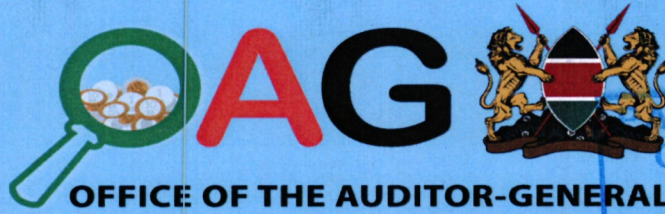


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

REPORT

OF

THE AUDITOR-GENERAL

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 04 MAY 2023

DAY.

Thursday

ON

TABLED
BY:

Hon. Kimani Ichung'wa
(Leader of the Majority Party)

CLERK-AT
THE-TABLE:

Joyce Kemerele

TOURISM PROMOTION FUND

**FOR THE YEAR ENDED
30 JUNE, 2022**



01 000 000



**MINISTRY OF TOURISM AND
WILDLIFE**

TOURISM PROMOTION FUND

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

14 MAR 2023

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**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2022**

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

Tourism Promotion Fund
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For the Year ended 30th June,2022

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Tourism Promotion Fund was established through the National Assembly Delegated duty to the Cabinet Secretary responsible for Finance under Section 24(4) of the Public Finance Management Act, 2012, in June 2016 through the legal notice 24 of 2019. The purpose of the Fund is to provide finances for development, promotion and branding of tourism sector in Kenya. The main sources of revenue include proceeds realized from the Air Passenger service charge Act and Interest from investment of surplus funds.

(b) Principal Activities

The Principal activity of the Fund is to provide funds to support development, promotion and branding of the tourism sector in Kenya.

Our Vision

The Ideal Funding Partner for Tourism Development

Our Mission

To provide funds to public agencies for supporting development, promotion and branding of Kenya's tourism sector to enhance destination competitiveness.

The function and purpose of the Fund shall be:

- i. Financing development, promotion and branding programmes and initiatives in relation to tourism products including tourism niche products and tourism events;
- ii. Financing marketing, promotion and branding of Kenya in specific local, regional and international market segments;
- iii. Financing tourism data capture, analysis and dissemination of the same and any other related research which may include deployment of technology-based applications;
- iv. Financing development of tourism facilities and establishments in areas where the private sector is unable or unwilling to develop, but with a high potential for tourism promotion and branding;
- v. Co-financing of tourism development and promotion projects with the county governments on the basis of an agreed ratio of matching grants;
- vi. Funding programmes and initiatives for tourism safety and security geared towards development, promotion and branding of tourism sector;
- vii. Financing development of innovations and inventions which promote tourism development, promotion and branding
- viii. Funding of plugging projects which contribute to development, promotion and branding of tourism sector
- ix. Financing programmes and initiatives geared towards tourism intelligence and information gathering for purposes of developing, promoting and branding tourism in Kenya; and

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- x. Standards development and capacity building in the tourism sector

(c) Board of Management

Day to day management of the Fund is entrusted to the Chief Executive Officer who is also the Secretary to the Board and Administrator of the Fund. The CEO is assisted by a team of Secretariats deployed to the Fund from The Ministry of Tourism and Wildlife.

The Fund is managed by **ten** board members comprising of **Seven** Government representatives, **two** independent members and the CEO who is the Secretary to the Board. The appointment and the terms of the current membership of the Board of Trustees are as shown below;

| No. | Title | Membership |
|-----|--------------------------------------------------------------------------------|------------|
| 1 | Cabinet Secretary – Ministry of Tourism and Wildlife | Chairman |
| 2 | Principal Secretary – State Department for Tourism | Member |
| 3 | Principal Secretary – National Treasury | Member |
| 4. | Principal Secretary – State Department for Culture | Member |
| 5. | Principal Secretary – State Department for Wildlife | Member |
| 6. | Principal Secretary – State Department for Internal Security & Citizen Service | Member |
| 7. | Principal Secretary – State Department for Transport | Member |
| 8. | Private Sector | Member |
| 9. | Private Sector | Member |
| 10 | Chief Executive Officer | Secretary |

(d) Key Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|----------------------------------------|--------------------------|
| 1. | Ag. Chief Executive Officer | Mr. Stephen Kinyanjui |
| 2. | Ag. Director Programmes Management. | Ms. Doreen Okoyana Abuti |
| 3. | Ag. Funds Manager | CPA John Makona |
| 4. | Ag. Corporate & Administration Manager | Mwituria John Mwita |
| 5 | Ag. Head of Internal Audit | CPA Anthony Kamutu |

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(e) Fiduciary Oversight Arrangements

The oversight function of corporate governance shall be performed by the Fund's board of directors and its designated committees. Boards of directors shall perform their advisory and oversight function through well-structured, planned, and assigned committees to take advantage of the expertise of all the directors.

The Board delegates some of its responsibilities to committees, which review the respective matters delegated to them and make recommendations to the Board. All decisions, however, can only be made by the Board. Each committee has terms of reference approved by the Board and the Chair of each committee is required to report on their proceedings at the board meeting immediately following the committee meeting. These committees include;

i. Project Management and Resource Mobilization Committee

The committee is responsible for advising the Board on the Projects/Programmes and Fund management, in accordance with the funding requirements.

ii. Finance and Administration Committee.

The committee shall provide advice and assistance to the oversight Board of management and the Secretariat regarding the Fund's financial activities and general administrative duties.

iii. Audit and Risk Management Committee.

The audit committee shall provide oversight of the financial reporting process, the audit process, the Fund's system of internal controls and compliance with laws and regulations and evaluating the effectiveness of the fund.

(f) Registered Offices

Tourism Fund Building
P.O.BOX 50293- 00100
NAIROBI

(g) Fund Contacts

Telephone: 254-20-2724646
Email.ceo@tpf.go.ke

(h) Fund Bankers

Kenya Commercial Bank
Kipande House Branch
Kipande Road

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(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS



Hon. Najib Balala
Chairman of the Board

Hon: Najib Balala Studied at Harvard University, University of Toronto St. George Campus, Kakamega School, Alliant International University.

He has served as the Secretary of The Swahili Cultural Centre from 1993–1996. Chairman – Coast Tourist Association from 1996–1999. His tenure as the Mayor of Mombasa 1998–1999 witnessed a rapid transformation of Mombasa into an economic hub and drastic change in the affairs at Town Hall by team leading an anti-corruption crusade. Chairman, Chamber of Commerce and Industry (Mombasa Chapter) from 2000–2003, 27 Dec 2002 to 15 Dec 2007: Member of Parliament for Mvita Constituency, 7 Jan 2003 – 31 June 2004: Minister for Gender, Sports, Culture and Social Services Jan – June 2003: Acting Minister for Labour, 31 June – 21 Nov 2005: Minister for National Heritage, 27 Dec 2007 to 15 Jan 2013: Member of Parliament for Mvita Constituency, 11 Nov 2011 to March 2012: Chairman of the UNWTO Executive Council, 17 Apr 2008 to 26 March 2012: Minister for Tourism, 15 May 2013 to June 2015: Cabinet Secretary for Mining. Currently since June 2015: Cabinet Secretary for Tourism.

Hon Najib Balala, EGH is currently the Cabinet Secretary for Tourism and Wildlife.



Ps. Zeinab A. Hussein.
Member



PS Zeinab A. Hussein, has over 20 years work experience both in private and public sectors. Prior to joining the public service, she held various senior and leadership roles in McKinsey & Co, Africa, working with the Johannesburg, Lagos and East Africa offices. Her work at McKinsey as an associate consultant saw her transform and reform various corporations in a wide range of sectors including National Oil companies, Large Commercial Banks and she oversaw successful mergers in the telecommunications sector in West Africa.

Prior to joining McKinsey, PS Hussein held various senior roles at Shell Africa including, Internal Auditor for the Shell Africa Group, Aviation Manager for both Shell Aviation East and West Africa and she also sat on the management teams of Kenya Shell, Shell Ghana and Shell Aviation and BP Aviation.

In the Public Sector, PS Hussein has served as the Principal Secretary for the Departments for Gender, Irrigation, Post Training and Skills development, Correctional Services and currently she is the Principal Secretary Ministry of Tourism and Wildlife.

PS Hussein holds a Masters in Public Administration from the Harvard

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| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Kennedy School, Harvard University. She also holds a Masters in Public Policy as a Mason Fellow from the same university and an MBA from the University of Nairobi.</p> |
|  <p>Ms. Josephtha O. Mukobe Member</p> | <p>Ms. Josephtha O. Mukobe holds a MSc. from Manchester University (UK) and a BA (Hons) Humanities and Social Science from the University of Nairobi. She has a public service career spanning for over twenty-five years. She joined the Civil Service in 1986 as a Personnel Officer in the Ministry of Home Affairs and National Heritage and rose through the ranks to the position of Deputy Director Human Resource Management. In July 2013, she was appointed as the Principal Secretary / Coordination of National Government where she was incharge of the Kenya Prisons Service, Probation, and Betting Control & Licensing Board.</p> <p>She has also served as the PS for State Department of Special Programmes. She is currently the PS for the State Department of Heritage under the Ministry of Sports and Heritage.</p> <p>Ms. Mukobe who is a person living with disability has founded and is a member of several disability organizations which include UDPK, Women Challenged to Challenge, etc. She has also represented the Country Internationally on Disability issues.</p> |
|  <p>Ms. Juma Agatha Nyaguthi Member & Chair of the Fund Audit Committee</p> | <p>Over the last 22 years, Agatha Juma has had a professional life that has been as varied as it has been rich and colorful. The last 10 of these years have been spent in advocacy for a conducive business environment for the Private sector. Her most recent formal engagement was with the Kenya Private Sector Alliance as Head of Public Private Dialogue (seconded as Technical assistance from International Finance Corporation (IFC)) and before that as CEO of Kenya Tourism Federation. She still consults for the IFC/WBG as a short term consultant on Public Private dialogue and is an adjunct facilitator with the Africa Leadership Group ‘Leadership Accelerator program’ in Nairobi.</p> <p>She is a co-founder and director at Engage Kenya Ltd which is a communications and content creation organisation. Through coaching and training speakers and professionals in different fields, she has worked with over 400 people who have proceeded share their experiences and communicate for greater impact.</p> <p>Agatha is an ICF (International Coaching Federation) accredited Executive Coach and holds a diploma in Innovative and Creative Leadership from the THINK school of Creative Leadership in Amsterdam. She holds a Bachelor of Commerce in Management (B.</p> |

| | |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Com), a postgraduate diploma in Marketing from the Chartered Institute of Marketing (CIM) and certification on Private sector growth from Swedish</p> <p>Institute for Public Administration (SIPU). She is certified by Toastmasters International as a competent communicator.</p> |
|  | <p>Ali is the CEO of Kipochi, a Pan-African Fintech company that enables the financial ecosystem to utilize digital technologies towards enhancing efficiency, bring innovative financial solutions to the unbanked across the continent and create awareness towards the transformative nature of Financial Technologies.</p> <p>Ali is a Co-Founder and Partner at Demo Ventures. DEMO Ventures is an early stage, smart capital fund, currently raising its inaugural fund, focused on digital innovation and digital transformation in selected sectors in Africa. We leverage our proprietary Pan African deal to catalyse investment into early stage, high growth potential start-ups in Africa.</p> <p>He is also the Principal, AHK & Associates, a Digital Transformation Consultancy focused on enabling clients leverage Digital Technologies to achieve Transformational Change in their organizations. He is also an investor and mentor to start-ups the Demo Ventures Franchise. Angel investor and mentor to various start-ups in the region spanning Fintech, Agritech, Edutech and Healthtech.</p> <p>Ali was the founding CEO of Wunderman (Kenya), a Global Digital top ten Agency, CEO at 3mice interactive media, a pioneer digital agency in East Africa</p> <p>Board & Oversight Experience</p> <p>Global Board Advisor at the Mifos Initiative - The Mifos project was formally launched by Grameen Foundation in 2006 to provide a cost-effective software system to operate microfinance institutions and help them more efficiently and effectively deliver financial services to the poor. As the first open-source project for microfinance, Grameen Foundation pioneered a new model for the development, delivery, and support of technology in this industry.</p> <p>Longhorn Publishers, the leading publishing house in East & Central Africa where he is instrumental in defining the Digital Strategy for the company and Chairs its Audit and Risk Committee</p> <p>Law Africa, a leading Law Publisher in East Africa</p> <p>His board experience also includes a six-year term as board member at the Kenya Network Information Centre, the .ke Registry between 2006-12.</p> |

