>The track is yet to be installed and is at the County Government warehouse. The County Government has achieved 90% completion of the sub-base preparation. Upon the full completion of the sub-base, the supplier is under obligation to complete installation of the track.</p> <p>In a recent meeting with the officials of the County Government with the audit team from the Office of the Auditor General and Sports Kenya in attendance, it was noted that a tender of the complete upgrading of the county stadia had been issued in the current financial year with the explanation that earth movers were expected inside the stadium, hence</p>			

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		<p>completion of the sub-base to enable laying of the track was going to be delayed further to avoid damage during the said works.</p> <p>There was no MOU between the County government and Sports Kenya though it was mutually agreed that the responsibility for the sub-base preparation would be the county and Sports Kenya would supply and ensure installation of the track. Attached is a status report from the county government of the implementation of the project.</p>			
	<p><b>10.3 Contract No. MOSCA/CHAN/002/2017- Gregori International SA</b></p> <p>As previously reported, the former Ministry of Sports, Culture and Arts (MOSCA) on 14 September 2017 signed a contract with M/s Gregori International SA for design, mobilization, grass removal, irrigation, levelling, soil preparation and fertilization and installation of bermuda/paspalum grass and installation of sporting equipment for five main pitches and ten training grounds that were earmarked for use during the CHAN 2018 Championships. Sport Kenya was to supervise and certify the works done for payment. The contract sum was Euros 8,117,869 (eight million one hundred and seventeen thousand, eight hundred and sixty-nine euros) which was equivalent to</p>	<p><b>Management Response</b></p> <p>This Contract was signed between the State Department for sports and the contractor. Its execution is managed by the above Department in the Ministry.</p>	John Ruga – M.E	Not Resolved	

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	<p>Kshs.971,457,265 at an exchange rate of Kshs.119.669 to 1 Euro. The contract was for the renovation of 5 (five) premium pitches namely Moi International Stadium, Kasarani, Nyayo National Stadium, Kinoru Stadium in Meru County, Kipchoge Keino Stadium in Uasin Gishu County and Kenyatta Stadium in Machakos County and ten others (10) Training grounds. The contract performance period was for 4 (four) months.</p> <p>The State Department of Sports Development made an advance payment on 2 November 2017 of Kshs.158,247,100 to Gregori International against a bank guarantee No: 03102-1255234TLS dated 12 October 2017 from Societe Generale SA – 29 Boulevard Haussmann 75009 Paris (France) of EURO 1,290,128 (one million two hundred and ninety thousand one hundred and twenty-eight Euros) with an expiry date of February 5 2018. Information available indicate another payment of Kshs.327,502,848 was made to the contractor by the State Department vide payment voucher No.1072 which was never produced for audit verification bringing the total payment to Kshs.485,749,948 or 50% of the total contract price. A review of the progress of works by Gregori International as at 12 April 2019 revealed the following:</p> <p>Out of the ten (10) training pitches which were to be renovated at a cost of Euros 3,301,042 or Kshs.395,032,395 only one (1) namely Utalii grounds had been renovated at a cost of 327,500 Euros or Kshs.39,191,597. No renovation</p>				

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	<p>works had commenced on the other nine (9) training pitches.</p> <p>According to work progress report from the contractor dated 1 February 2018 renovation works at Jomo Kenyatta – Machakos Stadium at a cost of Euros 59,688 or Kshs.66,977,303 had not started and the situation remained the same as at the time of audit inspection on 9 March 2019.</p> <p>An audit inspection carried out in Meru and Eldoret on 12 March 2019 revealed that Gregori International carried out minimal works at Kinoru Stadium-Meru and never did any works at Kipchoge Keino Stadium or any of the 4 (four) training grounds in the two towns (Meru and Eldoret).</p> <p>In view of the foregoing, value for money has not been obtained for the Kshs.485,749,948 paid to M/s Gregori International SA. Further with the slow pace of contract works and the expiry of the bank guarantee on 5 February 2018, the advance payment of Kshs.158,247,100 remains unsecured and likely to be lost.</p>				
10.4	<p><b>10.4 Contract No. MOSCA/CHAN/001/2017 - M/s Auditel Kenya Ltd Supply, Delivery and Installation of Security, Access Control, Communications.</b></p> <p>The State Department of Sports Development (SDSD) on 14 September 2017 awarded a contract to M/s Auditel Kenya Ltd trading as Auditel Ingenieria Services in Spain at contract sum of USD 15,892,980.63 (Kshs.1,609,037,145). The contract was for the design, supply, testing, commissioning and supervision of security, access</p>	<p><b>Management Response</b></p> <p>This Contract was signed between the State Department for sports and the contractor. Its execution is managed by the above Department in the Ministry.</p>	John Ruga – M.E	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>control, communications, audiovisual and pitch lighting systems. Sport Kenya was to supervise and certify work done for payment.</p> <p>The works were to be completed within a period of four (4) months and involved remodeling of 5 No. Stadiums which included Jomo Kenyatta Stadium in Machakos, Moi Kinoru Stadium in Meru, Kipchoge Keino Stadium in Eldoret, Nyayo Stadium in Nairobi, Kasarani Stadium in Nairobi and 10 No. training pitches that were earmarked for use during the CHAN 2018 Championships. The event was however relocated to Morocco due to slow progress of the works.</p> <p>A review of the State Department's payment records for the year ended 30 June 2018 disclosed that M/s Auditel Kenya Ltd was paid a 20% advance payment of USD 3,178,596.13 (Kshs. 330,537,997) vide P.V. No.0618 dated 30 January 2018. The advance payment was based on a security guarantee issued by Bank inter SA Bank in Madrid-Spain dated 30 October 2017. It was however noted that the security guarantee was valid up to 28 February 2018 and had therefore expired by the time of the audit carried out in April 2019. No evidence was presented to confirm re-validation of the guarantee.</p> <p>A review of the position as at 12 April 2019 revealed that M/s Auditel had only presented the designs for the contracted works to Sports Kenya but no activities related to the contract had begun on the ground on both the premium pitches and the training grounds.</p> <p>In view of the foregoing, value for</p>				

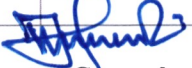
**Sports Kenya  
Annual Reports and Financial Statements  
For the year ended June 30, 2020**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>money has not been obtained and the delays to project completion may lead to unacceptable projects costs and with the slow pace of contract works and the expiry of the bank guarantee on 28 February 2018, the advance payment of Kshs.330,537,997 remains unsecured.</p>				
<p>11.0 11.1 11.2</p>	<p><b>Other Matter</b></p> <p><b>11.0 Budget and Budgetary control</b></p> <p><b>11.1 Revenue</b></p> <p>Sports Kenya had budgeted receipts totalling to Kshs.1,191,519,978 but actual receipts amounted to Kshs.798,293,924 resulting to a shortfall of Kshs.393,226,054 or 33%. Failure to generate revenue as projected implies that goals and objectives of Sports Kenya were not achieved as planned.</p> <p><b>11.2. Expenditure</b></p> <p>The Sports Kenya Board had budgeted to spend Kshs. 1,191,519,978 in the financial year 2018/2019 but the actual expenditure amounted to Kshs.795,432,384 resulting in under-expenditure of Kshs.396,087,594 or 33%. The under expenditure of Kshs.396,087,594 implies that the goals and objectives of Sports Kenya were not achieved as planned and Kenyan citizens may have been denied several sports programs during the year ending 30 June 2019.</p> <p>Recommendation Management should provide reasons for the material differences between the budget and actual revenue and expenditures in the financial statements. The Management should</p>	<p><b>Management Response:</b></p> <p>Sports Kenya budget is normally financed from Government Exchequer grants and internally generated income (Appropriation in Aid). When the FY2018/19 budget was being made, the board was optimistic that the facilities which had been closed for renovation would be reopened on time to boost internally generated income which didn't materialized. This really negatively affected income generating streams e.g. branding and naming rights from sponsorships and partnerships, Hotel income from full closure of hotel for renovations.</p> <p>It is anticipated that Appropriation in Aid will increase in FY 2019/20 since the board has put the following measures in place to mitigate the revenue shortfall;</p>	<p>Japhet Kaunyu - ADF</p>	<p>Resolved</p>	

