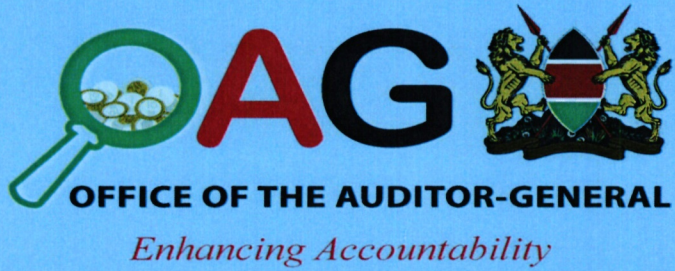



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REPUBLIC OF KENYA



## REPORT

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**THE AUDITOR-GENERAL**

ON

**KENYA INVESTMENT AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2019**





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**KENYA INVESTMENT AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
JUNE 30, 2019**

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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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## **KEY AUTHORITY INFORMATION AND MANAGEMENT**

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

Kenya Investment Authority (KenInvest) is a statutory body established in 2004 through an Act of Parliament (Investment Promotion Act No. 6 of 2004) and mandated to promote and facilitate both domestic and foreign investments in Kenya. The Authority is domiciled in Kenya and has branches in Eldoret, Kisumu and Mombasa.

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

- i. Investment Promotion and business development services;
- ii. Investor Services;
- iii. Research, Policy Advocacy and Planning;
- iv. Legal and Corporate Affairs; and
- v. Finance and Administration

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

The Authority is responsible for facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

The Authority's vision is to be "*a global leader in investment attraction*" and the mission is "*to promote and facilitate domestic and foreign investment in Kenya by advocating for a conducive investment climate, providing accurate information and offering quality services for a prosperous Nation.*"

The Authority's strategic focus is on the following:

- Contribution to realization of Kenya's development targets such as faster and sustained economic growth, increased employment, wealth creation and poverty alleviation by strengthening attraction and retention of investments in priority sectors;
- Enhancement of competitiveness and investment environment in Kenya;
- Strategic partnership and collaboration with Ministries, Departments and Agencies (MDAs); County governments, Institutional partners, Private sector and donor agencies to enhance growth of private investments; and
- Institutional capacity and capability strengthening.

### **(c) Key Management**

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

- Board of Directors;
- Managing Director; and
- Senior Management.

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

**(d) Fiduciary Management**

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

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	Managing Director	Dr. Moses Ikiara, MBS
2.	General Manager, Investment Promotion and Business Development Services	Mr. Pius Rotich
3.	General Manager, Research, Policy Advocacy & Planning	Mr. Robert Bwire
4.	General Manager, Finance and Administration	Ms. Donna Atieno
5.	General Manager, Legal and Corporate Affairs	Ms. Olivia Rachier
6.	General Manager, Investor Services up to October 2018	Mr. Mwalimu Musee
7.	Ag. General Manager, Investor Services / Manager, Investor Services (Aftercare) since November 2018	Mr. Guracha Adi
8.	Manager, Procurement	Mr. Hosea Kipkemboi
9.	Manager, Internal Audit	Mr. Joseph Onyango
10.	Manager, Investor Services (One Stop Centre)	Mr. Rogers Amisi
11.	Manager, Investor Services (Project Analysis)	Mr. Walter Macharia
12.	Manager, Human Resource and Administration	Ms. Stella Naikara
13.	Manager, Policy Advocacy	Ms. Roslyn Ng'eno
14.	Manager, Business Development Services	Ms. Susan Njoba
15.	Manager, Eldoret Regional Office	Mr. Robert Matarei
16.	Manager, Kisumu Regional Office	Mr. Laban Mburu
17.	Senior Officer, Investor Services (Aftercare), Mombasa Regional Office	Mr. Anthony Nabwana

**(e) Fiduciary Oversight Arrangements**

The Authority has put in place key fiduciary oversight arrangements covering:

- Board Committees i.e. Strategy, Investment Promotion, Facilitation and Innovation Committee; Audit & Governance Committee; Finance, Human Resources & Administration Committee and Strategy & Investment Committee;
- Internal Audit; and
- Transparency and Accountability Governance Structures.

**(f) Authority Headquarters**

UAP Old Mutual Tower, 15th Floor,  
 Upper Hill Road,  
 P. O. Box 55704 – 00200,  
 Nairobi, Kenya.

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**(g) Authority Regional Offices**

Regional Office, Kisumu  
Jubilee House, 1st Floor, Angawa Avenue  
P. O. Box 1458-40100 Kisumu  
E-mail: ksm@invest.go.ke

Regional Office, Mombasa  
Mombasa Trade Center  
6th Floor, South Tower  
P. O. Box 80279- 80100 Mombasa  
E-mail: msa@invest.go.ke

Regional Office, Eldoret  
National Bank Building  
2nd Floor, Oloo Street  
P. O. Box 4638- 30100 Eldoret  
E-mail: eld@invest.go.ke

**(h) Authority Contacts**

Telephone: (254) 730 104 200/201  
E-mail: info@invest.go.ke  
Website: www.invest.go.ke

**(i) Authority Bankers**

Co-operative Bank of Kenya,  
Parliament Road Branch,  
P. O. Box 5772 - 00200,  
Nairobi, Kenya.

**(j) Independent Auditors**

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




**(k) Principal Legal Adviser**

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


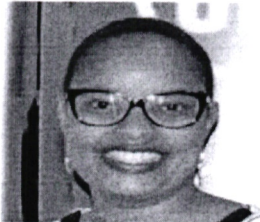

**THE BOARD OF DIRECTORS**

DIRECTOR	DIRECTOR PROFILE
<p>1. <b>Hon. Dennis Waweru</b> Non-Executive Chairman</p>  <ul style="list-style-type: none"> <li>• MBA (Strategic Management)</li> <li>• Bachelors of Commerce (Accounting Option)</li> </ul>	<p><b>Date of Birth: 30<sup>th</sup> June, 1970</b></p> <p><b>May 2019 to date - Chairman - Kenya Investment Authority Board</b></p> <p>Member of Committee - Finance, Trade, Planning and Tourism, National Assembly</p> <p>Member of Committee - Budget and Appropriation- The National Assembly</p> <p>2000 to Date - Director and Partner at Faida Investment Bank Limited.</p> <p>2007 – 2011 - Director, Faida Securities Rwanda Ltd</p> <p>Serves as Vice Chair/ Board member, Kenya Association of Investment Banks &amp; Stock Brokers (KASIB)</p>
<p>2. <b>Mrs. Ann Wangari Kirima - Muchoki</b> Non-Executive Chairperson</p>  <ul style="list-style-type: none"> <li>• MBA (Project Finance)</li> <li>• BA (Hons) Politics &amp; Economics</li> <li>• MSc Commercial Property Management</li> <li>• ARICS (Associate Member of the Royal Institute of Chartered Surveyors)</li> <li>• Registered Estate Agent.</li> </ul>	<p><b>Date of Birth: 24<sup>th</sup> February, 1968</b></p> <p><b>2013 to March 2019 - Chairperson, Kenya Investment Authority Board</b></p> <p>2009 to date - Director, KCB Rwanda</p> <p>2010 to date - Director, Migaa</p> <p>2012 to date - Director, Mambui Golf Resort</p> <p>2004 to date - Director, Added Value Group Ltd</p> <p>2000 to date - Director, A Chartered Touch</p> <p>1994 to 2000- Managing Director, Regent Management Ltd. Has over twenty (20) years' experience in real estate and property development.</p>
<p>3. <b>Sanda Ojiambo</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• M.A. Public Policy and Development Economics</li> <li>• B.A. Economics and International Development.</li> </ul>	<p><b>Date of Birth: 15<sup>th</sup> September, 1972</b></p> <p>Policy Analyst and Economist by training.</p> <p>Currently works as Head of Corporate Responsibility at Safaricom.</p> <p>Has 17 years' experience in policy analysis, economic development and business sustainability in the NGO, UN and Corporate sectors.</p>




DIRECTOR	DIRECTOR PROFILE
<p>4. <b>Mr. Peter Njoka</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Bachelor of Science (Hons.)</li> <li>• Private Equity Training Courses</li> </ul>	<p><b>Date of Birth: 16<sup>th</sup> June, 1970</b></p> <p>Currently a Partner at Rhone Partners LLP, Kenya.</p> <p>Private Equity specialist with over 20 years' private equity and corporate finance experience in East Africa.</p> <p>He is a Board Member of several companies including Brookside Africa Ltd, Deacons East Africa PLC, Kenya Clay Products Ltd and Tim sales Holdings</p> <p><b>Chairman: Finance, Human Resource and Administration Committee</b></p>
<p>5. <b>Theresa Jepkemei Chepkwony</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Master's in Business Administration (Executive)</li> <li>• Bachelor of Education (Arts)</li> </ul>	<p><b>Date of Birth: 18th May, 1966</b></p> <p>2014 – 2017 - Advisor to the County Government of Nandi on Political Affairs.</p> <p>Jun 2013 – Aug 2013 - Lead Consultant in the development of Nandi County Integrated Development Plan (CIDP 2013 – 2017).</p> <p>2007 – 2012 - Vice Chairperson Nandi North secondary schools' heads association.</p> <p>2006 – 2009- Trustee, Water Services Trust Fund Ministry of Water and Irrigation, Nairobi.</p>
<p>6. <b>Ms. Judith Wanjiku Kibaki, MBS, EBS, CBS</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• B.Sc (Economics)</li> </ul>	<p><b>Date of Birth: 11<sup>th</sup> June, 1962</b></p> <p>Jan 1998 to date - Marketing Consultant – Alpha Dimensions</p> <p>2003 to 2011- Vice Chair, Street Families Rehabilitation Trust Fund</p> <p>2012 to 2015 – Board Member, Brand Kenya Board</p> <p>2006 to 2012 - Board Member, Export Promotion Council</p> <p>April 1994 to Nov 1997 – Manager, Research Division – MCL Saatchi &amp; Saatchi</p> <p><b>Chairperson: Strategy and Investment Promotion, Facilitation and Innovation Committee</b></p>