Mr. Ali Hussein Kassim
Member of the board &
Chair Fund Projects
Committee

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p>FA. Stephen Ikikii, Ph. D</p> <p>Stephen holds a PhD in Economics, MSc in Financial Economics and BSc (Mathematics & Statistics). He is a full member of Institute of Certified Investment and Financial Analysts (ICIFA).</p> <p>Stephen is an Economist with over 15 years' experience at the National Treasury, and has represented Cabinet Secretary to the National Treasury in over 10 different boards of State Corporations.</p> |
| <p>Dr. Stephen Ikikii Member Representative; PS the National Treasury</p> | <p>Mr. Paul Famba, OGW, Director of Administration, Ministry of Interior and Co-ordination of National Government. He holds a Bachelor of Arts Degree from the University of Nairobi and a Masters of Arts Degree from Kenyatta University. He has served in Government as an administrative officer for over twenty years.</p> |
|  | <p>Mr. David Olechege, Secretary Administration, Ministry of Transport and Infrastructure, State Department of Transport. He holds a Bachelor of Education and a Masters on Peace and Conflict Management has 25 years career in administration both at National and County Government.</p> |
| <p>Mr. Paul Famba Member Representative; PS State Department of Interior</p>  <p>Mr. David Olechege Member Representative;PS State Department for Transport</p> | |

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Mr. Stephen Kinyanjui
Secretary to the Board

Mr Stephen Mungai Kinyanjui, holds a Master of Economics (Policy and Management) degree from Kenyatta University and Bachelors of Arts (Economics and Mathematics) from the Egerton University. He holds professional qualification in statistical analysis on social inclusive indicator from the Japan Statistical Institute for Asia & Pacific and Strategic Planning and Management skills from the he Eastern and Southern African Management Institute (ESAMI).

Mr Kinyanjui, has a public service career of 13 years, having joined the service in 2009 as a Human Resource Management Officer, and later joining the Economist profession, under the State Department of National Planning and posted to the State Department of Tourism

Currently he is the Chief Executive Officer, and the administrator of the Fund - Tourism Promotion Fund.

3. MANAGEMENT TEAM

| | |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Mr. Stephen Kinyanjui CEO</p> | <p>Mr Stephen Mungai Kinyanjui, holds a Master of Economics (Policy and Management) degree from Kenyatta University and Bachelors of Arts (Economics and Mathematics) from the Egerton University. He holds professional qualification in statistical analysis on social inclusive indicator from the Japan Statistical Institute for Asia & Pacific and Strategic Planning and Management skills from the he Eastern and Southern African Management Institute (ESAMI).</p> |
| <p>Ms. Doreen Okoyana Abuti Ag. Director Programmes Management.</p> | <p>Ms. Doreen Okoyana Abuti holds a Bachelor of Bachelor of Science (Applied Statistics with computing) and Bachelor of Education (Mathematics and Physics) and Certificate in Senior Management Course from Kenya School of Government.</p> <p>Ms. Okoyana, has a public service career of over 3 years, having joined the Economics profession under the State Department of National Planning and posted to the Ministry of Tourism and Wildlife, State Department of Tourism.</p> |
| <p>CPA John Makona Ag. Funds Manager</p> | <p>Mr. John Makona has worked as a Finance Officer in various Ministries for over 12 years having joined the Civil Service in the year 2010 under the Former Ministry of Finance.</p> <p>Mr. Makona holds a Bachelor of Business Administration (Accounting and Finance) and other professional qualifications including Certified Public Accountants of Kenya Certificate (CPA(K), Programme Performance Based Budgeting, Financial Change and Risk Management in Public Sector from Eastern and Southern African Management Institute (Arusha) as well as Certificate in Senior Management Course from Kenya School of Government.</p> <p>Makona is also a member of the Institute of Certified Public Accountants of Kenya (ICPAK)</p> |
| <p>Mwituria John Mwita Ag. Projects Officer</p> | <p>Mr. Mwituria John Mwita is a Tourism Officer. Has worked in the Ministry of Tourism as a Tourism Officer and also in the State Department for Wildlife as a wildlife Officer.</p> <p>Mr. Mwituria holds a BSc in Hospitality and Tourism Management and Certificate in Senior Management Course from Kenya School of Government.</p> |
| <p>CPA Anthony Kamutu Ag. Head of Internal Audit</p> | <p>CPA Antony Silvester Kamutu is a Senior Internal Auditor from the Internal Audit Department at the National Treasury currently deployed in the State Department for Wildlife.</p> <p>He holds a bachelor of Commerce (Finance) degree from St. Paul's University, Certified Public Accountants of Kenya (CPA(K) graduate and Kenya School of government certificate of Senior Management Course.</p> |

4. CHAIRMAN'S STATEMENT

It is my pleasure to present the Tourism Promotion Fund 2021/2022 Annual Report and Financial Statements. This annual report helps us to reflect on our performance for the year giving us an opportunity to celebrate our success and at the same time identify areas of improvement. The Fund is one of the agencies in the Ministry of Tourism and Wildlife established under the National Assembly delegated duty to the Cabinet Secretary responsible for Finance under Section 24(4) of the Public Finance Management Act 2012, through the Finance Bill in June 2016.

Tourism Promotion Fund acquired its mandate from the Legal Notice No 24, dated 12th April, 2019 on the Public Finance Management Act (Tourism Promotion Fund) Regulations, 2019, to provide funds to support development, promotion and branding of tourism sector. This financial report for the year ended 30th June, 2022 is therefore the 3rd report for the Fund since inception.

During the year all Board Committees were functional. As the Chair, I am proud to report that the Board committees have been discharging their mandates appropriately by making informed decisions contributing the overall performance of the fund.

During the year under review the key projected activities for the fund included funding various programs/projects, finalisation of the partitioning works to the funds offices, development of various policies and guidelines such as the Fund's Strategic Plan, Risk Management Strategy and Disaster Recovery Strategy. I am glad to report that among the various projected activities for the FY 2021/2022, **Eight (8)** projects were funded amounting to **Kenya Shillings One Billion, Three hundred and Forty-Three Million, Nine Hundred and Two Thousand, One Hundred and Sixty-Two (Kshs.1,343,902,162)**. It's also important to note that since inception, FY 2019/2022 to date, a total of **Eleven (11)** projects have been funded to the tune of **Kenya Shillings Two Billion, Five Hundred and Eight Million, Nine Hundred and Two Thousand, One Hundred and Sixty-Two (Kshs.2,508,902,162)**.

In addition to the above achievements, TPF Oversight Board has a secretariat which assist in its operations. The secretariat has been mandated to ensure that all the activities of the Fund are well coordinated. And to do this the Fund has come up with a user-friendly website for communication to its clientele.

The upcoming Fund's prospect is towards diversified creation of awareness of the Fund through sensitization of tourism implementing agencies officers and other stakeholders; creation of brand visibility, establishment of various infrastructural and operational facilities to support the Fund Operations i.e. Enterprise Resource Planning System (ERP) and collaboration with the Counties in the Tourism Sector on disbursement of funds.

Finally, to our esteemed stakeholders, I am most grateful to your continued encouragement and unwavering support during the year.



.....
Hon. Najib Balala, EGH
Cabinet Secretary for Tourism & Wildlife
Chairman of the Board

5. REPORT OF THE CHIEF EXECUTIVE OFFICER


The Tourism Promotion Fund Annual Report highlights the overall performance of the Fund towards disbursement of funds to the projected activities with the aim of promoting Tourism Sector in fulfilling its mandate. I am delighted to report that the Financial Year 2021/2022 was the Third Financial year of operation for Tourism Promotion Fund with the aim of achieving the organisational Strategic Objectives. I wish to appreciate the efforts and support of the Board of Directors as well as the Fund Secretariat who have continued putting in tremendous effort for the sake of the Funds objectives.

The Funds budget during the year was set at **Kshs.1,731,672,000**. The budget was however revised to **Kshs.2,445,561,000**, this was as a result of the recovering global tourism performance due to reduced cases of the Covid-19 that had been experienced worldwide which had a negative impact on the Global Tourism and the Economy in general with unprecedented negative impact to the Sector. Due to this positive development, it became necessary that the Fund revise the budget to reflect the actual expected Air Passenger Service Charge to be transferred to the Fund from Kenya Airports Authority.

The total expenditure during the Financial Year, amounted to **Kshs.1,466,115,218** as compared to the expenditure in **FY 2020/2021** of **Kshs.918,213,431**. This was approximately **60%** expenditure of the total approved budget. The operational expenses expenditure was up-to a tune of **Kshs.122,213,346**. These operational expenses included administration and other operating expenses, Remuneration of directors, acquisition of Property as well as use of goods and Services. The key Services acquired during the year included the finalisation of the partitioning of Fund offices at Tourism Fund Building, development of various policies and guidelines such as the Fund's Strategic Plan, Risk Management Strategy and Disaster Recovery Strategy. The Core Mandate expenditure was **Kshs.1,343,902,162**. The projects/Programmes that were funded were; Grant to Tourism Fund – **RNUC-Kshs.700,000,000**, Domestic Tourism Marketing-**KTB-Kshs.100,000,000**, Establishment of Water Pans, drilling of boreholes, Dams and provision of Water in Tsavo National Park- **SDW-Kshs.199,994,576**, Research on Cultural Heritage mapping of products and experiences- **KU-Kshs.9,265,500**, Consultancy for WRTI Development projects feasibility studies- **WRTI-Kshs.36,150,380**, Extension of the Runway and Apron at Ukunda Airstrip in Diani- **KAA-Kshs.173,702,292**, Digitization of collections at the National Museums of Kenya- **NMK-Kshs.56,900,000** and Development of the Visitor Information Centre at the Maktau WWI Heritage National Museum-**NMK-Kshs.67,889,414**.

As at 30th June 2022, the total Net worthy of the Fund amounted to **Kshs.831,370,592**. This comprised of Property, Plant and Equipment (PPE)of **Kshs.41,133,628** and Cash and Cash Equivalent of **Kshs.326,220,115** Investments **Kshs.478,897,142**, and Trade and Other Payables **Kshs. (14,816,833)**.

Finally, I want to sincerely appreciate all the stakeholders for the continued support towards achieving the funds core mandate of development, promotion and branding of tourism sector in Kenya; The Government for continued support, the Board for Strategic Vision and guidance, as well as Kenya Airports Authority.



