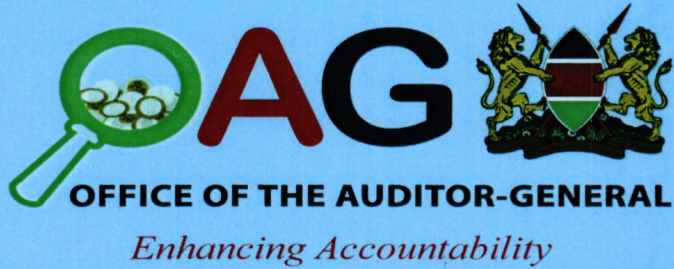


REPUBLIC OF KENYA



REPORT

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ON

RETIREMENT BENEFITS AUTHORITY

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



RETIREMENT BENEFITS AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021

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

RETIREMENT BENEFITS AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2021

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KEY AUTHORITY INFORMATION AND MANAGEMENT

(a) Background information

The Authority was incorporated/ established under the Retirement Benefit Act Cap 197 of 1997 under section 8. The Authority is domiciled in Kenya and is established to regulate and supervise the establishment and management of retirement benefits schemes.

(b) Principal Activities

The principal activities/mission/ mandate of the Authority are to:

- a) Regulate and supervise the establishment and management of retirement benefits schemes;
- b) Protect the interest of members and sponsors of retirement benefits sector;
- c) Promote the development of the retirement benefits sector;
- d) Advise the Cabinet Secretary, National Treasury on the national policy to be followed with the regard to the retirement benefits industry and implement all government policies relating thereto.

(c) Key Management

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

1. Board of Directors
2. Chief Executive Officer
3. Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Mr. Nzomo Mutuku, MBS
2.	Chief Manager Supervision	Mr. Charles Machira
3.	Chief Manager Human Capital and Administration	Mr. Gordon Bulinda
4.	Chief Manager Legal and Board Secretary	Mrs. Praxidis Saisi
5.	Chief Manager Market Conduct	Ms. Anne Mugo, MBS
6.	Chief Manager Corporate Communications (Seconded to National Treasury and Planning)	Mrs. Rose Kwena
7.	Chief Manager Research and Strategy	Dr. Alfred Shem
8.	Manager ICT	Mr. Peter Ngunyi
9.	Manager Internal Audit and Risk Management	Mrs. Elizabeth Waruingi
10.	Manager Procurement & Supply Chain Management	Mr. George Ogwang
11.	Deputy Manager, Finance	Mr. Seth Odhiambo
12.	Senior Communications Officer	Mr. James Ratemo

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The Board also remains very alive to the impact of external events over which the Authority has no control other than to monitor and, as the occasion arises, to provide mitigation. They have reviewed RBA's enterprise risk management policy framework and are satisfied that it was implemented effectively during the financial year ending 30th June, 2021.

The Board in carrying out its role has delegated some of its oversight roles to the Audit, Risk Management & Governance Committee and the Finance & Administration Committee who then report on a regular basis to the Full Board for policy direction or action:

(i) Finance and Administration Committee

The role of the Finance and Administration committee is primarily to provide financial oversight for the Authority on behalf of the Board. Major roles include overseeing budgeting and financial planning, financial reporting, and the creation and monitoring of internal controls and accountability policies.

(ii) Audit, Risk Management and Governance Committee

The duties of the Audit, Risk Management & Governance Committee are outlined in the committee charter and the Public Finance Management regulations. Responsibilities of the committee include:

- a) Overseeing the financial reporting and disclosure process.
- b) Monitoring choice of accounting policies and principles.
- c) Overseeing hiring, performance and independence of the external auditors.
- d) Oversight of regulatory compliance, ethics, and whistle-blower hotlines.
- e) Monitoring the internal control process.
- f) Overseeing the performance of the internal audit function.
- g) Discussing risk management policies and practices with Management.

KEY AUTHORITY INFORMATION AND MANAGEMENT

(a) Head Office

Registered Office
13th Floor Upper Hill Road
Rahimtulla Tower
P.O. Box 57733-00200
Nairobi, KENYA

(b) Contacts

Tel: +254-20-2809000
Fax: +254-02-2710330
Mobile: +254-722509939
Mobile: + 254-735-339132
E-mail: info@rba.go.ke
Website: www.rba.go.ke

(c) Bankers

- | | |
|--|--|
| 1. Kenya Commercial Bank
Milimani Branch
NSSF Building, Bishop Road
P.O. Box 48400-00100
Nairobi, Kenya | 2. NCBA Bank
NCBA Centre
Mara and Ragati Road, Upper Hill
P.O. Box 44599-00100 GPO
Nairobi, Kenya
Tel: +254202884444 |
|--|--|

(d) Independent Auditors

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

(e) Principal Legal Adviser

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

THE BOARD OF DIRECTORS



Mr. Victor Roy Pratt
Chairman, Board of Directors

Born in 1943, Mr. Pratt is the Chairman of the Board of Directors of Retirement Benefits Authority.

Mr. Pratt holds a Bachelor's Degree in Business Administration from Fairleigh Dickinson University, USA and has undertaken post graduate studies in Industrial Development at the Irish Management Institute in Dublin, Ireland.

Mr. Pratt has worked extensively in Africa, with Citibank, Liberia and the African Development Bank (ADB) in Abidjan. Mr. Pratt has been promoting small business development, and he founded the Kenya Management Assistance Programme (K-MAP) in 1986.

Mr. Pratt has led numerous international business promotion initiatives under the auspices of United States Agency for International Development (USAID), Young Presidents Organization (YPO), United Nations Industrial Development Organization (UNIDO), Commonwealth Secretariat, Center for International Private Enterprise (CIPE) and United National Development Programme (UNDP).

Mr. Pratt is the founder of Continental Management Consultants Ltd. based in Nairobi, Kenya and African Management Associates (AMA). He has been retained as a Business Development Adviser by International Companies in the transport and telecommunications, energy, urban Development, housing and agricultural sectors. He has previously served as Chairman of Kenya Reinsurance Corporation.



Mr. Nzomo Mutuku, MBS
Chief Executive Officer

Born in 1969, Mr. Mutuku, is the Chief Executive Officer of the Retirement Benefits Authority and an ex-officio member of the Board of Directors.

He holds a Masters of Arts degree in Economics as well as a first class honours Bachelor of Arts Degree (Economics) and is a Fellow of the Economists Society of Kenya.

Prior to his appointment, Mr. Mutuku had been seconded to the National Treasury & Planning as a Senior Adviser, Financial Sector and Acting Director, Financial and Sectoral Affairs Department. Previously he was the Chief Manager, Research & Development at

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RBA, and had worked with RBA since 2000 when he joined from the Central Bank of Kenya.

Mr. Mutuku has a wealth of experience in the operations and activities of the financial sector. He has undertaken training in pensions and financial markets in various countries including the UK, Canada and USA at Harvard University and the Wharton Business School.

He was the founder Chairman of the Technical Committee on Collaboration between Financial Sector Regulators in Kenya and has authored a number of papers and made several presentations at international forums on issues relating to the retirement benefits industry. In September 2019, Mr. Mutuku was appointed as the Interim Chair of the African Pension Supervisors Forum (ASPF).



Mr. Joseph Z. Ngugi
Alternate Director representing the Cabinet Secretary for the National Treasury & Planning

Born in 1966, Mr. Ngugi is an Alternate Director representing the Cabinet Secretary for the National Treasury & Planning in the Board of the Retirement Benefits Authority.

Mr. Ngugi holds a Master of Arts Degree in Economics from the University of Nairobi and Bachelor of Arts in Economics & Sociology from the Egerton University. Mr. Ngugi is currently the Senior Deputy Director, Directorate of Budget, Fiscal & Economic Affairs at the National Treasury & Planning. He previously worked with the Ministry of Planning & National Development. He is also a member of the Board of Directors of Kenya Vehicle Manufacturers. Previously he was a member of Board of Trustees of Coffee Development Fund and Director in the Board of the Kenya Trade Network Agency.



Hon. Sammy C. Koech
Director & Chairman, Technical Committee

Born in 1959, Hon. Koech joined the Board of the Retirement Benefits Authority as a Director, on 8th June 2018. The Director's term expired on 8th June 2021.

Hon. Koech is a businessman with diverse commercial interests that he is managing. He is the immediate former Member of Parliament for Konoin Constituency. Prior to serving in the National Assembly, he worked at the Central Bank of Kenya

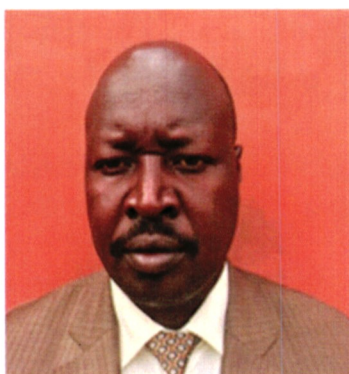


Mr. Stephen G. Gichuhi, MBS
Director & Chairman, Finance and Administration
Committee

Born in 1965, Mr. Gichuhi was first appointed as Director in to the Board of the Retirement Benefits Authority on 17th April, 2015. The Director's term expired on 6th June 2021.

He holds a Bachelor of Business Management degree, a Diploma in Banking and a Diploma in Sales & Marketing.

Mr. Gichuhi is currently the General Manager, Equity Bank, Community Supreme Center. He has a wealth of experience in the banking sector having previously worked for Barclays Bank Tanzania Ltd, Barclays Bank of Kenya, and Consolidated Bank of Kenya Ltd. He has considerable governance experience having previously served in the Board of the Kenya Civil Aviation Authority.



Mr. Edwin C. Rotich
Director & Chairman, Audit Risk Management and
Governance Committee

Born in 1978, Mr. Rotich was appointed to the Board of the Retirement Benefits Authority on 21st December 2018.

He holds a Master of Business Administration degree from the University of Manchester and a Bachelor of Commerce Degree (Accounting Option) First Class Honours, from Kenyatta University. He is currently undertaking his doctoral studies in

Business Administration (Finance Option) at the Jomo Kenyatta University of Agriculture & Technology.

Mr. Rotich is a finance executive with extensive experience in leading strategic organizational aspects of financial and operations systems development. He is currently a member of the County Executive Audit Committee, County Government of Elgeyo Marakwet and a Director at Royal Paedro Limited. He has previously served in the Board of the Agricultural Finance Corporation, and held senior management roles in Relief International, Somalia, War Child Holland/South Sudan, Royal Paedro Limited, Inter-Church Organization for Development Cooperation and World Vision Kenya.



Wyckliffe M. Shamiah, FCPA
Director & Chief Executive, Capital Markets Authority

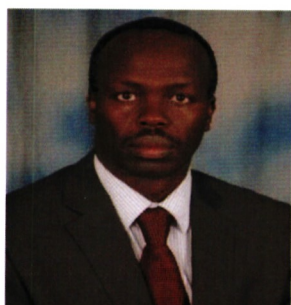
Born in 1969, Mr. Shamiah is the Chief Executive of the Capital Markets Authority.

Mr. Shamiah holds a Bachelor's Degree in Economics and Mathematics from Egerton University and a Masters' Degree in Business Administration (Finance) from the University of Nairobi. He has worked at the Capital Markets Authority for over 22 years in various capacities.

Mr. Shamiah is an alumnus of the US International Visitors Program and an Associate of Toronto Leadership Centre. He has also been the Chairperson of TC 68 (Financial Services Technical Committee) of Kenya Bureau of Standards (KEBS). He was awarded a certificate of completion for the SMREA Program, March 2018, Harvard University, John F. Kennedy School of Government, Executive Education.

He is the Chairman of the Market Supervision and Risk Management sub-committee of the East African Securities Regulators Forum (EASRA). He also sits on the Financial Stability Board Regional Group of Sub-Sahara representing Kenya and the capital markets.

Mr. Shamiah is a Fellow of the Institute of Certified Public Accountants of Kenya. He is a Director in the Board of the Insurance Regulatory Authority as well as the Vision 2030 Delivery Board.



Mr. Godfrey K. Kiptum, MBS
Director & CEO and Commissioner of Insurance, Insurance Regulatory Authority

Born in 1970, Mr. Kiptum, is the Chief Executive Officer of the Insurance Regulatory Authority.

He holds a Master of Business Administration Degree from ESAMI/Maastricht MSM University

Prior to his appointment, Mr. Kiptum worked as the Insurance Regulatory Authority's Chief Manager for Human Capital Development & Administration. He has a wealth of experience garnered from senior management roles held in various State Agencies over the last 20 years. He is an Associate of the Life Management Institute (ALMI) USA and a member of the Chartered Insurance Institute of UK.

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Dr. Margaret M. Makumi
Director & Chairman, Staff Welfare Committee

Born in 1962, Dr. Makumi was appointed to the Board of the Retirement Benefits Authority on 6th June 2018. The Director's term expired on 6th June 2021.

Dr. Makumi is a medical Doctor and holds a Bachelor of Medicine and Bachelor of Surgery Degrees as well as a Masters' Degree in Public Health.