**Sports Kenya  
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	also ensure it conforms to the budgetary process guidelines while carrying out its activities.	<ol style="list-style-type: none"> <li>1. Immediate re-opening of the closed facilities</li> <li>2. Maximization of lettable space especially in Nyayo Stadium</li> <li>3. Enhancement of corporate sponsorships and partnerships</li> <li>4. Content creation in events</li> <li>5. Upscaling of fund raising and customer retention efforts</li> <li>6. Marketing, promotion and PR activations</li> <li>7. Rebranding of new facilities</li> <li>8. Research: market share, product development</li> </ol> <p>We expect that in FY 2019/2020 there will be minimal variance between the Actual and the budget as a result of implementation of the above measures among others.</p>			

  
**Assistant Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
 ICPAK M/NO. 15721  
 Date.....21/05/2021

  
**Director General**  
 Mr. Pius Metto  
 Sports Kenya  
 Date .....24/5/21

  
**Chairman of the Board**  
 Mr. Fred Muteti  
 Sports Kenya  
 Date .....25/5/21

**Sports Kenya**  
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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

**Projects**

Projects implemented by the State Corporation/ SAGA Funded by development partners

**Status of Projects completion**

<b>Project Title</b>	<b>Total Project Cost</b>	<b>Total Expenditure Cumulative</b>	<b>Completion % to date</b>	<b>Budget FY 2019/20</b>	<b>Actual FY 2019/20</b>	<b>Source of Fund</b>
Rehabilitation of Nyayo National Stadia	1,156,371,142	833,222,340	81.40%	612,979,620	337,389,122	SASDF Grant
Rehabilitation of Kinoru Stadium	869,121,217	740,883,085	85.25%	559,398,860	428,398,899	SASDF Grant
Kipchoge Keino Phase 1	304,204,413	165,808,083	58.91%	15,111,500	15,111,500	G.O.K Grant
Kamariny Stadium	287,837,775	81,590,105	19.35%	38,313,290	38,313,290	G.O.K Grant
Ruringu Stadium	288,045,530	84,389,884	22.33%	37,799,576	37,799,576	G.O.K Grant
Wote Stadium	299,309,554	113,875,098	22.70%	32,571,885	32,271,885	G.O.K Grant
Marsabit Stadium	295,236,215	125,998,586	33.68%	17,580,690	8,373,162	G.O.K Grant
Karatu Ndaragu Stadium	259,604,780	102,180,206	24.58%	54,275,386	53,975,386	G.O.K Grant
Chuka Stadium	274,208,855	159,380,378	49.12%	54,347,675	53,947,675	G.O.K Grant
Kipchoge Keino Phase 11	325,829,431	95,421,592	29.29%	153,773,930	38,360,249	G.O.K / SASDF Grant
World Under 20 Project	332,544,952	110,969,730	33.37%	332,544,952	110,969,730	SASDF Grant
Indoor Court	38,452,376	37,325,112	100%	-	700,000	A.I.A
<b>TOTAL</b>	<b>4,730,766,240</b>	<b>2,651,044,198</b>		<b>1,908,697,364</b>	<b>1,155,610,474</b>	

**NB: Actual Expenditure of Kshs 1,155,610,474 includes expenditure for Consultancy Services Amounting to Kshs 96,503,745.34**

**Sports Kenya**  
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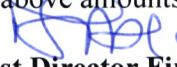
**APPENDIX III: INTER-ENTITY TRANSFERS**

ENTITY NAME:		SPORTS KENYA		
<b>Break down of Transfers from the State Department of Sports Development and Sports Arts &amp; Social Development Fund (SASDF)</b>				
<b>FY 2019/2020</b>				
<b>a.</b>	<b>Recurrent Grants</b>			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent Grants Q1	30.08.2019	40,395,000.00	<b>FY 2019/2020</b>
	Recurrent Grants Q2	07.11.2019	40,395,000.00	
	Recurrent Grants Q3	30.01.2020	40,395,000.00	
	Recurrent- Pension & Salaries Arrears	09.06.2020	127,400,000.00	
	Recurrent - Utility Bills(Water & Electricity Bills)	19.06.2020	14,209,312.00	
	Recurrent Grants Q4	30.06.2020	40,395,000.00	
	<b>Total</b>		<b>303,189,312.00</b>	
<b>b.</b>	<b>Development Grants</b>			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Grants for 7Regional Stadia Rehabilitation	16.01.2020	250,000,000.00	<b>FY 2019/2020</b>
	Grants for Nyayo Stadium Rehabilitation & Kshs 150M for World Under 20 Projects	27.03.2020	285,608,465.80	
	Grants for Nyayo Stadium Rehabilitation	30.04.2020	76,388,452.60	
	Grants for Nyayo Stadium Rehabilitation	19.05.2020	148,963,512.90	
	Grants for Kinoru Stadium Rehabilitation	12.06.2020	428,398,899.40	
	Grants for Kipchoge Keino II Stadium Rehabilitation	30.06.2020	53,773,930.00	
	<b>Total</b>		<b>1,243,133,260.70</b>	
<b>c.</b>	<b>Pending Bills Fund</b>			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Pending Bills Fund for A/C Payables	12.06.2020	5,884,518.00	<b>FY 2019/2020</b>

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		<b>Total</b>	<b>5,884,518.00</b>

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

  
**Assist Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
**ICPAK M/N0:15721**

**Head of Accounting Unit**  
 Ministry of Sports, Culture & Heritage  
 State Department of Sports

Date: 21/05/2021

Date: .....

**Sports Kenya**  
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**APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

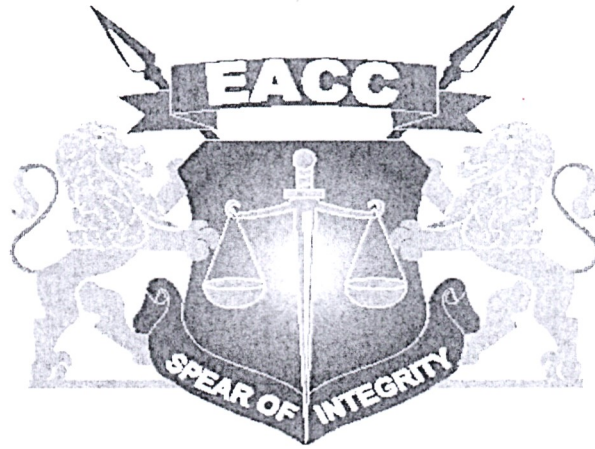
Name of the MDA/Don or Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific (Payables)	
Ministry of Sports Culture and Heritage	30.08.2019	Recurrent	40,395,000.00	40,395,000.00					40,395,000.00
Ministry of Sports Culture and Heritage	07.11.2019	Recurrent	40,395,000.00	40,395,000.00					40,395,000.00
Ministry of Sports Culture and Heritage	16.01.2020	Development	250,000,000.00		250,000,000.00				250,000,000.00
Ministry of Sports Culture and Heritage	30.01.2020	Recurrent	40,395,000.00	40,395,000.00					40,395,000.00
Sports, Arts and Social Development Fund	27.03.2020	Development	285,608,465.80		285,608,465.80				285,608,465.80