Mr. Stephen Kinyanjui
Chief Executive Officer
Secretary to the Board

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022

Tourism Promotion Fund has 4 strategic pillars and objectives within its Strategic Plan for the FY 2021/22 – 2025/26. These strategic pillars are as follows:

- Pillar 1: Resource Mobilization and Management.
- Pillar 2: Project Funding and Management
- Pillar 3: Corporate Identity and Brand Visibility
- Pillar 4: Fund Institutional Strengthening & Capacity Building

Tourism Promotion Fund develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The TPF achieved its performance targets set for the FY 2021/2022 period for its 4 strategic pillars, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------------------------------------|----------------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pillar 1: Resource Mobilization and Management | To establish the annual revenue and Expenditure estimate of the Fund | Annual estimated Revenue and Expenditure | Prepare/Review annual revenue & expenditure estimates | Estimates determined and approved by the Oversight board. |
| | | Prioritized projects | Establish prioritized projects for funding board approval | Prioritized projects for funding were approved. The oversight board, while allocating funds for funding ensured that the projects funded had been captured in the implementing agencies' estimates. |
| | | Approved annual estimates & Fund budget | Prepare & Present for Board Approval the Annual estimates & Fund Budget | This was done by the management and presented to the Board. The estimates were approved by the Oversight board of management and appropriated by The National Treasury |

**Tourism Promotion Fund
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For the Year ended 30th June, 2022**

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------|-----------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| | To manage the Fund Expenditure | Budget eligibility Circular Issued | Prepare and issue the TPF Fund Budget eligibility Circular | The circular was issued to the tourism implementing agencies and funding proposals received. |
| | | Disbursement approvals & Funds Disbursed | Undertake disbursement process of the Fund (analyze disbursement requests, board approvals, initiate disbursement of Funds) | Disbursement of funds was done to Eight (8) projects. |
| | To mobilize funding for Fund Objects & operation expenses | Proposed budget estimate for exchequer funding | Participate in the National Government Budget preparation process as per MTEF Guidelines | TPF participated in the 2022/23 FY budgeting process |
| | | Development partners mapped | Mapping and engagement of Development Partners (DPs) | The development partners were mapped and categorized in terms of primary stakeholders and secondary stakeholders as reflected in the Strategic plan. |
| | To Control, Monitor & report on the Fund Management | Established Enterprise Resource Planning | Establish and Manage Internal Control Systems | Consultations with ICT Authority has been finalized and the management is in the process of procuring an ERP System |
| | | Risk Control and Management Strategy | Develop and Implement a Risk Control management Strategy | A Risk Control Management Strategy was developed |
| Pillar 2: Project Funding and | | Quarterly and Annual financial reports | Prepare Fund Financial quarterly and annual reports | The FY 2021/2022 reports prepared and submitted to OAG & The National Treasury. The quarterly reports prepared and submitted. |
| | To Establish/ | Funding circular reviewed and issued | Review and issue funding circular | Funding circular developed and issued to eligible TIAs |

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For the Year ended 30th June,2022**

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Management | Review projects and programs for Funding | Report on Funding application request and analysis | Analyze Tourism Implementing agencies Projects and Programs application for Funding. | Criteria for Funding Application developed. The Proposed projects analyzed in line with set criteria. |
| | To conduct sensitization on project and program funding strategy | Report on the Sensitization and training | Undertake training and sensitization to TIA Project management personnel on TPF Funding guidelines and regulations | The TIAs were sensitized in the 2 nd quarter of the FY |
| | To establish and manage Monitoring, Evaluation and Reporting Systems | M & E framework established | Establish Fund M & E framework and guidelines | The framework and guidelines for M & E done and approved by the Oversight Board |
| | | Monitoring & implementation status reported | Undertake quarterly/ADHOC monitoring of the funded projects | Monitoring of the funded projects was done and the report submitted to the Board |
| | | Project Completion Status reported | Undertake annual evaluation of the funded projects | The absorption rate of funds has improved due to enhanced awareness among Tourism Implementing Agencies. |
| | | M&E Quarterly reports Non-financial Reports | Preparation and Presentation of quarterly M& E reports to the Board (non -financial) | Monitoring and Evaluation Exercises carried out and the reports prepared and presented to the board. |
| Pillar 3 : Corporate Identity and Brand Visibility | Enhance TPF visibility | Interactive TPF website and social media platforms | Operational website and social media platforms | The Fund has an operational Website and active Social media platforms |
| | Communication strategy and policy | Communication strategy developed and implemented | Prepare and implement a communication strategy and | Communication strategy and policy developed and is being implemented |

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For the Year ended 30th June,2022**

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pillar 4: Fund Institutional Strengthening & Capacity Building | Service excellence | Customer Service Delivery Charter developed and implemented | Develop and implement customer Service Delivery Charter | TPF Customer Service Delivery Charter developed and is under implementation |
| | To strengthen the institutional capacity of TPF to deliver on its mandate | Minutes Board Papers | Conduct Board meetings | Four (4) Oversight Board meetings have been held in the FY |
| | | No. of forums Report on board members induction | Sensitize the board and committees | The Board members were inducted and sensitized on the activities. |
| | HR Planning and management | Organizational structure developed/ Reviewed, approved, adopted and implemented | Develop and implement TPF organizational structure | SRC has finalized the grading structure for TPF |
| | | Career progression guidelines implemented | Implement HR career guidelines | |
| | | Report on training and capacity Building | Facilitate training of compulsory progression training courses for officers | Two Officers have been trained on SLDP, One Officer trained Public relations and Customer Care, One officer trained on Supervisory Skills Development Course, One officer trained on Essential Counselling Skills, Six officers have been trained on Senior Management Course, Four officer trained under ICPAK |
| | Enhance Performance Management | Developed Strategic plan | Development of TPF strategic plan | The strategic plan was developed by a consultant. The document was validated by stakeholders and approved by the Board for implementation |

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| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|------------------|---------------------------------------------|-----------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| | | Performance Contract management Reports | Develop and cascade Performance Contract (PC) | Performance Contract developed, specialized committees sensitized and developed work plans |
| | | Audit reports | Undertaking Audits | The Fund collaboratively undertook audit of the FY2020/21 under the guidance of the OAG. |
| | Provision of Conductive Working Environment | Working tools and equipment procured | Acquirement of office facilities, equipment, and stationery | The offices procured at the TF building have been occupied by the Secretariat |

7. CORPORATE GOVERNANCE STATEMENT

The oversight board of Tourism Promotion Fund is responsible for the governance of the fund and is accountable to the Government of Kenya in ensuring that it complies with the various laws while maintaining high ethical standards and corporate governance. Accordingly, the Board attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good corporate governance including the Mwongozo Code.

Oversight Board

The roles of the Chairman and Board members are distinct and their respective responsibilities clearly defined within the Legal Notice No 24, dated 12th April, 2019 on the Public Finance Management (Tourism Promotion Fund) Regulations, 2019.

The Board defines the policy guidelines for effective management of the Fund. Except for direction and guidance on general policy, the Board delegates authority of its day to day business to the Secretariat through the Chief Executive Officer (CEO).

Board meetings

Tourism Promotion fund Oversight board held 4 (four) full board meetings in the 2021/22 FY.

Committees of the Board

The Board has set up three (3) key committees to facilitate efficient decision making of the Board in discharging its duties and responsibilities. These committees include Project Management and Resource Mobilization Committee, Finance and Administration Committee, & Audit and Risk Management Committee. These committees held Five (5) meetings, Five (5) meetings and Four (4) meetings respectively during the financial year 2021/2022.

Project Management and Resource Mobilization Committee

The committee is responsible on advising the board on the projects and Fund management, in accordance with the funding requirements.

The committee is responsible for advising the board on;

1. Advice the board on Annual Revenue & Expenditure Estimates of the Fund.
2. Advise the board on the allocations and disbursements of funds for designated programmes and projects in accordance with statutory regulations and provision of the Tourism Promotion fund regulations
3. Development, implementation, evaluation and reporting on the Fund Investment strategy;
4. Analysis and evaluation of Project proposals for funding and recommending the Project fund requirement to the board;
5. Establishment of M& E tool kit, Monitoring, evaluation and reporting of the funded projects

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6. Establishment of Tourism intelligence and trends to support the implementation of funded projects
7. Development & Establishment of ICT/digital, online application and funding portal for the fund activities
8. Establishment of standards and compliance framework for funded projects in line with current international tourism trends. Government of Kenya Standards, regulations and processes.
9. Resource mobilisation for the Fund

Finance and Administration Committee.

The committee shall provide advice and assistance to the oversight Board and the Secretariat regarding the Fund's fiduciary and general administrative duties. The Committee shall provide oversight with respect to the financial and administrative strategies and policies of the Fund.

The committee is responsible for advising the board on

1. Board Management's performance and effectiveness
2. Establishment of fund corporate governance structures and processes.
3. Development and implementation of the Fund investments strategy
4. Oversight of the deposit, management, and investment of TPF funds, including funds that may be held in established by TPF for the deposit, holding and/or investment of TPF funds.
5. Provide oversight with respect to the overall financial condition of the Fund and its income and expenditures; Review and make recommendations to the Board and the secretariat on TPF's annual proposed operating budget, work plan, including any proposed material changes during the year
6. Establish appropriate financial controls and reporting;

Audit and Risk Management Committee.

The audit committee shall provide oversight of the financial reporting process, the audit process, the Fund's system of internal controls, compliance with laws and regulations and evaluating the effectiveness of the fund.

The committee is responsible for advising the board on;

1. Development and implementation of an internal fund risk management strategy
2. Review and make recommendations on the accurate Audit/ financial statements and reporting in compliance with all applicable legal requirements.
3. Development of a comprehensive Audit Committee Charter and the Internal Audit Department Charter.
4. Evaluation of funds utilisation and absorption rate by funded agencies.
5. Review and make recommendations on audit issues raised by both internal and external auditors;
6. Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in relation to funded projects/programs.

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7. The audit committee is responsible for the appointment, compensation and oversight of the work of the auditor.
8. Make submissions to the board on any matters concerning the accounting policies, financial controls, accounting records and reporting.
9. Perform any other oversight functions required by the Oversight board.

Succession plan

The fund has in place a remuneration structure and the job evaluation grading structure approved by SRC awaiting implementation. This will in turn inform succession planning.

Board Charter

The Charter was developed and approved by board. It is under implementation.

Appointment and Removal of Directors

A person appointed as a Board Member/Director shall serve for a period of three (3) years, and the period may be renewed for a further final term of three (3) years

Roles and Functions of the Board

There is established a board to be known as Oversight Board for the Fund which shall consist whose functions will be;

- i. To advise the Cabinet Secretary on the funding requirements of the Fund;
- ii. To review and adopt the estimates of annual revenue and expenditure of the Fund and recommend them to the Cabinet Secretary for the time being responsible for matters relating to tourism for concurrence and onward transmission to the Cabinet Secretary for approval;
- iii. To determine the allocation of financial resources from the Fund required by the tourism implementing agencies for the development, promotion and branding of tourism sector in Kenya;
- iv. To ensure that the annual estimates of revenue and expenditure for the Fund include retention funds for the preceding financial year which shall be re-voted;
- v. To ensure that only projects included in the tourism implementing agency annual programme are promoted for funding under these Regulations;
- vi. to advise the Cabinet Secretary on amounts and timing for the fund transfers into the Fund;
- vii. to approve and review the investment of surplus funds from the Fund;
- viii. to advise the Cabinet Secretary on any additional sources of funds for the Fund;
- ix. to approve the financial statements prepared by the Administrator of the Fund before submission to the Auditor General; and
- x. to approve the non-financial reports of the Fund before submitting them to the Cabinet Secretary responsible for tourism for onward transmission to the National Treasury

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Induction and Training

The Tourism Promotion Fund Human Resource Policy and Manual has been developed and induction and training of Board members and staff has been projected in the financial year 2021/2022 workplan.

