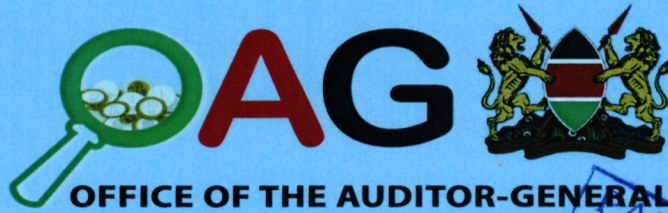


REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
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REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 09 MAR 2021

DAY:

Wednesday

TABLED
BY:

LOM

Hon. Amos Kimunya, MP

Notes Kenya

THE AUDITOR-GENERAL

ON

KENYA ACCREDITATION SERVICE

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

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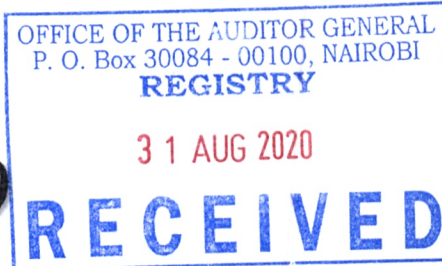
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**KENYA
ACCREDITATION
SERVICE (KENAS)**

June 30
2019



**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2019**



The Financial Statements are prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

KENYA ACCREDITATION SERVICE (KENAS)

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KENYA ACCREDITATION SERVICE (KENAS)

CORPORATION'S INFORMATION AND MANAGEMENT

(a) Background Information

Kenya Accreditation Service (KENAS) hereafter also referred to as the "Service", is a State Corporation established by the *Kenya Accreditation Service Act 2019* (Act No. 17 of 2019). The Service is a precursor to the "former Service" established under the State Corporation Act (Cap. 446 of the Laws of Kenya) under the Kenya Accreditation Service Order 2009 (Legal Notice N° 55) as the sole National Accreditation Body for Kenya.

The mandate of the Service is to accredit and exercise oversight over conformity assessment service providers; and to establish criteria and requirements for an internationally recognized and effective accreditation system. The Service is also responsible for promoting the competence and equivalence of accredited bodies and promoting the use of accreditation as means for facilitating trade, enhancing economic outcomes, managing and mitigating risks to quality, health, safety, environment and consumer protection.

The Service accredits providers of conformity assessment services across a range of sectors of our economy such as Trade, Agriculture, Finance, Transport, Energy, Environment, Telecommunication, Mining, Fishing, Water and Irrigation.

(b) Principal Activities

The mandate and functions of the Service are as stipulated under section 6 (1) of the *Kenya Accreditation Service Act 2019* is to:

- a) Assess and accredit conformity assessment bodies;
- b) Promote accreditation in Kenya;
- c) Promote mutual recognition of the competence of accredited bodies and equivalence of accreditation schemes;
- d) Establish and nurture relations and cooperation with regional and international accreditation bodies, persons, associations and organizations that the Service may consider necessary for the furtherance of the objectives of this Act;
- e) Participate in the formulation and monitoring of national, regional and international accreditation guidelines and standards;
- f) Create public awareness on accreditation, collect and disseminate information on accreditation and conformity assessment matters through advocacy programmes, the publication of reports, pamphlets, books, journals or any other publications;

KENYA ACCREDITATION SERVICE (KENAS)

- g) Provide training, and other related services and promote research on accreditation and conformity assessment matters;
- h) Initiate, negotiate, conclude and maintain international mutual recognition agreements relating to its accreditation schemes;
- i) Support the Government in matters relating to mutual recognition agreements on accreditation;
- j) Co-ordinate and liaise with regulators in respect of any matter relating to accreditation;
- k) Obtain and maintain membership to national, regional or international organizations which the Service considers necessary for purposes of achieving its objectives;
- l) Promote recognition and protect the use of the logo and symbols of the Service;
- m) Promote and protect regional and international mutual recognition arrangements and symbols;
- n) Establish, review, and maintain accreditation schemes for conformity assessment bodies that are consistent with international practices, facilitate trade and address needs of industry, consumers, regulators and other relevant entities;
- o) Formulate and implement national guidelines and standards to facilitate the accreditation;
- p) Advise the Government on designation of conformity assessment bodies;
- q) Ensure that accredited bodies implement appropriate actions related to their conformity assessment activities;
- r) Establish and maintain, in the prescribed manner, a register of the status of accredited bodies;
- s) Design and issue accreditation certificates and symbols to accredited bodies;
- t) Publish quarterly in the Gazette, and on its website a list of all accredited bodies in the prescribed manner; and
- u) Promote the use of accreditation symbols on certificates or reports issued by conformity assessment bodies.

(c) Key Management

The day-to-day management of operations and direction is led by the Chief Executive Officer and two Deputies, in charge of Technical Services and Finance and Administration respectively.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility are as provided in the Management Team given at page x to page xii

(e) Fiduciary Oversight Arrangements

The Board of Directors of the organization is chaired by a Non-Executive Chairperson appointed by the President of the Republic of Kenya. All Directors have extensive business and administrative experience in both the private and public sectors relevant to the leadership and governance of KENAS. Board meetings are held regularly to review the organization's performance against set targets and business plans as well as to formulate and implement the strategy. Various Committees whose Chairpersons report to the Full Board have been established and operationalized to complement the functions of the Board in providing oversight policy direction to the organization:

a) Finance Human Resource and General-Purpose Committee

The Finance Human Resource and General-Purpose Committee is chaired by Non-Executive Board Member and meets once a quarter. During the Financial year, the Committee members were:

- i) **Mr Hassan Issack Hache** (Chair term - ended on 21st March 2019)
- ii) **Dr. Nancy Nkirote Muriuki** (Chair - appointed on 18th April 2019)
- iii) Ms Stella Osoro (Member)
- iv) Mr Martin Chesire (CEO/Member)

The Committee's responsibilities include ensuring overall sound financial reporting, internal system of controls, business plans and budgets, procurement, ICT, public relations, administration and Human Resource Development. It also exercises oversight on all financial, human resource and other general operational matters, overseeing the development, review and implementation of Human Resource Policy Matters, advising the board on organisation structure, departmental/divisional function/staffing levels and developing, reviewing and implementing the schemes of service and career guidelines, facilitating training and capacity building, reviewing staff performance appraisal reports and overseeing disciplinary matters.

b) Audit and Risk Management Committee

The Audit and Risk Management Committee is chaired by a Non-Executive Director and comprises of Non-Executive members. During the Financial year, the Committee members were:

KENYA ACCREDITATION SERVICE (KENAS)

- i) **Dr Joyce Jefwa** (Chair)
- ii) Ms. Hannah Kiarie (Member)
- iii) Ms Stella Osoro (Member)

The responsibilities of the Committee include reviewing the financial information of the organization, monitoring the effectiveness of management information and reviewing the internal control systems, deliberating on significant findings arising from both internal and external audits, and reviewing the overall risks facing the organization.

c) **Accreditation Committee**

The Accreditation Committee is chaired by a Non-Executive member and meets at least once a quarter and whenever the need arises. The members term ended on 14th January 2019 and included:

- i) **Mr Ambassador Joseph Kiplagat** (Chair)
- ii) Mr James Onyango Odongo
- iii) Mr Mohamed Abdi Sheikh
- iv) Ms Elizabeth Lutomia Nambiro
- v) Mr Liston Cheruiyot Kirui
- vi) Mr George Maingi Munyao
- vii) Mr Samson Ombok
- viii) Mr Dennis Moturi
- ix) Mr Martin Chesire (Member/Secretary) -

The Committee's responsibilities included the provision of technical direction on all accreditation decisions and adjudications on accreditation matters in an independent, objective and impartial manner.

KENYA ACCREDITATION SERVICE (KENAS)

(f) KENAS Headquarters

Embankment Plaza, 2nd Floor
Longonot Road, Upper Hill
NAIROBI.

(g) KENAS Contacts

Telephone: +254 725 227 640 or +254 787 395 679
Email: md@kenyaaccreditation.org
Website: www.kenas.go.ke

(h) Principal Bankers

Kenya Commercial Bank
Kipande Branch
P.O. Box 30012
NAIROBI 00100

(i) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers - University Way
P.O. Box 30084
NAIROBI 00100

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
NAIROBI 00200

KENYA ACCREDITATION SERVICE (KENAS)

THE BOARD OF DIRECTORS

Dr Catherine N Adeya



Chairperson (Appointed on 20th September 2018)

Date of Birth: 16th November 1968

Dr Catherine Adeya is a results-driven, seasoned Information Scientist with over 20 years' experience in multidisciplinary global environments, both in the public and private sector.

She is a holder of:

- PhD in information and development from Edinburgh Napier, Scotland (UK).
- Bachelor of Science(Hons) from Moi University (Kenya) and postgraduate
- Graduate of the Yale University 'Executive Education - Women's Leadership Program' (2016).

She is certified in corporate governance from the Institute of Directors of Kenya (2016), Africa Corporate Governance of South Africa (2013) and Centre for Corporate Governance of Kenya (2008).

Dr. Nancy Nkirote Muriuki



Board Member

Date of Birth: 12th March 1963

Dr Nancy Muriuki has a wealth of over 30 years of experience in Human Resource Management, Institutional Leadership and Governance.