DIRECTOR	DIRECTOR PROFILE
<p>7. <b>Peter Mutuku Mathuki</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Ph.D. finalist in Strategic Alliances focusing on Regional University of Nairobi</li> <li>• Master of Business Administration</li> <li>• Bachelor of Commerce</li> </ul>	<p><b>Date of Birth: 20th February, 1969</b></p> <p>2018 to date: CEO, East African Business Council, Arusha, Tanzania</p> <p>Feb 2018 to Sept. 2018: Goodwill Ambassador, East African Business Council</p> <p>2012 to 2017: MP East African Legislative Assembly Member, Arusha, Tanzania</p> <p>2011 to 2012: European Union Project on Social, Dialogue- Labour Institutions in Africa, Asmara, Eritrea.</p>
<p>8. <b>Geoffrey Putunoi</b> Private Sector Board Member</p>  <ul style="list-style-type: none"> <li>• Masters of Banking &amp; Finance (Financial Sector &amp; Policy)</li> <li>• B.A Hons. (Economics Major)</li> </ul>	<p><b>Date of Birth: 31st December, 1972</b></p> <p>Currently, the Head, Open Market Operations and Liquidity Forecasting, Central Bank of Kenya.</p> <p>He has over 20 years' broad and extensive knowledge in Money Markets, Public Finance, Monetary and Fiscal Policies and Regional Integration.</p>
<p>9. Principal Secretary, Ministry of Industry, Trade and Co-operatives – (Alternate Member - <b>Mr. Stephen Odua</b>)</p> 	<p><b>Date of Birth: 26th December, 1967</b></p> <p>2018 to date: Director, Business Environment and Private Sector Support</p> <p>2015 to 2018: Ag. Director, Business Environment and Private Sector Support</p> <p>2009 to 2015: Assistant Director of Industries, Public Sector – Industrial Development</p> <p>2005 to 2009: Chief Industrial Development Officer, Public Sector – Industrial Development</p>

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DIRECTOR	DIRECTOR PROFILE
<p>10. Principal Secretary, Ministry of Devolution &amp; Planning (Alternate Member - <b>Mr. Dominic Yegon Kiplangat</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts Degree (Economics Policy Management)</li> <li>• Bachelor of Science Degree (Agricultural Economics)</li> </ul>	<p><b>Date of Birth: 15 February 1985</b></p> <p>2015 to date: Economist in the Ministry of Devolution and Planning (State Department for Devolution)</p> <p>2010 to 2013: Extensive training and experience in Economic Development, Policy Formulation and Analysis and Strategic Planning, National Development and Vision 2030.</p>
<p>11. Principal Secretary, Ministry of Devolution and Planning (Alternate Member- <b>Ms. Wanjiku Njire</b>)</p>  <ul style="list-style-type: none"> <li>• Master's in public policy Management</li> <li>• BSC. Leadership and Management</li> <li>• Chartered Institute of Marketing (UK)</li> </ul>	<p><b>Date of Birth: 10<sup>th</sup> March 1985</b></p> <p>2018 to date – Executive Assistant to Principal secretary.</p> <p>Jan 2017- Mar 2018- Program Officer, Vision 2030 Delivery Secretariat</p> <p>Aug- Dec 2016 – Company Training and Communications Assistant, Foreign Service Academy, Ministry of Foreign Affairs</p> <p>1999 – 2015 Marketing and Communications Consultant, Event hub</p> <p>2006-2008- Account Manager, Monier 2000</p>
<p>12. Principal Secretary, National Treasury (Alternate Member - <b>Mr. Wanyambura Mwambia</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Development Economics)</li> </ul>	<p><b>Date of Birth: 10<sup>th</sup> January, 1956</b></p> <p>2010 to date: Deputy Director Economic Affairs National Treasury</p>

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DIRECTOR	DIRECTOR PROFILE
<p>13. Principal Secretary, Office of the President (Alternate Member- <b>Mr. William K. Mahinda</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Economics)</li> <li>• B.A (Economics)</li> </ul>	<p><b>Date of Birth: 22<sup>nd</sup> May 1960</b></p> <p>2005 to date – Secretary/ Policy Cabinet office.            Director Commission of Higher Education, KIPPRA, KenInvest, LAPPSET</p> <p>2001-2005 – Provincial Coordinator – NACC</p> <p>1997 – 2001 Provincial Plan Office.</p>
<p>14. Principal Secretary, Ministry of Lands and Physical Planning (<b>Alternate Member- Mr. Augustine Masinde, EBS, MBS</b>)</p>  <ul style="list-style-type: none"> <li>• Master of Arts (Urban and Regional Planning)</li> <li>• Corporate Member of both the Kenya Institute of Planners and Architectural Association of Kenya (Town Planners Chapter)</li> <li>• Member of the International Society for City and Regional Planners (ISOCARP)</li> <li>• Registered Physical Planner</li> </ul>	<p><b>Date of Birth - 1962</b></p> <p>Chief Government Adviser on Physical Planning</p> <p>Chairman of the Physical Planners Registration Board</p> <p>National Director of Physical Planning</p> <p><b>Chairman: Audit and Governance Committee</b></p>
<p>15. Principal Secretary, Ministry of Agriculture (Alternate Member - <b>Mr. Samuel Gicheru</b>)</p>  <ul style="list-style-type: none"> <li>• Masters in Economics</li> </ul>	<p><b>Date of Birth: 26<sup>th</sup> January 1970</b></p> <p>Currently works at the Ministry of Agriculture</p>

DIRECTOR	DIRECTOR PROFILE
<p>16. <b>Mr. George Makateto – Ag. Chief Executive, Export Processing Zones Authority (EPZA)</b></p>  <ul style="list-style-type: none"> <li>• MPhil in Technology Education (Automotive Engineering)</li> <li>• Bachelor's in technology education (Automotive Option)</li> </ul>	<p><b>Date of Birth: 6<sup>th</sup> March 1970</b></p> <p>2018 – Ag. Chief Executive Officer, EPZA</p> <p>He has over 26 years' experience in the fields of TIVET, Industrial Promotion and Development, Project co-ordination, quality assurance and accreditation, Kaizen activities-SIYB, Environmental Impact Assessment and Renewable Energy</p>
<p>17. <b>Mr. Peter K. Biwott - Chief Executive, Export Promotion Council (EPC)</b></p>  <ul style="list-style-type: none"> <li>• Master's Degree in International Development Studies majoring in Economics of Development and Quantitative Economic Policy Analysis.</li> <li>• Professional qualifications in Macroeconomic Policy Analysis and Research</li> </ul>	<p><b>Date of Birth – 21<sup>st</sup> July, 1976</b></p> <p>Appointed CEO of the Export Promotion Council in April, 2017.</p> <p>Previously held senior positions in trade, policy analysis and advocacy, research and development with leading institutions that include Kenya Association of Manufacturers (KAM), Kenya National Chamber of Commerce and Industry (KNCCI), Commission on Revenue Allocation (CRA), Kerio Valley Development Authority (KVDA), Kenya Institute of Public Policy Research and Analysis (KIPPRA) and the Ministry of State for Planning, National Development and Vision 2030.</p>
<p>18. <b>Dr. Moses Ikiara - Managing Director, Kenya Investment Authority</b></p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>• B. Sc (Agriculture)</li> </ul>	<p><b>Date of Birth – 3<sup>rd</sup> September, 1965</b></p> <p>2013 to date - Managing Director, KenInvest</p> <p>2006 to 2012 - Executive Director, (KIPPRA)</p> <p>2005 to 2006 - Ag. Executive Director, KIPPRA</p> <p>2003 to 2005 - Senior Analyst &amp; Programme Coordinator, KIPPRA</p> <p>2000 to 2003 - Policy Analyst, KIPPRA</p> <p>1998 to 2000 – School of Environmental Studies, Moi University.</p> <p><b>Secretary to the Board.</b></p>

**MANAGEMENT TEAM**

<p><b>1. Dr. Moses Ikiara</b></p>  <ul style="list-style-type: none"> <li>• PhD (Environmental and Natural Resource Economics)</li> <li>• Master of Arts (Economics)</li> <li>• Bachelor of Science (Agriculture)</li> </ul>	<p>Managing Director</p>
<p><b>2. Mr. Mwalimu Musee</b></p>  <ul style="list-style-type: none"> <li>• Bachelor of Arts (3.1.1) (Economics)</li> </ul>	<p>General Manager, Investor Services up to October 2018</p>
<p><b>3. Mr. Guracha Adi</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Business Management)</li> <li>• Bachelor of Arts (Business Studies and Mathematics)</li> </ul>	<p>Ag. General Manager, Investor Services From November 2018 to date</p>
<p><b>4. Mr. Pius Rotich</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (International Marketing)</li> <li>• Bachelor of Education</li> <li>• Marketing Society of Kenya (MSK) member</li> </ul>	<p>General Manager-Investment Promotion and Business Development Services.</p>