Conflict of Interest

A Conflict of interest form is filled by each board member on appointment. On appointment, each board member filled a conflict of interest form

Board Remuneration

TPF received approval from Salaries and Remunerations Commission on remuneration and it has been compensating board members as per the recommendations of the SRC

Ethics and Conduct as well as Governance Audit

The TPF Board is in its Third year of operation and has been audited and complied with the advisory of the Governance Audit and regulations.

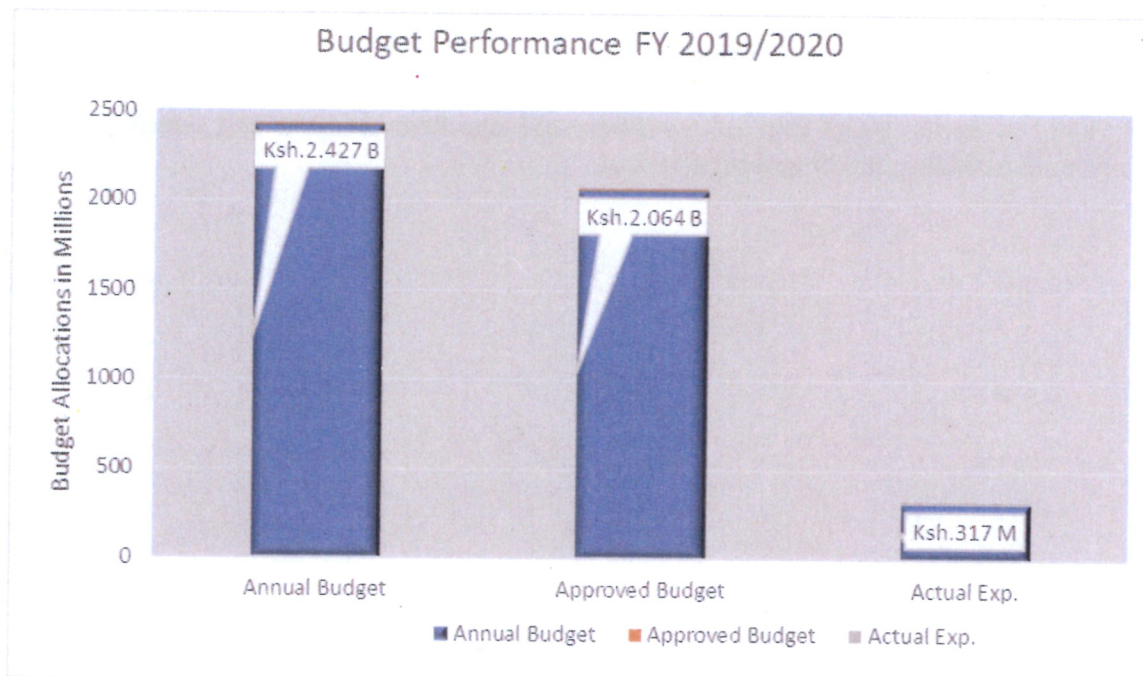
8. MANAGEMENT DISCUSSION AND ANALYSIS

The Tourism Promotion Fund has continued with its mandate of providing funds to support development, promotion and branding of tourism sector in line with Legal Notice No 24, dated 12th April, 2019 on the Public Finance Management (Tourism Promotion Fund) Regulations, 2019.

a) Operational and Financial Performance of the Fund during the Period under review FY (2019/2020-2021/2022)

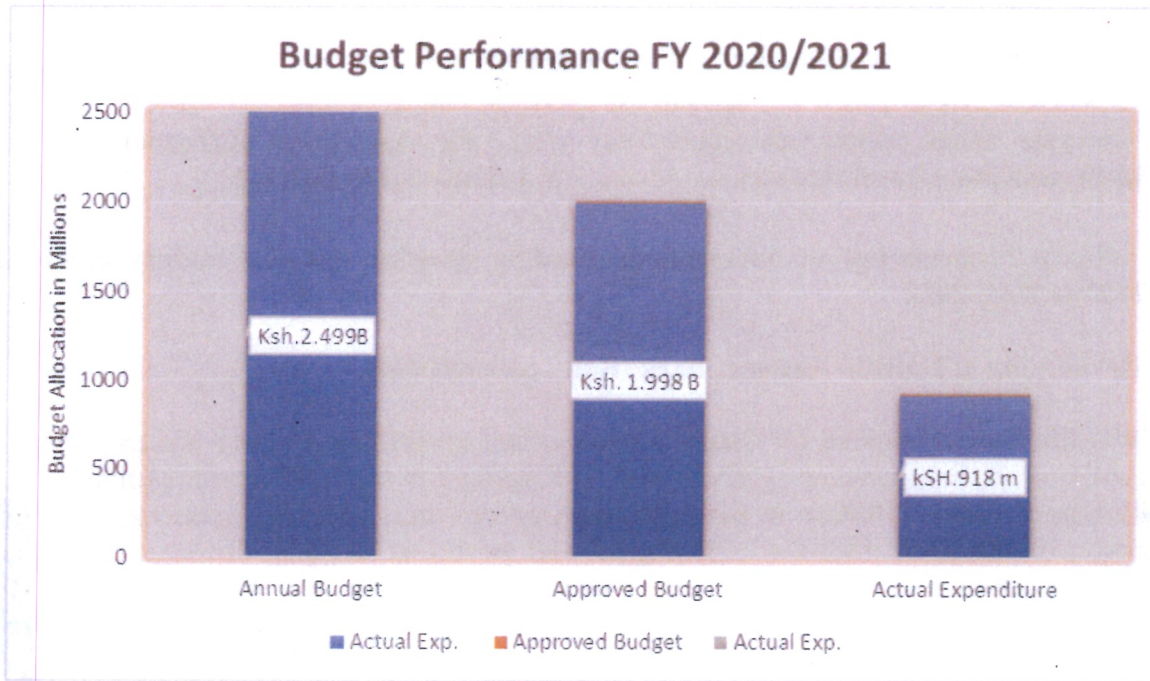
During the budget period under review, TPF Cumulative expenditure stood at **Kshs.2,667,968,917**. This being **Kshs.317,675,967**, **Kshs.918,774,863** and **Kshs. 1,431,518,087** for the FYs 2019/2020,2020/2021 and 2021/2022 respectively. Expenditure is illustrated in the Charts below;

Budget Vs Actual Expenditure

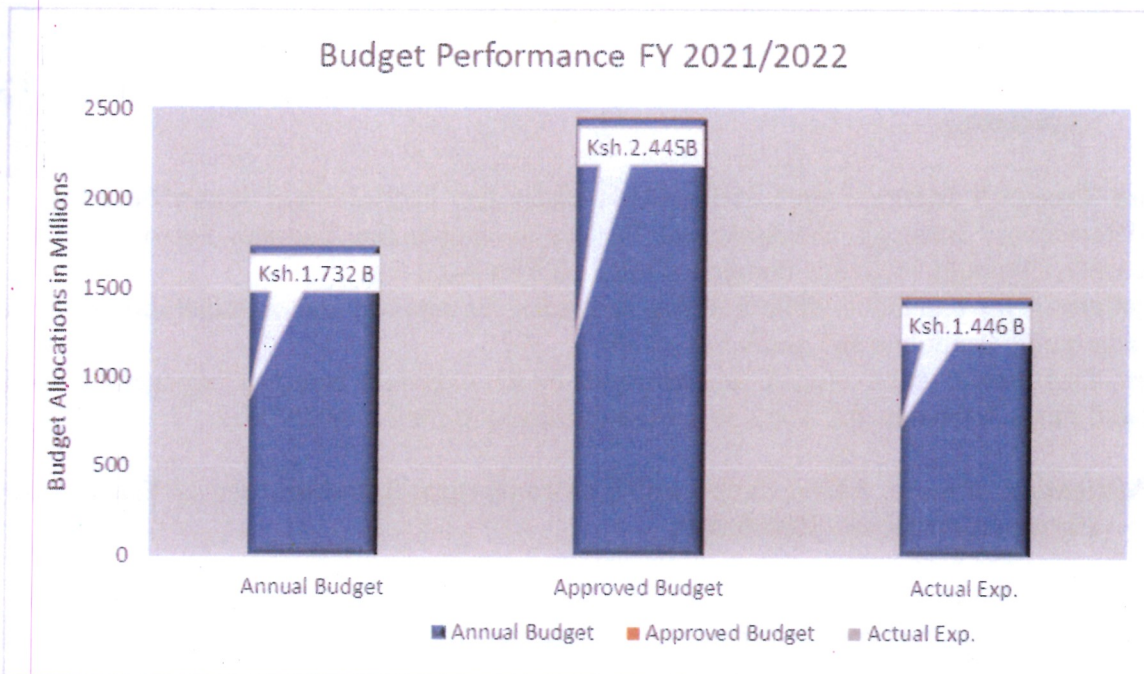


As indicated in the chart above, the annual budget had initially been set at **Kshs.2,427,000,000**, this was revised down to **Kshs.2,064,000,000** while the Annual expenditure stood at **Kshs.317,675,967** which was **15%** of the approved budget. The expenditure under the Operational Allocation was **Kshs. 17,675,967** while the expenditure on Core Mandate was **Kshs. 300,000,000**.

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For the FY 2020/2021, as indicated in the chart above, the annual budget had initially been set at **Kshs.2,499,623,000** this was revised down to **Kshs. 1,998,944,000** while the Annual expenditure stood at **Kshs.918,213,431** which was 45.96% of the approved budget. During the year under review, the expenditure under the Operational Allocation was **Kshs. 53,213,431** while the expenditure on Core Mandate was **Kshs. 865,000,000**.



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Similarly, as indicated in the chart above, the annual budget had initially been set at **Kshs. 1,731,672,000** this was revised upwards to **Kshs. 2,445,561,000** while the Annual expenditure stood at **Kshs. 1,470,028,218.00** which was **60%** of the approved budget.