She is a holder of:

- PhD in Organizational Leadership from Regent University (USA)
- Master of Business Administration (HR) from the University of Nairobi
- Bachelor of Commerce from the University of Nairobi
- Certified Public Secretary (CPS) K;
- Diploma in Management

She was a member of Finance Human Resource and General Purpose Committee

Dr. Joyce Jefwa



Board Member

Date of Birth: 29th November 1962

Dr Joyce Jefwa has a wealth of over 30 years of experience as a Scientist.

She is a holder of:

- PhD in Botany from University of Pretoria (South Africa) Gent (Belgium)
- Diploma in Biosafety and Biotechnology
- M.Sc. in Conservation of Soil Fertility from University of Kent (UK)
- Bachelor of Science Education in Botany, Zoology & Education from Kenyatta University

She was the Chair of Audit and Risk Management Committee

KENYA ACCREDITATION SERVICE (KENAS)

Mr Hassan Issack Hache



Board Member (Term ended on 21st March 2019)

Date of Birth: 12th December 1972

Mr. Hassan Issack Hache has a wealth of experience in administration and management.

He is a holder of:

- Diploma in Human Resource and Personnel Management
- Degree in Public Administration
- Master's in Public Administration and Management specializing in administration and management in community development and NGO management.

He was the Chair of Finance Human Resource and General Purpose Committee

Mr Stephen Odua



Board Member (Term ended on 9th August 2018)

Date of Birth: 26th December 1967

Mr Stephen Odua has a wealth of over 23 years of experience in the Public Sector. He is a holder of MSc. in Entrepreneurship. Currently Assistant Director of Industries, Ministry of Trade, Industry and Cooperatives (MoTIC), and the Alternate to the Principal Secretary, State Department for Industrialization, MoTIC He was a member of Finance Human Resource and General-Purpose Committee for the period July 2018 to August 2018

Ms. Hannah Kiarie



Board Member (Appointed on 7th August 2018)

Date of Birth: 14th August 1973

Ms. Hannah has a wealth of over 21 years of experience in both private and public Sector.

She is a holder of

- Msc. In Applied Human Nutrition from University of Nairobi.
- Bachelor of food science and technology from University
- currently Assistant Director of industries, Ministry of Trade, Industry and Cooperatives(MOITC) and alternate to the Principal secretary, state department for Industrialization, MOITC.

She was a member of was a member of Audit and Risk Management Committee for the period August 2018 to June 2019

Ms Stella Osoro



Board Member

Date of Birth: 11th January 1984

Ms Stella Osoro has a wealth of experience as an Economist in Public Sector.

She a holder of:

- Master of Arts in Economic Policy Management from University of Nairobi
- Bachelor of Arts in Economics from University of Nairobi
- Certified Public Accountant Of Kenya (CPAK)

Currently working as, a Senior Economist at The National Treasury, and Alternate to the Principal Secretary, the National Treasury

KENYA ACCREDITATION SERVICE (KENAS)

She was a member of Finance Human Resource and General Purpose Committee and Audit and Risk Management Committee.

Mr Martin Chesire



Chief Executive Officer/Secretary to the Board

Date of Birth: 4th November 1973

Martin has over 21 years' experience in standardization, conformity assessment and accreditation including 10 years as Programme Manager, Development and training Services at ISO Geneva.

He is a holder of:

- Master of Science in Quality Management and Business Excellence from the University of Stirling Scotland
- Executive MBA in International Management from University of Geneva - Switzerland
- Bachelor of Science (Chemistry) from Moi University
- CQP MCQI (#05031439) and MIoDK (#1273)

He is a Chartered Quality Professional and a member of the Institute of Directors of Kenya.

KENYA ACCREDITATION SERVICE (KENAS)

MANAGEMENT TEAM

Martin Chesire



Chief Executive Officer/Secretary to the Board

Date of Birth: 4th November 1973

Martin has over 21 years' experience in standardization, conformity assessment and accreditation including 10 years as Programme Manager, Development and training Services at ISO Geneva.

He is a holder of:

- Master of Science in Quality Management and Business Excellence from the University of Stirling Scotland
- Executive MBA in International Management from University of Geneva - Switzerland
- Bachelor of Science (Chemistry) from Moi University
- CQP MCQI (#05031439) and MIO DK (#1273)

He is a Chartered Quality Professional and a member of the Institute of Directors of Kenya.

Susan Munyiri Ochieng



Deputy Director, Technical Services

Born in 1972. She has a wealth of experience of over 24 years in Quality management and Conformity Assessment Systems

She is a holder of:

- Master of Business Administration (Operation Management option) from the University of Nairobi.
- Bachelor of Science (Chemistry) from the University of Nairobi.
- Diploma in Quality Infrastructure Development.
- Member of the Institute of Corporate Governance (MIO D0349)

John M. Kamau



Deputy Director, Finance and Administration

Born in 1969. He has a wealth of experience of over 24 years

He is a holder of:

- Master of Business Administration (Finance option) from the University of Nairobi
- Bachelor of Commerce degree (accounting option) from Kenyatta University
- CPA (K), Membership No. 4212
- CPS (K), Membership No. 1810

Felista Nyakoe



Assistant Director, Testing and Calibration

Born in 1973. She has over 19 years' experience.

She is holder of:

- Master of Business Administration (Strategic Management option) from the University of Nairobi.
- Bachelor of Science in Dairy Science and Technology from Egerton University.

KENYA ACCREDITATION SERVICE (KENAS)

Doris Mueni Mengo



Assistant Director, Health and Safety

Born in 1981. She has over 13 years' experience.

She is a holder of:

- Master of Science in Medical Microbiology from Jomo Kenyatta University of Agriculture and Technology.
- Bachelor of Science in Medical Microbiology from Jomo Kenyatta University of Agriculture and Technology.
- Diploma in Quality Infrastructure in Support of World Trade

Michael Talam



Assistant Director, Certification

Born in 1975. He has over 19 years' experience.

He is a holder of:

- Executive Master of Business Administration from Jomo Kenyatta University of Agriculture and Technology
- Bachelor of Industrial Technology (Medical Engineering option) from Egerton University

Abraham Wekesa



Assistant Director, Inspection and Verification

Born in 1973. He has a wealth of experience of over 18 years.

He is a holder of:

- Master of Environmental Science from Kenyatta University
- Bachelor of Science (Chemistry and Biochemistry) from Jomo Kenyatta University of Agriculture and Technology
- Higher Diploma in Project Management.

Henry Wandabwa



Assistant Director, Finance

Born in 1972. He has a wealth of experience of over 20 years

He is a holder of:

- Master of Business Administration (Finance option) from Kenyatta University
- Bachelor of Commerce degree (Accounting option) from University of Nairobi
- CPA (K), Membership No. 6859

David Ochieng



Assistant, Director, Human Resource and Training.

Born in 1964. He has a wealth of experience of over 29 years.

He is a holder of:

- Master of Human Resource Management from Jomo Kenyatta University of Agriculture and Technology.
- Master of Business Administration (Strategic management option) from Moi University of Agriculture and Technology
- Bachelor of Science in Human Resources Management from Moi University
- Postgraduate Diploma in Financial Management
- Higher Dip.in Human Resource Management

KENYA ACCREDITATION SERVICE (KENAS)

- Dip. in Personnel mgmt.
- Licensed practicing Human Resource Management Practitioner and a full member of the Institute of Human Resource Management IHRM(K).

Elizabeth Muema



Assistant Director, Communication and Public Relations

Born in 1982. She has over 12years experience.

She is a holder of:

- BA in Communication – Specialised in Public Relations from Daystar University
- She is currently undertaking her Masters in Corporate Communication (thesis) level
- Member of Chartered Institute of Public Relations (CIPR)
- Member of Public Relations Society of Kenya (PRSK).

Elijah Kiptoo Kandie



Internal Auditor

Born in 1977. He has over 16 years' experience in Audit, Accounting and Risk management.

He is a holder of:

- Bachelor of Business Management (Accounting option) from Moi University
- CPA (K), Membership No. 15053
- Member of Institute of Internal Auditors

Mwanasha Rajab Mwadzoyo



Legal Officer (Exited on 29th April 2019)

Born in 1984. She is an advocate of the High Court of Kenya and has over 7 years of experience in the legal field.

She is a holder of:

- Bachelor of Law from the University of Zanzibar (TZ)
- Dip (KSL)
- Member of Law Society of Kenya (P.105/10335/14)

Flormina Ngina



Procurement Officer

Born in 1970. She has over 16 years' experience in the field of Procurement and Supply chain management.