Dr. Makumi has over 20 years of experience in health and development projects and institutional strengthening. She has held leadership positions in Ministry of Health programs and donor funded health and population projects.

She has represented the Ministry of Health in negotiations with donors such as USAID, UNFPA, the World Bank, WHO, KFW, GIZ, SIDA, DANIDA and the Global Fund. She has contributed to Kenya's National Health Sector Strategic Plans, policies, guidelines and training.



Mrs. Praxidis Saisi
Board Secretary & Chief Manager, Legal Services

Born in 1967, Mrs. Saisi is the Board Secretary & Chief Manager, Legal Services at the Retirement Benefits Authority from 2nd January 2017.

Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate

Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.

MANAGEMENT TEAM



Nzomo Mutuku, MBS
Chief Executive officer

Born in 1969, Nzomo Mutuku, MBS is the Chief Executive Officer of Retirement Benefits Authority since July 01, 2018, he also served as the Acting Chief Executive Officer of the Authority from May 01, 2017. Prior to his appointment, Mr. Mutuku worked at the National Treasury as the Senior Advisor, Financial Sector and Acting Director, Financial and Sectoral Affairs Department, working on policy matters relating to financial sector development including financial inclusion, efficiency and stability. Previously he was the Chief Manager, Research & Development at the Retirement Benefits Authority and has also worked in the Research Department of the Central Bank of Kenya.

Mr. Mutuku holds a Master of Arts degree in Economics as well as a first class honours Bachelor of Arts (Economics) degree from the University of Nairobi, a Certificate in Digital Money from Tufts University and is a Fellow of the Economists Society of Kenya. He has also undertaken training in pensions and financial markets in various countries including the UK, Canada, Harvard University and the Wharton Business School in the United States. He has authored a number of papers on financial sector issues which are widely quoted in the region. In September 2019, Mr. Mutuku was appointed as the Interim Chair of the African Pension Supervisors Forum (ASPF).

Anne K Mugo, MBS

Chief Manager, Market Conduct



Born in 1963, Anne is the Chief Manager, Market Conduct and has served RBA for over twenty (20) years, including thirteen (13) years on secondment as the Pensions Secretary/Director of Pensions at the National Treasury. Before joining the RBA, Anne was an investment manager at Standard Chartered Bank, Genesis Kenya (now GenAfrica) and ICEA Lion.

At the National Treasury, Anne spearheaded public sector pension reforms and served alternate Director to the Cabinet Secretary in the National Oil, Brand Kenya, Housing Finance, Commission for University Education, Kenya Sugar and NACADA Boards. In December 2008, the President honored Ms. Mugo with a *Moran of the Burning Spear (MBS)* in recognition of the pension reforms.

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Anne holds an MBA (Finance) from the City, University of London (*Chevening Scholar*) and a BCom (1st Class Hons) from the University of Nairobi. She is an Associate of the Chartered Insurance Institute (ACII) and certified as a Chartered Insurance Practitioner, Corporate Director (IOD), Trustee (TDPK) and in commercial French (FCCI, Paris). She is a corporate governance trainer and sits on the Examinations Council of the College of Insurance. She is a member of the Institute of Directors (IOD), Chevening Scholars Association of Kenya and Nairobi Baptist Church.



Mr. Charles Machira
Chief Manager, Supervision

Born in 1967, Mr. Machira is the Chief Manager, Supervision from 2011.

Mr. Machira has over 20 years' experience in the Insurance and Pension sectors. He has spearheaded the supervision of the Retirement Benefits schemes. He has been managing trustee of Policyholder Compensation Fund representing Retirement

Benefits Authority.

He holds a Master of Science and a Bachelor's of Science.



Mr. Gordon Bulinda
Chief Manager, Human Capital Development and Administration

Born in 1972, Mr. Bulinda is the Chief Manager, Human Capital Development and Administration since July, 2010. Prior to his appointment, he worked as General Manager, Human Resources and Administration at Mabati Rolling Mills Ltd, Group Human Resources Manager at Crown Berger (K) Ltd in Nairobi; Personnel Services Manager and Training

Manager at the Pyrethrum Board of Kenya. He started his career at Braeburn School, Nairobi as an Administrative officer.

He holds an MBA, specializing in Human Resources Management, from Egerton University, Kenya and a Bachelor of Education in Arts from Kenyatta University. He also holds a Higher National Diploma in Human Resource Management awarded by the Kenya National Examinations Council and the Institute of Personnel Management (Kenya). He is currently pursuing PhD, Human Resources Management at the University of Nairobi.

Mr. Bulinda is a Balanced Scorecard Master Professional, awarded by the George Washington University, USA. He is a Fellow of the American Academy of Project

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Management (FAAPM), Associate Member of the Society of Human Resource Management (SHRM) and a Full member of the Institute of Human Resources Management of Kenya (IHRMK).



Dr. Alfred Ouma Shem
Chief Manager, Research and Strategy

Born in 1969, Dr. Alfred Ouma Shem is the Chief Manager and Head of Research & Strategy Department from April, 2014. He previously was Manager and Head of Financial Access and Inclusion Section of the Financial Inclusion & Stability Division in the Research & Policy Analysis Department of the Central Bank of Kenya (CBK); Policy Analyst at the Kenya Institute for Public Policy Research & Analysis (KIPPRA); Senior Lecturer of Economics at Moi University; a Lecturer of Economics at Egerton University; and a Research Fellow at the Institute for Development Studies of the University of Nairobi.

Dr. Shem holds a PhD in Economics from University of Cologne, Germany, Master's degree in Economics and Bachelor's degree in Economics & Business Studies from Kenyatta University. He has published widely on issues of financial economics particularly on Financial Inclusion and Microfinance, Monetary Economics, Social Policy, Financial Stability and Pension issues among others. He is a founding member of the Alliance for Financial Inclusion (AFI) Data Inclusion Working Group (FIDWG). Dr. Shem also holds a certificate of proficiency in the German language.



Rose Musonye Kwena
Chief Manager, Corporate communications - Seconded to National Treasury & Planning as Head, Micro Pension Unit

Born in 1961, Rose was the Chief Manager, Corporate Communications until her secondment to the National Treasury and Planning as Head of Micro Pensions Unit from 1st August 2019.

Previously, she worked as Manager PR & Corporate Affairs at Kenya Tourist Board. She served as a Council member of the Kenya Cultural Centre Governing Council in 2007 and as Chair to the council from 2008 to 2009. She also worked in the US as Assistant communications manager between 1996 and 2000.

She holds a Master of Science degree in Corporate Communications (with emphasis in Marketing) from Lindenwood University, Missouri, USA, a Bachelor of Arts degree (BA Hons) in Political Science & Arabic Language from University of Nairobi and a Higher

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Group Diploma in Marketing from the London Chamber of Commerce & Industry (LCCI). Rose is an honoured 2010 warrior of the Marketing Society of Kenya. She is also a member of International Association of Business Communicators (IABC) and Public Relations Society of Kenya. She is a certified PROSCI Change manager and Certified Board Director.



Mrs. Praxidis Saisi
Board Secretary and Chief Manager, Legal

Born in 1967, Mrs. Saisi is the Board Secretary & Chief Manager, Legal Services at the Retirement Benefits Authority from 2nd January, 2017. Prior to her appointment, she was the Company Secretary & General Manager, Legal Affairs at Geothermal Development Company. She worked as Manager, Legal & Corporate Affairs at the Kenya Rural Roads Authority and before that as Company Secretary at Kenya Wine Agencies

Limited. Mrs. Saisi started her career as a Magistrate with the Judiciary.

Mrs. Saisi is an Advocate of the High Court of Kenya and a Certified Secretary. She holds a Master of Laws degree from the University of Essex, United Kingdom, a Bachelor of Laws degree from the University of Nairobi and a post graduate Diploma in Law from the Kenya School of Law. She also holds an Executive Master of Business Administration degree from the United States International University-Africa. She is a member of the Institute of Certified Secretaries of Kenya and the Law Society of Kenya.



Elizabeth T. N. Waruingi
Manager, Internal Audit and Risk Management

Born in 1971, Elizabeth is the Manager, Internal Audit and Risk Management since September 2010. Prior to her appointment she served as Manager, Internal Audit at Water Sector Trust Fund (WSTF) and International Livestock Research Institute (ILRI) as the Senior Internal Auditor. She started her career at KPMG.

She holds a Masters degree in Business Administration – Special emphasis on Strategic Management and Finance and a Bachelor of Arts degree in economics, business studies and mathematics.

She is a Certified Public Accountant - CPA (Kenya), Awarded the Best Lady Candidate in June 2000 sitting, section six and third in the country. She is a Certified Internal

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Auditor, CIA (USA), Certified Information Systems Auditor, CISA (USA) and a Certified Risk Management Assurance Professional - CRMA (USA).

She is a member in good standing of the Institute of Certified Public Accountants (K), the Institute of Internal Auditors (USA) and Information Systems Audit & Control Association (USA).



Mr. George Ogwang
Manager, Procurement and Supply Chain

Born in 1974, George is the Manager, Procurement and Supply Chain since 2016.

Previously he worked as Deputy Director, Procurement & Supply Chain Management at Kenya Electricity Generating Company (Kengen); Logistics Manager, NCR Corporation Africa in charge of Downstream and Upstream Logistics for Africa in charge of; Egypt, Morocco, Tunisia, Zimbabwe, Ivory Coast, Ghana, Nigeria, Zambia and Kenya.

He holds a MBA, Procurement and Supply Chain Management from the University of Nairobi and a First-Class Honors Bachelor of Commerce Degree majoring in Accounting, Finance and Procurement. He holds Diploma in Procurement and Supply Chain Management from the Chartered Institute of Purchasing and Supplies (UK) and a Higher National Diploma in Supplies Management administered by Kenya National Examination Council (KNEC).

He is a member of Kenya Institute of Supplies Management (KISM) and Chartered Institute of Purchasing and Supplies (UK).

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Mr. Peter K Ngunyi
Manager, Information Communication Technology

Born in 1978, Mr. Ngunyi is the Manager, Information Communications Technology. He joined the Authority as a senior ICT officer and rose through the ranks to the current position which he has held since 2016. Peter has a wealth of experience in systems development and implementation, project management and data analytics.

He holds a Master's degree in Information Systems with special emphasis in IT security and databases, MBA in Innovation Entrepreneurship from USIU and a First Class Honours Bachelor of Commerce degree in ICT from the University of Nairobi. He also holds a Higher Diploma in ICT.

He is a Microsoft Certified Systems Engineer (MCSE), Certified Information Systems Auditor - CISA (USA), a Certified PRINCE2 (Projects in Controlled Environments) Practitioner (USA), a Certified Business Resilience Auditor (CBRA, USA), Certified Business Resilience Manager (CBRM, USA) and a Certified Knowledge Manager, Basel. He is a Fellow of Computer Society of Kenya



Mr. Seth O. Onyango
Deputy Manager, Finance

Born in 1985, Mr. Onyango is the Deputy Manager, Finance currently performing the duties of Chief Manager, Finance since July 2019. He joined the Authority in January 2018.

Previously he worked at the National Treasury and Planning in various departments including; The Accountant Generals; Government Investment and Public Enterprises; Intergovernmental and Fiscal Relations and District accountant Kisii central District Treasury. In 2013, he worked as the Head of Treasury (Accounting) at the Nyamira County Government on secondment from the National Treasury to set up the accounting systems for the new entities.

He also holds an MBA in Finance from the University of Nairobi and a Bachelor's degree in Business Management from Moi University. He is a Certified Public Accountant of Kenya and a member of the Institute of Certified Public Accountants (Kenya).



Mr. James Ratemo
Senior Corporate communication

Born in 1980, Mr. Ratemo joined the Authority in 2018 as Senior Corporate Communication Officer and is currently the Acting Head of Corporate Communications.

He has over 10 years' experience in Journalism and Communication having previously worked as Head of Communications at Media Council of Kenya, Digital Media Trainer at Internews Kenya, Journalist & Online Editor at Nation Media Group and Print Journalist & Online Sub Editor at Standard Media Group.

He holds a Master's Degree in Communication Studies from the University of Nairobi and a Bachelors of Arts Degree in Communication and Media Technology from Maseno University. He is currently pursuing PhD in Communication and Information studies at the University of Nairobi. He is a certified digital media specialist and trainer having studied at the International Institute for Journalism in Germany, Internews Kenya Network and Commonwealth Press Union (UK). He is a member of the Public Relations Society of Kenya and an accredited journalist by the Media Council of Kenya. He is also a mentor in the Presidential Digital Talent Programme.

CHAIRMAN'S STATEMENT



This financial year 2020/21 was arguably a challenging year. The operating environment was difficult due to the breakout of Covid-19 pandemic that ravaged the world and adversely affected the lives and livelihoods of individuals. The good news is that it is now gradually being contained, albeit there is still a bit of uncertainty. I am confident we shall overcome it.

In Kenya, the Government continues to play a leading role across all sectors of the economy through implementation multi prong measures not only to curb the spread and manage the virus through mass vaccination of its citizens but also easing of lockdown measures and resumption of economic activities.