During the year under review, the expenditure under the Operational Allocation was **Kshs. 122,213,346** while the expenditure on Core Mandate was **Kshs. 1,343,902,162**.

b) Key projects/Programmes or investments funding decision for the budget period FYs 2019/2020 to 2021/2022

i) Revamping of Nairobi National Park (Kshs. 300,000,000)

Kenya Wildlife Service applied for funds to revamp and rehabilitate Nairobi National Park. The specific activities to be undertaken by KWS with TPF funding in the NNP master plan included **rehabilitation of Roads (58 Kms in the park)**, with various tasks such as Engineering Survey and Investigation of the roads identified, Alignment and pavement designs, drainage and structure designs, Construction of circuit No. 1 (Simba) 019 Kms, Construction of Circuit No. 2 & 3 (Mbuni & Chui) 023 Kms, Construction of Circuit No. 4 (Twiga) 016 Kms. (**Topographical Survey**) Detailed topographical survey for existing facilities for upgrading. The output will be the improved visitor experience, numbers and NNP revenue.

ii) Ronald Ngala Utalii College (Kshs. 1,500,000,000)

Tourism Fund applied for **Kshs. 1,500,000,000** to go towards the completion of this project and the same was approved by Tourism Promotion Fund Oversight Board and the National Treasury. During the FY 2020/2021 and FY 2021/2022, Tourism Promotion Fund gave Tourism Fund **Kshs. 800,000,000 and Kshs. 700,000,000** respectively towards this project.

iii) Tourism War Room (tourism post Covid-19 recovery Strategy Development) (Kshs. 35,000,000)

Tourism Research Institute applied for funds under the Tourism War Room (tourism post Covid-19 recovery Strategy Development) Project to enable the Tourism Sector develop a comprehensive strategy to enable it cope with and recover from the ramifications of the pandemic while building resilience for survival and sustainability in the face of this continuing pandemic and similar shocks in the future. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

iv) Mitigation of Fires, Afforestation and Environmental Rehabilitation of Tsavo National Park project (Kshs. 30,000,000)

Kenya wildlife Service applied for funds under the Mitigation of Fires, Afforestation and Environmental Rehabilitation of Tsavo National Park project. This project was for Rehabilitation and restoration of degraded areas (Tree planting, Tree nurseries, direct seeding, build encroachers), Reduction of incidences of Fire (Fire breaks and Security Programs), Increase Public Awareness

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(community engagement and education),Development of capacity to suppress fires (training of marshals), Building park-based fire management capacity (Equipment, fire management plan, M and E).This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

v) Domestic Marketing and Fam Trip promotion (Kshs. 100,000,000)

Kenya Tourism Board applied for funds for Domestic Marketing and Fam Trip promotion Project. This project was to focus on a conversion-oriented campaign themed around short-breaks to fewer known destinations across the country and encourage year-round travel. The project involves domestic promotion (flighting on Media), Digital Activation, Production of Campaign assets and ongoing activations around key events in Kenya. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

vi) Establishment of Water Pans and Dams and drilling of boreholes in the Tsavo National (Kshs. 199,994,576)

The State Department for Wildlife applied for funds towards the Establishment of Water Pans and Dams in the Tsavo National Park. The project involved provision of water in the Tsavo Ecosystem to last throughout the dry season. Twelve water pans were to be constructed in Tsavo East and Tsavo West National parks. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

vii) Research on Cultural Heritage mapping of products and experiences- KU- (Kshs.9,265,500)

Kenyatta University applied for funds for Research on Cultural Heritage mapping of products and experiences. This was Consultancy to undertaking cultural and heritage products and experiences capturing; digitized mapping of cultural and heritage tourism resources in Kenya; and developing story maps for Kenya's cultural tourism products and experiences. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

viii) Consultancy for WRTI Development projects feasibility studies- WRTI- (Kshs.36,150,380)

Wildlife Research Training Institute applied for funds under Consultancy to undertake pre-feasibility and feasibility analysis of five (5) capital projects for development Wildlife Research and Training Institute Project. This project was Consultancy to undertake pre- feasibility and feasibility analysis of five (5) capital projects. They include: WRTI complex at the Headquarters, Naivasha; Inland Waters and Wetlands Research Centre in Naivasha; The savanna, Arid and Semi-arid Research Centre in Tsavo; Montane/forest research Centre in King'ong'o Nyeri; and coastal and Marine research Centre in Malindi. This project was evaluated and approved by the

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oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2020/2021.

ix) Extension of the Runway and Apron at Ukunda Airstrip in Diani- KAA- (Kshs.173,702,292)

Kenya Airports Authority applied for funds under the above-named project towards Extension of the Runway from 1.2 km to 1.4km, Expansion of the apron to allow for additional three code-c aircraft parking at Diani-Kwale County. The application was received and evaluated in FY 2021/2022. This was approved by the Oversight board for funding and disbursement. The funds were disbursed in the FY 2021/2022

x) Digitization of collections at the National Museums of Kenya- NMK- (Kshs. 56,291,440)

National Museums of Kenya applied for funds under the Digitization of collections project with the concept being Digitizing & establishment of a mobile application for cultural and artefacts collections to enable the preservation of Materials. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2021/2022.

xi) Development of the Visitor Information Centre at the Maktau WWI Heritage National Museum -NMK- (Kshs. 68,497,974)

National Museums of Kenya applied for funds under the Development of the Visitor Information Centre at the Maktau WWI Heritage National Museum Project. The project entailed Documentation and restoration of Taita Taveta WWI, construction of PWD compliant ablution block, visitor information centre and exhibition, interpretation and promotional materials as well as Development of marketing and promotional materials of WWI Heritage monuments. This project was evaluated and approved by the oversight board of management for both funding and funds disbursement. The funds were disbursed in the FY 2021/2022.

xii) Key Operational achievements

As part of its operationalization activities within the period under review, TPF managed to establish the Funds Website which is operational, offices were acquired at Tourism Fund building and portioned and occupied, development other various policies and guidelines such as the Fund's Strategic Plan, Risk Management Strategy and Disaster Recovery Strategy.

c) Funds Compliance with Statutory Requirements

During the period under review, the fund complied with all statutory requirements in line with the PFM Act and the National Treasury circulars with regards to the following reports, budget estimates, quarterly financial statements and annual financial statements. In addition to the above all the statutory deductions were effected and timely submitted to relevant bodies.

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d) Major Risks Facing the Organization

| Risk | Category | Mitigation |
|------------------------------------------|-----------------|--------------------------------------------------------------|
| Low intake of funds due to low awareness | Medium | Create awareness among stakeholders on the roles of the Fund |
| Conflict of interest | Low | Increased awareness creation on the roles of the Fund |

e) Material Arrears in Statutory/Financial Obligations

The fund during the period under review did not have any material statutory arrears and financial obligations.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

This consist of all components both internal and external that have had an influence the performance of Tourism Promotion Fund. The objects/purpose of Tourism Promotion Fund is to provide funds to support development, promotion and branding of tourism sector. Below is an outline of an organization policies and activities that promote sustainability;

i) Sustainability strategy and profile

TPF has integrated economic, environmental and social aims into the Fund's goals, activities and planning with the aim of creating long-term value for the Fund, its stakeholders and the wider society. During the year in review the Fund activities were geared towards providing excellent services to our stakeholders. The accounting officer took the necessary measures to mitigate sustainability as explained below under environmental performance.

ii) Environmental performance

Tourism Promotion Fund is committed to ensure it has provided conducive environment for its stakeholders (internal and external). The fund has ensured this by acquiring facilities including office space, furniture's and equipment's for officers. The Fund has also provided good platforms ie. website from where the stakeholders can access the Fund's information. It is also in the process of developing an ERP (Enterprise Resource Program) system where clients and staff can access services in one platform. This is for efficiency and monitoring purposes of the programs by stakeholders

iii) Employee welfare

The Fund drafted career guidelines which were forwarded to SRC for job grading structure and evaluation.the approval was granted in August 2022 and the process off implementation is ongoing. Tourism Promotion Fund has also designed programs including training and induction which are going to benefit the employees and assist in staff growth.

iv) Market place practices;

As a funding agency, the Fund has been undertaking several initiatives to achieve market place practices, eg undertaking adverts through social portals and website.

a) Responsible competition practice.

The Fund has ensured that there is fairness in its activities by ensuring fairness in allocation of funds and also the way funds are utilized. A clear funding and disbursement criteria has been formulated to guide the tourism implementing agencies follow when doing their applications to ensure fairness in distribution of funds.

Tourism Promotion Fund
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b) Responsible Supply chain and supplier relations

The Fund did a prequalification of suppliers and has a bank of suppliers for various commodities and services. It is from this list whereby the supplies chain management uses for procurement. The Fund has maintained good relationship with suppliers, as per the FY 2021/2022 the Fund had no pending bills.

The Fund is committed to follow the procurement regulations to ensure that AGPO gets what is required of them. During the financial year 2021/2022 AGPO were given over 75% of the total procurement. The Fund through the criteria laid down has ensured that it funds projects which are going to have an impact in the tourism sector and addressing the big four agendas.

Responsible marketing and advertisement

The Fund marketing practices and advertisements were done responsibly following the government laid guidelines both online and print media.

Product stewardship

The Fund has ensured that tourism product development is done and information passed to the stakeholders and also availing funding to the implementing agencies.

V) Corporate Social Responsibility/Community Engagement

TPF participated in community social responsibility (CSR) through afforestation programme at Nakuru National Park being support of the outcome of COP 26. This exercise was undertaken through engagement of communities around the park.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the TPF affairs.

Principal activities

The principal activities of the entity are;

- i. Finance development, promotion and branding programmes and initiatives in relation to tourism products including tourism niche products and tourism events;
- ii. Finance marketing, promotion and branding of Kenya in specific local, regional and international market segments;
- iii. Finance tourism data capture, analysis and dissemination of the same and any other related research which may include deployment of technology-based applications;
- iv. Finance development of tourism facilities and establishments in areas where the private sector is unable or unwilling to develop, but with a high potential for tourism promotion and branding;
- v. Co-financing of tourism development and promotion projects with the county governments on the basis of an agreed ratio of matching grants;
- vi. Fund programmes and initiatives for tourism safety and security geared towards development, promotion and branding of tourism sector;
- vii. Finance development of innovations and inventions which promote tourism development, promotion and branding
- viii. Funding of plugging projects which contribute to development, promotion and branding of tourism sector
- ix. Finance programmes and initiatives geared towards tourism intelligence and information gathering for purposes of developing, promoting and branding tourism in Kenya; and
- x. Standards development and capacity building in the tourism sector

Results

The results of the entity for the year ended June 30, 2022 are set out as outlined in the Chief Executive Report on Page (xiv) of this document.

Directors

The members of the Board of Directors who served during the year are shown on page(vii-xi). During the year no director retired/ resigned.

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. However according to Tourism

Tourism Promotion Fund
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Promotion Fund regulations **Sec. 8**, *“The earnings of or accruals to the Fund shall be retained in the Fund, and shall be spent only for the objects and purposes for which the Fund is established”*.
Auditors

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

Tourism Promotion Fund
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For the Year ended 30th June,2022

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

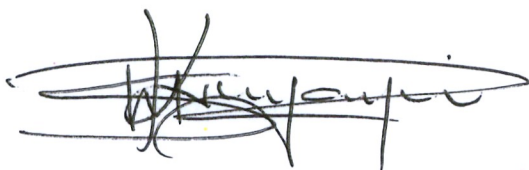
Section 81 of the Public Finance Management Act, 2012 and Tourism Promotion Fund Regulation 2019, regulation 31 requires the Board to prepare financial statements which give a true and fair view of the state of affairs of Tourism Promotion Fund at the end of the financial year and the operating results of the Tourism Promotion Fund for that year. The Directors are also required to ensure that the Tourism Promotion Fund keeps proper accounting records which disclose with reasonable accuracy its financial position.

This responsibility includes: Oversight on adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Approval and oversight on proper planning, budget execution, financing and reporting of the fund finance; Approval on acquirement and safeguarding of the Fund assets; Directing the application of appropriate accounting policies; Approving and allocating fund estimates that are reasonable in the circumstances; and Overseeing monitoring, evaluation and reporting the utilisation of funding by the implementing entities.