She is a holder of:

- Master of Business Administration (Procurement and Supply Chain) from the University of Nairobi.
- Bachelor of Business Administration (Entrepreneurship) from Kenya Methodist University.
- Member Chartered Institute of Purchasing and Supply Chain (MCIPS), Member No. 03129990
- Member Kenya Institute of Supplies Management (KISM), Licence No. 64634

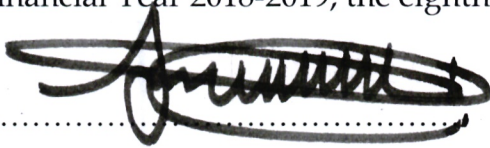
KENYA ACCREDITATION SERVICE (KENAS)

CHAIRPERSON'S STATEMENT

Overall, the performance of KENAS has improved over the years. In the Financial Year 2018-2019, the Board observed that the major threats to KENAS's ability to fully grow and deliver its mandate are inadequacy in resource mobilization and funding from Government. The Board and Management, have put in place several initiatives to address the resourcing and funding gaps in addition to measures to increase its client base. The goal of the Board is to secure the organization's financial independence before the year 2023. Despite these measures, it should be noted that to unlock external funding, KENAS requires some seed project funding from Government to enable it to develop and expand accreditation schemes to cover the priority sectors of the economy.

The *KENAS Strategic Plan 2012-2017* ended in October 2017, and Management initiated the development process of the third cycle 2018-2023 plan which will be finalized and launched in the course of the Financial Year 2020-2024.

It is my pleasure to present the Annual Report and Audited Accounts for KENAS for the Financial Year 2018-2019, the eighth cycle of its audited financial statements.



Mr. Alex Gatundu
Independent Board Member

Date: 28/8/2020

KENYA ACCREDITATION SERVICE (KENAS)

REPORT OF THE CHIEF EXECUTIVE OFFICER

In the year under review the Service has performed very well in delivering its mandate during the year ended 30th June 2019. The highlight of the main achievements realised between 1st July 2018 and 30th June 2019 include:

- Successful Re-Peer evaluation in November 2018 with a positive recommendation for Kenya and the Service to continue to be a full signatory member to the international mutual recognition agreements on Accreditation of the International Laboratory Accreditation Cooperation (ILAC), International Accreditation Forum (IAF) and the African Accreditation Cooperation (AFRAC);
- Increased growth in the number of accredited clients. In January 2019, the Service awarded its 100th Accreditation. The Service also expanded its regional reach by undertaking first-time accreditation assessment in Rwanda and Uganda bringing the total number of countries with Accreditation to six (others are India, Sudan, Tanzania, and The Gambia);
- The Service externalized the role of Assessment Team Leader by training the first set of ten (10) Assessment team leaders, which resulted in an expanded accreditation assessment capacity. The expanded capacity provides Clients with more flexibility in scheduling assessment, and better response time by the Service to advance applications through to on-site assessment. Overall, it reduced the ratio of assessment team leaders to Client to an acceptable level demanded by international requirement for managing impartiality and independence of assessors;
- The Service realized significant growth in total revenue generated of KES 185 million a historical net positive financial result from KES147.6 million in the previous year. The total revenue grew by 26%, while the internally generated income (A-in-A) expanded by 64% from KES 43.9 million to KES 72.9 Million;
- The Service was able to fulfil all its obligations in addition to extinguishing long outstanding liabilities of KES 17,032,395 of previous years including Government Advertising Agency KES 802,556, Safari Park Hotel KES 391,820 and PS Audio Visual Limited KES 186,040 respectively.
- The Service completed the implementation of the SAGE ERP automation project that was launched in April 2013, fully automating the processes for accounting and finance, procurement and human resource; and
- The Kenya Accreditation Services Bill 2018 successfully passed the third reading stage at National Assembly on 3rd July 2019 and later assented by the President on 14 August 2019.


.....
Chief Executive Officer, KENAS

Date: 2020-08-28

KENYA ACCREDITATION SERVICE (KENAS)

CORPORATE GOVERNANCE STATEMENT

Introduction

Corporate governance is the process by which organizations are managed and controlled while ensuring Accountability and Transparency on resource mobilization and utilization. The concept of corporate governance has gained prominence and is enshrined in both *Mwongozo* Governance of State Corporations and the *Constitution of Kenya 2010*. This is also articulated by private sector organisations such as the Centre for Corporate Governance in Kenya.

The Chairperson, the Board and Management recognize the need to conduct the business and operations of the organization with accountability, integrity and following generally accepted corporate governance practice coupled with the endorsement of internationally developed principles of corporate governance. The Board of Directors will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in the operations of KENAS.

The Board of Directors

The Board is chaired by a Non-Executive Chairperson appointed by the President of the Republic of Kenya. All Directors have extensive business, technical and administrative experience in both the private and public sectors that is applied in the provision of oversight and policy direction of KENAS. Board meetings are held regularly to review organizational performance against set targets and business plans. This is besides formulating and implementation of agreed strategies. Various committees whose Chairpersons report to the Board complement the functions of the Board and by extension, the organisation.

During the Financial year ended 30th June 2019, the Board consisted of 7 members including the Chief Executive Officer. The Board has 2 committees whose limit, and members are stated below. Besides, there is an independent Accreditation Committee.

In Financial Year under review, the Board held 5 regular and 1 special meeting. The Board's focus is on policy direction of the Organisation besides its regular work.

(a) Finance Human Resource and General-Purpose Committee

Members

- i) Mr Hassan Issack Hache (Chair term -ended on 21st March 2019)
- ii) DR. Nancy Nkirote Muruiki (Chair appointed on 18th April 2019 Member),
- iii) Ms Stella Osoro (Member)
- iv) Mr Martin Chesire (CEO/Member)

The Finance Human Resource and General-Purpose Committee is chaired by Non-Executive Board Member and meets once a quarter. During the Financial Year, the Committee held 4 regular meetings.

KENYA ACCREDITATION SERVICE (KENAS)

The Committee's responsibilities include ensuring overall sound financial reporting, internal system of controls, business plans and budgets, procurement, ICT, public relations, administration Human Resource Development. It also exercise oversight on all financial, human resource and other general operational matters, overseeing the development, review and implementation of Human Resource Policy Matters, advising the board on organisation structure, departmental/divisional function/staffing levels and developing, reviewing and implementation of the schemes of service and career guidelines, facilitating training and capacity building, reviewing staff performance appraisal reports and overseeing disciplinary matters.

(b) Audit Committee

Members

- i) Dr Joyce Jefwa (Chair)
- ii) Ms. Hannah Kiarie (Member)
- iii) Ms. Stella Osoro (Member)

The Audit Committee is chaired by a Non-Executive Board Member and comprise of Non-Executive Board members. During the Financial Year, the Committee held 4 regular meetings.

The responsibilities of the Committee include reviewing the financial information of the organization, monitoring the effectiveness of management information and reviewing the internal control systems, deliberating on significant findings arising from both internal and external audits, and reviewing the overall risks facing the organization.

(c) Accreditation Committee

The Accreditation Committee is chaired by a Non-Executive member and meets at least once a quarter and whenever need arises. The members term ended on 14th January 2019 and who included:

- i) Mr Ambassador Joseph Kiplagat (Chair)
- ii) Mr James Onyango Odongo
- iii) Mr Mohamed Abdi Sheikh
- iv) Ms Elizabeth Lutomia Nambiro
- v) Mr Liston Cheruiyot Kirui
- vi) Mr George Maingi Munyao
- vii) Mr Samson Ombok
- viii) Mr Dennis Moturi
- ix) Mr Martin Chesire (Member/Secretary)

During the Financial Year, the Accreditation Committee held 5 meetings. The Committee's responsibilities include the provision of technical direction on all

KENYA ACCREDITATION SERVICE (KENAS)

accreditation decisions and adjudications on accreditation matters in an independent, objective and impartial manner.

Delegation of Responsibilities

The preparation of KENAS's financial statements is a role that has been delegated to management. These financial statements have been prepared following internationally accepted accounting practice based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates.

Management ensures that adequate internal financial control systems are developed and implemented for purposes of providing reasonable certainty in respect of:

- Completeness and accuracy of accounting records;
- Integrity and reliability of the KENAS's annual financial statements and
- Safeguarding of KENAS's assets.

The responsibility for the integrity, reliability and objectivity of the organization financial statements lies with the Directors. The external auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements based on their audit results.

Statement of Risk Management and Internal Control

The organization recognises its responsibility to manage both internal and external risks as a key component of good corporate governance and is committed to embedding risk management into the daily operations of the Organisation; from the setting of objectives, to financial planning towards achieving the set objectives, through to departmental processes established to aid provision of service by the organization. It is our conviction that effective risk management shall help the organization to achieve its corporate objectives and provide better services, in the spirit of continual improvement and involvement of all stakeholders. The organization has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF)

Responsibility

Risk management is one of the most important activities of the organization. The Service through the Audit Committee is responsible for managing risk within KENAS by ensuring that appropriate risk management strategies and policies are in place and that processes are adequate and effective. The Audit Committee in liaison with management defines KENAS's overall level of risk tolerance and ensures that there are adequate tools and resources for managing risks.

The organization has assigned responsibility for risk management to the Chief Executive Officer; hence management ensures that sound risk management processes are put in place and functioning efficiently and effectively. All efforts are made to ensure that the costs and resources involved in risk management are in tandem with the expected benefits.

Internal Controls

Internal controls are designed to support the organization in achieving its objectives. The risks related to the achievement of objectives need are identified and evaluated for purposes of management. Thus, identification and assessment of risks is a prerequisite for internal control in KENAS. The continuity of operations is ensured by safeguarding critical functions and prudent utilization of resources.