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<p><b>5. Mr. Robert Bwire</b></p>  <ul style="list-style-type: none"> <li>• Master of Industrial Relations and Personnel Management</li> <li>• Bachelor of Commerce (Accounting)</li> <li>• Member of Institute of Economic Affairs</li> <li>• Diploma in PC Programming</li> </ul>	<p>General Manager- Research, Policy Advocacy and Planning</p>
<p><b>6. Ms. Donna Atieno</b></p>  <ul style="list-style-type: none"> <li>• Master of Business Administration (Finance)</li> <li>• Certified Public Accountant of Kenya</li> <li>• Bachelor of Business Management (Accounting)</li> <li>• Institute of Certified Public Accountants of Kenya (ICPAK) <b>Member No. 7332</b></li> </ul>	<p>General Manager, Finance and Administration.</p>
<p><b>7. Ms. Olivia Rachier</b></p>  <ul style="list-style-type: none"> <li>• Master of Law (International Business)</li> <li>• Bachelor of Law</li> <li>• Dip. Law (KSL)</li> <li>• Institute of Certified Public Secretaries (ICPSK) <b>Member No. 2273</b></li> </ul>	<p>General Manager, Legal and Corporate Affairs</p>

## **CHAIRMAN'S STATEMENT**

On behalf of the KenInvest Board of Directors, I am pleased to present to you KenInvest's Annual Report for the Financial Year 2018-2019.

KenInvest continues to pursue her strategic objectives as spelt out in the strategic plan 2018-22. I note with appreciation that despite significant challenges, the Authority managed to attract new investment projects worth over KShs. 59.65 billion. It is worth noting that the country has made great strides in continuously reviewing the investment environment, Kenya has gone up 19 places to 61 in World Bank ease of doing business 2019. In the Global Competitiveness Index Ranking by World Economic Forum, Kenya was ranked 93 globally. These are just but a sample of many achievements that qualify Kenya as the investment destination of choice.

Moreover, the Authority participated in various high-profile events including the state visits by the British Prime Minister and the Presidents of Namibia and Mozambique. In addition, the Cabinet Secretary Hon. Peter Munya made a courtesy visit to the Authority on 6<sup>th</sup> December, 2018.

During the review period, the one stop centre (OSC) for investors started operating and received high profile visits by the Cabinet Secretary for Industry, Trade and Cooperatives Hon. Peter G. Munya in December 2018, and by various ambassadors and even ministers visiting from overseas countries. Another major milestone was the finalization of the Kenya Investment Policy, which was approved by Cabinet in April, 2019. The policy will have a long-term effect of streamlining investment operations in a devolved system of government with an ultimate aim of positioning the country as a premier investment destination.

Under my leadership, the Board will continue addressing organisational needs that require intervention to make the Authority more competitive and an enviable place to work in. I also appreciate support provided by our partners.

My message to fellow Board members and KenInvest staff is to remain committed to the execution of our mandate of promoting and facilitating investments in Kenya, in order to propel this country to new heights of socio-economic development as per the Kenya Vision 2030 and the targets set out in the Big Four' Economic Transformation Agenda.



**Mr. Dennis Waweru**  
**CHAIRMAN**  
**BOARD OF DIRECTORS**

## **REPORT OF MANAGING DIRECTOR**

The overarching vision of the Kenya Investment Authority Strategic Plan 2018- 2022 is to make Kenya a global leader in investment attraction. The Plan mainly borrows from Kenya's blue print, Vision 2030; that aspires to realize economic transformation and a newly industrializing upper middle-income country by 2030, as well as the **BIG 4** Agenda. Some of the areas of achievement include:

### **Investment Generation**

In FY 2018/19, the Authority registered 247 projects worth KShs 59.65 billion in terms of both new investment and re-investment. The new investments had an employment potential of 9,083. In the previous FY 2017/18, the Authority registered 199 projects worth KShs 41.28 billion in terms of both new investment and re-investment. The new investments had an employment potential of 7,818.

### **Investment Promotion**

As part of continued effort to encourage more investors to choose Kenya, the Authority organised and/or participated in Investment promotion forums and missions to present opportunities to investors. Key among them included:

- UK- Kenya Business Forum during the State Visit of the British Prime Minister;
- China-Africa Industrial Capacity Cooperation Expo;
- Kenya/ Joint Commission for Cooperation and State Visit by Namibia President to Kenya;
- Kenya/Mozambique Joint Commission for Cooperation and State Visit by Mozambique President to Kenya;
- Kenya/Namibia Joint Commission for Cooperation and State Visit by President of Namibia to Kenya;
- Catalonia Trade and Investment Mission to Kenya;
- Finland - Kenya Trade and Investment Forum in Helsinki;
- High Level visit to KenInvest by Minister of Investment and Economic Development of the Republic of Poland;
- 1st Tunisian Kenya Business Forum;
- The first Ethiopian – Kenya High Level Investment Forum; and
- US- Kenya Bilateral Strategic Dialogue (Trade and Investment Working Group).

### **One Stop Centre (OSC)**

KenInvest commenced implementation of a case management system, a project implemented with the support of the Irish Government with technical support from the International Development Ireland (IDI). The case management system shall be used to streamline and automate the management and operation of the One Stop Center (OSC).

### **Enhancing Regional Integration**

The Authority was involved in key regional integration activities in COMESA and EAC that support the growth of trade and investment. KenInvest received funding from COMESA through the National Treasury amounting to KShs 12 million to support activities and programmes that contribute to deepening of trade and investment in the region.

### **Investor Facilitation**

The Authority also provided after care services to 166 projects and issued 33 Investment Certificates compared to 190 projects and 40 Investment Certificates in the 2017/18 Financial Year. The major policy and/or administrative issues raised were escalated to the relevant Ministries, Departments and Agencies (MDAs) for resolution. Investor sentiment about business facilitation continued to improve.

### **Investment Facilitation Project for Kenya (e-Regulations)**

The eRegulations project has increased transparency in accessing data and information on procedures and regulations required to invest in Kenya. The portal's popularity has risen steadily with **152,242** users **205,901**, sessions and **474,352** Page views in the financial year ending June 2019 making it the most visited portal in Africa among countries who have implemented the UNCTAD eRegulations system and, arguably, the most important resource on regulations for investors, foreign or national, interested in setting up or expanding their operations in Kenya. During the financial year 2018/2019, the eRegulations team documented, reviewed and uploaded 45 procedures in Energy and Agricultural sectors making the portal to have a total of over 200 procedures.

### **E-Investment Opportunities Platform (eOpportunities).**

The portal currently has a total of 350 projects uploaded covering the Big 4 Agenda and Enabler sectors. Out of these 335 projects are still active and available for investors while 15 projects have been archived since they had reached financial close and are at implementation stage. The portals' users increased from 855 to 2003 between 2017/2018 and 2018/2019 respectively. This has resulted in 2582 sessions and 8786 daily page views.

During the financial year 2018/2019, a total of 307 enquiries had been made through the portal. Out of this, enquiries on National projects were 195; while County projects were 102 and Private projects were 10. It was noted that majority of the enquiries were from the Energy sector 97; real estate 73; water and sanitation 51 and agriculture 32 and others 84.

### **Global Competitiveness Index Survey**

KenInvest in conjunction with the National Productivity and Competitiveness Centre (NPCC) and the University of Nairobi Institute of Development Studies (IDS), finalized the exercise on 31<sup>st</sup> March, 2019 with 100 surveys. A factsheet for the exercise was also updated. Due to budgetary constraints, sensitization workshops were held in Nairobi and Mombasa only. In the latest report, Kenya was ranked position 93 globally behind African peers Mauritius (49), South Africa (67), Morocco (75), Tunisia (87), Botswana (90), and Algeria (92). The pillars in which Kenya performed best included labour market in which the country ranked 60th globally, business dynamism (63) and institutions (64).

### **Kenya Investment Policy**

A revised Kenya Investment Policy and Cabinet Memo were prepared and forwarded to the Cabinet Secretary, Ministry of Industrialization. The policy was approved by the Cabinet on 18<sup>th</sup> April, 2019.

### **County Investment Handbook**

During the Financial Year, meetings were held with the Ministry of Devolution and a work plan developed on the production and launch of the County Investment Handbook that was finalized in FY 2017/18.

### **Invest in Kenya Booklet**

The 5<sup>th</sup> Edition of the booklet was produced. This contains a total of 165 projects in the Big 4 Agenda and Enabler sectors worth USD 51,803 Million. 104 projects worth USD 47,365 Million were National Government while 61 projects worth USD 4,438 Million were from County government as per the table below.

### **Financial Performance**

Implementation of activities has been hampered by budget constraints. Most activities conducted have benefitted from Regional Integration Implementation Programme (RIIP) fund. A number of activities listed in the departmental work plans were not implemented. Despite the delay in disbursement of funds from the Parent Ministry, the Authority was able to undertake its planned activities.