**Sports Kenya  
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Sports, Arts and Social Development Fund	30.04.2020	Development	76,388,452.60							76,388,452.60
Sports, Arts and Social Development Fund	19.05.2020	Development	148,963,512.90							148,963,512.90
Ministry of Sports Culture and Heritage	09.06.2020	Recurrent-Pension & Salaries Arrears	127,400,000.00	127,400,000.00						127,400,000.00
Sports, Arts and Social Development Fund	12.06.2020	Development	428,398,899.40							428,398,899.40
Sports, Arts and Social Development Fund	12.06.2020	Pending Bills Fund	5,884,518.00						5,884,518.00	5,884,518.00
Ministry of Sports Culture and Heritage	19.06.2020	Recurrent - Utility bills	14,209,312.00	14,209,312.00						14,209,312.00
Ministry of Sports Culture and	01.07.2020	Recurrent	40,395,000.00	40,395,000.00						40,395,000.00

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Heritage													
Sports, Arts and Social Development Fund	01.07.2020	Development	53,773,930.00			53,773,930.00						53,773,930.00	
Sports, Arts and Social Development Fund	09.07.2020	Pending Bills Funds	74,512,131.45								74,512,131.45		
<b>Total</b>			<b>1,626,719,222.15</b>	<b>303,189,312.00</b>	<b>1,243,133,260.70</b>	<b>-</b>	<b>-</b>	<b>80,396,649.45</b>	<b>1,626,719,222.15</b>				



THE ETHICS AND ANTI-CORRUPTION COMMISSION

THE FIRST QUARTERLY REPORT COVERING THE PERIOD FROM  
1<sup>ST</sup> JANUARY 2022 TO 31<sup>ST</sup> MARCH 2022

THE NATIONAL ASSEMBLY	
DATE: 07 JUN 2022	
Clerk	
TABLED BY:	Leon
CLERK AT THE TABLE:	Maonah Mow

## **PREAMBLE**

The Ethics and Anti-Corruption Commission (the Commission) is required under section 36 of the Anti-Corruption and Economic Crimes Act, 2003 (ACECA), to prepare quarterly reports setting out the number of reports made to the Director of Public Prosecutions (DPP) under Section 35 of the ACECA, 2003 as read with Section 11(1) (d) of the Ethics and Anti-Corruption Commission Act, 2011, (EACCA).

Section 36 of ACECA provides that:

1. The Commission shall prepare quarterly reports setting out the number of reports made to the DPP under section 35 and such other statistical information relating to those reports, as the Commission considers appropriate.
2. A quarterly report shall indicate if a recommendation of the Commission to prosecute a person for corruption or economic crime was accepted or not accepted.
3. The Commission shall give a copy of each quarterly report to the Attorney General.
4. The Attorney General shall lay a copy of each quarterly report before the National Assembly.
5. The Commission shall cause each quarterly report to be published in the Gazette.

This report is therefore made pursuant to section 36 of ACECA. The report covers the First Quarter and is for the period commencing 1<sup>st</sup> January 2022 to 31<sup>st</sup> March, 2022.

**INVESTIGATION REPORTS COVERING THE PERIOD 1<sup>ST</sup> JANUARY, 2022 TO 31<sup>ST</sup> MARCH, 2022**

**1. EACC/NKR/INQ/FI/33/2018**

**INQUIRY INTO ALLEGATIONS OF EMBEZZLEMENT AND MISAPPROPRIATION OF PUBLIC FUNDS IN THE STATE DEPARTMENT OF EARLY LEARNING AND BASIC EDUCATION BASED AT THE MINISTRY OF EDUCATION HEADQUARTERS.**

The Commission commenced investigations following a report alleging that an employee of the Ministry of Education in the State Department of Early Learning and Basic Education based at the Ministry Headquarters was fraudulently receiving funds that were meant for free secondary education into his personal bank account. The report also alleged that the said employee had inserted the name of a non-existent secondary school named Mundeku Secondary School in Khwisero Sub-County, Kakamega County into the final list of the Funds Distribution Schedule, and used his personal account to channel the funds.

Investigations established that Mundeku Secondary School was non-existent and that the suspected Ministry of Education employee was responsible for preparing the Funds Distribution Schedule, which included the number of students in each school, the bank account details and the amount that each school would receive based on the enrolment data. Investigations also established that the said employee inserted the non-existent Mundeku Secondary School into the funds distribution schedule, and linked his Equity Bank account number as the Mundeku Secondary School's bank account. He later received Kshs. 11,131,305.53 from the Ministry out of this arrangement. It was also revealed that the said employee misled his employer by submitting a Funds Distribution Schedule with misleading information about Mundeku Secondary School as a recipient, thereby causing financial loss to the Ministry of Education.

On 3<sup>rd</sup> March, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Ministry of Education employee with the following offences: One (1) Count of Abuse of Office contrary to Section 46; One (1) Count of Deceiving Principal contrary to Section 41(2); One (1) Count of Fraudulent Acquisition of Public Property contrary to Section 45(1); One (1) Count

of Dealing with Suspect Property contrary to Section 47(1) all as read together with Section 48 of the ACECA; and One (1) Count of Forgery contrary to Section 349 of the Penal Code.

Awaiting DPP's response.

## **2. EACC/FI/INQ/13/2021**

### **INQUIRY INTO ALLEGATIONS OF PROCUREMENT IRREGULARITIES IN A TENDER FOR CONSTRUCTION OF NON-MOTORIZED TRANSPORT FACILITIES AND PARKING BAYS ALONG KITUI ROAD-GRAGON-SYOKIMAU AVENUE IN MACHAKOS AMOUNTING TO KSHS. 45,407,649/= BY THE COUNTY GOVERNMENT OF MACHAKOS.**

Investigations by the Commission commenced following complaint alleging that the County Government of Machakos had engaged in procurement irregularities in a tender for the construction of non-motorized transport facilities and parking bays along Kitui Road-Gragon-Syokimau Avenue in Machakos, amounting to Kshs. 45,407,649/=. The complainant also alleged that the said tender No/GMC/KUSP/023/2018-2019 was awarded to Wisdom Holdings Ltd, a company associated to an employee of Machakos County Government.

Investigations established that the said project was implemented by Machakos County Government through the Department of Housing and Urban Development. The project was funded by a World Bank Loan of USD 300 Million, through Kenya Urban Support Programme (KUSP) that sought to improve infrastructure in municipalities and cities in 45 Counties.

Investigations further established that when Machakos County Government was implementing the project for the construction of non-motorized transport facilities and parking bays along Kitui Road-Gragon-Syokimau Avenue in Machakos, a project under the KUSP, the contract for the said tender was awarded to Wisdom Holdings Ltd, a company in which the County Executive Committee Member for Public Works held indirect interest in and was the signatory. It was also revealed that the Resident Engineer was not appointed through a competitive process, and that he, together with the Assistant Resident Engineer, failed to ensure that the work done by the contractor met the technical standards that were stipulated in

the contract. The Resident and Assistant Resident Engineers also certified and confirmed excess payments of Kshs. 29,618,836.48 to be paid to this contractor. Investigations further revealed that the said contractor had submitted false documents to the County when bidding for the said tender.

On 21<sup>st</sup> March, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the County Executive Member for Public Works, the project Engineers and the Contractors with the following offences: One (1) Count of Conflict of Interest contrary to Section 46; One (1) Count of Deceiving Principal contrary to Section 42(3); One (1) Count of Unlawful Acquisition of Public Property contrary to Section 45(1); Two (2) Counts of Willful Failure to Comply with Procurement Laws contrary to Section 45(2)(b); and Deceiving Principal contrary to Section 41 (1) all as read together with Section 48 of ACECA; and One (1) Count of Fraudulent Practice contrary to Section 66(1) and (2) of the Public Procurement and Asset Disposal Act.

Awaiting DPP's response.

### **3. EACC/NYR/FI/INQ/07/2020**

#### **ALLEGATIONS OF CONFLICT OF INTEREST AND IRREGULAR AWARD OF TENDER FOR THE PROPOSED WATER WORKS FOR RIAGICHERU WATER PROJECT TO EVA TRADING AGENCIES LTD BY THE COUNTY GOVERNMENT OF KIRINYAGA.**

The Commission commenced investigations following a report alleging that there were probable irregularities in the award of the contract for the proposed water works for Riagicheru Water Project to Eva Trading Agencies Ltd by the County Government of Kirinyaga. The allegations were that the said company was associated to the brother of the County's Chief Officer Finance.