The pension industry on the other hand had a mixed reaction during the year under review but is in the process of recovery. We did our best as a regulator to steer the industry through the pandemic whilst not losing the big picture. During the first half of the financial year, the sector witnessed an increase in access of benefits by members of schemes. The sector also saw a dip in the level of

contributions due to either discontinuation or suspension by the sponsors owing to effects of the containment measures to stop the spread of the coronavirus. The returns on investments also declined. In the second half of the financial year, there was a positive shift with resumption of contributions by several employers as well as rebound in the financial markets that resulted in an annual growth in the pension assets of 11.76 % to stand at Kshs. 1.48 trillion as of 30th June 2021 up from 1.32 trillion in June 2020.

On the international front, the Authority is a governing member of the International Organization of Pensions Supervisors (IOPs) and participated in several webinars with fellow pension regulators from other jurisdiction to discuss a wide range of topics including the impact of Covid-19 pandemic on regulation and supervision of pensions. This partnership has enabled the Authority to adopt best international practises to address local challenges.

At the regional level, our pension system was declared one of the best in Africa, ranking second after South Africa according to a report on world pension schemes by multinational financial services company was-Allianz. Also, for the second year in a row, as the chair of the African Pension Supervisors Forum (APSF), we were privileged to organize a virtual conference that was held on 10th -11th September 2020. The theme of the conference was "*Africa Pension Industry during and after Covid-19*". The forum provides a platform for pension supervisors across the African continent to share knowledge and experience.

At the industry level, the Authority participated in various fora with fellow regulators in the financial sector and similarly engaged various industry associations in our programs and public forums undertaken by the Authority geared towards better service delivery to our customers. The strategic partnerships with our international, regional, and local partners since it is mutually beneficial and meant aide us in effectively and efficiently discharge our mandate.

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I am happy to note that the Authority celebrated its twentieth anniversary since we commenced operations in year 2000. During this period, we have streamlined the pension industry through proactive supervision that has resulted in stability of the sector, protection of interest of members and sponsors and remarkable growth in pension coverage and asset base of retirement benefits schemes. We are thankful to our stakeholders whose support was critical and appeal for their continued support in partnering with us to actualize the mandate of the Authority and look forward to even better achievements on our silver jubilee anniversary.

The board of directors and management of the Authority continued to oversee the implementation of our strategic plan (2019-2024). Our overarching objective in the plan is to achieve 30 % pension coverage with an asset base of 2.4 trillion Shillings by 2024. The plan places a special focus to the informal sector where most of the working population are employed.

The shift by the Central Government from a non-contributory to contributory pension scheme through operationalization of the Public Sector Superannuation Scheme (PSSS) that commenced on 1st January 2021 is expected to have a major impact on the attainment of our overarching objective.

During the financial year 2020/21, we continued to monitor the stability of the

pension sector through the risk-based framework whilst advising on public policy relating to pension that led to amendment of the Retirement Benefits Act to permit registration of stand-alone post-retirement medical funds and corporate Trustees offering services to scheme. We also concluded development of sample guidelines for schemes to assist members to access their benefits towards purchase of a residential house.

In conclusion, I express my appreciation to Hon. (Amb.) Ukur Yatani, the Cabinet Secretary for The National Treasury & Planning and his team at the ministry for the support accorded to the Authority. I also thank my fellow board members, management and staff of RBA for their great service to this industry. We pledge to offer the required service to our customers and look forward to the coming year to drive the retirement benefits agenda and ensure every Kenyan has a good life in retirement.



VICTOR PRATT
CHAIRMAN BOARD OF DIRECTORS

REPORT OF THE CHIEF EXECUTIVE OFFICER



I am honoured to present an overview of the activities that were undertaken by the Authority in the financial year 2020/21. During the year under review, the Authority made remarkable progress in the implementation of the various activities and priority projects. Key among them:

20th Anniversary Celebration

The Authority celebrated its 20th anniversary at time when the pension sector was reeling from the effects of the Covid-19 pandemic but with a brighter outlook. To mark the milestone, the Authority organized a virtual conference for our stakeholders to review the 20-year journey and chart the way forward for the industry. The commemoration climaxed with a gala dinner at the Bomas of Kenya with stakeholders to celebrate our successes as we explored the way forward for the pension industry.

Over the years, the Authority has carried out its mandate with diligence working to streamline operations of the industry through registration of schemes and service providers, safeguarded the interest of members and sponsors while continuously advising government on policy relating to retirement benefits sector even as well as monitoring its implementation. This has seen

assets grow from a paltry Kshs. 40 billion back in 2000 to Kshs. 1.48 trillion as at 30 June 2021.

In developing the industry, we have pioneered innovative products address the market needs such as individual pension scheme targeting the self-employed, umbrella funds for employers to coalesce under one scheme, post-retirement medical funds, use of pensions funds by members to guarantee a mortgage or acquire a residential house and income-drawdowns funds as an alternative to annuity for retirees. This has culminated to an increase in pension coverage from 12% of labour force in the year 2000 to the current 22%. This is a clear testimony that Kenya's pension industry has grown and is headed to greater heights in the future. We hope to achieve and even surpass the target of Kshs. 2.4 trillion in pension assets and a coverage of 30 per cent by 30th June 2024 as outlined in our Strategic Plan (2019-2024).

Supervision of Pension Industry

The Authority employs risk-based supervisory framework to monitor the stability and soundness of the pension industry. The schemes are assigned a risk rating (probability of failure) ranging from 1 to 5 and then clustered in four levels with corresponding supervisory intervention employed to address the inherent risk. In the financial year 2020/21, the risk rating remained at the third level (3-4) but marginally deteriorated with the risk score increasing by 6.8% to 3.368 as at 30th June 2021 from 3.149 as at the beginning of the financial year. The high overall risk score is attributable to fact that most of the schemes have not implemented the newly gazetted guidelines; the good governance and market conduct guidelines. The schemes also faced the challenge of, underfunding and non-remittance of contributions, postponements of annual general meetings owing to the coronavirus pandemic.

During the period, there was an improvement in the submission rate of statutory returns from 95% in the previous year to 96.6% as at 30th June 2021. This development is mainly driven by automation of our information technology platform enabling regulated entities to have a seamless interaction

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with the Authority. Enforcement actions was applied on the non-compliant schemes.

We continue to register and monitor licensed administrators, fund managers and custodians, who offer specialized services to retirement benefits schemes. During the year, we registered Family Bank Limited to offer custody services and deregistered Zimele Asset Management Company Limited from offering administration services upon their request as part of their business strategy restructuring. The number of registered service providers as at 30th June 2021:

Service Provider	Registered
Administrators	31
Fund Managers	24
Custodians	12

on registration of schemes, the Authority over the years, has witnessed a decline on registration of standalone retirement benefits schemes better known as occupational schemes or employer-based schemes. during the period, growth rate of new stand-alone retirement benefits schemes registered by the Authority reduced by 30% from ten in the previous year to seven. Many employers are currently opting to enroll their employees to registered employer -based umbrella funds and individual pension plans. In the long run we foresee a shift to these type of arrangements as the industry look for cost effective and efficient ways to manage schemes and produce better results for its members. The Authority has registered 36 umbrella funds and 46 individual pension plans at the end the financial year 2020/21.

We note that the pandemic has had an adverse effect for employers specifically in the hospitality and educational sector. This has affected the funding and solvency of retirement schemes and pose a risk to the soundness of the pension industry and has a potential of default in payment of members accrued benefits. In addition, the Authority received a few requests for extension of suspension of remittance of contributions by employers whose business are in financial distress due to the ongoing pandemic. The Authority continues to monitor this challenge on a case-by-case basis and if necessary, institute the necessary policy changes to address this concern.

Policy and Regulatory framework

The Authority being charged with mandate to advise government on public policy relating to management of retirement benefits and over implementation of the said policies. The Authority continued to propose changes to the regulatory framework through the budget process via the National Treasury & Planning based on recommendations from research conducted by the Authority on topical issues and policy proposals solicited from industry stakeholders.

In the budget statement for financial year 2021/22, Hon. (Amb.) Ukur Yatani, the Cabinet Secretary for National Treasury and Planning pronounced various policy changes and amendment to the regulatory framework relating to the pension sector. On public policy, the Government proposed finalise the development of a National Retirement Benefits Policy to achieve a comprehensive pension coverage. Further, to address the low coverage in the informal sector, a National Informal Sector Pension scheme will be set-up.

To enhance good governance and transparency, an amendment to the Retirement Benefits Act was proposed to provide for registration and regulation of corporate trustees. In addition, to expand the intended gains of previous amendments the cabinet secretary proposed for registration of stand-alone Post-Retirement Medical funds and change to the mortgage regulations to permit members to purchase of a house under a tenant purchase basis by their schemes.

Retirement Benefits Sector Governance

The Authority developed a number of guidelines geared towards improving the governance practices of retirement benefits schemes. The guidelines are various stages of implementation:

- a. *Retirement Benefits (Good Governance Practices) Guidelines, 2018 - LN 193/2018* The guidelines targets to ensure scheme members and sponsors, trustees and service providers understand their rights, roles, duties, and obligations. As at 30th June 2021, 104 schemes with fund values above Kshs.1 Billion were sampled with the response rate being 62% and

compliance level of 56% for schemes that met the threshold of 70 % of the Guidelines requirements. A number of schemes sought extension of time to comply with this guideline and were guided appropriately.

- b. *Retirement Benefits (Treating Customers Fairly) Guidelines, 2018 - LN 151/2019* The Guidelines targets to ensure that customers (members/sponsors/trustees) are treated fairly by the service providers. The Guidelines set standards for information/advice to members from inception until and after they retire, as well as sufficient mechanisms to handle feedback and disputes from customers. The Authority is in the process of assessing the level of implementation of these guidelines.
- c. *Draft Retirement Benefits (Trustee Remuneration Policy and Scheme Expenses) Guidelines, 2021*
The Guidelines will address the new role under Section 5(ba) in the Act where members approve trustees' remuneration, and the Authority then subsequently reviews the same for approval. The Guidelines also set limits on various expenses and guide trustees on how to comply with the law. Approved by National Treasury in March 2020 and now at the office of the Attorney General (AG) for review and gazette. Subsequently, Parliament may, in need, call for discussions before acceding to implementation of the Guidelines.
- d. *Draft Retirement Benefits (Anti-money Laundering and Combating Financing of Terrorism) Guidelines, 2021*
The Guidelines outline principles, standards, and guidance to aid the retirement benefits sector in Kenya comply with the Proceeds of Crime and Anti-Money Laundering Act, No. 9 of 2009 (POCAMLA) and the Prevention of Terrorism Act (POTA,2013). The two Acts criminalize the offence of money laundering and terrorist financing. The AML-CFT risk in the Sector is considered "medium low". The draft Guidelines are with the National Treasury for consideration and subsequent forwarding to the Attorney General (AG) for review and gazette.

Complaints Management

The Authority managed complaints referred to it by the Sector, which were resolved within 20 days of submission, with a 97 % score from the Commission for Administrative Justice (CAJ). We rolled out the complaints portal already in use by complainants. In addition, we participated in meetings and clinics held by the Complaints Referral Partners Network (CRPN), which includes various Kenyan institutions in the public and private sectors that collaborate to manage complaints.

Member and Trustee Training

We consider training of members and service providers is a key pillar to improvements in service delivery in the sector. In pursuit of enhanced pension education for the sector we continued to implementation of Trustee Development Programme Kenya (for Trustees) and Retirement Planning (for members) Programmes. We also plan to introduce a capacity building curriculum for administrators and formulated a concept paper on Administrators Development Programme Kenya (ADPK) to guide the process.

We held member training sessions in 20 Counties across the country, including 12 new counties. A total of 180 schemes were reached in all these Counties. Similarly training of new trustees continued during the year, with a revision of the Trustee Development Programme Kenya (TDPK) curriculum and retraining of trainers. TDPK classes were held weekly in Nairobi, Mombasa, Kisumu and Naivasha.

Training was interrupted with a few seminars cancelled owing to Covid-19 related Government lockdown directives. We employed alternative channels to deliver our services even though webinars held attracted limited participation. Trustee training (TDPK) was offered on limited physical sessions.

Financial Performance

The total income for the financial year 2020-2021 was Kshs. 1,046.8 Million. This included RBA levy 993.3 million, licensing fees 3.45 million, interest from bank deposits Kshs. 3.3 million, investment

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income of Kshs. 9.5 million, and miscellaneous income of Kshs. 14.9 million. The total operating expenditure for the Authority was Kshs. 791.0 million compared to the previous year 2019/2020 operating expenditure of Kshs. 791.5 million. The capital expenditure during the period was Kshs. 4.9 million. The Authority had a surplus of Kshs. 255.3 million compared to Kshs. 220.6 million in 2019-2020 financial year.