### **Challenges**

Some of the obstacles that stood in the way of better performance for the Authority, and which continue to pose challenges in the new financial year include:

- i. HR challenges such as inadequate staff establishment, lack of training and capacity building opportunities due to low funding. These challenges are being resolved through resource mobilization, efforts to improve work environment, seeking training support from our partners;
- ii. Inadequate clout which hampers effective facilitation of investors. This remains a key focus in our Strategic Plan and the Kenya Investment Policy;
- iii. Large information and data gap including challenges in capturing and processing the information and absence of a knowledge management system. This is being addressed through MoUs with sector regulators and other agencies with the data; and
- iv. Inadequate marketing efforts of investment opportunities due to their insufficient packaging, and inadequate budgetary resources. KenInvest has proposed establishment of an investment fund for this purpose and continues to seek more funds from GoK and is identifying revenue generating activities.

We look forward to continued support by our cherished Partners and stakeholders as we implement our mandate of attracting and facilitating investments in Kenya.



**Dr. Moses Ikiara, MBS**  
**Managing Director**

## **CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

KenInvest has adopted high standards and applies strict standards of conduct, based on the best corporate practices and the *Mwongozo* code. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles:

- i. To observe high standard of ethical and moral behaviour;
- ii. To act in the best interests of the organization;
- iii. To remunerate and promote fairly and responsibly;
- iv. To recognize the legitimate interests of all stakeholders; and
- v. To ensure that the organization acts as a good corporate citizen.

In general, Board members act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of the organization over other interests. They act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

In line with Section 13 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, the Board of Directors respect the values, principles and the requirements of the Constitution including:

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

### **The Board of Directors**

The members of the Board of Directors are published in this report.

The Investment Promotion Act, 2004 Section 16 (i) gives the Board of Directors the overall responsibility over the Authority with the Chairman being a Presidential appointee for a period of three years. Other members are drawn from the private sector, representatives of the Government in their various capacities and the Managing Director who is the Secretary to the Board. The current status of the KenInvest Board is 16 members.

### **Appointment and Removal of Directors**

In accordance with the Board Charter the relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette and shall cease if the Board member:

- i. Serves the appointing authority with a written notice of resignation; or
- ii. Is absent, without the permission of the respective Cabinet Secretary, from three consecutive meetings; or
- iii. Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or

- iv. Is incapacitated by prolonged physical or mental illness from performing his or her duties as a member of the Board; or
- v. Conducts himself/herself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

### **Role of Board Committees**

In its governance, the Board established three Committees as per section 4(1) of the third Schedule of the Act. These Committees are described below:

- i. **Strategy, Investment Promotion, Facilitation and Innovation Committee** - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that all investment issues and the core function of KenInvest are maintained at all times. This includes investment promotion, investment facilitation, after-care services, Policy Advocacy and Management of Information Technology to enhance investor access to services provided by the Authority.

The Committee's important task is to ensure the relevance of the strategic plan, performance contract and work plan.

- ii. **Finance, Human Resource & Administration Committee** - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the overall mandate to ensure that the budget is justified and adhered to, and that all expenditures are accounted for. It also has the mandate to ensure that all quarterly reports are presented in a timely fashion to the Board prior to the same being submitted to the Parent Ministry. All financial policies are discussed in this Committee.

This Committee is also tasked with ensuring that KenInvest maintains and attracts high calibre of human resources. The Committee handles recruitment, maintenance of the organization's practices, attitudes, and staff motivation.

- iii. **Audit & Governance Committee** - This Committee is chaired by a non-executive member and meets on a quarterly basis. The Committee has the responsibility of assisting the Board of Directors perform its oversight role in Integrity of quarterly, half-yearly and year-end financial statements including reviewing the accounting policies and practices adopted in the preparation of financial information; Effectiveness of the internal control environment; and Compliance with applicable laws, regulations, accounting & auditing standards, good corporate governance principles and other ethical issues.

### **Board Meetings**

The Board is required to meet at least four times in every financial year to discuss the overall performance of KenInvest. Not more than four months should elapse between one meeting and the next meeting. All full board meetings are convened by the Secretary to the Board upon instructions from the Chairman (or as per approved work plan) or upon the requisition of at least five members of the Board. All decisions are passed by a majority of present members voting with the Chairman having the decisive vote in the event of a tie.

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During the Financial year ended 30 June 2019, the Board held four (4) scheduled meetings. Individual attendance at these meetings is set out in the table below. Additional four (4) special meetings were held on specific issues. The attendance by Members is as below:

NO.	NAME OF DIRECTOR	49 <sup>th</sup> Board of Directors meeting held on 26 <sup>th</sup> July 2018	50 <sup>th</sup> Board of Directors meeting held on 15 <sup>th</sup> October 2018	51 <sup>st</sup> Board of Directors meeting held on 29 <sup>th</sup> January, 2019	52 <sup>nd</sup> Board of Directors meeting held on 17 <sup>th</sup> April 2019	17 <sup>th</sup> Special Board of Directors meeting held on 7 <sup>th</sup> June 2019	Total no. of meetings attended
1.	Anne Kirima -Muchoki	✓	✓	✓	-	-	3/5
2.	Hon. Dennis Waweru	-	-	-	-	✓	1/5
3.	William K. Mahinda	✓	-	✓	✓	✓	3/5
4.	Muleli Mutuku	✓	-	-	-	-	1/5
5.	Samuel K. Gicheru	✓	-	-	✓	-	2/5
6.	Augustine K. Masinde	✓	-	-	✓	✓	3/5
7.	Wanyambura Mwambia	✓	-	-	-	✓	2/5
8.	Peter Njoka	✓	✓	✓	-	✓	3/5
9.	Peter Biwott	-	✓	-	-	✓	2/5
10.	Christine Mwaka	-	-	-	✓	✓	1/5
11.	Sanda Ojiambo	-	✓	✓	-	✓	2/5
12.	George Makateto	-	✓	-	-	✓	2/5
13.	Yegon Kiplangat	✓	✓	✓	✓	-	4/5
14.	Benjamin Chesang	✓	-	✓	✓	-	3/5
15.	Godfrey Putunoi	✓	✓	✓	✓	✓	5/5
16.	Theresa Chepkwony	✓	✓	✓	✓	✓	5/5
17.	Wanjiku Njire	-	-	✓	✓	✓	3/5
18.	Stephen Odua	-	-	-	✓	✓	2/5
19.	Judy Kibaki	-	-	-	✓	✓	2/5
20.	Washington Makodingo	-	✓	-	-	-	1/5
21.	Simon Indimuli	-	✓	✓	-	-	2/5
22.	Cecilia Mbithe	-	✓	✓	-	-	2/5
23.	Hon. Peter Mathuki	-	-	-	-	✓	1/5

**Board Charter**

The Board is committed to a high level of integrity and ethical standards in the Authority's operations. Accordingly, the Board adopted a Board Charter that defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. The Charter is in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and the Board members contained in applicable Kenya laws and regulations.

### **Board of Directors Performance**

The Authority is committed to carrying out periodic Board performance evaluations. The process includes an undertaking to liaise with the State Corporations Advisory Board (SCAC) to conduct an annual performance evaluation exercise of the Chairperson, Directors and the Managing Director.

### **Conflict of Interest**

A conflict of interest register is maintained and is a permanent agenda item during board meetings.

### **Induction and training**

In accordance with the Board Charter, new Board members will be provided with an effective induction programme to familiarize them with their responsibilities as Directors, General Principles of Corporate Governance and Board Practices. The induction programme also provides the Board member with an orientation of the Authority's operations. The Board will further ensure that a competence needs assessments is carried out periodically and an annual development plan is prepared to address identified gaps. In this regard, Board members will be provided with access to, or notice of, continuing development programs that are designed to keep members abreast of the latest developments in sector best practice, corporate governance and critical issues relating to the operation of public sectors boards.

### **Succession planning**

Moving forward, it is intended that the Board succession plan is staggered for continuity purposes. The Board's plan shall seek to:

- i. Consider the skills, backgrounds, knowledge and experience, and gender diversity necessary to allow it to meet the Authority's objectives;
- ii. Assess the skills, backgrounds, knowledge, experience and diversity currently represented; and
- iii. Identify any inadequate representation of the above attributes and recommend a skill necessary to ensure a candidate is selected appropriately.

### **Board Remuneration**

Board members are remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. This includes Honoraria of KShs 80,000 for the Chairman and KShs 20,000 per member as sitting allowance for attendance of Board meetings.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**i. Authority's Key Projects Implemented or Ongoing**

**a. One Stop Centre (OSC)**

KenInvest continued implementing the OSC. During FY 2016/2017, KenInvest identified UAP Old Mutual Tower as the preferred venue for the establishment of the One Stop Centre after the lease at the Tourism Fund Building was cancelled by the landlord. As at the end of June, 2018 partitioning works for the new offices were ongoing. Officers from the following institutions had been nominated to the OSC and training had commenced: KRA, NEMA, NSSF, NHIF, EPZA, Business Registration Services, Kenya Power, Department of Immigration and Nairobi County Government.