Investigations established that Kirinyaga County Government adhered to the budgetary, planning and procurement procedures and laws in the Riagicheru Water Project. The tender was reserved for AGPO group. Investigations however revealed that the company which was awarded the contract (Eva Trading Agencies) is related to the Chief Officer Finance, and that directors of the said company were his brother's wife and children. Investigations therefore revealed

that there was conflict of interest by the Chief Officer Finance because he approved the Professional Opinion, awarded the tender, signed the contract and approved payment to the said company owned by his brother's wife. The Chief Officer did not declare interest in the said contract.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Chief Officer Finance for conflict of interest in the following offences: One (1) Count of Knowingly Holding a Private Interest in A Contract Connected to a Public Body contrary to Section 42(3); One (1) Count of Fraudulent Acquisition of Public Property contrary to Section 45(1) all as read together with Section 48 of the ACECA; and One (1) Count of Fraudulent Practice in Procurement Process contrary to Section 66(1) of Public Procurement and Asset Disposal Act 2015.

On 12<sup>th</sup> April, 2022 the DPP returned the inquiry file recommending further investigations.

#### **4. EACC/NYR/FI/INQ/06/2020**

#### **ALLEGATIONS OF CONFLICT OF INTEREST AND IRREGULAR AWARD OF TENDER FOR THE PROPOSED WATER WORKS FOR MWEA MAKIMA WATER PROJECT TO EVA TRADING AGENCIES LTD BY THE COUNTY GOVERNMENT OF KIRINYAGA**

The Commission commenced investigations following a report alleging that there were probable irregularities in the award of the contract for the proposed water works for Mwea Makima Water Project to Eva Trading Agencies Ltd by the County Government of Kirinyaga. The allegations were that the said company was associated to the brother of the County's Chief Officer Finance.

Investigations established that Kirinyaga County Government adhered to the budgetary, planning and procurement procedures and laws in the Mwea Makima Water Project. The tender was reserved for AGPO group. Investigations however revealed that the company which was awarded the contract (Eva Trading Agencies) is related to the Chief Officer Finance, and that directors of the said company were his brother's wife and children. Investigations consequently revealed that there was conflict of interest by the Chief Officer Finance, because

he approved the Professional Opinion, awarded the tender, signed the contract and approved payment to the said company owned by his brother's wife. The Chief Officer did not declare interest in the said contract. Investigations also established that Eva trading Agencies Ltd presented false AGPO Certificate in support of their bid.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Chief Officer Finance and the directors of Eva Trading Agencies Ltd with the following offences: One (1) Count of Knowingly Holding a Private Interest in A Contract Connected to a Public Body contrary to Section 42(3) of ACECA; One (1) Count of Fraudulent Acquisition of Public Property contrary to Section 45(1) of ACECA as read together with Section 48 of ACECA; and One (1) Count of Fraudulent Practice in Procurement Process contrary to Section 66(1) of Public Procurement and Asset Disposal Act 2015.

Awaiting DPP's response.

#### **5. EACC/NYR/FI/INQ/05/2020**

#### **ALLEGATIONS OF CONFLICT OF INTEREST AND IRREGULAR AWARD OF TENDER FOR THE PROPOSED WATER WORKS FOR SOUTH NGARIAMA WATER PROJECT TO EVA TRADING AGENCIES LTD BY THE COUNTY GOVERNMENT OF KIRINYAGA**

The Commission commenced investigations following a report alleging that there were probable irregularities in the award of the contract for the proposed water works for South Ngariama Water Project to Eva Trading Agencies Ltd by the County Government of Kirinyaga. The allegations were that said company was associated to the brother of the County's Chief Officer Finance.

Investigations established that Kirinyaga County Government adhered to the budgetary, planning and procurement procedures and laws in the South Ngariama Water Project. The tender was reserved for AGPO group. Investigations however revealed that the company which was awarded the contract (Eva Trading Agencies) is related to the Chief Officer Finance, and that directors of the said company were his brother's wife and children. Investigations consequently revealed that there was conflict of interest by the Chief Officer Finance, because

he approved the Professional Opinion, awarded the tender, signed the contract and approved payment of Kshs. 11,943,820/= to the said company. The Chief Officer did not declare interest in the said contract. Investigations also established that Eva trading Agencies Ltd presented false AGPO Certificate in support of their bid.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Chief Officer Finance and the directors of Eva Trading Agencies Ltd with the following offences: One (1) Count of Knowingly Holding a Private Interest in A Contract Connected to a Public Body contrary to Section 42(3) of ACECA; One (1) Count of Fraudulent Acquisition of Public Property contrary to Section 45(1) of ACECA all read together with Section 48 of ACECA; and One (1) Count of Fraudulent Practice in Procurement Process contrary to Section 66(1) of Public Procurement and Asset Disposal Act 2015.

Awaiting DPP's response.

#### **6. EACC/BGM/FI/INQ/10/2019**

#### **ALLEGATIONS OF IRREGULAR AWARD OF CONSTRUCTION WORKS OF KUYWA JUNCTION – LIKHUNA ROAD AT A COST OF KSHS. 8,967,400/= BY THE COUNTY GOVERNMENT OF BUNGOMA.**

The Commission commenced investigations following a report on allegations that the County Government of Bungoma awarded a tender for the construction of Kuywa Junction – Likhuna road to Wa and Wa Limited at an inflated cost of Kshs. 8,967,400.400, and that the said company that was awarded the tender had never bid for the said road construction tender.

Investigations established that there were procurement irregularities in the award of the tender for the construction of Kuywa Junction – Likhuna road, because the company that was awarded the tender (Wa & Wa Limited) did not bid for the said tender. Investigations also revealed that the directors of Wa & Wa Limited were not involved in the bidding, contract signing and implementation of the said contract. Instead, three (3) private parties had colluded to fraudulently use the company's name, documents and information, without authorization, to apply for

the said tender and benefit from the project. Investigations however revealed that the County Government of Bungoma is yet to pay the contract amount of Kshs. 7 Million to the contractor.

On 10<sup>th</sup> January 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Evaluation Committee members and the Head of Procurement at Bungoma County Government who were involved in the said procurement, as well as the individuals who signed the contract on behalf of Wa & Wa Limited with the following offences: One (1) Count of Committing a Fraudulent Act contrary to Section 66(i) of ACECA; One (1) Willful Failure to comply with Procurement Laws contrary to Section 45(2) of ACECA; and One (1) Count of Deceiving Principal contrary to Section 41 as read with Section 48 of ACECA.

On 18<sup>th</sup> March 2022 the DPP returned the inquiry file recommending further investigations.

#### **7. EACC/GSA/FI/INQ/26/2018**

#### **INQUIRY INTO ALLEGATIONS THAT THE COUNTY GOVERNMENT OF MANDERA PAID SOME COMPANIES KSHS. 107, 481, 060/= DURING THE FINANCIAL YEAR 2013/2014 FOR THE CONSTRUCTION OF THE GOVERNOR'S RESIDENCE, WHICH PROJECT WAS ABANDONED BEFORE COMPLETION.**

The Commission commenced investigations following a media report on allegations that the County Government of Mandera had paid some companies a sum of Kshs. 274,509,312/= for the construction of the Governor's residence and the County Headquarters, but the construction was abandoned before its completion.

Investigations established that the procurement process was followed and the tender was awarded to M/S Seo and Sons Limited. However, after the contractor commenced the project, Mandera County introduced revised construction plans which changed the design and varied the works. A delay in the approvals of variations occurred, thereby causing a delay in the completion of the works. The contractor raised invoices for the works done, and the County undertook inspection and acceptance. The contractor was paid Kshs. 110,987,045.69 by

Mandera County Government in 3 tranches. However due to the delays, Mandera County Government terminated the contract.