Future Outlook

We remain optimistic despite the current challenges presented by the continued persistence of Covid-19. In the coming year, the Authority plans to undertake a mid-term review our strategic plan in line with the emerging risks to

adjust some of the targets and re-strategize on the successful implementation of planned activities in the Strategic Plan (2019-2024).

Conclusion

I take this opportunity to thank the board of directors, management and entire team at Authority and every stakeholder in the retirement benefits sector for the support you offered to the Authority during this financial year.



NZOMO MUTUKU, MBS
CHIEF EXECUTIVE OFFICER

REVIEW OF RETIREMENT BENEFITS PERFORMANCE FOR FY 2020/2021

During the financial year, the Authority implemented its Strategic Plan (2019-2024). This is the fifth strategic plan and the third RBA five-year plan after departure from three-year planning periods which ended in 2009. It sets out the strategic direction that is envisaged to enable the Authority to attain its vision of *"An inclusive, secure and growing retirement benefits sector"* with an overarching goal of *"achieving 30% pension coverage with an asset base of 2.4 Trillion Shillings by 2024."* The plan builds on the Authority's past successes and focuses on areas where the Authority endeavours to improve on in order to better serve its stakeholders. The Plan is also aligned with the government's broad development agenda as espoused in the Vision 2030 and the "Big 4 Agenda."

The plan is divided into three strategic themes, namely:

Pillar 1: Operational Excellence

Which aims at delivery of efficient and effective services to the Authority's stakeholders. This is expected to be achieved through enhancement of capacity, automation and knowledge management within the Authority. The Authority also aims to achieve operation excellence by instituting a robust Monitoring and Evaluation (M&E) framework and improving access to and reach of its services.

Pillar 2: Policy and Regulatory

Which aims to engender increased confidence in the retirement benefits sector. The Authority aims to accomplish this by enhancing the capacity for policy formulation, improving the legal framework that guides the Authority's operations, and strengthening surveillance of the sector in order to improve sector governance.

Pillar 3: Developing the Informal Sector

Which aims to achieve higher levels of pension coverage among Kenyan workers. This will be realized by enhancing outreach programmes based on needs-based research, promoting the development of pension products that specifically target the informal sector. This also include the translation of the high awareness of pension products into actual enrolment in retirement benefits arrangements.

Retirement Benefits Authority develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2020/2021 period for its three strategic pillars, as indicated in the diagram below:

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
Operation Excellence	Improve customer experience	Customer Satisfaction index	<ul style="list-style-type: none"> Redesign the customer satisfaction tools Conduct a baseline survey 	<p>The customer satisfaction survey was completed in the FY 2020/2021 as opposed to FY 2019/2020 as scheduled in the plan owing to the challenges arising from the break-out of the corona virus pandemic. This slowed down the implementation of the activity. The overall customer satisfaction level for the period was 65.41%. The Authority is currently implementing the recommendation in order to enhance the customer satisfaction level.</p> <ul style="list-style-type: none"> A concept paper on partnership with Huduma Centres was developed and approved by the Board. A draft MoU with the Pension department -The National Treasury was also developed and the officers from the pension department have inducted on the role of the Authority. The Authority has also put in place a Risk Based supervision system to enable the schemes and service providers to file returns online. The Authority also developed a Complaints portal where members of the public can file their complaints.
	Improve Access to Authority Services	Representation in the counties	Partner with Huduma Centres at Regional Headquarters	
	Enhance Employee Engagement	Employee Satisfaction Index	Conduct Annual Employee Satisfaction Survey and Culture Assessment and implement the recommendations	<p>During the financial year the Authority carried out both Employee satisfaction survey and culture assessment survey. The Authority takes cognizance of the fact that satisfied, motivated and engaged employees enhances customer satisfaction levels and positively influences organizational performance. The employee satisfaction index from 64% in the previous year to 68% satisfaction level.</p> <p>The Authority was also carried out the culture assessment and the cultural entropy score was 35%</p>

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
				<p>based on the Barret Value Centre assessment. The Authority Therefore has embarked on the implementation of corrective measures to improve the Authority's this include culture and leadership transformation.</p>
	Improve Capacity	Human Capital Readiness	Review and implement the Authority's establishment audit findings	<p>The Human Resource Instruments have been developed and forward to the National Treasury and Planning and other relevant agencies for approval. The object of the HR instruments is to enhance the Authority's staffing levels and capacity.</p>
Policy and Regulatory Framework	Enhance Confidence in the Retirement Benefits Sector	Percentage Increase in confidence index	Establish the baseline index	<p>The baseline survey on confidence level was undertaken in the 2020/2021 financial year. The survey established that the confidence level was 68% and the brand awareness index was 65.5%. The recommendations of the survey are being implemented.</p>
	Enhance Retirement benefits sector contribution to Big 4 agenda	No. of initiatives supporting the big 4 agenda	<ul style="list-style-type: none"> Recommend review of the legal framework to enable pension schemes and members participate in the big 4 agenda projects Collaboration with key stakeholders and sector players on the implementation of the big 4 agenda Monitor the uptake of the post-retirement scheme as part of promoting universal healthcare 	<ul style="list-style-type: none"> The retirement Benefits (Mortgage Loans) (amendment) Regulations 2020 were gazette on 14th September 2020 to enable members to utilize their savings to secure a residential house while still working. The amendment regulations were developed following the enactment of the Income Tax Amendment Act 2020 which amended Section 38 of the Retirement Benefits Act to allow members of retirement benefits schemes to access a portion of their accrued benefits to purchase a residential house, including under the affordable housing program. During the period the regulation of the stand-alone Post-Retirement Medical Funds established outside the schemes was introduced through the Finance Act 2020. This is expected to enhance the uptake of post-retirement medical products.

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
				<ul style="list-style-type: none"> The Authority held sensitization forums to sensitized members and trustees on affordable housing and post-retirement medical scheme. So far, only three retirement benefits schemes have established post-retirement medical funds within the schemes.
	<p>Improve the Retirement Benefits Sector Governance</p>	<p>Average risk score</p>	<ul style="list-style-type: none"> Enforce good governance framework Build capacity of the service providers on the governance framework Develop and review guidelines and practice notes on scheme good governance 	<ul style="list-style-type: none"> The Authority continued to implement the risk based supervision and enforced the Retirement Benefits Act and regulations. The overall risk score as at 30th June 2021 was 3.368. This was an increase in the risk score compared to the same period last year where the overall risk score was 3.149. The high-risk score during the period is attributed to the failure by a number of schemes to implement the governance and market conduct guidelines. The Authority also continued to monitor implementation of the <i>Retirement Benefits (Good Governance Practices) Guidelines, 2018</i>. During the financial year, the Authority focussed on the large schemes with asset values exceeding KShs.5 billion. As at 30 June 2021, only 111 (68%) schemes out of the 168 schemes which had assets above 5 billion filled and submitted the good governance guidelines Checklist. Of the 111 schemes, only 62 schemes (56%) were considered to be compliant with the Good Governance Guidelines, having met at least 14 out of the 21 mandatory requirements. The low compliance is attributed to the effects of Covid-19 pandemic. The Authority also developed Anti-Money Laundering (AML) Guidelines and have been forwarded to the National Treasury and Planning for consideration and gazettelement.

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Strategic Pillar/Theme	Objective	Key Performance Indicators	Activities	Key Achievements
<p>Enhancing Coverage in the Informal Sector</p>	<p>Increase Pension Asset Base from Kshs. 1.2 trillion to 2.4 trillion by June 2024</p>	<p>Growth in Assets</p>	<ul style="list-style-type: none"> Promote investments in alternative assets Advocate for the implementation of the National Retirement Benefits Policy 	<ul style="list-style-type: none"> The pension assets under management increased by 11.76 percent from Kshs. 1,322.59 billion in June 2020 to Kshs. 1,478.18 billion in June 2021. Compared to December 2020 the assets grew by 5.66 percent from Kshs. 1,398.95 billion in December 2020. The slow growth in the assets during the period can be attributed to the adverse effects of the Covid-19 pandemic which has impacted the financial markets and the wider economy negatively since 2020 following the restrictive measures imposed as part of the effort to contain the spread of the coronavirus. The Authority sensitized trustees and other stakeholders on investment in alternative investments. The National Retirement Benefits Policy was developed and forwarded to the National Treasury. A consultant has been hired through the World Bank project and the National Treasury to refine and finalize the policy.
<p>Increase pension coverage from 20% to 30% of the labour force by June 2024.</p>	<p>Pension coverage</p>	<ul style="list-style-type: none"> Sensitized and follow up employers to facilitate access pension savings for their employees Sensitize the informal sector workers to start saving for retirement 	<ul style="list-style-type: none"> The Authority carried out sensitization and follow up employers on the need to have pension arrangements and during the financial year seven (7) new schemes were registered. This was a drop compared to last year the Authority registered ten new schemes. The drop can be attributed to the effects of the coronavirus in the economy. The pension coverage currently stands at 22% of the labour force. 	

CORPORATE GOVERNANCE STATEMENT

The Retirement Benefits Authority (RBA) is a statutory body established in 1997 under the Retirement Benefits Act to regulate, supervise and promote the development of the pension industry. The Act was part of the reforms in the financial sector meant to enhance the coordination in the retirement benefits sector.

As Board we believe that strong cooperate governance framework and culture translates to a strong Authority that delivers to its shareholders

Retirement Benefits Authority's directors and management are committed to conducting business in an ethical, fair and transparent manner In accordance with high standards of corporate governance. The Board, together with the management team, leads by Example. We have a robust corporate governance framework in place and we are committed to fostering a culture of compliance that values integrity, Transparency and accountability, responsiveness, Integrity and innovation.

Our corporate governance framework includes:

- An engaged Board of directors with a diverse range of skills and experience supported by an effective Board Committee structure.
- Clear and transparent communication with our shareholders.
- Strong risk management and assurance processes and culture.
- Our values and behaviours and supporting policies that underpin the way we behave and meet our strategic objectives.

The role and responsibilities of the Board and Management

The Board's primary role is to enable the protection and enhancement of long-term shareholder value taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. The Board is accountable to shareholders for the performance of the Authority. It directs and monitors the business and affairs of the Authority on behalf of shareholders and is responsible for the Authority's overall corporate governance. In particular, the Board's responsibilities include:

- Setting the 'tone from the top' through influencing the corporate culture, ethical standards and reputation of the authority;
- Approving the strategic objectives and direction of the Authority and overseeing management's implementation of those strategic objectives;
- Monitoring the Authority's operational performance generally Including its financial state and the effectiveness of the Authority's safety and sustainability strategies;
- Approving major expenditures, transactions, budgets, funding plans and capital management initiatives;
- Monitoring the integrity, effectiveness and consistency of setting the overall remuneration framework for the Authority; appointing, setting the remuneration and assessing the performance of the CEO, as well as approving the appointment and remuneration of senior executives and overseeing their performance;

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- Overseeing executive succession planning; and monitoring the effectiveness of the Authority's governance practices including overseeing shareholder reporting and engagement as well as compliance with the Authority's continuous disclosure obligations.

The Board size and composition

In the financial year ended 30th June 2021, the Board was made up to (9) members comprising of a non-executive Chairman, four (4) non-executive members appointed by the Cabinet Secretary National Treasury and planning, the Cabinet Secretary, National Treasury and Planning, Chief Executive Officer Capital Market Authority, the Chief Executive Officer Insurance Regulatory and the Chief Executive Officer Retirement Benefits Authority.

No	Name	Designation
1.	Mr. Victor Pratt	Chairman (Re-appointed 1 st June,2019)
2.	Mr. Joseph Ngugi	Alternate, Cabinet Secretary, The National Treasury & Planning Appointed 14 th October 2015
3.	Mr. Godfrey Kiptum, MBS	CEO, Insurance Regulatory Authority
4.	Mr. Wycliffe Shamiah	CEO, Capital Market authority (Appointed on 1st January 2020)
5.	Mr. Steve Gichohi Gichuhi, MBS	Director (Retired 6th June 2021)
6.	Mr. Edwin Rotich	Director (Appointed 19th December 2018)
7.	Dr. Margaret M. Makumi	Director (Retired 6th June,2021)
8.	Hon. Sammy Koech	Director (Retired 8th June 2021)
9.	Mr. Nzomo Mutuku, MBS	Chief Executive Officer (1st July 2018)

The Inspector General (Corporations) under section 18(2) of the States Corporations Act cap 446 may attend the meetings of any State Corporations or any of the board or Committee as he deems necessary for the effective performance of his duties under the Act.

Committees of the Board

To comply with Chapter one of Mwongozo, the board constitutes four (4) Committee each with its own Charter. The individual Charters set forth the purpose, goals and responsibilities of the committee as well as the qualification of the committee membership, the procedure for appointment and removal of a member and the procedure of reporting to the Board. The committee facilitate efficient decision making of the board in the discharge of its statutory duties and responsibilities.