**b. Regional Integration Implementation Programme (RIIP)**

KenInvest is among MDAs benefitting from the COMESA adjustment facility that supports member states to implement regional programmes with developmental impact, enhancing growth of trade and investment. The overall objective of the RIIP in accordance with Article 10 of the COMESA Adjustment Facility Protocol is to assist eligible Member States implement prioritized programmes that contribute to regional integration. These include the requisite policy reforms to improve the efficiency of the domestic market and competitiveness, capacity building in skills development, effective participation in regional integration negotiations and institutional strengthening.

**ii. Material Arrears in Statutory and Other Financial Obligations**

The Kenya Investment Authority (sponsor) of the Kenya Investment Authority Pension Scheme has an outstanding pension remittance issue for the period August 1992 to July 1994. The remittance gap was discovered in 2012 after an audit that was sanctioned by the Board of Trustees. Since then, Trustees have engaged relevant government departments including Kenya National Archives to determine whether the sponsor had remitted pension deductions for the period in question, but records cannot be traced. The scheme was non-contributory at the time. The outstanding principal amount is KShs. 1,744,683.36 but this had accumulated interest to the tune of KShs. 17,883,115.48 as at 31st December 2018. The Board sought additional funding from the National Treasury, through the parent ministry, to address the liability. Following the official response to the request, part of the liability amount was factored in the FY2019-2020 budget. Thus, the liability will be reduced subject to budget availability.

**iii. Major risks facing the Organisation**

The risks identified have been classified departmentally as follows:

<b>Department</b>	<b>Summary of Risks faced</b>
Finance	- Review of risks in the Finance unit shows that a majority of them were rated as being high and significant. Prevalent among them were the Authority reliance on the exchequer for funding its operations and budget estimates that do not conform to the actual expenditure. There is therefore need to manage these risks by exploring avenues for additional funding by developing a resource mobilization strategy with the development partners in order for KenInvest to effectively achieve the strategic objectives. This can be enhanced through engagement of a resource mobilization officer who will build the unit's capacity to prepare good proposals to lobby for funding.

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<b>Department</b>	<b>Summary of Risks faced</b>
Human Resource and Administration	<ul style="list-style-type: none"> <li>- The unit had the records management, staff recruitment, staff training, and motor vehicle running costs specifically fuel price fluctuation and entry of unauthorized people to office premises as the areas prone to the higher. Though there are key controls in place implementation of improvement actions is needed e.g. Documents are in lockable filing cabinets, there is need to have modern filing cabinets and explore the e- filing possibility to safeguard the records in case of fires so that loss of records is minimized, making provision for price fluctuations during budgeting and ensuring biometrics are working.</li> <li>- The risk of lack of proper job matching and skill matching, failure to continuously train staff was rated high. Minimum qualifications are however set for each position to ensure matching of skills &amp; job requirements. To minimize the risk the key controls in place should be enforced.</li> </ul>
Procurement	<ul style="list-style-type: none"> <li>- The risks in the procurement unit are generally manageable with two areas having high risks which are receiving of poor-quality goods and theft/damage of goods in the store while significant risks are purchase of over priced goods &amp; services, &amp; services and collusion with bidders. There is need for procurement staff to continually undergo training by PPRA on best practices in procurement. In addition, adherence to the approved procurement plan should be observed to ensure that goods and services are supplied immediately</li> </ul>
Investors Services	<ul style="list-style-type: none"> <li>- Failure to meet the target project visit schedule as per departmental work plan due to budget constraints being the highest or principal risk in the organization. The other risks are risks associated with protection of sensitive investor information and lack of complete official investor statistics. This needs immediate review of risks and instituting of the proposed recommendations as investor services plays a key role in executing of the organization mandate of facilitating and retaining investment in Kenya.</li> </ul>
Investment Promotion	<ul style="list-style-type: none"> <li>- Failure to meet the set investment targets due to lack of capacity and budget constraints and occurrence of errors on promotional materials, recycling of out dated information due to lack of resources to provide services to Investors.</li> </ul>
Legal and Corporate Affairs	<ul style="list-style-type: none"> <li>- Award of damages to plaintiffs for ongoing court cases against the Authority was noted as a risk given the limited available budget and delays in the sealing of contracts which would mean late execution and at times getting time barred.</li> <li>- The Corporate Communications unit is mandated to create awareness of the existence of the authority and its functions. However, lack of awareness of the authority's activities stands out as a significant risk in the L&amp;CA department. There is therefore need to aggressively market Ken invest activities in order to fulfil its mandate.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>- High risk of failure to identify and correctly rate risks in audit areas. In adequate allocation of audit resources based on the skills and numbers possess the risk of non-completion of the planned audit assignments thus compromising the effectiveness of the audit process and the value addition objective</li> </ul>

## **REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Authority's affairs.

### **Principal activities**

The principal activities of the Authority continue to be attraction and facilitation of investments both locally and internationally.

### **Results**

The results of the Authority for the year ended June 30, 2019 are set out on page 1 to 25.

### **Directors**

The members of the Board of Directors who served during the year are shown on page V to X. During the year, our Chairlady Madam Anne Kirima Muchoki's term ended on 10th March 2019 and Hon Dennis Waweru was appointed with effect from 3rd May 2019. In addition, Mr. Washington Makodingo was replaced by Hon. Peter Mathuki with effect from 3rd May 2019.

### **Dividends/Surplus remission**

The entity did not make any surplus during the year and hence no remittance to the Consolidated Fund.

### **Auditors**

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



**Ms. Olivia Rachier**  
**Corporate Secretary**  
**Nairobi**

**Date:** 01.10.2020

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012, section 14 of the State Corporations Act and Investment Promotion Act, 2004 require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.


The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Investment Promotion Act, 2004. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2019, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

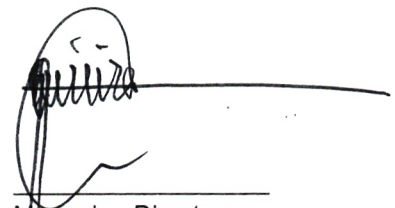
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

The Authority's financial statements were approved by the Board on **27<sup>th</sup> September, 2019** and signed on its behalf by:



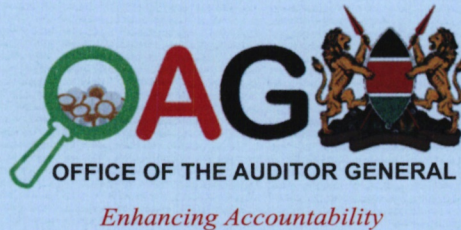
Chairman of the Board  
**Hon. Dennis Waweru**



Managing Director  
**Dr. Moses Ikiara**

# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON KENYA INVESTMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the accompanying financial statements of Kenya Investment Authority set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in equity, statement of cash flows, statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Investment Authority as at 30 June, 2019, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Investment Promotion Act, No.6 of 2004 and the Public Finance Management Act, 2012.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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

## **Other Matter**

### **Delay in Completion of Project**

As was previously reported, the Authority signed a contract with a local contractor for the proposed office partitioning for the establishment of One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14<sup>th</sup> and 15<sup>th</sup> Floor at a sum of Kshs.144,427,233. The contract commenced on 27 January, 2017 and was to expire on 20 May, 2017, a period of sixteen (16) weeks. However, an examination of available documents revealed that an amount of Kshs.77,140,482 representing 53.41% of the total contract sum was certified as at 30 June, 2019.

Despite Management's explanation that the Authority is in constant communication with the State Department for Public Works (Project Managers) to fast track the completion of the Project, the contractor was not able to fully discharge the contract as at 30 June, 2019. Likewise, despite issuance of certificate of practical completion dated 13 November, 2019, contract works were yet to be handed over to the Authority as at the time of audit in May, 2020.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **Implementation of Organization Structure**

The Authority had in-post eighty-six (86) staff members representing 61% of the approved establishment of one hundred and forty (140) members of staff spread across the various functional areas. Available records indicated that the low number is attributed to inadequate funding to facilitate recruitment. The Management further explained that the inadequate staffing within the Authority was as a result of impending parastatal reforms. Inadequate staffing may give rise to inadequate segregation of duties and impairs effective service delivery to the citizens.

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

### **Responsibilities of Management and those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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 Authority'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 terminate the Authority or to cease operations.