KENYA ACCREDITATION SERVICE (KENAS)

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Stewardship

During the Financial Year under review, the Organisation achieved a Revenue total of KES 185,332,712 compared with KES 147,627,264 realized in the Financial Year 2017-2018. The total GoK budgetary allocation of KES 108,651,816 which was higher than the previous Financial Year 2017-2018 which totalled KES 103,528,800.

Accreditation Services

The following were the achievements over the years including the financial year under review are as detailed Table 1 below.

Table 1: Key Performance Results

Performance Indicator	Unit of Measure	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19
Newly accredited bodies	No.	14	19	13	28
Awareness programmes undertaken	No.	24	133	92	120
Trained assessors	No.	98	125	40	N/A
Regulations and criteria developed	No.	25	14	8	N/A
Conformity assessment bodies assessed	No.	104	90	93	176
Directory of accredited bodies	%	100	100	100	100
Entrenched security features on document and certificates	%	100	100	100	100
Publication of accredited conformity assessment bodies.	No.	1	1	N/A	1
Contribution to regional and international accreditation fora	No.	61	76	65	123
A-in-A	KES (Millions)	33.3	34	44.1	77.4
Expenditure	KES (Millions)	160.2	158.1	153.4	184.6

Constraints and challenges in Budget Implementation and mitigation measures

It is also worth noting that KENAS is a relatively new institution that only became fully operational in 2012. As reported in previous years, KENAS continues to experience several challenges as enumerated in Table 2 below.

KENYA ACCREDITATION SERVICE (KENAS)

Table 2: Highlights of Constraints and Challenges

#	Constraints or Challenges	Means of addressing the same
1.	Inadequate budgetary provisions by GoK	<ul style="list-style-type: none"> Addressed through the provision of adequate funds from the GoK Staff stretching beyond the limit to generate more revenue through accreditation, awareness and training activities Seeking funding from development or support partners to support core activities
2.	Emergence of new critical activities not budgeted for by process owners during the Financial Year	<ul style="list-style-type: none"> Training on budget making and involvement of process owners, particularly in the Budget Committee activities Provision of additional funding by GoK during the year preferably during the budget review
4.	Actual cost of planned activities is higher than the budgetary provisions	<ul style="list-style-type: none"> Involvement of the concerned process owners and getting realistic figures during the budgeting process. This will inform business strategy and performance contract deliverables
5.	High staff turnover	<ul style="list-style-type: none"> Review of staff remuneration and benefits as a means of staff motivation and retention strategy through a review of the structure. Consider re-categorization of the Organization to accommodate better terms of service to staff
6.	Highly regulated sectors such as Inspection.	<ul style="list-style-type: none"> Liaising with the parent Ministry to convene a meeting of all the stakeholders in the regulated sectors to forge a common approach in the implementation of accreditation activities in support of the work of regulators
7.	Weak legal framework establishing KENAS	<ul style="list-style-type: none"> Enactment of the Accreditation Bill to pave the way for sound legal footing in support of delivery on its operational mandate
8.	Limited activities of East Africa Accreditation Board.	<ul style="list-style-type: none"> Review of the Standardization, Quality Assurance, Metrology and Testing Act (SQMT) to pave the way for a vibrant EAC Accreditation Board
9.	Limited participation in international level meetings, forums.	<ul style="list-style-type: none"> Provision of additional funding by GoK during the year preferably during the budget review
10.	Limited visibility of KENAS	<ul style="list-style-type: none"> Addressed through the provision of adequate funds from the GoK, or support partners to aid in rebranding and relaunching

CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT

KENAS believes in adding value to the community by investing in its economic and social growth. This is achieved through partnership and participation, critical development and implementation of Corporate Social Responsibility (CSR) programmes aimed at addressing some of the social, environmental and economic challenges facing Kenyan communities. In future, and subject to resource availability, the organization plans to enhance such activities in a more robust and coordinated manner for purposes of undertaking similar activities in other Counties subject to budgetary provisions.

KENYA ACCREDITATION SERVICE (KENAS)

REPORT OF THE DIRECTORS

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

Principal activities

The principal activities of KENAS are the provision of internationally recognized accreditations and training services to conformity assessment service providers that carry out various conformity assessment tasks that include testing, medical and calibration laboratories, inspection and verification bodies, certification bodies and proficiency testing providers across a range of sectors of our economy.

The accreditation provided by KENAS also aims to promote the competence and equivalence of accredited bodies as means and tool for facilitating trade, enhancing economic outcomes, and managing and mitigating risks to quality, health, safety, environmental and consumer protection.

Results

The results of the entity for the year ended 30th June 2019 are set out on page 1

Directors

The details of the Board of Directors who served during the Financial Year 2018/2019 is given on page vii and page ix.

Auditors

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

By Order of the Board


.....
Chief Executive Officer, KENAS

Date: 2020-08-28

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management (PFM) Act, 2012, section 21 of the Energy Act 2006 and section 9 of the State Corporations Act cap 446 laws of Kenya, require the Directors to prepare financial statements in respect of the organization, which give a true and fair view of the state of affairs of the organization at the end of the financial year or period and the operating results of the organization for that year or period. The Directors are also required to ensure that the organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the Organisation besides safeguarding its assets.

The Directors are also responsible for the preparation and presentation of the organization's financial statements, which give a true and fair view of the state of affairs of the organization for and as at the end of the financial year (period) ended 30th June 2019.

This responsibility includes oversight on:

- (i) Maintenance of adequate financial management arrangements;
- (ii) Ensuring that arrangements continue to be effective throughout the reporting period;
- (iii) Maintenance of proper accounting records, which disclose with reasonable accuracy at any time the financial position of the organization;
- (iv) Design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements;
- (v) Ensuring controls are free from material misstatements, whether due to error or fraud; (vi) safeguarding the assets of the organization;
- (vi) Selection and application of appropriate accounting policies; and
- (vii) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the organization's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act Cap 446 laws of Kenya. The Directors are of the opinion that the organization's financial statements give a true and fair view of the state of the organization's transactions during the financial year ended 30th June 2019, and of the organization's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the organization, which have been relied upon in the preparation of the organization's financial statements as well as the adequacy of the systems of internal financial control.

KENYA ACCREDITATION SERVICE (KENAS)

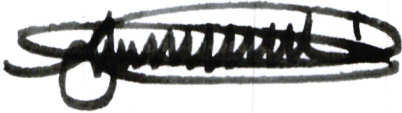
The Directors have also taken note of the threats to the going concern of the organisation and hence its future sustainability occasioned by inadequate budgetary allocation by the Government. Thus, the directors are making all efforts in liaison with management in pursuing improved budgetary allocation to improve on the financial position of the organisation.

Approval of the financial statements

The KENAS' Financial Statements were approved by the Board on _____ and signed on its behalf by:



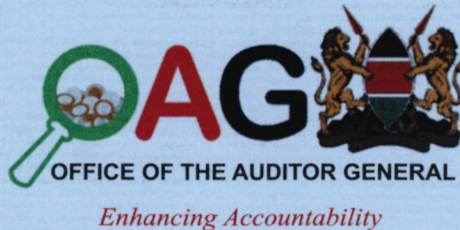
Martin Chesire
Chief Executive Officer/ Board Secretary


28/8/2020

Independent Board Member

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accreditation Service set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Accreditation Service as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Accreditation Service Order, 2009 and 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 Accreditation Services 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with Public Procurement Laws

1.1. Irregular Payment of Medical Insurance Services

During the year under review, Management procured medical insurance cover from Jubilee Insurance (Group Life Insurance Scheme) and First Assurance Company at contract sum of Kshs.1,344,426 and Kshs.802,056 respectively. On 21 July, 2018, an amount of Kshs.641,035 was paid as part payment to Jubilee Insurance. However, the contract documents availed for audit review indicated that the Insurance Scheme was to be effective between 15 February, 2018 to 14 February, 2019. The agreement was however, signed on 11 July, 2018, six months after the cover was effected contrary to the Public Procurement and Asset Disposal Act, 2015. The payment was not supported with notification of the award or acceptance letter of offer.

Further, the contract agreement between the KENAS and First Assurance Company Tender No. KENAS/29/2018-2020 was entered into on 23 April, 2018 with the effective date of 2 February, 2018, two and half months earlier. This is in contravention of the Public Procurement and Asset Disposal Act, 2015 Section 135(3) which requires that a written contract shall be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification, provided that a contract shall be signed within the tender validity period.

1.2. Procurement of Low Value Items

The Service procured goods/services on diverse dates amounting to Kshs.108,852 in cash. The Service carried out a repetitive and costly procurement cycle which would have been avoided in the purchases of low value items through normal quotation/tendering process which is also tantamount to splitting of request to avoid the tendering process. This is contrary to Section 6(1) of the Public Procurement Regulation, 2015 which requires that a procuring entity shall, pursuant to Section 26(3)(b) of the Act, undertake procurement in accordance with the threshold matrix set out in the First Schedule of the regulations.

1.3. Procurement of Peer Expenses

Payment of Kshs.285,840 was made to Real Edge Africa Venture vide voucher No.5189 dated 27 February, 2019 for provision of air tickets for peer evaluators having been evaluated the lowest bidder. The evaluators were to arrive in Nairobi on 23 and 25 November, 2018 and depart on 1 December, 2018. The local service order was however raised on 13 December, 2018 two weeks after the event took place between 26 November and 30 November, 2018 thus undertaking the service without a valid contract contrary to the Public Procurement and Asset Disposal Act, 2015 Section 135(4) which states that "No contract is formed between two persons submitting the successful tender and the Accounting Officer of a procuring entity until the written contract is signed by the parties" followed by issuance of an order.