All directors exercise the requisite duty and care in the best interest of the Authority. The current Board and their membership on the Board Committees of the Authority are as follows:

1. Technical Committee

- Hon. Sammy Koech- Chairperson
- Mr. Edwin Rotich
- Mr. Stephen Gichohi Gichuhi, MBS
- Godfrey K. Kiptum, MBS
- Mr. Joseph Ngugi -Alternate CS, The National Treasury & Planning

The technical committee held four (4) regular meeting and four (3) special meeting in the period under review.

2. Staff Welfare and Remuneration Committee

The membership of this committee is as follows:

- Dr. Margret M. Makumi- Chairperson
- Hon. Sammy Koech
- Mr. Edwin Rotich
- Mr. Wycliffe Shamiah
- Mr. Joseph Ngugi -Alternate CS, The National Treasury & Planning

The Committee held four (4) regular meetings and one (4) special meeting in the period under review.

3. Finance and Administration Committee

Membership of this committee is as follows:

- Steven Gichohi Gichuhi, MBS - Chairperson
- Godfrey Kiptum MBS
- Hon. Sammy Koech
- Dr. Margret M. Makumi
- Mr. Joseph Ngugi -Alternate CS, The National Treasury & Planning

The committee held four (4) regular meetings and four (2) special meeting in the period under review.

4. Audit and Risk Management Committee

The membership of this committee is as follows:

- Mr. Edwin Rotich-Chairperson
- Hon. Sammy Koech
- Dr. Margret M. Makumi
- Mr. Wickliffe Shamiah
- Mr. Joseph Ngugi -Alternate CS, The National Treasury & Planning

The committee held four (4) regular meetings in the period under review.

The Board Meetings

During the period under review, the board held four (4) regular full board meeting and two (3) Special meetings as shown in the table below.

The following are the number of Board meetings held in the period ending 30th June 2021

	Meeting	No. of Meetings	Membership	Average Attendance
1	Full Board Meeting	7	11	60%
2	Technical committee	7	5	62%
3	Staff Welfare and Remuneration Committee	8	5	72%
4	Finance and Administration Committee	6	5	56%
5	Audit and Risk Management Committee	4	5	67%

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MAIN BOARD & COMMITTEE MEMBERSHIP AND NUMBER OF MEETING IN THE FY 2020/2021													
Board Member	Classification	Designation	A		B		C		D		E		Total
			4 Regular and 2 special meetings	4 Regular meetings	4 Regular and 3 special meetings	4 Regular and 4 special meetings	4 Regular and 3 special meetings	4 Regular and 3 special meetings					
1 Mr. Victor Pratt	Independent	Board Chairman									7/7		7/7
2 Mr. Joseph Ngugi	Representing the Cabinet Secretary, National Treasury	Member	6/6	2/4	1/7	2/8					4/7		15/32
3 Mr. Wyckliffe Shamiah	CEO, Capital Markets Authority	Member		4/4		7/8					6/7		17/19
4 Mr. Godfrey K. Kiptum, MBS	CEO, Insurance Regulatory Authority	Member & Chairperson TC	6/6								6/7		12/13
5 Mr. Steve Gichohi Gichuhi, MBS	Independent	Member & Chairperson FAC	5/6		7/7						4/7		16/20
6 Dr. Margaret Makumi	Independent	Member		1/4	7/7	8/8					6/7		22/26
7 Hon. Sammy Koech	Independent	Member	1/6	4/4	7/7						4/7		16/24
8 Mr. Edwin Rotich	Independent	Member	1/6	4/4	3/7	6/8					7/7		21/32
9 Mr. Stephen Mbatia	Inspectorate of State Corporation		1/6	1/4	1/7								3/17

KEY:

- A:** Finance & Administration Committee (FAC)
- B:** Audit and Risk Management Committee (AC)
- C:** Technical Committee (TC)
- D:** Staff Welfare and Remuneration Committee (SWRC)
- E:** Main Board

MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial Performance

The Financial Performance of the Authority for the twelve months ended 30th June 2021 is presented herewith in the requirement of the Retirement Benefits Act, the Public Audit Act, and the International Public Sector Accounting Standards.

a. Revenue

The Authority's total revenue for the financial year 2020-2021 was Kshs. 1,046.8 Million including levy of Kshs. 993.3 million, licensing fees of Kshs. 3.4 million, revenue from exchange transactions of Kshs. 11.1 million and miscellaneous income of Kshs. 14.3 million. This was an improvement compared to the performance of 2019-2020 FY where the Authority earned Kshs. 994.5 million.

b. Expenditure

The operating expenditure for the Authority for 2020-2021 FY was Kshs. 791.5 million compared to Kshs. 773.9 million in the previous year 2020-2021 FY.

In the financial year 2020-2021 FY, the Authority acquired additional assets amounting to Kshs. 4.9 million compared to Kshs. 236.5 million for the previous year 2019-2020 FY.

c. Cash Flow Statement

The cash and cash equivalent for 2020-2021 FY was Kshs. 728.0 million compared to Kshs. 577.3 million in the prior-year 2019-2020 FY as presented in the cashflow statement.

d. Surplus/deficit

In the 2020-2021 financial year the Authority had a surplus of Kshs. 255.3 million compared to Kshs. 220.6 million in 2019-2020 financial year.

The financial performance of the Authority for the twelve months ended 30th June 2021 is presented in compliance with the Retirement Benefits Act, the Public Audit Act, Public Finance Management Act and the International Public Sector Accounting Standards.

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2. Compliance with Statutory Requirements

The Authority has continued to comply with all applicable laws and statutory requirements. The Authority currently do not have ongoing court cases or default which may amount to contingent liabilities.

3. Key Projects Implemented by the Authority

The Authority implemented a number of projects with the help of donor funding by World Bank through the Financial Sector Support Program (FSSP):

	Project	Brief description	Completion Date
1	Acquisition of Business Continuity/ Disaster recovery solution	This has been completed and it supported the upgrading of the Authority's IT systems to enhance its supervisory and oversight functions. It involved the acquisition of hardware, software and related network equipment that enabled the provision of business continuity and disaster recovery solution.	Insert date???
2	Review the legal framework with a view to broadening the pension fund investment scope.	The project was designed to develop an enabling legal framework to support long-term investments. It informed the proposal on a debt instrument under the PPP Act as a new investment asset class and has motivated the formation of a Pension Consortium by a group of pension schemes that have pooled their resources to undertake direct large investments in government infrastructure projects under the proposed asset class when approved.	January 2020
3	Upgrading the existing Risk Based Supervisory System (RBSS) and Enterprise Resource Planning (ERP)	New specifications to cater for emerging issues in the pension industry and also address gaps identified in the existing Enterprise Resource Planning (ERP) system, Risk Based Supervision System (RBSS) and allow for integration of the two systems.	ERP deployed in July 2019 and RBSS was completed in August 2020.

4. Major Risks Facing the Authority

The Mwongozo Code of Governance for State Corporations, 2015, requires key risks to which the reporting entity is exposed to be disclosed to stakeholders in a complete, timely, relevant and accurate manner.

The following table presents the top-five organizational risks facing the Authority. The Board and Management continue to monitor implementation of the proposed treatment/mitigation strategies.

NO	RISK	DESCRIPTION OF RISK	KEY MITIGATION MEASURES
1	Industry disruption risk	<p>RBA is the regulator in the Retirement Benefits Sector in Kenya. Part of the mandate is to ensure growth of the pension industry through regulation and to ensure that as many Kenyan citizens enrol in pension schemes as a way of preparing for their old age. This is done through regulating the different stakeholders in the retirement benefits sector.</p> <p>Industry disruption risk may result from external events that may lead to interruption of the structure and operation of the RBA stakeholders as a group necessitating the regulator's intervention.</p>	<ol style="list-style-type: none"> 1. Develop scenario industry response plan to various anticipated industry disruptive events 2. Conduct impact assessment on any proposed regulation change before roll out Stakeholder's engagement to ensure involvement and consideration in any intervention.
2	Failure to grow pension access in the informal sector	<p>RBA developed a new strategic plan 2019-2024 and one of the pillars is to increase and grow pension access within the informal sector of the economy. This risk involves the inability of the Authority to encourage or spur the growth and hence failing in achievement of the strategic objective. Increasing pension access in the country is an important mandate of the Authority. Informal sector is also fairly unreached in pension aspects.</p>	<ol style="list-style-type: none"> 1. Budget provisions for the informal sector growth strategic pillar 2. Conduct research on the structure and form of the informal sector 3. Provide capacity building on the structure of relevant products for the informal sector. 4. Ensure the differentiation of regulator and frontline players in the market. 5. Build capacity within the human resources within the Authority.

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NO	RISK	DESCRIPTION OF RISK	KEY MITIGATION MEASURES
			6. Build incentive structures to encourage products for informal sector.
3	Failure to regulate and supervise the establishment and management of the retirement benefits sector	RBA's Regulatory mandate is anchored within the RB Act. The Act may be considered inadequate when it comes to new instruments as it does not cover certain instruments in the pensions industry. Some of the existing provisions are also considered inadequate in carrying out the Authority's mandate.	<ol style="list-style-type: none"> 1. Regular review of processes and identification of areas of improvement 2. Develop a framework for collecting interested parties' views on the retirement benefits industry 3. Actively lobby for legislative amendments that are key to RBA operations. 4. Implement the optimal establishment of staff numbers 5. Build staff capacity 6. Strengthen enforcement of the Act 7. Review the gaps in the regulatory framework and propose amendments/identify and propose areas of improvement in the law 8. Regular sensitization of the Authority's requirements 9. Participate in the drafting of the National Retirement Benefits Policy 10. Improve on whistle blowing mechanism for members to use Develop and issue guidelines/practice notes on industry issues
4	Failure to protect members interests (Benefits, rights and responsibilities)	This is part of RBA's mandate as set out in the Retirement Benefits Act and Regulations - to protect interest of members and sponsors of retirement benefits schemes. This risk would manifest on how the Authority seeks to carry out the mandate as relates to rights of sponsors and members. It also relates to failure to enforce proper governance structures in the	<ol style="list-style-type: none"> 1. Realign regulatory policy to the government's agenda and RBA mandate 2. Regular review and amendment of the legislative framework 3. Segmentation of the retirement benefits Sector 4. Develop and regularly review market conduct

RETIREMENT BENEFITS AUTHORITY
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NO	RISK	DESCRIPTION OF RISK	KEY MITIGATION MEASURES
		<p>retirement benefits sector. This includes ensuring the approval of trustees' remuneration approved by members during the annual general meeting after every three years. This is key to delivering the mandate and therefore considered strategic in nature.</p>	<p>guidelines for use by the retirement benefits sector</p> <ol style="list-style-type: none"> 5. Continuous stakeholder involvement in development of retirement benefits sector policy, laws, regulations and guidelines 6. Disseminate and continually sensitize the sector on policy, laws, regulations and guidelines 7. Engage new sponsors and disseminate information on registration and management of retirement benefits schemes to them 8. Constant review of the complaints management processes at the Authority and in the sector 9. Management processes & capacity building 10. Continual sensitization to members on their rights and obligations, including their rights to approve trustee remuneration 11. Facilitate retirement planning training and sensitization 12. Enforce governance guidelines in the sector 13. Capacity building for staff development, including attachment to jurisdictions with market conduct regulatory frameworks 14. Development and regular monitoring of standard operating procedures, enterprise risk management framework and the service charter 15. Enforcement of relevant laws and code of conduct among staff Development of databases and information

RETIREMENT BENEFITS AUTHORITY
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NO	RISK	DESCRIPTION OF RISK	KEY MITIGATION MEASURES
	5. COVID-19 pandemic and its effects on the Authority and industry	<p>The COVID-19 pandemic may affect the execution of the core mandate of the Authority due to adverse effects on the Authority's Board, Management and staff.</p> <p>The COVID-19 pandemic also has the potential of increasing instances of breaches of the law by service providers and retirement benefits schemes. This may be caused by the new working environment in the pandemic period.</p>	<p>sharing mechanisms within the Authority</p> <ol style="list-style-type: none"> 1. Implementation of all Government directives on containment of the COVID-19 pandemic 2. The Authority continues to take proportionate and risk-based approach towards enforcement decisions.

6. Material arrears in statutory and financial obligations

During the financial year 2020-2021 the Authority did not have any material arrears in statutory and other financial obligations.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

1. Informal Sector Engagement

To complement its mandate, RBA carries out Corporate Social Responsibility and Investment (CSR&I) activities that are aimed at increasing the number of Micro & Small Enterprises (MSEs) taking up a pension cover as well as improving the environment in which they operate. During the financial year, the Authority continued reaching out to the informal sector members through vernacular radio stations on the importance of saving for retirement but paused the cleaning of markets due to the restrictions on public gatherings imposed due to Covid-19 pandemic outbreak.

In the radio forums, RBA staff drawn from different departments responded to queries from of Kenyans on how and where to save for retirement or on issues about their pension schemes in terms of savings, investments and payments.

2. Giving back to community

The year under review also coincided with the Authority's celebration of its 20th anniversary. To mark this auspicious occasion, the Authority distributed food and clothing to two children's homes and two homes for the elderly to cushion them against the economic hardships brought about by Covid-19 pandemic. The Authority distributed food and clothing to two children's homes and two homes for the elderly to cushion them against the economic hardships brought about by Covid-19 pandemic.