After termination of the contract, the a valuer from the Ministry of Transport, Infrastructure, Public Works, Housing and Development under State Department of Public Works valued the works done at Kshs. 110,037,609/-. From this valuation, it was established that the monies paid to the contractor were commensurate to the works done by and the monies paid to the contractor at the time contract termination.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations for closure of the inquiry file for lack of sufficient evidence to sustain criminal action.

On 30<sup>th</sup> March 2022, the DPP returned the inquiry file accepting the commission's recommendation for closure.

#### **8. EACC/KSM/FI/INQ/23/2015**

#### **AN INQUIRY INTO ALLEGATIONS OF ABUSE OF OFFICE AND EMBEZZLEMENT OF FUNDS BY THE COUNTY GOVERNMENT OF HOMA BAY IN RESPECT OF THE PROPOSED AGRI-CITY PROJECT IN THE AMOUNT OF KSHS. 200 MILLION.**

The Commission commenced investigations following report from a complainant alleging that the County Government of Homa Bay had irregularly paid Kshs. 200 Million to an investor in respect to a proposed Agri City Project, without conducting a feasibility study, as a ploy to embezzle funds from the stalled project. It was alleged that the investors disappeared after receiving the said funds.

Investigations established that around June 2013, the County Government of Homa Bay entered into a Memorandum of Understanding with Good Earth Power Limited) to develop 1,000 acres of land in Homa Bay into an Agri-City. In the MOU, the Investor would develop modern housing, clean power generation, clean water purification, sewerage treatment, waste management, modern communication and modern roads at its own cost; while the County Government

would avail 50% of the land required for a 30-year lease at no charge, ensure that all the necessary licenses and government approvals would be issued.

The project was launched, and the County Government availed 1000 acres of land that was donated by two communities for use in the project. However, the two communities later rejected the said project on their land, and therefore the said project did not take off. Investigations revealed that no money was paid out by the County Government of Homa Bay in the project.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations for closure of the inquiry file for insufficient evidence to support criminal proceedings. It was also recommended that an advisory be issued to the County Government of Homa Bay to adhere to the law set out in the Public Private Partnership Act, 2013 (PPPA) for similar future projects.

On 5<sup>th</sup> May 2022, the DPP returned the inquiry file recommending further investigations.

#### **9. EACC/MCKS/FI/INQ/8/2021**

##### **AN INQUIRY INTO ALLEGATIONS OF PROCUREMENT IRREGULARITIES BY THE MAKUENI COUNTY CHIEF OFFICER FOR HEALTH SERVICES IN THE AWARD OF A TENDER FOR THE SUPPLY AND DELIVERY OF 8 POWER SPRAYS AND 300 HAND SPRAYS**

The Commission commenced investigations following a report of procurement irregularities allegations by the Makueni County Chief officer for Health Services in the award of a tender for the supply and delivery of 8 power sprays and 300 hand sprays to help in combatting the spread of COVID 19 disease.

Investigations established that the procurement of power spray pumps and hand sprayers was captured in the budget and the procurement plan for financial year 2019/2020, and the procurement method of 'request for quotation' was sent out through e-procurement method. Investigations established that the process of procurement from requisition to the point of payment was done in accordance to public procurement laws. The allegations of irregular procurement by Makueni County Government were therefore unfounded.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations that the inquiry file be closed for insufficient evidence to prove the allegations of procurement irregularities against the Chief Officer Health Services at Makueni County Government.

On 13<sup>th</sup> April, 2022 the DPP returned the inquiry file recommending administrative action to be taken against the suspect.

#### **10. EACC/FI/INQ/87/2017**

#### **INQUIRY INTO ALLEGATIONS OF IRREGULAR PROCUREMENT OF PREFABRICATED STAFF HOUSES AT LAKE NAKURU NATIONAL PARK AT A COST OF KSHS 34,980,001/= BY SENIOR KENYA WILDLIFE SERVICE OFFICERS.**

The Commission commenced investigations following complaints that there was irregular procurement of pre-fabricated staff houses at Lake Nakuru National Park at a cost of Kshs 34,980,001/= by Senior Kenya Wildlife Service (KWS) Officers.

Investigations established that the procurement of the pre-fabricated staff houses was necessary because heavy rains had caused flooding in the KWS staff houses at Lake Nakuru National Park. Therefore, the procurement was not planned under the 2012/2013 procurement plan and budget. However due to the situation, the requisition for 10 pre-fabricated houses made by the user department was approved for direct procurement. The Tender Committee was requested to approve Wood Products Limited as the supplier of the pre-fabricated houses, and this was done. Wood Products Limited was awarded the contract, supplied the said houses and raised an LPO of Kshs. 34,980,000/= which was paid to them. Investigations revealed that the required documentation for direct procurement was obtained, save for the report to Public Procurement Oversight Authority (PPOA).

However, a valuation of the houses established that the amount quoted by Wood Products Limited was overpriced by the quantity surveyor, the Engineer and the Architect in the project, leading to KWS not getting value for money. Further, the direct procurement was also not reported to the PPOA. In spite of these issues,

financial investigations did not indicate irregular flow of funds between Wood Products Limited and KWS officers.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations that administrative action be taken against the quantity surveyor, the Engineer and the Architect in the project for failing to undertake due diligence, and issuing certificates without considering the value of the project, thereby causing KWS to incur wasteful expenditure. It was also recommended that an advisory be issued to KWS on following procurement laws and procedures.

Awaiting DPP's response.

#### **11. EACC/MCKS/FI/INQ/19/2018**

#### **INQUIRY INTO ALLEGATIONS OF ABUSE OF OFFICE BY THE AREA CHIEF OF KALAMBA LOCATION, NZAU DISTRICT, DURING THE REGISTRATION EXERCISE IN ORDER TO FACILITATE THE ISSUANCE OF A NATIONAL IDENTIFICATION CARD (ID) TO ANOTHER WITHIN MAKUENI COUNTY.**

The Commission commenced investigations following a report from a complainant alleging that the area Chief of Kalamba Location, Nzau District, Makueni County had received a bribe in order to facilitate registration of an applicant in a registration for a Kenyan National Identity Card (ID) at Kalamba Location.

Investigations established that a lady who was born in Kenya, but had schooled in Uganda in her Primary and Secondary school levels, had applied for a Kenyan ID, but that her application for the ID included a Kenyan school 'leaving certificate' was included. This meant that the 'leaving certificate' information was falsely provided. However, investigations were not able to determine who had produced and issued the said school 'leaving certificate'. The evidence obtained did not establish the bribe request or receipt by the said chief. However, it was established that the said lady was issued with a 'Waiting Card' for the ID.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP, with recommendations for closure of the inquiry file due to insufficient evidence to prove the bribery and abuse of office allegation against the said chief. However, the Commission referred the matter to the National Registration Bureau to

determine whether or not the said ID was issued in accordance with the laid down procedures, and depending in their inquiry, take appropriate action.

Awaiting DPP's response.

## **12. EACC/BGM/PI/INQ/01/2021**

### **INQUIRY INTO ALLEGATIONS OF MISAPPROPRIATION OF FUNDS AND ABUSE OF OFFICE BY THE PRINCIPAL OF LWANDANYI ACK SECONDARY SCHOOL DURING COVID 19 PERIOD IN 2020.**

The Commission commenced investigations following a report by the Chair of the Board of Management (BOM) of Lwandanyi ACK Secondary School, alleging that the former (retired) school Principal had mismanaged and misappropriated school funds during the Covid 19 pandemic. The report alleged that the former (retired) school Principal withdrew school funds without the proper approvals, and that he also failed to account for the said funds. It was also alleged that the said withdrawals were made with the collusion of 2 board members who were signatories to the said school accounts, and that the said former (retired) school Principal procured items for the school and didn't pay them, thereby causing an accumulated debt of Kshs. 3 Million owed to suppliers.