In the circumstances, Management is therefore in breach of the law.

2. Failure to Comply with Requirement to Implement IFMIS and e-ProMIS

The Service has not linked its Enterprise Resource Planning (ERP) with the Integrated Finance Management Information System as directed through The National Treasury Circular No.19/15 of 18 December, 2015 under Ref. No. DGIPE/A/1/10 Category 4 - Other Projects which states that State Corporations are required to ensure that capital projects are captured in the Plan-to-Budget in IFMIS and e-ProMIS as appropriate and Presidential directive dated August, 2014 which directed that all State Corporations like any other entities comply to full use of e-procurement.

In the circumstances, Management is in breach of the law

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Imprest Register

During the year under review, the Service maintained an imprest register that was not properly updated and lacked columns for the imprest due/surrender dates hence making it difficult to determine the actual date for surrendering the imprests.

In the circumstances, the internal controls are weak and may not be effective. Management may not readily identify an imprest holder of a temporary imprest who has not accounted for or surrendered the imprest within 7 working days after returning to duty station.

2. Information Technology (IT Environment)

The Service does not have an approved Information Technology (IT) strategic plan that supports operation requirements of the Service such as training program to build IT capacity, documented and approved processes to manage and upgrade system changes made to all information systems.

Lack of an approved information technology Strategic Plan may expose the Service to the risk of non-alignment of IT operations with the overall business strategy. This may also lead to information security and systems development flaws due to lack of direction on information systems matters.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires 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 Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Service's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Service or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Service's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Service to cease to continue sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Service 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

18 February, 2021

KENYA ACCREDITATION SERVICE (KENAS)

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
Income	Note	KES	KES
Revenue from Non-Exchange transactions	5	112,259,118	103,685,220
Revenue from Exchange transactions	6	73,073,594	43,942,044
Total Revenue		185,332,712	147,627,264
Expenses			
Personal Emoluments	7	92,739,429	85,104,949
Board Expenses	8	4,549,983	2,641,101
Administrative Costs	9	45,336,424	41,309,072
Other Operating Costs	10	39,493,714	24,028,443
Total Expenses		182,119,550	153,083,565
Net Income		3,213,162	(5,456,301)
Other gains/(Losses)	11	1,786,816	226,738
Surplus (Deficit)		4,999,978	(5,229,564)

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

KENYA ACCREDITATION SERVICE (KENAS)

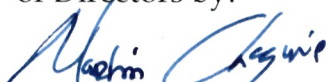
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019


	Note	2019 KES	2018 KES
Assets			
CURRENT ASSETS			
Cash and Bank equivalents	18	(559,546)	17,944,308
Receivables from exchange transactions	19	32,495,550	38,057,500
Receivables from non-exchange transactions	20	2,406,885	1,759,762
Inventories	17	433,368	499,585
		34,776,257	58,261,155
NON - CURRENT ASSETS			
Property, Plant and Equipment	15	10,609,185	10,789,757
Work in Progress	23	377,700	5,975,500
Intangible Assets	16	6,579,596	-
		17,566,481	16,765,257
Total Assets		52,342,738	75,026,412
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange transactions	21	595,359	17,343,523
Trade and Other Payables from Non-Exchange transactions	22	19,701,777	37,583,030
Total Liabilities		20,297,136	54,926,553
Net Assets		32,045,602	20,099,860
Capital Funds			
Accumulated Funds	12	30,000,000	30,000,000
Accumulated Surplus	12	(13,984,913)	(22,750,142)
Revaluation Reserve	12	16,030,515	12,850,000
Total Net Assets and Liabilities		32,045,602	20,099,858

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

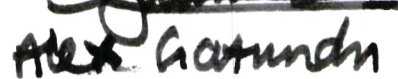
The Financial Statements set out on pages 1 to 25--- were signed on behalf of the Board of Directors by:


 Chief Executive Officer

Date.....2020-08-28.....


 Deputy Director, Finance and
 Administration (ICPAK Member
 No. 4212)

Date.....28-08-2020.....

~~Signature~~

 Independent Board Member

Date.....28/8/2020.....

KENYA ACCREDITATION SERVICE (KENAS)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Fund KES	Revaluation Reserve KES	Accumulated Surplus KES	TOTAL KES
Balance as at 01 July 2017	25,000,000	7,260,000	(19,862,361)	12,397,639
Government Capital Grants	5,000,000	-	-	5,000,000
Revaluation Reserve	-	5,590,000	-	5,590,000
Adjustments for the year	-	-	2,341,783	2,341,783
Surplus/(Deficit) for the year	-	-	(5,229,564)	(5,229,564)
Balance as at 30 June 2018	30,000,000	12,850,000	(22,750,141)	20,099,859
Balance as at 01 July 2018	30,000,000	12,850,000	(22,750,141)	20,099,859
Government Capital Grants	-	-	-	-
Revaluation Reserve	-	3,180,515	-	3,180,515
Adjustments for the year	-	-	3,765,251	3,765,251
Surplus/(Deficit) for the year	-	-	4,999,978	4,999,978
Balance as at 30 June 2019	30,000,000	16,030,515	(13,984,913)	(32,045,603)

Note:

1. The KES 3,765,251 adjustments in the financial year relates to reversals and write offs for provision for leave, accrued invoices for 2017-2018 which did not materialise as payables. The notes set out on pages 9 to 25 form an integral part of the Financial Statements. Refer to Note 12 of the Financial Statements.
2. KES 3,180,515 on revaluation relates to revaluation of office partitioning, furniture and equipment' and computer hardware.
3. Accumulated Fund refers to accumulated Government Development Grants received over the years.
4. Accumulated surplus relates to accumulated surplus/Deficit over the years.

KENYA ACCREDITATION SERVICE (KENAS)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Note	KES	KES
Cash generated from operations			
Surplus for the year before		4,999,978	(5,229,564)
Adjustments for:			
Reversal of INV34 Delish Catering and Decor	12	-	19,500
Accounting for Warrant 1126 & 1127 for 2016-17	12	-	(210,000)
Branding for ties -WAD June 2017	12	-	(109,716)
Waiver of KEBS Debt	12	-	4,229,475
Reversal of Invoices 458,609, 708, 830, 856 Rec62,98,83	12	-	(1,498,544)
Advert for Recruitment 2017-INV12 & 80029140	12	-	(211,402)
Adjustment to revenue Reserve	12	3,765,251	-
Provision for Leave days	12	-	122,470
Gain on disposal of assets	11	(1,096,158)	-
Depreciation expense	15	4,097,346	5,355,243
Amortization expense	15 & 16	275,204	-
Total Cash generated from operations		12,041,620	2,467,462
Working Capital adjustment			
Change in inventories	17	66,217	(201,798)
Change in Trade and Receivables	19 & 20	4,914,827	(10,068,583)
Change in Trade and other Payables	21 & 22	(34,629,417)	7,882,106
Net Changes in Working Capital		(29,648,373)	(2,388,275)
Net Cash from Operating Activities		(17,606,753)	79,188
Cash flows from Investing Activities			
Property Plant & Equipment	15	1,288,242	(1,824,519)
Work in Progress	23	377,700	1,722,512
Intangible Assets	16	822,791	-
Net Cash flows used in investing Activities		(2,488,733)	(102,007)
Cash flows from Financing Activities			
GOK Grants Development	12	-	5,000,000
Disposal of Property Plant & Equipment		1,591,631	-
Net Cash flows From Financing Activities		1,591,631	5,000,000
Net Increase in Cash & Cash Equivalents		18,503,855	4,977,181
Analysis of Cash and Cash Equivalents			
Net Cash & Cash Equivalents at 1 st July 2018	18	17,944,308	12,967,128
Net Cash & Cash Equivalents at 30 June 2019	18	(559,546)	17,944,308

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

KENYA ACCREDITATION SERVICE (KENAS)

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

	Original Budget	Adjustments	Final Budget	Actual	Variance
Revenue	KES	KES	KES	KES	KES
Cash Balance B/F - Priority Area MOITC	3,118,000	-	3,118,000	3,118,000	-
Government Grants Recurrent	110,860,000	(2,208,184)	108,651,816	108,651,816	-
Public contributions and Donations	2,000,000	-	2,000,000	3,607,302	1,607,302
Accreditation Fees	39,174,801	-	39,174,801	47,820,118	8,645,317
Training Income	19,053,000	-	19,053,000	11,742,225	(7,310,775)
Miscellaneous Income	11,736,100	-	11,736,100	13,511,251	1,775,151
Total Income	185,941,901	-2,208,184	183,733,717	188,450,712	4,716,995
Expenses					
Personal Emoluments	97,216,126	-	95,007,942	92,739,429	2,268,513
Medical Expenses	7,200,000	-	7,151,696	7,151,696	-
Transport Operating Expenses	1,347,109	2,112,278	3,136,278	3,136,278	-
Travelling and Accommodation	723,100	-	932,079	932,079	-
Hire of Transport	80,000	250,000	285,956	299,191	(13,235)
External travelling and Accommodation	7,148,000	706,700	8,027,370	8,027,370	-
Postal and Courier Services	114,395	-	159,168	159,168	-
Telephone	837,204	-	860,505	860,505	-
Official entertainment	1,430,900	(101,000)	1,329,900	1,385,759	(55,859)
Legal Expenses	406,000	(165,060)	240,940	240,940	-
Contracted Professionals	1,762,010	-	1,603,288	1,603,288	-
Electricity	504,000	-	695,378	695,378	-
Water	160,200	-	160,200	151,986	8,214
Motor vehicle fuel, lubricant and gas expenses	1,500,000	-	2,042,429	2,042,429	-
Seminar expenses	3,166,680	83,616	3,493,435	3,493,438	-3
Library expenses	136,500	(10,000)	40,196	40,196	-