RBA CEO Nzomo Mutuku, (Second left) handing over donations to Thomas Barnados House official.

3. Boosting financial reporting in the pension sector

In the year under review, the Authority officially enjoined other partners in supporting FiRe Awards, a move that saw pension schemes also allowed to participate in the Fire Awards thus boost governance and financial reporting amongst schemes.



Retirement Benefits Authority (RBA) CEO Nzomo Mutuku (right) at a past Financial Reporting (FiRe) Award ceremony at a Nairobi Hotel. Looking on is Nairobi Securities Exchange CEO Geoffrey Odundo. RBA is celebrating 20 years.

4. Staff welfare

In the 2020/2021 financial year the Authority organized various staff events to enhance welfare of staff and their families. The events included a team building and health awareness day in June 2021. The event aimed at enhancing team work and strengthening staff interpersonal communication to ensure that there is improved productivity and staff morale.

The Authority further organized the annual Children's wellness day virtually following restrictions on public gatherings occasioned by the Covid-19 pandemic. This is in line with the Authority's vision of maintaining a healthy and happy workforce. The participating children had opportunity to learn on how to keep healthy and had opportunity to interact with health and counselling experts on an array of issues affecting young people.



RBA staff during the annual team building session at Tafari Castle in June 2021

5. Disability mainstreaming

As part of its disability mainstreaming agenda, the Authority translated its service charter to audio visual sign language to ensure reach to clients with hearing and visual impairment. This complements the braille version of the service charter that the authority already developed in the past years.

6. Media campaign and collaboration

We have continued to enlighten workers in the formal and informal sectors on the need to save more towards their retirement so as to evade old-age poverty. The Authority has been working closely with its stakeholders to make inroads to the informal sector as part of its wider scheme to expand pension coverage.

In the year under review the Authority ran a four-month media campaign in collaboration with the Standard Media Group. The campaign aimed at sensitizing members of the public on need to save for retirement besides encouraging employers to establish schemes for its employees.

The authority was able to sensitize thousands of informal sector members across 15 counties through community radio stations.

Also, 130 employers were educated on need to establish pension schemes for their employees in the year under review.



RBA CEO Nzomo Mutuku at the Standard Media Group's Spice FM on 17 June 2021, discussing the importance of saving for retirement.

7. 20th Anniversary celebrations

The Retirement Benefits Authority further celebrated its 20th anniversary at time when the pension sector was reeling from the effects of the Covid-19 pandemic but with a brighter

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outlook. To mark the milestone, the Authority organized a virtual conference for its stakeholders to review the 20-year journey and chart the way forward for the industry. The celebration climaxed with a gala dinner at the Bomas of Kenya, which saw close to 150 stakeholders convene to celebrate the milestones and commend the Authority's staff for a job well done.

The Authority turned 20 years at a time Kenya's Pension system was declared one of the best in Africa, ranking second after south Africa according to a report on world pension schemes by multinational financial services company-Allianz



Staff who have served the Authority for over 20 years led by CEO Nzomo Mutuku (first left) pose for a photo during the 20th anniversary gala dinner at the Bomas of Kenya



RBA staff cutting cake to mark the 20th Anniversary at the Bomas of Kenya on 18 June 2021.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *Authority* affairs.

Principal activities

The principal activities of the Authority are:

- a) Regulate and supervise the establishment and management of retirement benefits schemes;
- b) Protect the interests of members and sponsors of retirement benefits sector;
- c) Promote the development of the retirement benefits sector;
- d) Advise the Cabinet Secretary National Treasury on the National policy to be followed with regard to the retirement benefits industry and implement all government policies thereto.

Results

The results of the Authority for the year ended June 30, 2021 are set out on page 1-5

Directors

The members of the Board of Directors who served during the year are shown on page vii. During the period the term for three members of the Board of Directors expired; Directors Steve Gichohi Gichuhi MBS and Dr. Margaret Makumi term expired on 6th June 2021; Director Sammy Koech term expired on 8th June 2021.

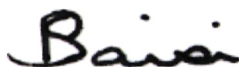
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority remitted **Kshs 199 million** relating to 2019-2020 financial year and have accrued **Kshs. 228.8 million** to be remitted relating the financial statement under review.

Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. The Auditor General is therefore responsible to carry out the audit of the Authority for the year/period ended June 30, 2021

By Order of the Board



PRAXIDIS SAISI
Corporate Secretary
Nairobi
Date. 30/09/2021

RETIREMENT BENEFITS AUTHORITY
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012, The state Corporation Act and the Retirement Benefits Act Cap 197 requires the Directors of the Authority to prepare financial statements which give a true and fair view of the state of affairs of the Authority at the end of each financial year and the operating results for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

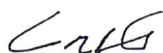
The Directors are responsible for the preparation and presentation of the Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) - The state Corporation and the Retirement Benefits Act. The Directors are of the opinion that the Authority financial statements give a true and fair view of the state of Authority transactions during the financial year ended June 30, 2021, and of the Authority financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority financial statements were approved by the Board on 30th September 2021 and signed on its behalf by:



.....

Director



.....

Director

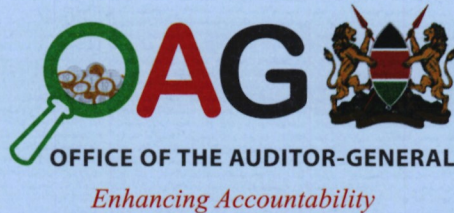


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Director

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON RETIREMENT BENEFITS AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Retirement Benefits Authority set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2021, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other

explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Retirement Benefits Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Retirement Benefits Act, 1997.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Retirement Benefits Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with 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.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects an income budget and actual revenue on comparable basis of Kshs.999,645,000 and Kshs.1,046,837,830 respectively, resulting to a net over-collection of Kshs.47,192,830 or 4.7%. However, the Authority expended an amount of Kshs.791,643,229 against an approved budget of Kshs.923,366,011 resulting to a net under-absorption of Kshs.131,822,782 or 14%. The underperformance affected planned activities and may have impacted negatively on Authority's service delivery to the public.

There is need for the Management to relook at its budgeting mechanism with a view to focusing on areas which will improve its service delivery.

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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority'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 Authority or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015. In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 Authority'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 Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 May, 2022

RETIREMENT BENEFITS AUTHORITY
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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Revenue from Non-Exchange	6	997,173,166	955,344,049
		997,173,166	955,344,049
Revenue from exchange transactions			
Revenue from Exchange Transactions	7	12,659,301	9,839,503
Other income	8	37,005,363	29,325,608
		49,664,664	39,165,111
Total revenue		1,046,837,830	994,509,160
Expenses			
Employee costs	9	424,960,365	373,575,800
Remuneration of Directors	10	9,979,283	17,492,687
Depreciation and Amortization Expense	11	55,170,857	72,393,535
Repairs and maintenance	12	5,779,925	4,119,713
General expenses	13	294,765,370	305,315,923
Finance costs	14	887,430	971,011
Total expenses		791,543,229	773,868,669
Other gains/(losses)			
Impairment loss			
Total other gains/(losses)		-	-
Surplus before tax		255,294,601	220,640,491
Remission to National Treasury	21	229,765,141	350,000,000
Net Surplus /deficit for the year		25,529,460	(129,359,509)

The notes set out on pages 1 to 30 form an integral part of these Financial Statements

RETIREMENT BENEFITS AUTHORITY
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

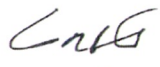
	Note	2020-2021	2019-2020
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	16	734,878,938	577,315,144
Receivables from Non-Exchange Transactions	17	24,974,360	12,700,791
Prepayments from Exchange Transactions	18	4,644,894	7,771,602
Total Current Assets		764,498,193	597,787,538
Non-current assets			
Property, plant and equipment	19	180,455,759	230,720,678
Investments (deposits)	20	384,882,936	382,046,861
Total non - current assets		565,338,696	612,767,539
Total assets		1,329,836,888	1,210,555,076
Liabilities			
Current liabilities			
Payable to National Treasury	21	229,765,141	-
Employers Obligations	22	40,256,145	16,711,545
Sundry Creditors	23	86,995,572	54,369,798
Total current liabilities		357,016,858	71,081,343
Non-current liabilities			
Net Assets		972,820,031	1,139,473,733
Total liabilities			
Net assets			
Capital Fund	24	330,707,821	330,707,821
Accumulated surplus	25	642,112,210	808,765,912
Total net assets		972,820,031	1,139,473,733
Total net assets and liabilities		1,329,836,888	1,210,555,076

The Financial Statements set out on pages 1 to 30 were signed on behalf of the Board of Directors by:

Chairman of the Board
Name: Victor Pratt

Chief Executive Officer
Name: Nzomo Mutuku, MBS

Head of Finance
Name: Seth Onyango
ICPAK Member Number: 11627


Date: 30/09/2021


Date: 30/09/2021


Date: 30/09/2021

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

		Capital Fund	General Fund	Total Fund
	NOTE	Kshs	Kshs	Kshs
At 1 July 2020		330,707,821	808,765,912	1,139,473,733
Prior Year Adjustment	28		6,835,193	6,835,193
Surplus/Deficit for the period		-	25,529,460	25,529,460
Surplus Paid			(199,018,355)	(199,018,355)
At 30 June 2021		330,707,821	642,112,210	972,820,031
At 1 July 2019		109,357,000	938,125,421	1,047,482,421
Surplus/Deficit for the period		-	220,640,490	220,640,490
Grants from FSSP		221,350,821	-	221,350,821
Surplus Paid		-	(350,000,000)	(350,000,000)
At 30 June 2020		330,707,821	808,765,912	1,139,473,733

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
		Kshs.	Kshs.
Cash flows from operating activities: -	NOTE		
Net Surplus of the year		25,529,460	220,640,491
Adjusted for:			
Gain & Loss on disposal written back		-	-
Depreciation written back	11	55,170,857	72,393,535
		80,700,317	293,034,026
Working capital changes			
(Increase)/ Decrease in receivable	17&18	(9,146,862)	577,057
Increase / (Decrease) in payable	21,22&23	292,770,707	25,796,941
Cash generated from operations		283,623,846	26,373,998
Net cash flows from operating activities		364,324,162	319,408,024
Cash flows from investing activities: -			
Purchase of Property & Equipment	19	(4,905,938)	(15,927,530)
Proceeds from Sale of Assets		-	-
Net cash used in investing activities		(4,905,938)	(15,927,530)
Cash flows from financing activities: -			
Increase in deposits	20(b)	(2,836,075)	(62,423,843)
Surplus / Tax paid to KRA	15	(199,018,355)	(350,000,000)
(Decrease)/ Increase in Staff Benevolent Fund			
Net cash used in financing activities		(201,854,430)	(412,423,843)
Net increase/(decrease) in cash and cash equivalent in the year		157,563,794	(108,943,349)
Cash and cash equivalents as 1 July		577,315,144	686,258,493
Cash and cash equivalents as 30 June		734,878,938	577,315,144

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

	Original Budget		Adjustments		Final Budget		Actual on comparable basis		Performance difference		%Var	Notes
	2020-2021	2020-2021	Kshs	Kshs	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021		
Fees Income	4,000,000	-	-	-	4,000,000	3,450,000	(550,000)	-14%	i.			
Interest from Bank Deposit	4,000,000	-	-	-	4,000,000	3,130,257	(869,743)	-22%	ii.			
Investment Income	11,000,000	-	-	-	11,000,000	9,529,044	(1,470,956)	-13%	iii.			
Miscellaneous Income	12,600,000	-	-	-	12,600,000	14,932,200	2,331,200	19%	iv.			
Insurance claims	-	-	-	-	-	21,922,038	21,922,038	100%	v.			
Retirement Benefits Levy	968,041,000	-	-	-	968,041,000	993,344,383	25,303,383	3%				
Statutory Penalty	-	-	-	-	-	378,783	378,783	100%	vi.			
Tribunal Fees	4,000	-	-	-	4,000	152,125	148,125	3703%	vii.			
Total Trading Income	999,645,000	-	-	-	999,645,000	1,046,837,830	47,192,830					
Gross Profit	999,645,000	-	-	-	999,645,000	1,046,837,830	47,192,830					
Expense												
Bank Charges	600,000	-	-	-	600,000	887,430	(287,430)	-48%	viii.			
Board Expenses	30,001,003	-	-	-	30,001,003	9,979,283	20,021,720	67%	ix.			
Cleaning Expenses	5,000,000	-	-	-	5,000,000	2,760,886	2,239,114	45%	x.			
Consumer Protection (Education)	31,695,500	(7,590,000)	-	-	24,105,500	14,220,487	9,885,013	41%	xi.			
Depreciation	15,000,000	-	-	-	15,000,000	55,170,857	(40,170,857)	-268%	xii.			
Financial Literacy (Scheme Visit)	64,000	-	-	-	64,000	-	64,000	100%	xiii.			
Hire of Equipment	4,774,400	-	-	-	4,774,400	1,597,077	3,177,323	67%	xiv.			
Information Technology Systems	33,336,852	(15,800,000)	-	-	17,536,852	16,879,980	656,872	4%				
Library Expenses	4,235,000	-	-	-	4,235,000	2,779,793	1,455,207	34%	xv.			
Maintenance Insure & Security of Equipment	14,550,000	-	-	-	14,550,000	2,611,435	11,938,565	82%	xvi.			
Medical Expenses	34,465,000	-	-	-	34,465,000	26,410,123	8,054,877	23%	xvii.			
Insurance Claims	-	-	-	-	-	20,595,000	(20,595,000)	-100%	xviii.			
Member Education Seminars	40,705,000	-	-	-	40,705,000	20,107,065	20,597,935	51%	xix.			
Motor Vehicle Maintenance & Security	4,720,000	-	-	-	4,720,000	3,168,490	1,551,510	33%	xx.			
Office Running Expenses	6,382,000	-	-	-	6,382,000	6,297,229	84,771	1%				
Catering Expenses	1,369,000	-	-	-	1,369,000	2,272,165	(903,165)	-66%	xxi.			