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

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 the Authority'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 the Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**Nancy Gathungu**  
**AUDITOR-GENERAL**

**Nairobi**

**05 February, 2021**

**Kenya Investment Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments	6	212,318,300	240,750,000
		<b>212,318,900</b>	<b>240,750,000</b>
<b>Revenue from exchange transactions</b>			
Other income	7	56,585	1,049,194
<b>Total revenue</b>		<b>212,375,485</b>	<b>241,799,194</b>
<b>Expenses</b>			
Employee costs	8	167,003,093	167,127,291
Remuneration of Directors	9	5,061,593	3,651,128
Depreciation expense	10	9,091,442	8,149,167
Repairs and maintenance	11	603,815	1,741,189
General expenses	12	53,496,126	48,086,763
Programme Costs	13	15,952,012	23,728,128
<b>Total expenses</b>		<b>251,208,081</b>	<b>252,483,666</b>
<b>Surplus/(deficit) for the period/year</b>		<b>(38,832,596)</b>	<b>(10,684,472)</b>
Remission to National Treasury	24	-	-
<b>Net Surplus/ (deficit) for the year</b>		<b>(38,832,596)</b>	<b>(10,684,472)</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus/ (deficit) attributable to owners of the controlling Authority		(38,832,596)	(10,684,472)
		<b>(38,832,596)</b>	<b>(10,684,472)</b>

**The notes set out on pages 7 to 25 form an integral part of these Financial Statements**

**Kenya Investment Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2019**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	14	71,962,911	93,248,604
Receivables from exchange transactions	15	423,384	24,824,411
Deposits	16	400,000	400,000
		<b>72,786,295</b>	<b>118,473,015</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	131,587,895	134,869,024
<b>Total assets</b>		<b>204,374,190</b>	<b>253,342,039</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	18	10,549,959	15,685,212
Deferred income	19	-	5,000,000
		<b>10,549,959</b>	<b>20,685,212</b>
<b>Total liabilities</b>		<b>10,549,959</b>	<b>20,685,212</b>
<b>Net assets</b>			
Reserves		<b>193,824,231</b>	<b>232,656,827</b>
Accumulated surplus		98,326,430	137,159,026
Capital Fund		95,497,801	95,497,801
<b>Total net assets and liabilities</b>		<b>204,374,190</b>	<b>253,342,039</b>

*The Financial Statements set out on pages 1 to 25 were signed on behalf of the Board of Directors by:*



**Managing Director**  
Name: Dr. Moses Ikiara



**Head of Finance**  
Name: Ms. Donna Atieno  
ICPAK Member Number: 7332



**Chairman of the Board**  
Name: Hon. Dennis Waweru

Date: 01/10/2020

Date: 01/10/2020

Date: 01/10/2020

**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Retained earnings	Capital/ Development Grants/Fund	Total
<b>At July 1, 2017</b>	<b>147,843,497</b>	<b>106,130,714</b>	<b>253,974,211</b>
Total comprehensive income	(10,684,471)	-	(10,684,471)
Capital/Development grants received during the year	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	(10,632,913)	(10,632,913)
<b>At June 30, 2018</b>	<b>137,159,026</b>	<b>95,497,801</b>	<b>232,656,827</b>
<b>At July 1, 2018</b>	<b>137,159,026</b>	<b>95,497,801</b>	<b>232,656,827</b>
Total comprehensive income	(38,832,596)	-	(38,832,596)
Capital/Development grants received during the year	-	-	-
Transfer of retained earnings to comprehensive income	-	-	-
<b>At June 30, 2019</b>	<b>98,326,430</b>	<b>95,497,801</b>	<b>193,824,231</b>

**Notes:**

**a) Capital/ Development Grants/Fund**

*The fund is supporting the ongoing work in progress for the establishment of the One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14<sup>th</sup> and 15<sup>th</sup> Floor, Upper Hill Road. This project is expected to be completed in 2019/2020 FY and associated funds expensed accordingly.*

**b) Retained Earnings**

*This is the net assets invested in the Authority.*

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	Notes	2018-2019	2017-2018
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments	6	195,318,900	245,750,000
Other income	7	12,056,585	1,049,194
<b>Total Receipts</b>		<b>207,375,485</b>	<b>246,799,194</b>
<b>Payments</b>			
Employee costs	8	153,583,470	167,127,291
Board Expenses	9	5,061,593	3,651,128
Repairs and maintenance	11	603,815	1,741,189
General expenses	12	42,649,975	48,086,763
Programme Costs	13	15,952,012	23,728,128
Prepayments	15	-	24,457,611
<b>Total Payments</b>		<b>217,850,865</b>	<b>268,792,110</b>
<b>Net cash flows from operating activities</b>	20	<b>(10,475,380)</b>	<b>(21,992,916)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment		(5,810,313)	(63,817,600)
<b>Net cash flows used in investing activities</b>		<b>(5,810,313)</b>	<b>(63,817,600)</b>
<b>Cash flows from financing activities</b>			
Decrease in Deferred Income		(5,000,000)	-
<b>Net cash flows used in financing activities</b>		<b>(5,000,000)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(21,285,693)</b>	<b>(85,810,516)</b>
Cash and cash equivalents at 1 JULY	14	93,248,604	179,059,120
<b>Cash and cash equivalents at 30 JUNE</b>	14	<b>71,962,911</b>	<b>93,248,604</b>

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE 2019

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Note
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Transfers from other governments	216,305,000	(3,986,100)	212,318,900	212,318,900	-	a)
Other income	-	56,585	56,585	56,585	-	
<b>Total income</b>	<b>216,305,000</b>	<b>(3,929,515)</b>	<b>212,375,485</b>	<b>212,375,485</b>	<b>-</b>	
Expenses						
Employee costs	167,500,000	-	167,500,000	167,003,093	496,907	
Board Expenses	5,000,000	-	5,000,000	5,061,593	(61,593)	
Repairs and maintenance	600,000	-	600,000	603,815	(3,815)	
General expenses	26,205,000	-	22,275,485	53,496,126	(31,220,641)	b)
Programme Costs	17,000,000	-	17,000,000	15,952,012	1,047,988	
<b>Total expenditure</b>	<b>216,305,000</b>	<b>20,528,096</b>	<b>212,375,485</b>	<b>242,116,638</b>	<b>(29,741,153)</b>	
<b>Surplus for the period</b>				<b>(29,741,153)</b>		c)

**Budget notes**

- a) *The Authority's recurrent budget was reduced by KShs 3.9 million hence the readjustment to accommodate this change;*
- b) *The deficit in General expenses was occasioned by escalation in the rent for the Headquarters offices and given the reduction in the recurrent budget, it resulted in over- expenditure in the vote; and*
- c) *The deficit was financed through prepayments from 2017/2018 FY and retention.*

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

KenInvest is established by and derives its authority and accountability from the Investment Promotion Act. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is facilitating the implementation of new investment projects, providing after care services for new and existing investments, as well as organizing investment promotion activities both locally and internationally. It is also responsible for advocating for appropriate investment policies.

**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 the Authority's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the Investment Promotion 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. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
<b>IPSAS 40:</b> Public Sector Combinations	<b>Applicable: 1<sup>st</sup> January 2019</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2022:</b>                      The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2022</b>                      The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Authority;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.</li> </ol>

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2019.

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

**4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Transfers from other government entities**

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 Authority 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

**ii) Revenue from exchange transactions**

**Rendering of services**

The Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. 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 Authority.

**b) Budget information**

The original budget for FY 2018-2019 was approved by the National Assembly in June 2018. 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 Authority upon receiving the respective approvals in order to conclude the final budget.

The Authority'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.

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

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

**c) *Property, plant and equipment***

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

A full year depreciation is charged at the year of acquisition (unless asset is acquired in the last quarter of the financial year in which case the item will not be depreciated in the year of acquisition.) This is because depreciation of an asset should begin when the asset is ready to be used, i.e. the asset is in the location and condition necessary for it to be able to operate in the manner it is intended. Additionally, no depreciation is charged during the year of disposal. The depreciation charge for each period will be recognised as an expense. The Authority uses the reducing balance method of depreciation at the following rates:

- Motor Vehicles – 25%
- Furniture & Fittings – 10%
- Computers and Office Equipment – 30%

**d) *Provisions***

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

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

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

***Contingent liabilities***

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

***Contingent assets***

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

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

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

**e) *Nature and purpose of reserves***

The Authority creates and maintains reserves in terms of specific requirements. The Authority reserves maintained and appropriate policies adopted are as follows:

- Capital/ Development Grants/Fund - The fund is supporting the ongoing work in progress for the establishment of the One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14th and 15th Floor, Upper Hill Road. This project is expected to be completed in 2019/2020 FY and associated funds expensed accordingly.
- Retained Earnings - This is the net assets invested in the Authority.

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

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

**g) **Employee benefits****

**Retirement benefit plans**

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (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.

**h) **Related parties****

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

**i) **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.

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

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

#### **j) Comparative figures**

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

#### **k) 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, 2019.

### **5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

#### **Estimates and assumptions**

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

#### **Useful lives and residual 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 Authority
- 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2019	2017-2018
	KShs	KShs
<b>Unconditional grants</b>		
<b>GOK Grants</b>		
Recurrent grant	195,318,900	192,750,000
Development Grant	-	25,000,000
<b>Sub-total GoK Grant</b>	<b>195,318,900</b>	<b>217,750,000</b>
Regional Investment Integration Programme (RIIP) Grant	17,000,000	23,000,000
<b>Sub-total RIIP Grant</b>	<b>17,000,000</b>	<b>23,000,000</b>
<b>Total Transfers from Other Governments</b>	<b>212,318,900</b>	<b>240,750,000</b>

The details of the reconciliation have been included under Note 19 and appendix iii

6 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Authority sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
State Dept. Investment & Industry <b>Recurrent Grant</b>	195,318,900	-	-	195,318,900	192,750,000
State Dept. Investment & Industry- <b>Development Grant</b>	-	-	-	-	25,000,000
National Treasury <b>RIIP Grant</b>	12,000,000	-	-	12,000,000	28,000,000
<b>Total</b>	<b>207,318,900</b>	<b>-</b>	<b>-</b>	<b>207,318,900</b>	<b>245,750,000</b>

(The details of the reconciliation have been included under Note 19 and appendix iii)