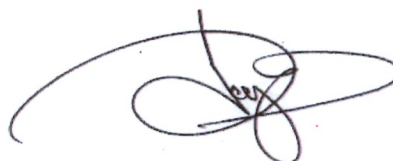
The Directors accept responsibility for the Tourism Promotion Funds financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Tourism Promotion Fund's financial statements give a true and fair view of its state transactions during the financial year ended June 30, 2022, and its financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of this 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 Tourism Promotion Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

TPF's financial statements were approved by the Board on 8th September 2022 and signed on its behalf by:



.....
Mr. Stephen Kinyanjui
Chief Executive Officer
Secretary to the Board



.....
Hon. Najib Balala, EGH
Cabinet Secretary for Tourism & Wildlife
Chairman of the Board

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TOURISM PROMOTION FUND FOR THE YEAR ENDED 30 JUNE, 2022

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 the 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

Qualified Opinion

I have audited the accompanying financial statements of Tourism Promotion Fund set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts

Report of the Auditor-General on Tourism Promotion Fund for the year ended 30 June, 2022

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tourism Promotion Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (Tourism Promotion Fund) Regulations, 2019.

Basis for Qualified Opinion

Inaccuracy in Revenue from Non-Exchange Transactions

The statement of financial performance reflects under Revenue from non-exchange transactions, proceeds to be realized under Section 3 of the Air Passengers Service Charge Act amount of Kshs.1,181,698,150. However, the financial statements of Kenya Airports Authority for the same period reflects an amount of Kshs.1,166,654,000 as transfers to the Fund. The resultant variance of Kshs.15,044,150 has not been reconciled nor explained.

In the circumstances, the accuracy and completeness of proceeds to be realized under the air passenger's service charge Act amount of Kshs.1,181,698,150 could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional 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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects approved revenue and expenditure budget of Kshs.2,445,561,000. However, the Fund incurred total expenditure of Kshs.1,466,115,000 or 60% of the budget resulting to an overall under-utilization of Kshs.979,446,000 or 40%.

The under expenditure affected the planned activities by the Fund and affected service delivery to citizens.

2. Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, some issues remained unresolved as at 30 June, 2022 contrary to Section 149(2)(l) of Public Finance Management Act, 2012 which require Accounting Officers designated for County Government entities to try to resolve any issues resulting from an audit that remain outstanding.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Over-expenditure on Board Expenses

The statement of financial performance reflects Board expenses amount of Kshs.6,531,165. However, the amount, which is equivalent to 8% of operations and maintenance budget of Kshs.77,369,000, exceeded the set limit of 5% as per the Executive Office of the President circular No OP/CAB./9/1A of 11 March, 2020 which caps Board Expenses to the lower of Kshs.30,000,000 or 5% of the Operations and Maintenance budget of the state corporation.

In the circumstance, Management was in breach of the guidelines.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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 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 of Conclusion

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

Responsibilities of Management and 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 controls 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 controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund'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 the Management is aware of the intention to terminate the Fund 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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process, reviewing the effectiveness of how the 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 governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and 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 controls.
- 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 Fund'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 Fund to cease 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 Fund 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 controls 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

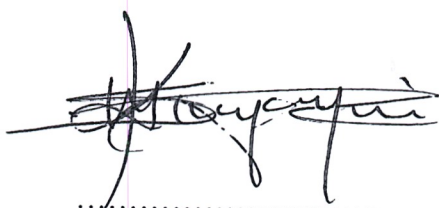
04 April, 2023

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

**13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2022**

| | Notes | 2021/2022 Kshs. | 2020/2021 Kshs. |
|-----------------------------------------------------------------------------------|-------|----------------------|----------------------|
| Revenue from Non-Exchange Transactions | | | |
| Proceeds to be realized under section 3 of the Air Passengers Service Charge Act; | 5 | 1,181,698,150 | 763,340,959 |
| Government Grants | | - | - |
| Internally Generated Revenue-Interest from Call Deposit | 6 | 21,455,875 | 26,588,529 |
| Transfers from other governments – gifts and services in kind | | - | - |
| Total Revenue | | 1,203,154,025 | 789,929,487 |
| Expenses | | | |
| Use of goods and services | 7 | 76,121,922 | 41,335,953 |
| Board Expenses | 8 | 6,531,165 | 5,583,777 |
| Depreciation and amortization expense | 9 | 4,115,556 | 1,179,833 |
| Repairs & Maintenance | 10 | 783,822 | 513,043 |
| Contracted Services | 11 | - | 5,162,257 |
| Grant to Implementing Agencies (Core Mandate Expenses) | 12 | 1,343,902,162 | 865,000,000 |
| Total expenses | | 1,431,454,627 | 918,774,863 |
| Other gains/(losses) | | - | - |
| Surplus/(deficit) for the period/year | | (228,300,602) | (128,845,376) |
| Net Balance for the year | | (228,300,602) | (128,845,376) |

The notes set out on pages 8 to 18 form an integral part of these Financial Statements



.....
Mr. Stephen Kinyanjui
Chief Executive Officer
Secretary to the Board



.....
CPA John Makona
Ag. Head of Finance
ICPAK. No. 17796



.....
Hon. Najib Balala,EGH
Cabinet Secretary for Tourism
& Wildlife
Chairman of the Board

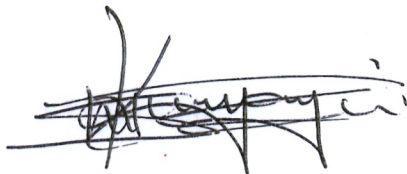
Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | Notes | 2021/2022 | 2020/2021 |
|----------------------------------------------|-------|----------------------|----------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current Assets | | | |
| Cash and Cash Equivalent | 13 | 326,220,115 | 610,364,075 |
| Inventories | 14 | - | 502,000 |
| Call Deposit | 15 | 478,897,142 | 457,441,267 |
| Total Current Assets | | 805,117,257 | 1,068,307,342 |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 16 | 41,133,628 | 6,672,253 |
| Total Non-Current Assets | | 41,133,628 | 6,672,253 |
| Total Assets | | 846,250,885 | 1,074,979,595 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 17 | 14,816,833 | 14,929,286 |
| Unremitted Tax | | - | - |
| Total Current Liabilities | | 14,816,833 | 14,929,286 |
| Non-Current Liabilities | | - | - |
| Total Liabilities | | 14,816,833 | 14,929,286 |
| Net Assets | | 831,434,052 | 1,060,050,309 |
| Represented by: | | | |
| Retention Funds | | 1,059,734,654 | 1,188,580,030 |
| Surplus/(deficit) for the period/year | | (228,300,602) | (128,845,376) |
| Capital Fund | | 831,434,052 | 1,059,734,654 |

The notes set out on pages 8 to 18 form an integral part of these Financial Statements

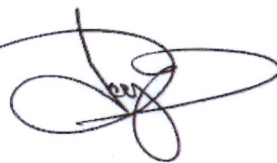
The Financial Statements were approved by the board on 8th September 2022 and signed on behalf of the Board of Directors by:



.....
Mr. Stephen Kinyanjui
 Chief Executive Officer
 Secretary to the Board



.....
CPA John Makona
 Ag. Head of Finance
 ICPAK. No. 17796



.....
Hon. Najib Balala, EGH
 Cabinet Secretary for Tourism
 & Wildlife
 Chairman of the Board

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June, 2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

| | Notes | Ordinary Share Capital | Revaluation Reserve | Fair Value Adjustment Reserve | Retained Earnings | Proposed Dividend | Capital/ Development Grants /Fund | Total |
|-------------------------------|-------|------------------------|---------------------|-------------------------------|----------------------|-------------------|-----------------------------------|----------------------|
| As at 01.07.2020 | | - | - | - | - | - | 1,188,580,030 | 1,188,580,030 |
| Surplus/ Deficit for the Year | | - | - | - | (128,845,376) | - | - | (128,845,376) |
| As at 30.06.2021 | | - | - | - | (128,845,376) | - | 1,188,580,030 | 1,059,734,654 |
| As at 01.07.2021 | | - | - | - | (128,845,376) | - | 1,188,580,030 | 1,059,734,654 |
| Surplus/ Deficit for the Year | | - | - | - | (228,300,602) | - | - | (228,300,602) |
| As at 30.06.2022 | | - | - | - | (357,145,978) | - | 1,188,580,030 | 831,434,052 |

The notes set out on pages 8 to 18 form an integral part of these Financial Statements

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June, 2022

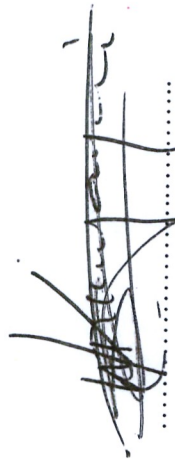
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

| Details | Notes | 2021/2022 Kshs. | 2020/2021 Kshs. |
|-----------------------------------------------------------------------------------|-------|----------------------|----------------------|
| Cash Flows from Operating Activities | | | |
| Receipts | | | |
| Proceeds to be realized under section 3 of the Air Passengers Service Charge Act; | 5 | 1,181,698,150 | 763,340,959 |
| Depreciation | | | |
| Total Receipts | | 1,181,698,150 | 763,340,959 |
| Payments | | | |
| Use of goods and services | 7 | 76,121,922 | 41,335,953 |
| Remuneration of directors | 8 | 6,531,165 | 5,583,777 |
| Maintenance of office Furniture & Equipment | 10 | 783,822 | 513,043 |
| Contracted services | 11 | - | 5,162,257 |
| Grant to Implementing Agencies | 12 | 1,343,902,162 | 865,000,000 |
| Total Payments | | 1,427,339,071 | 917,595,030 |
| Net Cash flows from operating activities | | (245,640,921) | (154,254,072) |
| Cash flows from Investing activities | | | |
| Increase/Decrease in Inventories | | - | (502,000) |
| Increase/Decrease in Accounts Payable | | 112,453 | 14,929,286 |
| Interest From Call Deposit | 15 | 21,455,875 | 26,588,529 |
| Purchase of Property, Plant and Equipment | | (38,576,931) | (7,946,831) |
| Call Deposit Account | 15 | (21,455,875) | (457,441,267) |
| Proceeds from sale of Non- Current Assets | | - | - |
| Net Cash flows in Investing activities | | (38,503,039) | (424,372,283) |
| Cash Flows from Financing Activities | | | |
| Proceeds from Borrowing | | - | - |
| Repayment of borrowings | | - | - |
| Net Cash flows used in Financing Activities | | - | - |
| Details | Notes | 2021/2022 Kshs. | 2020/2021 Kshs. |

**Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022**

| Details | Notes | 2021/2022 | | 2020/2021 | |
|-------------------------------------------------------------|-------|--------------------|--------------------|-----------|--|
| | | Kshs. | | Kshs. | |
| Net Increase/(Decrease) in Cash and Cash Equivalents | | (284,143,960) | (578,626,355) | | |
| Cash and Cash Equivalent at 1st July 2021 | | 610,364,075 | 1,188,580,030 | | |
| Cash and Cash Equivalent at 30th June 2022 | | 326,220,115 | 610,364,075 | | |

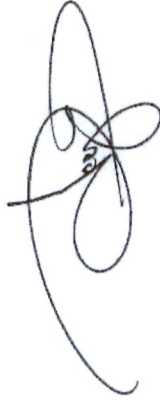
The notes set out on pages 8 to 18 form an integral part of these Financial Statements


.....

Mr. Stephen Kinyanjui
Chief Executive Officer
Secretary to the Board


.....

CPA John Makona
Ag. Head of Finance
ICPAK. No. 17796


.....