The investigations established that indeed Kshs. 385,000/= was withdrawn from two (2) different school bank accounts, and the money was deposited into the said former (retired) school Principal two bank accounts. However, it was established this withdrawal and deposit was as a response to the COVID 19 pandemic travel restrictions, since he could not carry the money in cash from one County to another to make purchases. The retired principal also explained that he made use of mobile banking during the pandemic by linking the school account his mobile phone so as to ensure that the school remained operational.

Despite the explanations investigations established that BOM members were irregularly paid sitting allowances and Per Diems amounting to Kshs. 81,000/=, which ought to be recovered. However, no procurement irregularities were revealed, and the money withdrawn was noted to have been accounted even though the school's cash books had not been updated.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations for closure of the inquiry file for lack of sufficient evidence to sustain criminal charges against the former principal. The Commission will however recover Kshs. 81,000/=, being irregularly acquired allowances by the BOM Members. An advisory to the Ministry of Education would also be issued in relation to procurement laws and procedures in schools.

Awaiting DPP's response.

### **13. EACC/PI/INQ/4/2021**

#### **AN INQUIRY INTO ALLEGATIONS OF FRAUDULENT ALLOCATION OF LAND BELONGING TO REA VIPINGO DEVELOPMENT COMPANY LIMITED BY A MINISTRY OF LAND OFFICER AND THREE PRIVATE INDIVIDUALS.**

The Commission commenced investigations following a report on allegations of unethical conduct and fraud against Ministry of Land Officers, relating to double registration of two (2) land parcels in Kilifi to Four (4) private individuals, and to Rea Vipingo Development Company Limited (RVDCL).

Investigations established that the land belonged to Vipingo Development PLC, and that the Certificate of Title was to Vipingo Development PLC had been duly issued to them. Therefore the said land was not available for allocation to other persons. Investigations also revealed that the Land Administration Officer at Ardhi House colluded with the four (4) private citizens to un-procedurally issue the second Certificate of Title to the said four (4) citizens, and in so doing did a double allocation.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations that the Land Administration Officer and the private citizens be charged with the offences of: Abuse of Office contrary to Section 46 as read together with Section 48 of ACECA; Fraud by Person Employed in the Public Service contrary to Section 127 of the Penal Code; and Conspiracy to Defraud contrary to Section 317 of the Penal Code.

On 16<sup>th</sup> March 2022 the DPP returned the inquiry file recommending further investigations.

#### **14. EACC/EL/INQ/34/2019**

#### **INQUIRY INTO THE ALLEGATIONS THAT SOTIK NATIONAL GOVERNMENT CONSTITUENCY FUND COMMITTEE MEMBERS AND STAFF MISAPPROPRIATED BURSARY FUNDS.**

The Commission commenced investigations following a report alleging that the Chairman and Committee Members of the Sotik National Government Constituency Development Fund Committee (NGCDFC) had misappropriated funds meant for bursary by awarding bursaries to themselves, their relatives and their friends.

Investigations established that the chair of the Sotik National Government Constituency Development Fund Committee (NGCDFC) had, through a resolution, allocated himself, together with other Committee Members and staff of the said Sotik Constituency Office, with bursaries to further their education, as part of their career development. Investigations established that the resolution and the receiving of the said bursary funds to the NGCDFC members and staff was contrary to the objectives of the National Government Constituency Development Fund (NGCDF) in allocating CDF resources. Investigations also revealed that after the said chair of the NGCDFC passed the resolution, he received Kshs. 50,000/= from the said bursary funds.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the chair of the Sotik National Government Constituency Development Fund Committee (NGCDFC) with One (1) Count of Conflict of Interest contrary to Section 42 as read with Section 48 of the Anti-Corruption and Economic Crimes Act (ACECA). The Commission would also institute recovery proceedings against all the Sotik NGCDF Committee Members and staff to recover the amounts they received in bursaries from the said CDF office.

Awaiting DPP's response.

**15. EACC/ISL/EL/INQ/4/2015**

**AN INQUIRY INTO ALLEGATIONS OF ABUSE OF OFFICE AGAINST THE DEPUTY COMMISSIONER ISIOLO SUB COUNTY IN THE EMPLOYMENT OF THE CHIEF, ISIOLO LOCATION.**

The Commission commenced investigations following a report from a complainant alleging that the person employed as Chief of Central Location in Isiolo County did not meet the requirement of appointment in such a position, and that the said appointment was politically influenced by the Senator, Isiolo County.

Investigations established that the person who was shortlisted, interviewed and later employed as the chief for Isiolo Central Location had not met the minimum academic requirements for appointment to the said 'chief' position, as per the vacancy advertisement. Investigations however revealed that none of the other applicants and shortlisted candidates had met the required academic requirements either. However, the panelists decided to proceed with shortlisting and interviews, which led to the chief's employment. Investigations also revealed that the panelists interviewed and recommended the said chief for appointment.

On 21st February, 2022 a report was compiled and forwarded to the DPP with recommendation for closure of the inquiry file for lack of sufficient evidence to support criminal action. The Commission would monitor the practices and procedures of recruitment of Chiefs in an aim to secure revision of practices that are prone to corruption. The Commission would also sensitize Deputy County Commissioners on the applicable government guidelines and policies for recruitment of Chiefs.

On 27<sup>th</sup> April 2022, the DPP returned the inquiry file recommending further investigations.

**16. EACC/NKR/OPS/INQ/1/2021**

**INQUIRY INTO ALLEGATION OF RECEIVING A BENEFIT BY AN OFFICER COMMANDING STATION, MOLO POLICE STATION WITHIN NAKURU COUNTY.**

The Commission commenced investigations following a complaint from a bar owner in Turi Centre in Molo Sub-County, alleging that a Chief Inspector of Police and Officer Commanding Station (OCS) solicited Kshs. 15,000/= from her so that the OCS could allow her to continue operating her bar in breach of the COVID protocols and guidelines.

Investigations established that the said Chief Inspector and OCS solicited a total of Kshs. 25,000/=, on two different occasions, from the bar owner. In soliciting, the said OCS offered to allow her to re-open the bar, and to operate it in breach of the COVID protocols. The said OCS received a bribe of Kshs. 10,000/= from the complainant, and the money was recovered. However, on an order by the said OCS, police officers at the police station took away the recovered money and concealed it from the EACC officers. They also detained the EACC officers at the Police Station.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the OCS and the abetting Police Officers with one (1) Count of Concealing Evidence contrary to Section 66(1)(c) of the Anti-Corruption and Economic Crimes Act (ACECA) as read with Section 48 of ACECA; three (3) Counts of Receiving a Bribe contrary to Section 6 (1) (1) as read with Section 16 (1) and (2) of the Bribery Act; one (1) Count of obstruction of Commission investigators contrary to Section 46(1)(a) of the Leadership and Integrity Act (LIA); and one (1) Count of Escape from Lawful Custody contrary to Section 123 of the Penal Code.

Awaiting DPP's response.

#### **17. EACC/OPS/INQ/171/2019**

#### **AN INVESTIGATION INTO ALLEGATIONS OF RECEIVING A BRIBE AND ABUSE OF OFFICE BY A PROSECUTION COUNSEL FROM THE OFFICE OF THE DIRECTOR OF PUBLIC PROSECUTIONS (ODPP) STATIONED AT KILUNGU LAW COURTS AT MAKUENI COUNTY.**

The Commission commenced investigations following a complaint that a prosecutor working with the Office of the Director of Public Prosecutions (ODPP) at Kilungu law courts demanded a bribe of Kshs. 30,000/= from the said complainant,

in return for facilitating a favourable ruling and a withdrawal of the criminal case against that complainant.