7 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Miscellaneous Income	-	1,002,691
Commission Income	56,585	46,503
<b>Total other income</b>	<b>56,585</b>	<b>1,049,194</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Basic Salaries	89,738,258	90,629,350
House Allowance	29,937,000	30,866,000
Other Personal Emoluments	13,125,477	12,900,660
Leave Allowance	1,800,000	1,795,000
Other Cash Allowances	2,494,587	2,113,201
Pension Contribution	16,488,148	16,230,496
Medical	13,419,623	12,592,584
<b>Employee costs</b>	<b>167,003,093</b>	<b>167,127,291</b>

9 REMUNERATION OF DIRECTORS

Description	2018-2019	2017-2018
	KShs	KShs
Chairman's Honoraria	898,065	1,044,000
Sitting Allowances	3,367,148	1,898,000
Other allowances	796,380	709,128
<b>Total director emoluments</b>	<b>5,061,593</b>	<b>3,651,128</b>

10 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Motor Vehicle	467,548	623,398
Computer and Equipment	3,685,542	2,168,375
Furniture and Fittings	4,938,352	5,357,394
<b>Total depreciation and amortization</b>	<b>9,091,442</b>	<b>8,149,167</b>

11 REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	KShs	KShs
Motor Vehicles	570,639	1,410,502
Furniture and Fittings	33,176	330,687
<b>Total repairs and maintenance</b>	<b>603,815</b>	<b>1,741,189</b>

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

**12 GENERAL EXPENSES**

Description	2018-2019	2017-2018
	KShs	KShs
Communication Supplies and Services	2,557,055	2,452,533
Domestic Travels	149,805	166,868
Printing Expenses	634,193	495,189
Rent Expenses	41,565,201	35,781,827
Utilities Expenses	1,060,332	202,060
Hospitality Expenses	170,221	278,691
Staff Tea	340,659	344,898
Water Expenses	46,645	296,631
Insurance Expenses	1,294,291	1,343,370
Office and General Supplies and services	790,465	1,581,699
Cleaning Services	2,016,705	1,833,095
Security Services	152,947	609,147
Fuel, Oil and Lubricants Costs	1,899,123	1,362,192
Subscriptions Expenses	151,359	132,028
Bank Charges	108,256	84,835
Audit Fees	350,000	350,000
Legal Fees	208,868	771,700
<b>Total general expenses</b>	<b>53,496,126</b>	<b>48,086,763</b>

**13 PROGRAMME COSTS**

Description	2018-2019	2017-2018
	KShs	KShs
One Stop Centre (OSC)	670,378	9,389,428
Regional Integration Investment Programme (RIIP)	15,281,634	14,338,700
<b>Total programme costs</b>	<b>15,952,012</b>	<b>23,728,128</b>

**14 CASH AND CASH EQUIVALENTS**

Description	2018-2019	2017-2018
	KShs	KShs
Petty Cash	99,323	105,070
Co-operative Bank	71,863,588	93,143,534
<b>Total cash and cash equivalents</b>	<b>71,962,911</b>	<b>93,248,604</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2019 KShs	2017-2018 KShs
<b>a) Current account</b>			
<b>a) Current account</b>			
Co-operative Bank of Kenya	1120006651800.00	71,863,588	93,143,534
<b>Sub- total</b>		<b>71,863,588</b>	<b>93,143,534</b>
<b>b) Others(specify)</b>			
Petty Cash -HQS		75,825	115,561
Petty Cash-Eldoret Office		4,436	5,487
Petty Cash- Mombasa Office		18,877	7,392
Petty Cash-Kisumu office		185	2,520
<b>Sub- total</b>		<b>99,323</b>	<b>130,960</b>
<b>Grand total</b>		<b>71,962,911</b>	<b>93,274,494</b>

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019 KShs	2017-2018 KShs
<b>Current receivables</b>		
Staff Imprests	423,384	366,800
Prepayments	-	24,457,611
<b>Total current receivables</b>	<b>423,384</b>	<b>24,824,411</b>
<b>Total receivables</b>	<b>423,384</b>	<b>24,824,411</b>

16 DEPOSITS

The deposits mentioned herein relate to fuel deposit held by National Oil Corporation of Kenya the providers of the Authority's fuel.

Description	2018-2019 KShs	2017-2018 KShs
Deposits	400,000	400,000
<b>Total Deposits</b>	<b>400,000</b>	<b>400,000</b>

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

**17 PROPERTY, PLANT AND EQUIPMENT**

	Motor vehicles	Computers & Equipment	Furniture & Fittings	Capital Work in Progress	Total
Cost	KShs	KShs	KShs	KShs	KShs
At 1 July 2017	29,629,900	30,516,693	115,486,392	15,905,142	191,538,127
Additions	-	5,742,600	323,994	57,751,007	63,817,601
<b>At 30<sup>th</sup> June 2018</b>	<b>29,629,900</b>	<b>36,259,293</b>	<b>115,810,386</b>	<b>73,656,149</b>	<b>255,355,728</b>
At 1 <sup>st</sup> July, 2018	29,629,900	36,259,293	115,810,386	73,656,149	255,355,728
Additions		1,483,000	842,978	3,484,335	5,810,313
<b>At 30<sup>th</sup> June 2019</b>	<b>29,629,900</b>	<b>37,742,293</b>	<b>116,653,364</b>	<b>77,140,484</b>	<b>261,166,041</b>
<b>Depreciation and impairment</b>					
At 1 July 2017	27,136,310	23,288,777	61,912,450	-	112,337,537
Depreciation	623,397	2,168,375	5,357,394	-	8,149,166
<b>At 30 June 2018</b>	<b>27,759,708</b>	<b>25,457,152</b>	<b>67,269,844</b>	<b>-</b>	<b>120,486,704</b>
At 1 <sup>st</sup> July, 2018	27,759,708	25,457,152	67,269,844	-	120,486,704
Depreciation	467,548	3,685,542	4,938,352	-	9,091,442
<b>At 30<sup>th</sup> June 2019</b>	<b>28,227,256</b>	<b>29,142,694</b>	<b>72,208,196</b>	<b>-</b>	<b>129,578,146</b>
<b>Net book values</b>					
<b>At 30<sup>th</sup> June 2019</b>	<b>1,402,644</b>	<b>8,599,599</b>	<b>44,445,168</b>	<b>77,140,484</b>	<b>131,587,895</b>
<b>At 30<sup>th</sup> June 2018</b>	<b>1,870,192</b>	<b>10,802,141</b>	<b>48,540,542</b>	<b>73,656,149</b>	<b>134,869,024</b>

**Note:**

*The Capital Work in Progress relates to the ongoing office partitioning for the establishment of One Stop Centre at the Authority's Headquarters at UAP Old Mutual Tower 14<sup>th</sup> and 15<sup>th</sup> floor. The project is complete and handover is expected within the first quarter of 2019/2020 FY.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Trade payables	2,135,912	4,424,365
Retention	7,714,047	10,849,947
Audit Fees	700,000	350,000
Staff claims	-	60,900
<b>Total trade and other payables</b>	<b>10,549,959</b>	<b>15,685,212</b>

19 DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Regional Integration Investment Programme (RIIP)	-	5,000,000
<b>Total deferred income</b>	<b>-</b>	<b>5,000,000</b>

The deferred income movement is as follows:

	National government	Total
Balance brought forward	5,000,000	5,000,000
Additions	-	-
Transfers to Capital fund	-	-
Transfers to income statement	5,000,000	5,000,000
Other transfers	-	-
Balance carried forward	-	-

20 CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>(38,832,596)</b>	<b>(10,684,472)</b>
<b>Adjusted for:</b>		
Depreciation	9,091,442	8,149,167
<b>Working Capital adjustments</b>		
Decrease in receivables	24,401,027	(24,139,473)
Decrease in payables	(5,135,253)	15,314,776
Decrease in cash transferred to capital fund	-	(10,632,913)
<b>Net cash flow from operating activities</b>	<b>(10,475,380)</b>	<b>(21,992,915)</b>

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

**21 FINANCIAL RISK MANAGEMENT**

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Authority'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 Authority 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 Authority's financial risk management objectives and policies are detailed below:

**(i) Credit risk**

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. The carrying amount of financial assets recorded in the financial statements representing the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2019</b>				
Receivables from exchange transactions	423,384	423,384	-	-
Bank balances	71,863,588	71,863,588	-	-
<b>Total</b>	<b>72,286,972</b>	<b>72,286,972</b>	-	-
<b>At 30 June 2018</b>				
Receivables from exchange transactions	24,824,411	24,824,411	-	-
Bank balances	93,143,534	93,143,534	-	-
<b>Total</b>	<b>117,967,945</b>	<b>117,967,945</b>	-	-

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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Authority'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 Authority's directors, who have built an appropriate liquidity risk management framework for the management of the Authority's short, medium and long-term funding and liquidity management requirements. The Authority manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (continued)

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2019</b>				
Trade payables	-	2,485,912	8,064,047	10,549,959
<b>Total</b>	<b>-</b>	<b>2,485,912</b>	<b>8,064,047</b>	<b>10,549,959</b>
<b>At 30 June 2018</b>				
Trade payables	-	4,286,766	11,199,947	15,685,212
Deferred income	5,000,000	-	-	5,000,000
<b>Total</b>	<b>5,000,000</b>	<b>4,286,766</b>	<b>11,199,947</b>	<b>20,685,212</b>

(iii) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Retained earnings	98,326,430	137,210,584
Capital reserve	95,497,801	95,446,242
<b>Total funds</b>	<b>193,824,231</b>	<b>232,656,826</b>
Total borrowings	-	-
Less: cash and bank balances	(71,962,911)	(93,248,604)
Net debt/(excess cash and cash equivalents)	121,861,320	139,408,222
<b>Gearing</b>	<b>63%</b>	<b>60%</b>

22 RELATED PARTY BALANCES

**Nature of related party relationships**

Entities and other parties related to the Authority 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.