KENYA ACCREDITATION SERVICE (KENAS)

	Original Budget	Adjustments	Final Budget	Actual	Variance
Purchase of stationery	708,000	-	638,544	638,714	(170)
Publishing printing and photocopy	928,303	(50,000)	383,786	383,786	-
Advertising, Marketing and Publicity	3,213,612	(1,200,252)	2,217,816	2,217,816	-
Newspapers, publications, periodicals and journals	82,400	-	65,520	65,520	-
Welfare	200,000	(100,000)	20,000	20,000	-
Rent and Rates	15,027,180	-	15,027,180	15,065,313	(38,133)
Maintenance of office equipment's	475,000	164,325	374,740	374,740	-
Maintenance of buildings	400,000	(164,325)	187,061	187,061	-
Insurance expenses	1,482,231	(53,088)	1,429,143	1,423,655	5,488
Staff development and Training	671,295	327,694	958,342	958,341	1
Subscription fees	1,191,500	(360,900)	687,632	687,632	-
Computer expenses	300,000	(100,000)	200,000	213,578	(13,578)
Bank Charges	120,000	-	215,433	215,433	-
Financial Audit	406,000	-	350,000	350,000	-
Accreditation expenses	11,481,970	(1,008,186)	10,473,784	14,558,029	(4,084,245)
Training Expenses	5,748,030	(1,500,000)	4,639,132	4,655,083	(15,951)
Other Miscellaneous Committee expenses	48,000	-	48,000	48,682	(682)
Taxation	-	-	-	102,340	(102,340)
Technical Committee Expenses	465,000	(114,574)	134,860	134,860	-
Peer/Pre-Peer Evaluation Expenses	1,852,000	-	2,089,315	2,281,491	(192,176)
Events, Meetings and Exhibitions (KENAS)	3,728,000	452,772	3,915,513	3,915,513	-
Board Expenses	3,752,100	-	4,517,100	4,549,983	(32,883)
Depreciation	4,946,056	-	4,946,056	4,372,550	573,506
Purchase of Furniture & Equipment	500,000	200,000	700,000	492,122	207,878
Purchase of Computer Hardware	1,000,000	-	1,000,000	796,120	203,880
Purchase of Computer Software	600,000	630,000	1,230,000	822,791	407,209
Projects	2,118,000	-	2,118,000	2,118,000	0

KENYA ACCREDITATION SERVICE (KENAS)

	Original Budget	Adjustments	Final Budget	Actual	Variance
Total Expenditure	185,941,900	-	183,733,717	184,608,283	(874,566)
Surplus/(Deficit) for the year		(2,208,184)		3,842,429	5,591,561
Total Income	185,941,901	-2,208,184	183,733,717	188,450,712	4,716,995

Note:

Kes 3,118,000 under income relates to balance of Project funds brought forward from 2017-2018 and hence not an income for the year.

Notes and explanations for material deviations between the budget and actual amounts

(a) Public Contributions and Donations: KES 1,607,302

The organization realized more sponsorship income funded by our partners such PTB and International Accreditation Forum (IAF)

(b) Accreditation Income: KES 8,645,317

The organization realized a surplus income of KES 8,645,317 as a result of high uptake of accreditation services arising out of high number of assessments undertaken for new clients

(c) Training Income: KES 7,310,775

The organization realized a deficit income of KES 7,310,775 as a result of less uptake of Training services by clients.

(d) Miscellaneous Income: KES 1,775,151

The organization realized a surplus of KES 1,775,151 because most accreditation assessments were performed outside Nairobi and therefore an increase in reimbursable income.

(e) Personal Emoluments: KES 2,268,513

There an underspent by KES 2,268,513 occasioned by staff exits coupled with delayed recruitment.

(f) Accreditation Expenses: KES 4,084,245

An over-expenditure of KES 4,084,245 was due to high number of assessments undertaken for new clients.

(g) Purchase of Furniture and Equipments, Computer Hardware and Software (KES 492,122, KES 796,120 and KES 822,791)

(i) Purchase of property Plant and Equipments is reported under Note 15

(ii) Purchase of Intangible assets are reported under Note16 {(822,791 and 5,975,500 (Work in Progress -2017-2018)}

(iii) Other expenses are reported in Note 7 to 10 of the Financial Statements

KENYA ACCREDITATION SERVICE (KENAS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

1. GENERAL INFORMATION

Kenya Accreditation Service (KENAS), is a State Corporation established through the *Kenya Accreditation Service Act 2019* (Act No. 17 of 2019) under the State Corporation Act (Cap. 446 of the Laws of Kenya) as the sole National Accreditation Body for Kenya. Its principal activity is the provision of accreditation services to Conformity Assessment Bodies (CAB's) that carry out various conformity assessment tasks that include inspection, testing and certification in all fields and or sectors of our economy Trade, Agriculture, Finance, Transport, Energy, Environment, Telecommunication, Mining, Fishing, Water and Irrigation

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements are prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings (KES), which is the functional and reporting currency of the entity. The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared based on historical costs, unless stated otherwise. The cash flow statement is prepared using the indirect method. The financial statements are prepared on an accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

(a) IPSAS 33: First-time adoption of Accrual Basis IPSAS

KENAS adopted IPSAS in the year 2013/14, and therefore provisions of the first-time adoption of accrual basis do not apply to the entity.

(b) IPSAS 34: Separate Financial Statements

KENAS does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

(c) IPSAS 35: Consolidated Financial Statements

KENAS does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply

(d) IPSAS 36: Investments in Associates and Joint Ventures

KENAS does not have investments in associates or joint ventures, and therefore the standard does not apply

(e) IPSAS 37: Joint Arrangements

KENAS does not have an interest in a joint arrangement, and therefore the standard does not apply

KENYA ACCREDITATION SERVICE (KENAS)

(f) IPSAS 38: Disclosure of Interests in Other Entities

KENAS does not have an interest in other entities, and therefore the standard does not apply

(g) IPSAS 40: Public Sector Combinations

KENAS does not have Business combinations and combinations arising from non-exchange transactions and therefore the standard does not apply

(h) IPSAS 41: Financial Instruments

KENAS does not deal with financial instruments and therefore the standard does not apply

(i) IPSAS 42: Social Benefits

KENAS does not have social benefits provided for and therefore the standard does not apply

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition - IPSAS 23

(i) Revenue from non-exchange transaction

Government Grants

Government grants are recognized when received

Public Contributions and Donation

These contributions are recognized when received

(ii) Revenue from exchange transaction

Accreditation and Training Income

Accreditation and Training income is recognized when it accrues

Interest Income

Interest income is recognized when it accrues, by reference to the principal outstanding and the interest rate applicable. All other revenues are recognized at the time goods are supplied, or services are provided.

(b) Budget Information - IPSAS 24

The annual Budget is prepared on an accrual basis, considering all planned activities and anticipated incomes. A statement of comparison of Budget and the actual amount is provided in the financial statements.

(c) Property, Plant and Equipment - IPSAS 17

All Property, Plant and Equipment are stated at cost or revaluation less depreciation.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in the Statement of Financial Performance. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Depreciation - IPSAS 17

Depreciation on assets other than land is calculated on the straight-line basis at annual rates estimated to write off the assets over their expected useful lives. The assets are disclosed at their carrying amounts, and some assets have been fully depreciated During the Financial year. The annual rates used are as follows: -

- Plant, Machinery, Furniture & Fittings 12.5%
- Motor Vehicles 25%
- Computers and Software 33.3%

(e) Intangible Assets - IPSAS 31

Intangible assets represent computer software which is stated at cost less amortization. Amortization is calculated to write off the cost of the assets on a straight-line basis over their estimated useful life of 3 years.

(f) Inventories - IPSAS 12

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the first-in, first-out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(g) Provisions, Contingent Liabilities and Assets - IPSAS 19

Provisions are recognized when the Organization has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable cost can be estimated. There were no contingent liabilities to be reported in the notes to the financial statements.

(h) Employee Benefit Costs

The Organization also contributes to the National Social Security Fund (NSSF). Contributions are determined by the local statute and are currently limited to a maximum of KES. 200 per employee per month.

Contributions by the Organization in respect of retirement benefit costs are charged to the Income Statement in the year to which they relate.

Employees' entitled to annual leave are charged to the Income Statement as they fall due.

Employees on contract are entitled to gratuity at the end of the contract or employment, whichever comes earlier. The estimated monetary liability for such entitlement at the end of the balance sheet date is recognized as an expense accrued.