Investigations established that the said prosecutor was stationed at the Kilungu Law Courts, and that she was the prosecuting counsel in a case against the person who made this report to EACC. It was also established that the said prosecutor operated two phone numbers, the first being under her name and the second being in the name of her co-conspirator. Using these phones, the said prosecutor solicited for and received a bribe of Kshs. 30,000/ from the complainant. Financial investigations also established that the prosecutor also used these two phones to solicit and receive financial benefits from other accused persons in other cases as well.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the prosecutor and the co-conspirator with one (1) Count of Conspiracy to Commit an Offence of Corruption contrary to Section 47(a)(3) as read with Section 48 of the Anti-Corruption and Economic Crimes Act (ACECA); and five (5) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

On 6<sup>th</sup> May 2022, the DPP returned the inquiry file recommending further investigations.

#### **18. EACC/OPS/INQ/90/2019**

#### **ALLEGATIONS OF DEMANDING A BRIBE OF KSHS. 260,000 BY A PRIVATE SURVEYOR, FOR PURPOSES OF FAST TRACKING THE PROCESSING OF ISSUANCE OF TITLE DEEDS FOR VARIOUS PARCELS OF LAND.**

The Commission commenced investigations following a report from a complainant alleging that a private surveyor was demanding a bribe of Kshs. 260,000/= from him, on behalf of officials from the Nairobi Lands registry at Ardhi House, in order to bribe the said land officials to fast track the process of subdivision of her land parcel.

Investigations established that the private surveyor, who was an employee at Jomo Kenyatta University of Agriculture and Technology (JKUAT), was not a registered surveyor with the Land Surveyor's Board. The private surveyor solicited for Kshs. 260,000/= from the complainant, for the purpose of bribing a Land Administrator working at the Nairobi Lands Registry. The purpose for the bribe solicited was to fast-track the process of subdivision of the complainant's private land located in Narok, and to also fast track the release of title deeds. The private surveyor received a bribe of Kshs. 100,000/= from the complainant, and the money was recovered from him when he was arrested. There was however insufficient evidence to show that the land administrator at Ardhi House had solicited to receive the bribe amount.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the surveyor with two (2) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

On 5<sup>th</sup> April 2022, the DPP returned the inquiry file recommending further investigations

#### **19. EACC/KSM/OPS/INQ/17/2019**

#### **ALLEGATIONS OF BRIBERY AGAINST KONDELE POLICE OFFICERS FOR DEMANDING AND RECEIVING BRIBES FROM MOTORISTS.**

The Commission commenced investigations following a report from a complainant who alleged there were police officers who were collecting bribes along the Kisumu-Kakamega road at the Mambo Leo Fly Over and near Kondele Police Station, from road users such as matatus, tuktuks, pickups and lorries. The complainant reported that his business had lost cumulatively Kshs. 20,000/= in August 2019 through these bribes.

Investigations from surveillance established that vehicle conductors/drivers were indeed giving bribes to the police officers and that after they did so, the vehicles passed without any inspection. However, on the day of arrest, only three (3) of the police officers that were captured in surveillance photos could be identified by

the investigators. The rest could not be identified by the arresting officers. Secondly, out of the bribes that were seen to be collected by the police officers, only Kshs. 300/= was recovered from the pocket of one of the officers.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with a recommendation that the National Police Service takes administrative action against the Police Officers who were captured in the surveillance footage.

Awaiting DPP's response.

#### **20. EACC/BGM/OPS/INQ.5/2020**

#### **ALLEGATIONS OF BRIBERY AGAINST AN ASSISTANT CHIEF OF SITIKHO SUB LOCATION, WEBUYE WEST SUB-COUNTY, BUNGOMA COUNTY.**

The Commission commenced investigations following a report from a complainant alleging that the Assistant Chief of Sitikho Sub-Location had requested for a financial advantage of Kshs. 10,000/= in order to sign land succession documents.

Investigations established that the Assistant Chief demanded for a bribe of Kshs. 8,000/= from the said complainant before he could sign a sale agreement for him. They also established that this Assistant Chief received Kshs. 6,000/= from the said complainant, after which he signed the said document.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Assistant Chief with two (2) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

Awaiting DPP's response.

#### **21. EACC/MCKS/OPS/INQ/52/2019**

#### **INQUIRY INTO ALLEGATIONS OF BRIBERY AGAINST AN OFFICER AT THE PROSECUTION OFFICE AT MAKINDU LAW COURTS.**

The Commission commenced investigations following a report from a complainant alleging that a Prosecution Officer based at Makindu Law Courts office had

requested for a financial benefit of Kshs. 50,000/= as an inducement to facilitate the withdrawal of an assault case where the complainant was an accused.

Investigations established that the prosecution officer demanded for and received a bribe of Kshs. 30,000/= from the said complainant for him to withdraw the case against him. The bribe received was however not recovered since the suspect concealed it.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the Prosecution Counsel with one (1) count of Concealing Evidence contrary to Section 66(1) as read with Section 66 (2) of ACECA; and two (2) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

Awaiting DPP's response.

## **22. EACC/OPS/INQ/14/2021**

### **INQUIRY INTO ALLEGATIONS OF BRIBERY AGAINST ENGAGE ENGAGE BURSON COHN & WOLFE (ENGAGE BCW) STAFF CONTRACTED TO UNDERTAKE SOME WORK FOR BAT (K) LTD.**

The Commission commenced investigations following a report from British American Tobacco-Kenya (BAT-K) alleging that an employee of Engage Burson Cohn & Wolfe (Engage BCW), while acting for BAT-K, attempted to bribe a journalist working for Nation Media Group (NMG) to withhold information contained in a publication by the said journalist, regarding questions that had been raised on the regulatory status of a product that had been launched by BAT-K.

Investigations established that the evidence did not offer conclusive proof that the journalist had been offered a bribe, or that he had received a bribe. Furthermore, the journalist declined to record a statement to provide further evidence to substantiate the bribery allegations.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations for closure of the inquiry file for lack of sufficient evidence.

Awaiting DPP's response.

**23. EACC/OPS/INQ/57/2021**

**INQUIRY INTO ALLEGATIONS OF BRIBERY AGAINST A KENYA REVENUE AUTHORITY OFFICER.**

The Commission commenced investigations following a complaint from an Administrator at Infinity Benefits Limited alleging that an employee of Kenya Revenue Authority (KRA) had requested for a financial advantage of Kshs. 2,000,000/= which amount was meant to assist the complainant's employer, Infinity Benefits Limited, write-off tax arrears of Kshs. 25,213,378/= owed to Kenya Revenue Authority.

Investigations established that the KRA officer indeed requested for a bribe of Kshs 7,000,000/= on two different events from the complainant for purposes of writing off his employer's tax arrears of Kshs. 25,213,378/= owed to Kenya Revenue Authority. The KRA officer received a bribe of Kshs. 200,000/= from the complainant, which was recovered upon his arrest.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the KRA officer with three (3) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

Awaiting DPP's response.

**24. EACC/OPS/INQ/68/2021**

**INQUIRY INTO ALLEGATIONS OF BRIBERY AGAINST OFFICER COMMANDING STATION ZIMMERMAN POLICE POST AND A FORMER OCS KASARANI POLICE STATION.**

The Commission commenced investigations following a report from a complainant alleging that the Officer Commanding Station (OCS) of Zimmerman Police Post had requested and received a financial advantage of Kshs. 10,000/= from a relative of the complainant, to facilitate the complainant's release from police custody.

Investigations established that the complainant together with another person were arrested for stealing and were detained in police custody at Zimmerman Police Post and Kasarani Police Station. The OCS Zimmerman Police Post requested for a bribe of Kshs 10,000/= to facilitate the release of the two of the complainants from police custody. Investigations also revealed that the said OCS received the said money as bribe through mobile money.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the OCS with two (2) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

Awaiting DPP's response.