Hon. Najib Balala, EGH
Cabinet Secretary for Tourism & Wildlife
Chairman of the Board

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June, 2022


17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

| Item | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilisation |
|---------------------------------------------------------------------------------------------------------------------|-----------------|-------------|--------------|----------------------------|------------------------|---------------|
| | 2021/2022 | 2021/2022 | 2021/2022 | 2021/2022 | 2021/2022 | |
| | A | B | C=A+B | D | E=C-D | F=D/C% |
| Revenue | Kshs. "000" | Kshs. "000" | Kshs. "000" | Kshs. "000" | Kshs. "000" | |
| Proceeds to be realized under section 3 of the Air Passengers Service Charge Act; | 643,000 | 713,889 | 1,356,889 | 1,181,698 | 175,191 | 87 |
| Interest from Call Deposit | 25,000 | - | 25,000 | 21,455 | 3,545 | 86 |
| Retention Funds b/f | 1,063,672 | - | 1,063,672 | 1,063,672 | - | 100 |
| Total income | 1,731,672 | 713,889 | 2,445,561 | 2,266,825 | 178,736 | 93 |
| Expenses | | | | | | |
| Goods and services | 68,367 | 25,569 | 76,559 | 76,121 | 438 | 99 |
| Compensation of employees | 3,200 | 3,200 | - | - | - | |
| Property, Plant and Equipment | 7,132 | 4,450 | 38,759 | 38,576 | 183 | 100 |
| Remuneration of Directors | 9,050 | - | 6,650 | 6,531 | 119 | 98 |
| Maintenance of office Furniture and Equipment | 650 | 2,400 | 810 | 784 | 26 | 97 |
| Grant to Implementing Agencies | 1,630,173 | 692,610 | 2,322,783 | 1,343,902 | 978,881 | 58 |
| Contracted Services | 13,100 | 3,300 | - | - | - | - |
| Total expenditure | 1,731,672 | 713,889 | 2,445,561 | 1,466,115 | 979,446 | - |
| The changes between the Actual on Comparable basis and Final Budget stands at Kshs713,889,000.00 thus from Kshs. to | | | | | | |

**Tourism Promotion Fund
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For the Year ended 30th June, 2022**

| Item | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % Utilisation |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|----------------------|----------------------------|------------------------|---------------|
| | 2021/2022 | 2021/2022 | 2021/2022 | 2021/2022 | 2021/2022 | |
| Revenue | A Kshs. "000" | B Kshs. "000" | C=A+B Kshs. "000" | D Kshs. "000" | E=C-D Kshs. "000" | F=D/C% |
| Kshs.1,731,672,000.00 to Kshs.2445,561,000.00. The positive difference is attributed to the reduction in impact of Covid-19 on tourism activities globally. | | | | | | |

The notes set out on pages 8 to 18 form an integral part of these Financial Statements



.....
Mr. Stephen Kinyanjui
Chief Executive Officer
Secretary to the Board



.....
CPA John Makona
Ag. Head of Finance
ICPAK. No. 17796



.....
Hon. Najib Balala, EGH
Cabinet Secretary for Tourism & Wildlife
Chairman of the Board

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Tourism Promotion Fund was established through the National Assembly Delegated duty to the Cabinet Secretary responsible for Finance under Section 24(4) of the Public Finance Management Act, 2012, in June 2016 through introduction of an additional charge of US \$ 10 for foreign air travel and 100 Shillings for domestic air travel per passenger. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The purpose of the Fund is to provide funds to support development, promotion and branding of tourism sector in Kenya.

The object and purpose of the Fund is to provide funds to support development, promotion and branding of tourism sector.

Without prejudice to the generality of paragraph (1) above, the Fund shall provide for (**Core Mandate Expenditures**);

- (a) financing development, promotion and branding programmes and initiatives in relation to tourism products including tourism niche products and tourism events;
- (b) financing marketing, promotion and branding of Kenya in specific local, regional and international market segments;
- (c) financing tourism data capture, analysis and dissemination of the same and any other related research which may include deployment of technology-based applications;
- (d) financing development of tourism facilities and establishments in areas where the private sector is unable or unwilling to develop, but with a high potential for tourism promotion and branding;
- (e) co-financing of tourism development and promotion projects with the county governments on the basis of an agreed ratio of matching grants; Object and purpose. 176 Kenya Subsidiary Legislation, 2019
- (f) funding programmes and initiatives for tourism safety and security geared towards development, promotion and branding of tourism sector;
- (g) financing development of innovations and inventions which promote tourism development, promotion and branding;
- (h) funding of plugging projects which contribute to development, promotion and branding of tourism sector;
- (i) financing programmes and initiatives geared towards tourism intelligence and information gathering for purposes of developing, promoting and branding tourism in Kenya; and
- (j) standards development and capacity building in the tourism sector

2. Statement of Compliance and Basis of Preparation

The Financial Statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS) as recommended by The National Treasury and in accordance with the requirements of the PFM Act 2012 as well as Tourism Promotion Fund Regulations.

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The annual report is prepared under **historical cost convention** except items of Property, Plant and Equipment which are measured at cost less accumulated depreciation and any accumulated impairment losses.

The financial statements have been prepared and presented in Kenya Shillings, rounded to the nearest thousands. Several accounting policies have been adopted in preparation of this Financial Statements and they have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.

4. Significant Accounting Policies

a) Revenue recognition

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.

TPF recognizes revenues from interest on investment when the event occurs and the asset recognition criteria are met. It is recognized when it is probable that the future economic benefits associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

b) Budget information

The original budget for FY 2021/2022 was appropriated by the National Assembly in August 2021. Subsequent revision were made to the approved budget in accordance with specific approvals from the appropriate authorities to make the final budget. The additional appropriations are added to the original budget by upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded budget variations from **Kshs.1,731,672,000** to **Kshs.2,445,561,000** on the FY 2021-2022 budget following the governing body's approval.

TPF'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

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

c) Property, plant and equipment

Items of Property, Plant and Equipment have been measured at cost less accumulated depreciation and any accumulated impairment losses (**historical cost convention**). Depreciation is charged so as to allocate the cost of assets less their residual value using the straight-line method. The following annual rates are used for depreciation of property and equipment:

| Property | Rate |
|-----------------------|-------------|
| Motor Vehicles | 15% |
| Furniture & Fittings | 10% |
| Computers | 40% |
| Office Equipment's | 10% |
| Partioning & Cladding | 10% |

For this particular statement, the depreciation has been calculated at the a above annual rates.

If there is an indication that there has been a significant change in the depreciation rate, useful life or residue value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognized in the statement of comprehensive income.

d) Inventories

Inventory is measured at the lower of cost and net realizable value.

e) Foreign currency transactions

Transactions during the year that are in the Dollar account are converted into Kenya shillings at rates ruling at the transaction dates. Current assets (Cash and Cash Equivalent) and current

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

liabilities at the statement of financial position date that are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at the statement of financial position date. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

f) Cash and cash equivalents

Cash and cash equivalents include cash in hand as well as deposits in bank accounts (three) being operated by Tourism Promotion Fund. This are actually Cash balances for the three accounts as at the end of the Financial Year.

g) Subsequent events

There have been no events/ activities subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30th 2022. Typically, Tourism Promotion Fund stated its operations in the Financial Year 2020/2021.

5. Transfers from Other Government Entities- (From KAA to TPF)

| Description | 2021/2022 | | 2020/2021 |
|------------------------|----------------------|------------------------|--------------------|
| | Kshs | | Kshs |
| Revenue Account | | Revenue Account | |
| Date | Amount | Date | Amount |
| 15.10.2021 | 20,771,219 | 02.02.2021 | 11,141,319 |
| 05.11.2021 | 115,168,246 | 02.02.2021 | 31,955,061 |
| 28.01.2022 | 98,577,744 | 25.03.2021 | 406,201,685 |
| 16.05.2022 | 116,551,313 | 16.06.2021 | 81,621,130 |
| Dollar Account | | Dollar Account | |
| 15.10.2021 | 50,427,502 | 02.02.2021 | 99,804,884 |
| 05.11.2021 | 238,549,432 | 16.06.2021 | 132,616,880 |
| 28.01.2022 | 265,798,320 | | |
| 16.05.2022 | 275,854,373 | | |
| Total | 1,181,698,150 | | 763,340,959 |

6. Interest on Call Deposit

| Date Received | 2021-2022 | 2020-2021 |
|---------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| 25.08.2020 | | 4,183,672 |
| 29.04.2021 | | 22,404,857 |
| 30.06.2022 | 21,455,875 | |
| Total | 21,455,875 | 26,588,529 |

This is interest received on Investments of Funds in Kenya Commercial bank Call deposit Account.

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Use of Goods and Services

| Description | 2021/2022 | 2020/2021 |
|---------------------------------------------------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Hospitality Supplies and Service | 1,997,460 | 1,187,140 |
| Communication Supplies & Services | 743,789 | 348,780 |
| Printing, Advertising & Information Supplies & Services | 545,000 | 67,000 |
| Office & General Supplies & Services Accessories for Computers & Printers | 4,637,948 | 3,855,528 |
| Training Expenses/Seminars and Workshops | 5,888,732 | 4,949,397 |
| Hire of Training Workshop/Retreat Facilities | 5,865,527 | 1,485,400 |
| Bank Charges | 119,761 | 31,685 |
| Fuel Oil & Lubricants | 1,299,000 | 1,257,105 |
| Rent | 5,400,976 | 4,529,024 |
| Subscriptions | 21,200 | 22,400 |
| Travel, accommodation, subsistence and other allowances | 32,622,944 | 17,680,136 |
| Provision for Monitoring & Evaluation Expenses & Allowances | 4,119,500 | 1,981,500 |
| Specialized Equipment's | 3,141,600 | 571,425 |
| Public Relations & Engagements | - | 1,461,250 |
| Policy Documents & S.P Development | 2,369,530 | 1,316,570 |
| Insurance, General & Motor) | 750,315 | 591,613 |
| Performance & Management Compliance | 5,598,640 | - |
| Audit Fee | 1,000,000 | - |
| Total | 76,121,922 | 41,335,953 |

This is the total use of goods where the total **expenditure** stands at **Kshs. 76,121,922** while the Original Budget and Supplementary allocation on the same items stands at **Kshs. 68,367,000** and **Kshs. 90,213,000** respectively.

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Board Expenses

| Description | 2021/2022 | 2020/2021 |
|----------------|------------------|------------------|
| | Kshs. | Kshs. |
| Board Expenses | 6,531,165 | 5,583,777 |
| Total | 6,531,165 | 5,583,777 |

9. Depreciation Expense

| | 2021/2022 | 2020/2021 |
|----------------------|------------------|------------------|
| | Kshs. | Kshs. |
| Depreciation Expense | 4,115,556 | 1,179,833 |
| Total | 4,115,556 | 1,179,833 |

10. Repairs and Maintenance

| Description | 2021/2022 | 2020/2021 |
|-----------------------------------|----------------|----------------|
| | Kshs. | Kshs. |
| Repair and Maintenance of Laptops | 84,500 | 113,700 |
| Maintenance of Vehicle | 699,322 | 399,343 |
| Total | 783,822 | 513,043 |

11. Contracted Services

| Description | 2021/2022 | 2020/2021 |
|-------------------------------|-----------|------------------|
| | Kshs. | Kshs. |
| Office Partitioning | - | 5,162,257 |
| Office Fabrication & Cladding | - | - |
| Total | - | 5,162,257 |

Tourism Promotion Fund

Annual Reports and Financial Statements

For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Grants and Subsidies to Tourism Implementing Agencies

Funds were transferred to the following entities;

| Description | 2021/2022 | 2020/2021 |
|-------------------------------------------|----------------------|--------------------|
| | Kshs. | Kshs. |
| Transfer to Kenya Wildlife Service | - | 30,000,000 |
| Transfer to Tourism Fund | 700,000,000 | 800,000,000 |
| Transfer to Tourism Research Institute | - | 35,000,000 |
| Transfer to State Department for Wildlife | 199,994,576 | - |
| Transfer to Kenya Tourism Board | 100,000,000 | - |
| Transfer to Kenyatta University | 9,265,500 | - |
| Transfer to National Museums of Kenya | 124,789,414 | - |
| Transfer to WRTI | 36,150,380 | - |
| Transfer to Kenya Airports Authority | 173,702,292 | - |
| Total | 1,343,902,162 | 865,000,000 |

13. Cash and Cash Equivalents

| Details | 2021/2022 | 2020/2021 |
|---------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Cash at Bank | | |
| Operations Account | 5,210,043 | 4,865,825 |
| Revenue Account | 132,783,074 | 116,349,745 |
| Dollar Account | 188,226,998 | 489,148,505 |
| Total | 326,220,115 | 610,364,075 |

All the three accounts are held in **KCB BANK KIPANDE HOUSE**.