(i) Foreign Currency Transactions

Transactions during the year are converted into Kenya currency at the rate ruling at transaction dates. Assets and Liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya currency at rates ruling at that date. The resulting differences from conversion and translations are dealt with in the statement of comprehensive income in the year in which they arise.

(j) Trade Receivables

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the end of the year. Bad debts are written off when all reasonable steps to recover them have failed.

(k) Trade Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether billed or not.

(l) Related Parties

The Organization has related parties that include GOK, Development partners, Board of Directors, CEO and Key management staff. The remuneration to the Board of Directors were governed by the State Corporation Act, Cap. 486, Legal Notice No. 55 of 2009, *Mwongozo* executive order No. 7 and Guidelines issued by the National Treasury from time to time. The remuneration for the CEO and other staff of the organisation was based on terms of service approved by the Board of Directors in tandem with applicable guidelines. GOK through the Ministry of Industrialisation, Trade and Corporative disburses funds to the organisation while the relationship with development partners is purely on technical co-operation

(m) Cash & Cash equivalents

The Organization's Cash and bank balances consist of Cash in hand and Cash at bank at the balance sheet date.

(n) Subsequent Events - IPSAS 14

There have been no events after the Financial Year end with significant impact on the financial statements for the year ended June 30, 2019.

KENYA ACCREDITATION SERVICE (KENAS)

5. REVENUE FROM NON-EXCHANGE TRANSACTIONS

	2019 KES	2018 KES
(i): Government Grants Recurrent	108,651,816	103,528,800
Total Government Grants	108,651,816	103,528,800
(ii): Public Contributions and Donations		
PTB Sponsorship	3,458,332	-
Sponsorship-IAF	148,970	156,420
	3,607,302	156,420
Total Revenue from Non-Exchange transactions	112,259,118	103,685,220

6. REVENUE FROM EXCHANGE TRANSACTIONS

	2019 KES	2018 KES
(i): Accreditation Income		
Accreditation Fees-Testing and Calibration	15,450,986	12,662,567
Accreditation Fees-Health and Safety	23,710,559	10,044,535
Accreditation Fees-Inspection and Verification	4,864,852	2,701,028
Accreditation Fees-Certification	3,793,721	2,013,279
	47,820,118	27,421,410
(ii): Training Income		
Training Income-Test and Calibration	8,327,335	3,823,631
Training Income-Health and Safety	2,147,040	4,887,421
Training Income-Inspection and Verification	467,850	1,129,517
Training Income-Certification	800,000	1,000,000
	11,742,225	10,840,569
(iii): Miscellaneous Income		
Sale of obsolete items-Finance	-	-
Fines and Surcharges	-	-
Facilitation Income	13,312,361	5,557,289
Other Miscellaneous Income	198,890	0
AFRAC Registration Fees	-	122,776
	13,511,890	5,680,065
Total Revenue from Exchange transactions	73,073,594	43,942,044

KENYA ACCREDITATION SERVICE (KENAS)

7. PERSONAL EMOLUMENTS

	2019 KES	2018 KES
Basic salary	52,384,611	48,894,529
House Allowance	15,033,000	15,072,500
Commuter Allowance	4,470,000	4,639,169
Entertainment Allowance	2,159,218	1,862,391
Taskforce Allowance	324,000	-
Telephone Allowance	1,923,103	1,729,778
Passage Allowance	2,181,559	1,177,790
Pension Contributions	9,444,738	9,278,726
NSSF Contributions	97,170	85,800
Gratuity	1,498,500	424,000
Acting Allowance	210,444	1,000,285
Extraneous Allowance	177,600	148,887
Special duty Allowance	209,873	175,532
Responsibility Allowance	319,620	343,895
Casual Wages	28,944	-
Stipend	2,127,049	91,667
Non-Practising Allowance	150,000	180,000
Total Personal Emoluments	92,739,429	85,104,949

8. BOARD ALLOWANCES AND EXPENSES

	2019 KES	2018 KES
Honorarium for Chairperson	721,333	-
Mileage	65,633	-
Air tickets	98,000	473,780
Snacks	60,920	103,071
Sitting Allowances	2,094,862	1,516,100
Consultation	42,000	-
Official Functions	813,940	366,150
Accommodation Expenses	653,295	182,000
Total Board Allowances and Expenses	4,549,983	2,641,101

9. ADMINISTRATIVE EXPENSES

	2019 KES	2018 KES
Medical Expenses	7,151,696	6,825,094
Transport Operating Expenses	3,136,278	1,371,169
local Travelling and Accommodation	932,079	239,986
Hire of Transport	299,191	271,588
Postal and Courier Services	159,168	52,861
Telephone	860,505	50,809
Official entertainment	1,385,759	1,829,885
Legal Expenses	240,940	89,100

KENYA ACCREDITATION SERVICE (KENAS)

	2019 KES	2018 KES
Contracted Professionals	1,603,288	1,490,507
Electricity	695,378	481,807
Water	151,986	72,026
Motor vehicle fuel, lubricant and gas expenses	2,042,429	938,651
Library expenses	40,196	35,316
Purchase of stationery	638,714	707,250
Publishing printing and photocopy	383,786	218,068
Advertising, Marketing and Publicity	2,217,816	2,207,748
Newspapers, publications, periodicals and journals	65,520	73,910
Welfare	20,000	61,300
Rent and Rates	15,065,313	15,154,177
Maintenance of office equipment	374,740	496,281
Maintenance of buildings	187,061	54,064
Insurance expenses	1,423,655	1,888,232
Staff development and Training	958,341	387,096
Computer expenses	213,578	134,886
Bank Charges	215,433	130,725
Financial Audit expense	350,000	406,000
Penalty and Fines	-	170,885
Taxation	102,340	-
Other Miscellaneous Committee Expenses	48,682	114,410
Depreciation-Motor Vehicles	2,795,000	3,212,500
Depreciation-Furniture & Equipment	236,799	1,272,621
Depreciation-Computer Hardware	1,065,547	870,122
Amortization-Computer Software	218,694	-
Amortization-Office Partitioning	56,510	-
Total Administrative Expenses	45,336,424	41,309,072

10. OTHER OPERATING EXPENSES

	2019 KES	2018 KES
External travelling and Accommodation	8,027,370	5,638,783
Seminar expenses	3,493,435	5,134,812
Accreditation expenses	14,558,029	7,640,706
Training Expenses	4,655,083	3,310,165
Technical Committee Expenses	134,860	119,985
Peer Evaluation Expenses-Administration	2,281,491	-
Events Meetings and Exhibitions	3,915,513	1,575,482
Subscription fees	687,632	608,510
Ministry Projects	1,740,300	-
Total Other Operating Expenses	39,493,714	24,028,443

KENYA ACCREDITATION SERVICE (KENAS)

11. OTHER GAINS/(LOSSES) REALISED

	KES	KES
Gain on foreign exchange transactions	690,658	226,738
Gain on Disposal of Computers	1,096,157	-
Total Gains/Losses realised	1,786,815	226,738

12. CAPITAL FUNDS

	2019 KES	2018 KES
(i) Accumulated Capital Fund		
Balance as at 1st July 2018	30,000,000	25,000,000
Government Grants Capital Development	-	5,000,000
	30,000,000	30,000,000

(ii) Revenue Reserve

Balance as at 1st July 2018	(22,750,142)	(19,862,361)
Add adjustments for the year:	-	19,500
Accounting for Warrant No 1126 and 1127	-	-210,000
Credit Note CNINV000856	-	-10,970
Credit Note CNINV000830	-	-11,200
Branding for ties -WAD 2017	-	-109,716
Waiver of Debt owed to KEBS	-	4,229,475
Reversal of INV000458- CN000085 double invoiced	-	-81,374
Reversal of INV000609- CN000086 double invoiced	-	-60,000
Reversal of INVREC000062-double invoiced	-	-192,500
Reversal of INVREC000098-double invoiced	-	-192,500
Reversal of INVREC000083-double invoiced	-	-385,000
Reversal of INV000708-double invoiced	-	-565,000
Advert for Recruitment INV0012 & 80029140	-	-211,402
Provision for Leave days 2017-2018	-	122,470
Change for the year	3,765,251	-
Surplus (Deficit)for the year	4,999,978	-5,229,564
	(13,984,913)	-22,750,142

(iii) Revaluation Reserve

Balance as at 1st July 2018	12,850,000	7,260,000
Surplus (Deficit)for the year	3,180,515	5,590,000
	16,030,515	12,850,000

KENYA ACCREDITATION SERVICE (KENAS)

13. TRANSFER FROM OTHER GOVERNMENTS	2019	2018
	KES	KES
	N/A	N/A
14. TRANSFER FROM MINISTRIES, DEPARTMENTS AND AGENCIES		
	2019	2018
	KES	KES
	N/A	N/A

KENYA ACCREDITATION SERVICE (KENAS)