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Pension Contribution	63,104,896		63,104,896		63,104,896	59,018,225	4,086,671	6%
Pension Education (Electronic Media)	28,960,000	6,717,000	28,960,000	6,717,000	35,677,000	31,652,800	4,024,200	11% xxii.
Personnel Emoluments	332,814,158		332,814,158		332,814,158	318,937,017	13,877,141	4%
Post & Telephone	7,000,000		7,000,000		7,000,000	11,344,268	(4,344,268)	-62% xxiii.
Power & Lighting	7,100,000		7,100,000		7,100,000	5,957,487	1,142,513	16% xxiv.
Professional Charges	60,883,000	6,072,543	60,883,000	6,072,543	66,955,543	30,523,409	36,432,134	54% xxv.
Rent & Ground Rates	39,064,444		39,064,444		39,064,444	39,381,538	(317,094)	-1%
Research & Development	30,216,000	5,000,000	30,216,000	5,000,000	35,216,000	23,627,709	11,588,291	33% xxvi.
Sports & Recreation	18,191,100	(167,497)	18,191,100	(167,497)	18,023,603	8,067,402	9,956,201	55% xxvii.
Training & Development	19,980,035	(1,272,534)	19,980,035	(1,272,534)	18,707,501	17,636,525	1,070,976	6%
Travel & Accommodation	30,000,000	(692,502)	30,000,000	(692,502)	29,307,498	30,033,794	(726,296)	-2%
Tribunal Expenses	14,861,500		14,861,500		14,861,500	6,498,405	8,363,095	56% xviii.
Promotional Materials	21,550,000	(7,267,000)	21,550,000	(7,267,000)	14,283,000	6,389,237	7,893,763	55% xxix.
Sponsorship	4,128,458	700,000	4,128,458	700,000	4,828,458	3,969,336	859,122	18% xxx.
Supervision of Schemes	19,263,500		19,263,500		19,263,500	3,630,185	15,633,315	81% xxxi.
Hire of Transport	3,600,000	(1,500,000)	3,600,000	(1,500,000)	2,100,000	1,202,523	897,477	43% xxxii.
Printing and Stationery	4,834,156		4,834,156		4,834,156	1,614,852	3,219,304	67% xxxiii.
Subscription to Professional Bodies	6,717,000		6,717,000		6,717,000	6,321,217	395,783	6%
Total Expenses	939,166,002		939,166,002		923,366,011	791,543,229	(131,822,782)	
Gain/loss on Sale of Assets								
Total Gain/Losses	-		-		-	255,294,601	(84,629,952)	
Surplus before Tax Transferred to G/Fund	60,478,999		60,478,999		76,278,989	(229,765,141)	(153,486,152)	
Surplus Fund after 90%	60,478,999		60,478,999		76,278,989	25,529,460	50,749,529	

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Budget notes

i. Fees Income

Fees income consists of fees paid by service providers such as Custodians, Administrators and Fund managers for annual license. The Authority budgeted to receive Kshs. 4 million as fees from service providers with anticipation of registering additional new service providers. However, the targeted number of new registrations was not achieved leading to actual collection of Kshs. 3.45 million resulting to a negative variance 14%.

ii. Interest from bank deposits

The Authority budgeted to earn Kshs. 4 million in form of interest from bank deposits. However, during the period, the Authority earned Kshs. 3.1 million indicating a negative variance of Kshs. 0.9 million. The negative variance relates to interest from Staff mortgage facility which was erroneously paid and recognized as revenue twice in the previous financial year 2019-2020. In the financial year 2020-2021 the Authority noted during reconciliation that the bank inadvertently paid the interest twice hence affecting the recognition of the interest for this current year.

iii. Investment Income

Investment income is earned from investment in treasury bills. The Authority's policy is to invest all Surplus funds not for immediate use in treasury bills to boost revenue earned. During the year, the Authority budgeted to earn Kshs. 11 million in form of investment income. However, the actual amount earned was Kshs. 9.5 million indicating a negative variance of Kshs. 1.5 million. This was due to remittance of surplus funds and previous years retained earnings in 2019-2020. which resulted to long term effect on the surplus funds available for investments.

iv. Miscellaneous Income

Miscellaneous income relates to refunds received by the Authority in relation to staff who were seconded and offering services to other Government institutions. During the year the Authority

budgeted to receive refunds of Kshs. 12.6 million. However, the Authority received Kshs. 14.9 million, Being receipts from National Treasury and Planning and Policy holders compensation fund where staff have been seconded. The Authority also sold some tender documents and earned some amounts pushing the actual receipt beyond budget.

v. Insurance Claims refund

These are claims received in relation to insurance policies paid by the authority on behalf of employees. During the financial year the Authority received Kshs. 21.9 million in form of the insurance claims as death and injury compensation for officers.

vi. Statutory Penalties

Statutory penalties are amounts levied against service providers and retirement benefit schemes for non-compliance. The Authority does not budget to earn income from statutory penalties. During the year, the Authority received Kshs. 378,783 in form of penalties levied to service providers and schemes.

vii. Tribunal Fees

Tribunal fees relates to fees paid by parties seeking Retirement Benefits tribunal services when filing appeals against decisions made by the Authority. In the year under review, the Authority budgeted to receive Kshs. 4,000 in form of tribunal fees. However, the matters filed at the tribunal were higher than anticipated hence the Authority received Kshs. 152,125 translating to an increase of Kshs. 148,125.

viii. Bank Charges

The Authority budgeted to incur Kshs. 0.6M in bank charges. However, during the year the Authority incurred Kshs. 0.9 Million in bank charges. The variance of Kshs. 0.3 Million. This was due to commission paid on rent guarantee deposit which is charged at One percent of the deposit.

ix. Board Expenses

The board expenses budget was Kshs. 30 Million, however the actual expenditure stood at Kshs 10.0

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Million, under expenditure of Kshs 20.0 Million. This was due to reduced board activities; Board trainings and capacity building could not take place due to restrictions in physical gatherings and in-person meetings.

x. Cleaning

The Authority budgeted to spend Kshs 5 Million during the year. However, the actual expenditure stood at Kshs 2.8 million resulting to variance of Kshs. 2.2 Million. The cleaning expenses budget was based on prior years actual costs; however, through procurement process the Authority was able to negotiate for lower contract prices hence a saving to the Authority.

xi. Consumer Sensitization

The under-expenditure of Kshs. 9.9 Million was due to postponement of most of the activities planned for education of the public and the informal sector on importance of saving for retirement. The activities could not take place fully due to government restriction of movements and social gatherings as a way of curbing spread of Covid 19

xii. Depreciation

The significant over-expenditure in depreciation of Kshs. 40.2 Million was due to acquisition of new supervisory system & ERP and disaster recovery hardware with the support of the Financial Sector Support Programme (FSSP). The depreciation of the two assets was not factored in the budget due to timing difference arising from the point of receipt of the assets and the time for submission of the budget to National Treasury for approval. The assets were therefore received/transferred to the Authority's custody after the budget submission which is statutorily required by 31st January of every year.

xiii. Financial Literacy

The Authority planned to engage KICD on inclusion of pension education in the primary and secondary curriculum. This activity was undertaken at no cost hence a saving to the Authority.

xiv. Hire of Equipment

During the year under review the Authority budgeted Kshs 4.8 Million, actual expenditure stood at Kshs. 1.6 million. The bills are charged based on usage and during the year usage was low since many staff were working from home, hence a saving to the Authority.

xv. Library Expenses

This was for the purchase of some books that were planned for the FY2020-2021 but the procurement had not commenced at the end of the financial Year.

xvi. Maintenance and Insurance of Equipment

The budgeted amount was Kshs 14.6 million the Authority however, spent Kshs 2.6 million hence a variance of Kshs 12.2 million. This was due to delayed procurement of service providers for maintenance of equipment and computers. The procurement was concluded towards the end of the financial year hence low expenditure.

xvii. Medical Expenses

The Authority budgeted to spend Kshs. 34.5 million on medical insurance. However, the actual expenditure was Kshs. 26.4 Million, implying an under-expenditure of Kshs. 8.1 million. This is due to reduced hospital visits during Covid.

xviii. Insurance claim expenses

This includes a compensation fund of Kshs 19.8 million to accrued to the beneficiaries of one of the deceased staff, payments of last expenses and other life insurance benefits payable to the beneficiaries.

xix. Member Education Seminars

The Authority budgeted to spend Kshs. 40.7 Million; actual expenditure stood at Kshs. 20.1 Million during the year under review. There were fewer activities carried out physically with others being undertaken virtually; hence, an under-expenditure of Kshs. 20.6 Million.

xx. Motor Vehicle Maintenance & Security

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The Authority's actual expenditure on motor vehicle maintenance stood at Kshs. 3.2 million against a budget of Kshs. 4.7 Million. The under-expenditure is due to government containment measures put in place to restrict movement hence reduced usage of the Authority vehicles out of station.

xxi. Catering expenses

Authority budgeted Kshs 1.4 million while actual expenditure stood at Kshs 2.3 Million, hence a variance of Kshs 0.9 Million. The negative variance is due to higher cost of compliance requirement for providers of catering services after the emergence of Covid 19.

xxii. Pension Education (Electronic Media)

The Authority budgeted to spend Kshs. 35.7 million, however actual expenditure stood at Kshs.31.6 million, resulting in a variance of Kshs. 4.1 million. The under expenditure was due to cost effectiveness during procurement of the service which enabled the Authority bundle production and dissemination of the infomercials by the same service provider.

xxiii. Post and Telephone

The Authority budgeted to spend Kshs.7 million against actual expenditure of Kshs.11 million resulting to a variance of Kshs. 4 million. The variance was due to increased facilitation of staff to enable them work from home through internet provision to curb the spread of Covid-19.

xxiv. Power and lighting

The actual expenditure is below budget resulting to savings on electricity consumption due to reduction in the number of staff working in the office.

xxv. Professional Charges

The Authority budgeted to spend Kshs. 67.0 million against an actual spend of Kshs. 30.5 million resulting to an under-expenditure of Kshs. 36.5 million. This was due to slow down of some of the activities which would require engagement of

contracted services i.e., during sensitization of members of schemes, informal sector and general public, carrying out independent research and surveys among other activities. The cost reduction is also due to adoption of other ways of delivering the services such as virtual sensitization of members

xxvi. Research and Development

The Actual expenditure stood at Kshs 23.6 million compared to the budget of Kshs. 35.2 Million resulting in a variance of Kshs. 11.6 million. The under expenditure was due to reduced costs of undertaking some of planned activities such research disseminations, research panel meetings. Some of which were undertaken virtually. The activities were delivered through other channels due to restrictions on movements, public gatherings and in-person meetings.

xxvii. Sports & Recreation

The Authority budgeted to spend Kshs.18.0 Million, however the actual expenditure in the period stood at Kshs 8.0 Million. Due to restricted social gatherings; some of the planned activities could not take place since they are outdoors activities. Such activities include staff and children wellness days, sports day and family fun day.

xxviii. Tribunal expenses

The Authority budgeted to spend Kshs. 14.9 million versus the actual expenditure of Kshs 6.5 Million. The under expenditure of Kshs 8.4 million was due to reduced physical meetings and other planned activities such as capacity building and workshops that informed the budget.

xxix. Promotional materials

The Authority budgeted Kshs.14.3 Million to procure promotional materials. Actual expenditure however, stood at Kshs. 6.4 Million. The under expenditure of Kshs. 7.9 Million is attributable to reduction in field activities owing to government restrictions on gatherings and movement. Some of the activities that required purchase of promotional materials include informal sector sensitizations and

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open days which never took place due to restrictions on gathering.

xxx. Sponsorship

The Authority incurred Kshs. 4.8 million compared to budgeted amount of Kshs. 4.0 million. The under expenditure was due to reduced physical events that were planned for sponsorship. These activities were meant for exhibitions and sensitization of target groups on pension matters.

xxxi. Supervision of Schemes

The Authority budgeted Kshs. 19.3 Million while actual expenditure however, stood at Kshs. 3.6 Million. The under-expenditure of Kshs.15.6 Million was due to reduced activities that required physical meetings and only critical ones were carried out, while some were undertaken virtually.

xxxii. Hire of Transport

The Authority budgeted to spend Kshs. 2.1 Million; actual expenditure stood at Kshs. 1.2 Million during the year under review. During the year, the Authority scaled down movement and heavily relied on its own vehicles to carry out the critical activities.

xxxiii. Printing and stationery

The variance of 67% on printing was due to reduced number of staff working at the office, as most of them work from home. Thus, reduced printing of documents in the office.