#### **25. EACC/OPS/INQ/24/2021**

#### **AN INQUIRY INTO ALLEGATIONS THAT A PERSON IMPERSONATING A KENYA DEFENCE FORCES OFFICER DEMANDED A BRIBE OF KSHS. 300,000.**

The Commission commenced investigations following a report from a complainant alleging that he had been defrauded over Kshs. 300,000/= by a person allegedly working at Kenya Defense Forces (KDF), and who had indicated that he was in a position to assist the complainant's son to get recruited by KDF.

Investigations established that a former civilian officer in the Ministry of Defense conspired with another person who claimed to be a KDF officer, to solicit for a bribe of Kshs. 600,000/= from the said complainant in the February 2021 KDF recruitment exercise. The investigations revealed that the two suspects negotiated the amount downwards to Kshs. 300,000/=:, and that they received a bribe of Kshs. 364,000/= on diverse dates through their bank and mobile money accounts. The said bribe was intended to be facilitation in order to provide the complainant's son with a 'special recruitment' letter written by senior government officials for him to report to the KDF Training School in Eldoret.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the two suspects with three (3) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act; 1

Count of obtaining money by false pretence contrary to Section 313; one (1) Count of Uttering a False Document contrary to Section 349; and one (1) Count of Impersonating a Person Employed in the Public Service contrary to Section 105 (b), all of the Penal Code.

On 5<sup>th</sup> April 2022, the DPP returned the inquiry file recommending further investigations

**26. EACC/ISL/OPS/INQ.40/2019**

**INQUIRY INTO ALLEGATIONS THAT THREE SUSPECTS OFFERED A BRIBE OF KSHS. 29,000/= TO POLICE OFFICERS SO AS TO FOREGO CHARGING FOR A CRIMINAL OFFENCE OF BEING IN POSSESSION OF BHANG.**

The Commission commenced investigations following the case being handed over to the Commission by Isiolo Police Station, who had initiated the investigations and charged three suspects with offering a bribe vide ACC No. 2/2019. However, the matter was withdrawn under Section 87(a) of the Criminal Procedure Code (CPC) and forwarded to the Commission for further investigations and advise.

Investigations established that Multi-Agency Special Operations Officers manning a barrier at the Kinna- Garbatulla road junction recovered fifteen kilograms (15Kgs) of bhang from a lorry, and two of the occupants were arrested and later charged at Isiolo Law Courts with being in possession of narcotic drugs, in Criminal case No. 581/19. However a third party approached the arresting officers and offered them a bribe of Kshs. 29,000/= to facilitate the release of the two arrested persons. Investigations also established the third party gave the Kshs. 29,000/= to the arresting officers, and this money was recovered.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the third party who gave the bribe to the arresting officers with two (2) counts of Giving a bribe contrary to Section 5(1)(a) as read with Section 18 of the Bribery Act.

On 28<sup>th</sup> march 2022 the DPP returned the inquiry file recommending further investigations.

## **27. EACC/NYR/OPS/INQ/45/2019**

### **INVESTIGATIONS INTO ALLEGATIONS OF REQUESTING AND RECEIVING A BRIBE BY ADMINISTRATION POLICE OFFICERS FROM EMBU ADMINISTRATION POLICE STATION.**

The Commission commenced investigations following a report from a complainant that an Administration Police Officer from Embu Administration Police Station had demanded a bribe of Kshs. 15,000/=, payable monthly, from the the said complainant, who owned liquor selling businesses in Siakago, Embu. The purpose of the bribe was for the police officer to stop enforcing the law against the said complainant for allegedly carrying out his liquor selling business unlawfully, by operating outside authorized hours.

Investigations established that the Administration Police Officer requested for Kshs. 20,000/= from the complainant, and that he received Kshs. 15,000/=. It was also established that the purpose of the money was for the police officer to forego enforcing the law against the liquor stores owned by the said complainant.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations to charge the police officer who requested and received the Kshs. 15,000/= with three (3) Counts of Receiving a Bribe contrary to Section 6 (1) (a) as read with Section 18 of the Bribery Act.

Awaiting DPP's response.

## **28. EACC/OPS/INQ/74/2020**

### **INQUIRY INTO ALLEGATIONS OF BRIBERY AND FORGERY BY OFFICIALS OF THE KENYA RUGBY ASSOCIATION IN ORDER TO OBTAIN A REGISTRATION CERTIFICATE FOR THE INTERNATIONAL RUGBY LEAGUE FEDERATION.**

The Commission commenced investigations following anonymous reports that two officials from the Kenya Rugby Association had given bribes to Kenya's Sports Registrar so as to obtain a registration certificate to enable them receive a legal affiliation to the International Rugby League Federation (IRLF). The received report also alleged that the chairman of the Kenya Rugby League Association had forged documents of certification from the Sports Registrar and the EACC.

Investigations established that there were two rival organizations namely Kenya Rugby League Federation (KRLF) and Kenya Rugby League Association (KRLA), and that of the two, KRLF had been registered by the Sport's Registrar and issued with a certificate. They also established that both KRLF and KRLA made applications to the International Rugby League Federation. However, in the KRLA application, they attached a forged registration certificate, and investigations established that the Sport's Registrar had not issued the said registration certificate to KRLA. However, it was revealed that the authors of the forged documents could not be identified, since crucial witnesses in the case who are suspected to possess information on the forged documents do not reside within the Kenyan jurisdiction.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations that the file be closed for lack of sufficient evidence to prove the forgery.

Awaiting DPP's response.

#### **29. EACC/OPS/INQ/13/2021**

**INQUIRY INTO ALLEGATIONS THAT KENYA AFRICAN NATIONAL UNION (KANU) LIFE MEMBERS IN SAMBURU COUNTY, WHO WERE IN THE PARTY NOMINATION LIST THAT WAS FORWARDED TO THE IEBC IN 2017 WROTE LETTERS OF RESIGNATION FROM THE PARTY TO THE SECRETARY GENERAL OF KANU IN 2020 WHILE THEY HAD NOT DONE SO.**

The Commission commenced investigations following a report from Independent Elections and Boundaries Commission (IEBC) and three (3) party members Kenya African National Union (KANU) who had complained that there were forged letters addressed to the Chairperson of IEBC, claiming these three (3) Party members had resigned from the KANU Party. In forging the said resignation letters, these KANU members complained they were removed from being the next in line to replace the deceased Samburu County Assembly Member as Party nominees, and that they were replaced with new Party nominees.

Investigations established that the signatures on the resignation letters from the three (3) KANU Party members were indeed forged. However, these the three (3)

KANU Party members later withdrew the forgery allegations regarding the resignation letters. Therefore, there were no crucial witnesses to prove the forgery case.

On 21<sup>st</sup> February, 2022 a report was compiled and forwarded to the DPP with recommendations that the file be closed for lack of crucial witnesses in the forgery case against KANU.


Awaiting DPP's response.

**STATISTICAL SUMMARY OF FILES FORWARDED TO THE DIRECTOR OF PUBLIC PROSECUTIONS**

1.	Total No. of files forwarded to the Director of Public Prosecutions	29
2.	No. of files recommended for prosecution	18
3.	No. of files recommended for administrative or other action	2
4.	No. of files recommended for closure	9
5.	No. of files recommended for prosecution and the cases are already lodged before Court	0
6.	No. of files where recommendation to prosecute accepted	0
7.	No. of files where recommendation for administrative or other action accepted	0
8.	No. of files where recommendation for closure accepted	1
9.	No. of files returned for further investigations	9
10.	No. of files where recommendation to prosecute not accepted	0
11.	No. of files where recommendation for administrative or other action not accepted	0
12.	No. of files where closure not accepted	1
13.	No. of files where prosecution declined but administrative action recommended	0
14.	No. of files awaiting the DPP's advice	18

DATED AT NAIROBI THIS 17<sup>th</sup> DAY OF May 2022

  
**ARCHBISHOP (RTD) ELIUD WABUKALA, EBS**  
CHAIRPERSON  
 /ewg

  
**TWALIB MBARAK, CBS**  
SECRETARY/CHIEF EXECUTIVE OFFICER