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

**22 RELATED PARTY BALANCES (Continued)**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) The Board of Directors;
- iv) The Managing Director; and
- v) The General Managers (Senior Management).

	2018-2019	2017-2018
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Govt	195,318,900	217,750,000
<b>Total</b>	<b>195,318,900</b>	<b>217,750,000</b>
<b>b) Key management compensation</b>		
Chairperson emoluments	898,065	1,044,000
Compensation to the MD	8,640,000	8,640,000
Compensation to key management	17,568,476	18,014,076
<b>Total</b>	<b>27,106,541</b>	<b>27,698,076</b>

**23 CAPITAL COMMITMENTS**

<b>Capital commitments</b>	2018-2019	2017-2018
	Kshs	Kshs
Authorised and contracted for	144,427,766	144,427,766
<b>Total</b>	<b>144,427,766</b>	<b>144,427,766</b>

**24 DIVIDENDS/SURPLUS REMISSION**

The *Authority* did not make any surplus during the year and hence no remittance to the Consolidated Fund.

**25 EVENTS AFTER THE REPORTING PERIOD**

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

**26 ULTIMATE AND HOLDING AUTHORITY**

The *Authority* is a State Corporation under the Ministry of Industry, Trade and Co-operatives. Its ultimate parent is the Government of Kenya.

**27 Currency**

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

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

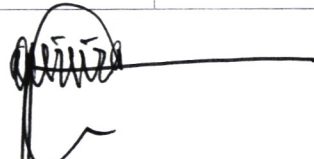
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p><b><u>Incomplete Project</u></b></p> <p>The above project was a proposed construction of One Stop Centre for investors and Kenya Investment Authority offices at UAP towers Upper hill, Nairobi. The project was awarded to Resjos Enterprises Limited as per signed agreement dated 18<sup>th</sup> January 2017 at contract sum of KShs. 144,427,232. The contract commence date was 27<sup>th</sup> January 2017 for a period of 16 weeks and was estimated to be completed by 20<sup>th</sup> May 2017. According to the last issued certificate No. 5 of work done, the total work certified as far is worth KShs. 77,140,481.95 which is 50% of the contract sum. The contract was noted to be behind schedule by 13 months as at 30<sup>th</sup> June 2018. Due to the delay, it is not clear whether the Authority and stakeholders will get value for money.</p>	<p>The project was divided into 4 components: Main Works (Office Partitioning), Mechanical Works and Electrical Works are over 70% certified, only one sub- contract (Structured Cabling and other related works) is below 50%, bringing down the overall level of project completeness thereby delaying the handover of the project from the contractor to KenInvest. The Authority is in talks with the State Department of Public Works (Project Managers) to complete the project before the end of this financial year. In addition, we can confirm that the Authority and its stakeholders have received value for their money.</p>	<p>Dr. Moses Ikiara Managing Director</p>	Not Resolved	September 2019
2.	<p><b><u>Irregular Procurement</u></b></p> <p>During the year under review, the Authority invited suppliers through request of quotations to carry out general office repairs. However, although Frozen Ventures, Maximum Enterprises, Event deals and General supplies and Seromax Investments were invited to quote, none of them was pre-qualified to carry out any works in</p>	<p>The firms in question (Frozen ventures, Maximum Enterprises, Events Deals and General Supplies General Supplies and Seromax Investment) were picked from the AGPO prequalified list of suppliers from the Public Procurement Oversight Authority (PPOA) website in line with Section 56 (1) of the Public Procurement and Asset Disposal Act, 2015</p>	<p>Mr. Hosea Kemboi Procurement Manager</p>	Resolved	July 2019


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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>the Authority. The works awarded to Seromax Investments at a cost of Kshs. 86,293. Furtor Skytrack GPS East was paid Kshs. 174,482 for providing car tracking services but was also not a prequalified supplier.</p> <p>The Authority therefore contravened Section 95(3) of the Public Procurement and Asset Disposal Act, 2015 which requires that a procuring entity to invite tenders from only the approved persons who have been pre-qualified.</p>	<p>The firms Skytrack GPS East Africa, Tekwise Ltd, and Dawnstar had been prequalified among other 10 firms on a prequalification request made to the Managing Director on 15th June 2017 in line with Section 57 (1) &amp; (2) of the Public Procurement and Asset Disposal Act, 2015 which allows a procuring entity to maintain and update lists of registered suppliers, contractors and consultants as per procurement needs and ensure the list is periodically updated as per the regulations and in accordance with the Act.</p> <p>Therefore, the Authority was not in contravention of the section 95(3) of the Public Procurement and Asset Disposal Act, 2015.</p>			
3.	<p><b><u>Procurement Plan</u></b></p> <p>The procurement plan for the financial year 2017/2018 availed for audit review was not comprehensive as it only highlighted summed up final figures and lacked detailed breakdown of the goods, works or services required as stipulated in Section 21(1) of Public Procurement and Disposal Regulations, 2006. Further, the heads of departments did not submit their annual work plans to the accounting officer as required to form consolidated annual procurement plans as stipulated in Section 20(4) of the Public Procurement and Disposal Regulations, 2006.</p>	<p>This has been noted and going forward the Authority endeavours to prepare comprehensive annual procurement plan i.e. a procurement plan with detailed breakdown of the goods, works, and services required. Moreover, the Authority will ensure that all Heads of Departments and units will submit their annual procurement plans to the Managing Director at least 30 days before the close of the financial year.</p>	<p>Mr. Hosea Kemboi</p> <p>Procurement Manager</p>	Resolved	July 2019

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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)
4.	<p><b><u>Employment Contract</u></b></p> <p>Through a letter dated 6<sup>th</sup> January 2017, the contract of the Managing Director was renewed by the Chairperson of the board for a period of four years commencing 11<sup>th</sup> February 2017. However, no formal written contract agreement for the Managing Director's extended contract was availed for audit verification.</p>	<p>When the Managing Director (MD) applied for his contract renewal, he also requested for review of his terms and conditions of service, which had remained the same since February 2013. When the contract was renewed and gazetted, the Board kept pending the contract and assigned its relevant committee to consider revision of the terms and conditions. However, this has not been concluded to date as the Authority was waiting for conclusion of job review exercise by Salary and Remuneration Commission (SRC) and ongoing work by State Corporations Advisory Committee (SCAC) on various HR tools such as career progression. Both of the ongoing exercises by SRC &amp; SCAC were expected to guide the review of the MD's terms and conditions of service.</p> <p>The exercises have since been concluded and the Board is now proceeding with the review of the terms and conditions of the MD and, once concluded, the new contract will be signed. So far, payment is based on the previous contract and the letter to that effect from the Chairperson.</p>	<p>Hon. Dennis Waweru</p> <p>Chairman, Board of Directors</p>	Not Resolved	October 2019

  
**Managing Director**  
 Date ... 01/10/2020

  
**Chairman of the Board**

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**APPENDIX II: INTER-AUTHORITY TRANSFERS**

<b>AUTHORITY NAME:</b>		Kenya Investment Authority		
<b>Break down of Transfers from the State Department of Industrialization</b>				
<b>FY 2018/2019</b>				
<b>a. Recurrent Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	State Department of Industry & Investment	14/09/2018	49,826,250	FY 2018/2019
	State Department of Industry & Investment	24/12/2018	46,836,675	FY 2018/2019
	State Department of Industry & Investment	28/02/2019	49,826,250	FY 2018/2019
	State Department of Industry & Investment	30/05/2019	48,829,725	FY 2018/2019
		<b>Total</b>	<b>195,318,900</b>	
<b>b. Other Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	National Treasury- Regional Integration Implementation Programme	24/09/2018	6,000,000	FY 2018/2019
	National Treasury- Regional Integration Implementation Programme	20/02/2019	6,000,000	FY 2018/2019
		<b>Total</b>	<b>12,000,000</b>	

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

Finance Manager  
KenInvest

Head of Accounting Unit  
State Department of Industrialization

Sign



Sign-----

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/Recognized					Total Transfers during the Year
	As per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department of Industry & Investment	14/09/2018	Recurrent	49,826,250	49,826,250	-	-	-	-	49,826,250
National Treasury-Regional Integration Implementation Programme	24/09/2018	Donor Fund	6,000,000	6,000,000	-	-	-	-	6,000,000
State Department of Industry & Investment	24/12/2018	Recurrent	46,836,675	46,836,675	-	-	-	-	46,836,675
National Treasury-Regional Integration Implementation Programme	20/02/2019	Donor Fund	6,000,000	6,000,000	-	-	-	-	6,000,000
State Department of Industry & Investment	28/02/2019	Recurrent	49,826,250	49,826,250	-	-	-	-	49,826,250
State Department of Industry & Investment	30/05/2019	Recurrent	48,829,725	48,829,725	-	-	-	-	48,829,725
<b>Total</b>			<b>207,318,900</b>	<b>207,318,900</b>	-	-	-	-	<b>207,318,900</b>