15. PROPERTY, PLANT AND EQUIPMENT

	OFFICE PARTITIONING KES (5 YRS.)	MOTOR VEHICLES KES 25%	FURNITURE & EQUIPMENT KES 12.5%	COMPUTER HARDWARE KES 33.3%	TOTAL KES
Cost					
At 1st July 2017	22,597,180	18,847,300	10,399,820	6,629,257	58,473,557
Disposals	-	(11,587,300)	-	-	(11,587,300)
Revaluations	-	5,590,000	-	-	5,590,000
Additions	-	-	339,595	1,484,924	1,824,519
AS at 30th June 2018	22,597,180	12,850,000	10,739,415	8,114,181	54,300,776
At 1st July 2018	22,597,180	12,850,000	10,739,415	8,114,181	54,300,776
Disposals	-	(1,670,000)	(9,289,451)	(2,428,698)	(13,388,149)
Revaluations	3,390,575	-	1,991,569	133,000	5,515,144
Additions	-	-	492,122	796,120	1,288,242
AS at 30th June 2019	25,987,755	11,180,000	3,933,655	6,614,604	47,716,014
Depreciation/Amortization					
At 1st July 2017	22,597,180	15,217,298	6,843,277	5,085,321	49,743,076
Disposals	-	(11,587,300)	-	-	(11,587,300)
Charge for the Year	-	3,212,500	1,272,621	870,122	5,355,243
AS at 30th June 2018	22,597,180	6,842,498	8,115,897	5,955,443	43,511,019
At 1st July 2018	22,597,180	6,842,498	8,115,897	5,955,443	43,511,019
Disposals	-	(1,252,500)	(7,235,515)	(2,070,030)	(10,558,045)
Charge for the Year	56,510	2,795,000	236,799	1,065,547	4,153,856
AS at 30th June 2019	22,653,690	8,384,998	1,117,149	4,950,994	37,106,831
Net Book Values					
As at 30th June 2019	3,334,065	2,795,001	2,816,506	1,663,610	10,609,185
As at 30th June 2018	-	6,007,502	2,623,517	2,158,738	10,789,757
As at 30th June 2017	-	3,630,002	3,556,543	1,543,936	8,730,481

KENYA ACCREDITATION SERVICE (KENAS)

16. INTANGIBLE ASSETS

	SOFTWARE KES	TOTAL KES
Cost	33.3%	
Disposals	-	-
Additions	-	-
AS at 30th June 2018	2,034,409	2,034,409
At 1st July 2018	2,034,409	2,034,409
Disposals	-	-
Additions	6,798,291	6,798,291
AS at 30th June 2019	8,832,700	8,832,700
Depreciation/Amortization		
At 1st July 2017	2,034,409	2,034,409
Charge for the Year	-	-
AS at 30th June 2018	2,034,409	2,034,409
At 1st July 2018	2,034,409	2,034,409
Charge for the Year	218,694	218,694
AS at 30th June 2019	2,253,103	2,253,103
Net Book Values		
As at 30th June 2019	6,579,596	6,579,596
As at 30th June 2018	-	-
As at 30th June 2017	-	-

Notes:

Additions to software of KES 6,798,291 includes purchase of software KES 822,791 and capitalisation of KES 5,975,500.

17. INVENTORIES

	2019 KES	2018 KES
Consumable stores	433,368	499,585
	433,368	499,585

18. CASH AND CASH EQUIVALENTS

	2019 KES	2018 KES
KCB Main Account	(7,091,020)	13,328,128
KCB Credit Card Account	263,420	-
KCB Dollar Account	6,268,055	4,616,180
Total Cash and Cash equivalents	(559,546)	17,944,308

KENYA ACCREDITATION SERVICE (KENAS)

DETAILED ANALYSIS OF CASH AND CASH EQUIVALENT

		2019	2018
	Account Number	KES	KES
KCB	- 1123414459	(7,091,020)	13,328,128
KCB Credit Card	- 5566302000004072	263,420	0
KCB Dollar	1125916923	6,268,055	4,616,180
Total Cash and Cash equivalents		(559,546)	17,944,308

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2019	2018
	KES	KES
Current receivables		
Sundry Debtors	311,015	126,302
General Debtors	32,184,535	37,931,198
Total Receivables from exchange transactions	32,495,550	38,057,500

20. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2019	2018
	KES	KES
Guarantee Deposits	389,000	389,000
Staff Debtors	5,614	11,614
Salary Advance	622,262	693,465
Prepaid Insurance	684,124	-
Prepaid Expenses	705,885	665,683
Total Receivables from non-exchange transactions	2,406,885	1,759,762

Total Receivables (19 & 20)	34,902,435	39,817,262
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21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2019	2018
	KES	KES
Trade payables	555,429	17,032,395
Withholding Tax 6%	39,930	311,128
Total Trade and Other Payables from Exchange transactions	595,359	17,343,523

KENYA ACCREDITATION SERVICE (KENAS)

22. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2019 KES	2018 KES
Provision for Audit Fees	406,000	406,000
Provision for professional fees	-	680,000
Provision for leave Days	1,023,491	2,379,844
Provision for General supplies	3,843,459	1,004,215
Staff Claims	-	55,396
Assessor Claims	86,600	-
P.A.Y.E	-	12,328,982
Pension Contributions	2,368	1,097,485
Gratuity	1,922,500	424,000
Staff Welfare	-	34,200
KCB Loans	-	551,725
Coop Bank Loans	-	57,655
HELB Loans	-	3,999
UBORA Shares and Loans	-	792,752
Uboru Housing	3,000	3,000
IESA Shares and Loans	6,147	62,000
Other Saccos	-	22,759
Bank of Africa Loans	-	166,557
Staff Loans- Barclays Loan	-	101,478
CFC Life	-	7,823
Jubilee Insurance	-	15,059
ICEA	-	3,009
Other Insurance Deductions	-	3,875
Voluntary Contribution	-	13,779
VAT	47,531	743,802
Other Staff Claims	998,035	284,892
Prepayments	11,362,655	16,338,744
Total Trade and Other Payables from Non-Exchange transactions	19,701,777	37,583,030

23. WORK IN PROGRESS

	2019 KES	2018 KES
ERP Software ERP	377,700	5,975,500
Total Work in Progress	377,700	5,975,500

KENYA ACCREDITATION SERVICE (KENAS)

24. FINANCIAL RISK MANAGEMENT

i) Credit Risk

Our debtors are fully performing and there are minimal risks associated with them

ii) Liquidity risk management

The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. Currently the Organisation does not face any liquidity challenges.

iii) Market Risks

The entity operations have minimal exposure to market risks since most of its operations are in local currency (KES).

25. RELATED PARTY BALANCES

The entity is a Government of Kenya parastatal. Therefore, the Government is the principal shareholder of the Service. Other parties include the Board of Directors and Key management who exercise control or exercise significant influence over its operating and financial decisions

a) Grants from the Government	2019	2018
	KES	KES
Grants from National Government	108,651,816	103,528,800
b) Expenses incurred on behalf of related parties	2019	2018
	KES	KES
Payment of Salaries and Wages for 34 employees	92,739,429	85,104,949
c) Board, CEO and Key Management compensation	2019	2018
	KES	KES
Board Allowances and expenses	4,549,983	2,641,101
Compensation to the CEO	6,967,000	1,992,064
Compensation to Key Management	42,141,497	42,645,391
	53,658,480	47,278,556

KENYA ACCREDITATION SERVICE (KENAS)

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor during the prior year FY 2017-2018, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below the associated timeframe within which we expect the issues to be resolved. The Auditor General had given a qualified Opinion on the basis of the matters below. The Management as a result of this purpose to maintain the position in future and ensure full accountability of public funds

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: Resolved or Not Resolved	Focal person to resolve the issue (Designation)	Timeframe: (Date when it is expected to be resolved)
1	Non-Remittance of Statutory Deductions that relates to the Financial year 2014/2015	<p>The management has made efforts to pay statutory deductions timely and ensured that all statutory deductions during the year under review were remitted.</p> <p>The outstanding balance now stands at KES 10,844,120 relates to the years of 2014-2015. Moreover, Management has formally pursued the matter with Kenya Revenue Authority (KRA) by having a payment proposal/plan. Besides, Management had requested the parent ministry and the National Treasury to consider more funds to settle the same or a waiver or write off the balance.</p>	Resolved	Deputy Director, Finance and Administration	June 2019
2.	Trade and Other Payables from Exchange Transactions	Management has paid up all pending bills which were due by 30 th June 2018. Also, Management has instituted a	Resolved	Deputy Director, Finance and Administration	September 2018

KENYA ACCREDITATION SERVICE (KENAS)

Reference No. on the external audit Report	Issue/Observations from Auditor	Management comments	Status: Resolved or Not Resolved	Focal Point person to resolve the issue (Designation)	Timeframe: (Date when it is expected to be resolved)
		debt collection strategy to improve liquidity substantially.			
3.	Long Outstanding receivables	Management has put in place a debt collection strategy to ensure long outstanding debts have been collected. So far, a total of KES 26,209,068.44 has been collected, leaving a balance of KES 11,776,163.29.	68.8% resolved and ongoing	Deputy Director, Finance and Administration	June 2019
4.	Material uncertainty related to Going Concern	The Service has been able to achieve steady year-over-year growth in A-in-A at an average rate of 13% since the Financial year 2013/2014. This has resulted in a year-over-year reduction in deficit thus improving the Service's ability as a going concern. Currently the service has recorded a surplus of KES 4,352,487.	Resolved	Deputy Director, Finance and Administration	June 2019