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NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Retirement Benefits Authority is established by and derives its authority and accountability from Retirement Benefit Act (Cap 197). The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to regulate and supervise the establishment and management of retirement benefits schemes.

2. Statement of Compliance and Basis of Preparation

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

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

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Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

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

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective in the year ended 30 June 2021*

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Adoption of New and Revised Standards (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Authority;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.</p>

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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

The Authority did not early - adopt any new or amended standards in year 2021/2021.

4 Summary Of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Treasury and Planning on 10th August 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority did not record any additional appropriations in the 2020-2021 budgets.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Property, plant and equipment

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

Type of Fixed Asset	Rate of Depreciation
Motor Vehicles	25.00%
Furniture and Fittings	12.5%
Plant and Equipment	30.00%
Computer and accessories	33.33%
Software	20.00%

d) Leases

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

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

e) Intangible assets

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

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

f) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

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

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

b) *Financial liabilities*

Initial recognition and measurement

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

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) *Inventories*

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

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

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

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

j) Provisions (IPSAS19)

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

Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

k) Contingent liabilities

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

l) Contingent assets

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

m) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements. Currently the Authority does not maintain any reserves.

n) Changes in accounting policies and estimates

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

o) Employee benefits (IPSAS 39)

Retirement benefit plans

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

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

p) Foreign currency transactions

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

q) Related parties

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

RETIREMENT BENEFITS AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

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

5 Significant Judgments and Sources of Estimation Uncertainty

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 20 & 21

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The provisions are made on the absolute amount of debts which are doubtful, other provisions provided in the financial statements is the provisions for payment of 90% surplus funds as provided by the Public Finance Management Act, 2012.

RETIREMENT BENEFITS AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REVENUE FROM NON EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Retirement Benefits Levy	993,344,383	950,468,801
Service Provider Licensing Fee	3,450,000	3,450,000
Statutory Penalty	378,783	1,425,248
Total	997,173,166	955,344,049

7 REVENUE FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Interest income from Treasury Bills	9,529,044	2,943,527
Interest income from bank deposits	3,130,257	6,895,976
Total	12,659,301	9,839,503

8 OTHER INCOME

Description	2020-2021	2019-2020
	Kshs	Kshs
Tribunal Fee	152,125	92,210
Miscellaneous Income	14,931,200	-
Insurance Claims-Receipts	21,922,038	29,233,398
Total	37,005,363	29,325,608

9 EMPLOYEE COSTS

Description	2020-2021	2019-2020
	Kshs	Kshs
Personnel Cost	318,937,017	301,306,638
Pension contributions	59,018,225	41,295,266
Medical expenses	26,410,123	30,973,896
Insurance claims	20,595,000	-
Total	424,960,365	373,575,800

10 REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Director's emoluments	9,019,283	16,532,687
Other allowances & expenses	-	-
Total	9,979,283	17,492,687

RETIREMENT BENEFITS AUTHORITY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	Kshs	Kshs
Property, plant and equipment	55,170,857	72,393,535
Total depreciation and amortization	55,170,857	72,393,535

12 REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	Kshs	Kshs
Equipment and machinery	2,611,435	925,182
Vehicles	3,168,490	3,194,531
Total repairs and maintenance	5,779,925	4,119,713

13 GENERAL EXPENSES

Description	2020-2021	2019-2020
	Kshs	Kshs
Member Education Services	20,107,065	13,025,629
Financial Literacy Activities	-	3,301,672
Pension Industry Development	31,652,800	2,268,386
Consumer Protection (Education)	14,220,487	6,673,302
Supervision of schemes	3,630,185	-
Professional Charges	30,523,409	50,095,161
Cleaning Expenses	2,760,886	3,359,211
Power & Lighting	5,957,487	6,546,767
Official Entertainment	2,272,165	6,542,452
Office Running Expenses	6,297,229	5,168,277
Library Expenses	2,779,793	2,890,571
Rent & Ground Rates	39,381,538	41,262,878
Training & Development	17,636,525	24,953,295
Staff welfare- Sports & recreation	8,067,402	13,884,439
Post & Telephone	11,344,268	8,979,728
Travel & Accommodation	30,033,794	72,987,347
Tribunal expenses	6,498,405	4,125,661
Hire of Equipment	1,597,077	6,331,994
Hire of Transport	1,202,523	-
Research & Development	23,627,709	13,507,653
Information & Technology Systems	16,879,980	9,139,515
Printing & stationery expenses	1,614,852	1,729,208
Promotional Materials	6,389,237	854,150
Sponsorship	3,969,336	7,341,650
Subscription to Professional Bodies	6,321,217	-
Partitioning and Repairs	-	346,978
Total General Expenses	294,765,370	305,315,923

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14 BANK CHARGES

Description	2020-2021	2019-2020
	Kshs	Kshs
Bank charges	887,430	971,011
Total	887,430	971,011

15 REMISSION TO NATIONAL TREASURY

Description	2020-2021	2019-2020
	Kshs	Kshs
90% Surplus Remitted	199,018,355	350,000,000
Total	199,018,355	350,000,000

16 CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
KCB-Milimani (Main Account)	93,766,739	209,858,142
KCB-Milimani (Revenue A/C)	39,492,227	345,902,772
ABSA Bank Ltd (Office Account)	647,634	652,242
NCBA Bank Ltd	11,404,338	20,787,133
Cash in Hand	-	114,855
CBK- 91 Treasury Bills	589,568,000	-
Total	734,878,938	577,315,144

17 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Interest receivable on T-bills	4,672,044	-
Receivables from National Treasury	2,414,400	9,302,600
RBA Levy Receivable	17,887,916	3,398,191
Total current receivables	24,974,360	12,700,791

18 TRADE DEBTORS FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade debtors and prepayments		
Trade Debtors	4,350,852	4,912,842
Prepayments	1,218,388	3,778,407
Staff outstanding Imprest	(4,699)	-
Provision for doubtful debt	(919,647)	(919,647)
Total	4,644,894	7,771,602

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Furniture and fittings	Plant & Equipment	Computer & Accessories	Software	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 30th June 2019	43,612,067	45,670,800	127,215,732	-	-	216,498,599
Additions		753,840	94,905,920	2,184,744	139,433,847	237,278,351
Disposals						-
Transfers/ adjustments	-	-	-	-	-	-
At 30th June 2020	43,612,067	46,424,640	222,121,652	2,184,744	139,433,847	453,776,949
Additions	-	2,548,485	1,738,500	618,953	-	4,905,938
Disposals	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-	-
At 30th June 2021	43,612,067	48,973,125	223,860,152	2,803,697	139,433,847	458,682,888
Depreciation and impairment						
At 30th June 2019	27,434,762	24,401,661	98,826,313	-	-	150,662,736
Depreciation	4,044,326	2,752,872	36,988,602	720,966	27,886,769	72,393,535
Disposals						-
Transfers/ adjustments	-	-	-	-	-	-
At 30th June 2020	31,479,088	27,154,534	135,814,915	720,966	27,886,769	223,056,271
Depreciation	3,033,245	2,727,324	26,413,571	687,301	22,309,415	55,170,857
Disposals	-	-	-	-	-	-
Transfers/ adjustments	-	-	-	-	-	-
At 30th June 2021	34,512,333	29,881,858	162,228,486	1,408,267	50,196,185	278,227,128
Net book values						
At 30th June 2021	9,099,734	19,091,267	61,631,666	1,395,430	89,237,662	180,455,759
At 30th June 2020	12,132,979	19,270,106	86,306,737	1,463,778	111,547,077	230,720,678

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 INVESTMENTS

Description	2020-2021	2019-2020
	Kshs	Kshs
a) On- Call Deposits		
RBA rent guarantee deposit	8,354,778	8,354,778
Sub-total	8,354,778	8,354,778
b) Staff car loan/ mortgage		
KCB Car loan security account	36,005,248	36,005,248
S&L mortgage deposits	256,745,331	256,579,781
NCBA car loan deposit	11,612,887	11,150,672
HFCK mortgage deposits	72,164,692	69,956,383
Sub-total	376,528,158	373,692,083
Grand total	384,882,936	382,046,861

21 PAYABLE TO NATIONAL TREASURY

Description	2020-2021	2019-2020
	Kshs	Kshs
90% surplus 2020-2021	229,765,141	-
Total deposits	229,765,141	-

Due to change of policy in the recognition of the amount accrued/payable to the National Treasury and Planning from cash basis to accrual basis the comparable payable for the 2019-2020 FY was not recognized in the financial statement. However, the possible comparable payable was Kshs. 199,018,355 relating to 2018-2019 FY. Going forward the Authority shall be recognizing the amount payable to the national exchequer on accrual basis.

22 EMPLOYER OBLIGATIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
Staff bonus	28,652,545	12,411,545
Staff gratuity	8,403,600	1,100,000
Board bonus	3,200,000	3,200,000
Total Employer Obligations	40,256,145	16,711,545

23 PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	Kshs	Kshs
RBA Levy Over Payment	21,333,979	
Creditors	65,661,593	54,369,798
Total deposits	86,995,572	54,369,798

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 CAPITAL FUND

Description	2020-2021	2019-2020
	Kshs	Kshs
Capital Fund (Seed Capital)	45,457,000	45,457,000
Grant from FSSP	221,350,821	221,350,821
Additional GOK Grants (FLSTP) project	63,900,000	63,900,000
Total	330,707,821	330,707,821

25 ACCUMULATED SURPLUS

Description	2020-2021	2019-2020
	Kshs	Kshs
General reserve fund	238,826,645	238,826,645
Net Profit (accumulated)	377,756,105	349,298,777
Net Profit (current year)	25,529,460	220,640,490
Total	642,112,210	808,765,912

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government
- ii) The National Treasury & Planning
- iii) Key Management
- iv) Board of Directors

Related party transaction	2020-2021	2019-2020
	Kshs	Kshs
The National Treasury 90% remittance	229,765,141	350,000,000
Chief Executive officer	9,600,000	9,600,000
Key Management	74,159,050	50,973,600
Board of Directors	6,846,796	17,492,687
TOTAL	320,370,987	428,066,287

27 EVENTS AFTER THE REPORTING PERIOD

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

28 PRIOR YEAR ADJUSTMENTS

An Amount of Kshs. 6,835,192.58 captured as prior year adjustment relates to Withholding VAT which was double accounted for in the previous years during the Change of the ERP. The Authority therefore did the adjustment to write back the amount hence affecting the prior years accumulated surplus and reducing the amount of creditors.

RETIREMENT BENEFITS AUTHORITY
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29 ULTIMATE AND HOLDING AUTHORITY

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the National Treasury and Planning. Its ultimate parent is the Government of Kenya.

30 Currency

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

RETIREMENT BENEFITS AUTHORITY
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APPENDIX 1: FINANCIAL SUPPORT RECEIVED BY THE AUTHORITY FROM FINANCIAL SECTOR SUPPORT PROGRAMME (FSSP)

NAME	DETAILS	AMOUNT (KSHS)
Commissioner for Domestic Taxes	VAT on Attain Enterprises Ltd. Supply installation and commissioning of An Upgrade of the Risk Based Supervisory System and ERP at RBA	288,703.30
Attain Enterprise Solutions Limited P.O. Box 18286-00100 Nairobi	Supply installation and commissioning of An Upgrade of the Risk Based Supervisory System and ERP at RBA	16,456,089.25
Attain Enterprise Solutions Limited P.O. Box 18286-00100, Nairobi	Supply, Installation and Commissioning of an Upgrade of the Risk Based Supervision System and ERP at the Retirement Benefits Authority	16,744,792.55
Commissioner for Domestic Taxes	VAT on Attain Enterprise Solutions Limited Upgrade of the Risk Based Supervision System and ERP at the Retirement Benefits Authority	293,768.30
IPSOS Limited, Acorn House, 97 James Gichuru Road, Lavington, P.O. Box 68230-00200 City Square	Consultancy to Conduct Survey on Dynamic and Perceptions of the Kenyan Youth on Saving for Retirement for the RBA Contract FSSP/PIU/RBA/51/2018-19	5,388,876.80
Commissioner for Domestic Taxes	VAT on IPSOS Ltd. Consultancy to Conduct Survey on Dynamic and Perceptions of the Kenyan Youth on Saving for Retirement for the RBA	94,541.70
TOTAL		39,266,771.90