14. Inventories

| Description | 2021/2022 | 2020/2021 |
|-----------------------|-----------|----------------|
| | Kshs. | Kshs. |
| Toners | - | 442,000 |
| Assorted Stationaries | - | 60,000 |
| Total | - | 502,000 |

Tourism Promotion Fund**Annual Reports and Financial Statements****For the Year ended 30th June,2022****NOTES TO THE FINANCIAL STATEMENTS (Continued)****15. Call Deposit**

| Details | 2020/2021 | 2019/2020 |
|--------------------------------------|--------------------|--------------------|
| | Kshs. | Kshs. |
| Deposit-01/07/2020 | 457,441,267 | 834,000,000 |
| Cumulative Interest 25.8.2020 | - | 4,183,672 |
| Repayment of Pricipal-25.8.2020 | - | 834,000,000 |
| Deposit-25.8.2020 | - | 838,183,672 |
| Repayment of Pricipal-29.4.2021 | - | 838,183,672 |
| Payment of Interest-29.4.2021 | - | 19,257,595 |
| Interest Receivable 30.6.2022 | 21,455,875 | 26,588,529 |
| New Fixed Deposit-30.6.2022 | 478,897,142 | 457,441,267 |

The Call Deposit at 30th June 2022 stands at **Kshs. 478,897,142** while the Cumulative Interest on Investment as at 30th June 2022 Stands at **Kshs. 21,455,875**

Tourism Promotion Fund

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Property, Plant and Equipment

| | Land & Buildings | Motor Vehicles | Furniture & Fittings | Computers, TV | Office Equipment's | Office Partitioning & Cladding | Total |
|--------------------------------------|------------------|-------------------|----------------------|------------------|--------------------|--------------------------------|-------------------|
| Cost | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | | Kshs. |
| At 30th June 2020 | - | 3,555,621 | 2,150,900 | 755,400 | 863,510 | | 7,325,431 |
| Additions | - | - | - | - | 621,400 | | 621,400 |
| Disposals | - | - | - | - | - | | - |
| Transfer/Adjustments | - | - | - | - | - | | - |
| At 30th June 2021 | - | 3,555,621 | 2,150,900 | 755,400 | 1,484,910 | | 7,946,831 |
| Depreciation & Impairment | - | | | | | | |
| Accumulated as at 1st July 2020 | - | 44,445 | 17,924 | 25,180 | 7,196 | | 94,745 |
| Change for the year | - | 526,676 | 213,298 | 292,088 | 147,771 | | 1,179,833 |
| Accumulated as at 30th June 2021 | - | 571,121 | 231,222 | 317,268 | 154,967 | | 1,274,578 |
| NBV as at 30th June 2021 | - | 3,028,945 | 1,937,602 | 463,312 | 1,337,139 | | 6,672,253 |
| | | | | | | | |
| Cost At 30th June 2021 | - | 3,555,621 | 2,150,900 | 755,400 | 1,484,910 | - | 7,946,831 |
| Additions | - | 12,850,000 | 10,606,800 | 3,690,000 | 1,622,300 | 9,741,031 | 38,576,931 |
| Disposals | - | - | - | - | - | | - |
| Transfer/Adjustments | - | - | - | - | - | | - |
| At 30th June 2022 | - | 16,405,621 | 12,757,700 | 4,445,400 | 3,107,210 | 9,741,031 | 46,523,762 |
| Depreciation & Impairment | | | | | | | - |
| Accumulated as at 30th June 2021 | - | 571,121 | 231,222 | 317,268 | 154,967 | - | 1,274,578 |
| Charge for the year 2021/2022 | - | 1,978,968 | 745,430 | 671,160 | 229,606 | 487,052 | 4,115,556 |
| Accumulated as at 30th June 2022 | - | 2,550,089 | 976,652 | 988,428 | 384,573 | 487,052 | 5,390,134 |
| NBV as at 30th June 2022 | - | 13,855,532 | 11,781,048 | 3,456,972 | 2,722,637 | 9,253,979 | 41,133,628 |

This is the total Cost of Property, Plant and Equipment where the Cumulative Depreciation at the rates stated in the Notes a stand at **Kshs.5,390,134** leaving the **Net Book Value** at the end of the Year at **Kshs.41,133,628** respectively.

Tourism Promotion Fund
Annual Reports and Financial Statements
For the Year ended 30th June,2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Trade and Other Payables

| Details | 2021/2022 | 2020/2021 |
|----------------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| State Department for Broadcasting | 180,757 | 180,757 |
| Hawaka General Contractors Contractual | 5,669,276 | 12,939,799 |
| Hawaka General Contractors Contractual | 8,966,800 | - |
| Kimstat Consultants | - | 1,808,730 |
| Total | 14,816,833 | 14,929,286 |

18. Cash Generated from Operations

| Details | 2021/2022 | 2020/2021 |
|---------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Surplus for the Year | (228,300,602) | (128,845,376) |
| Adjusted for; | | |
| Depreciation | 4,115,556 | 1,179,833 |
| Interest from Call Deposit | (21,455,875) | (26,588,529) |
| Net cashflow from operations | (245,640,921) | (154,254,072) |
| <i>(The total of this statement ties to the cash flow section on net cash flows from/ used in operations)</i> | | |

(The total of this statement ties to the cash flow section on net cash flows from/ used in operations)

19. Financial Risk Management

The organization's overall risk management policies are set out by the Oversight Board and implemented by Management, and focus on the unpredictability of changes in the operating environment and seek to minimize the potential adverse effect of such risks on the organisation's performance by setting acceptable levels of risk. The organization has in place set policies that it applies in hedging against financial risks to a certain limit dependent on the value of the fund. This

Tourism Promotion Fund

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

include ensuring that Regulations to be observed for disbursement of Funds to the Projects implementing agencies' are strictly adhered to ;Among this regulations include the requirement that a Tourism Agency must meet the funding Eligibility Criteria; which include verifying that annual work programme is aligned to the strategic plan of the corporation or agency and the medium term plan approved by the governing body of the state corporation or agency and in the case of an infrastructure development project, prepared project designs, plans and bills of quantities, approved by the governing body and the requisite regulatory approvals from relevant government institutions; Secondly ; Ascertaining that the project to be financed is procured in accordance with the Public Procurement and Asset Disposal Act, 2015; No. 33 of 2015 as well as ensuring that the project to be financed is included in the approved estimates of revenue and expenditure for the tourism implementing agency; For Liquidity Risk, which is the risk that Tourism Promotion Fund might not be able to meet its financial obligations as they fall due, the management performs cash flow forecast and monitors rolling forecasts to ensure the entity has sufficient cash to meet its operational needs. This includes revision of revenue and expenditure considering the indicators of revenue performance.

20. Related Party Disclosures

Government of Kenya

TPF is fully owned by the Government of Kenya. The Government of Kenya Provides Revenue (AIA) through KAA to TPF to finance its operations.

21. 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. However according to Tourism Promotion Fund Regulations **Sec. 8, "The earnings of or accruals to the Fund shall be retained in the Fund, and shall be spent only for the objects and purposes for which the Fund is established"**.

22. Events after the Reporting Period

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

23. Ultimate and Holding Entity

The entity is a Public Fund/State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Tourism and Wildlife. Its ultimate parent is the Government of Kenya.

24. Currency

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

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**APPENDIX 1: PROGRESS ON FOLLOW UP OF PRIOR YEARS AUDITORS
RECOMMENDATIONS**

Tourism Promotion Fund
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| Ref. No. on the external audit report (ENV/TPF/20-2021/ (35)) | Issue/Observations from Auditor | Management Comments | Status: (Resolved/ Not Resolved) | Timeframe |
|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------|
| Inaccuracies in the Statement of Cash flow | The statement of cash flow for the year under review reflects Kshs.918,774,864 and Kshs.7,946,831 in respect of total payments and purchase of property plant and equipment respectively. However, computation of the makeup of payments listed in the statement gives a total of Kshs.917,595,090 while Note 16 to the financial statements reflects additions to property, plant and equipment during the year amounting to Kshs.621,400. The resultant variances of Kshs.1,179,774 and Kshs.7,325,431 were not reconciled. In this circumstance, the accuracy of statement of cashflow for the year ended 30th June 2021 could not be confirmed. | It's true as per the findings, the statement of cashflow for the year under review of the financial statements under reflects Kshs.918,774,864 and Kshs.7,946,831 in respect of total payments and purchase of property plant and equipment respectively. This has been amended to reflect the position as indicated in the amended financial statements | Not Resolved | Resolve with OAG by 31 st Oct. 2022 |
| Unsupported Expenditure | The Statement of financial performance reflect expenditure on use of goods and services amounting to Kshs. 41,335,953. The amount as disclosed in Note 7 to the Financial statements includes Kshs. 1,316,570 incurred on policy documents and Strategic Plan development, comprising of Kshs. 1,115,600 and Kshs. 200,970 in respect of temporary imprests and payment to a consultant respectively. However, documents relating to procurement of the consultant were not provided for audit. Consequently, the accuracy and validity on policy and strategic plan amounting to Kshs.1,316,570 could not be confirmed | In response to this finding, Tourism Promotion Fund Management wishes to confirm that it's true the budget under the item on Policy Documents & Strategic plan Development was Kshs.3,600,000 out of this budget, the cost of Strategic plan as per the consultants contract was Kshs.2,009,700 leaving the balance of Kshs.1,590,300 as facilitation to the technical committee that included officers appointed from other MDAs as well as other expenses including Stakeholders involvement with the aim of enriching and acquisition of constructive inputs as well as engaging in validation of the document and public participation in order to ensure that the plan is customer oriented. All this as per the implementation plan involved financial resources which had been | Not Resolved | |

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| Ref. No. on the external audit report (ENV/TPF/20 20-2021/ (35)) | Issue/Observations from Auditor | Management Comments | Status: (Resolved/ Not Resolved) | Timeframe |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
| Unreconciled Revenue from Non-Exchange Transactions | The Statement of financial performance for the year under review reflects proceeds from air passengers service charge amounting to Kshs. 763,340,959. According to Note 5 to the financial statements, the amount was in form of transfers from the Kenya Airports Authority (KAA). However, the financial statements of KAA for the year ended 30th June 2021 reflects an amount of Kshs.770,969,000 transferred to the Fund during the year. The difference of Kshs.7,628,041 between the amounts reported by the two (2) entities was not reconciled or explained. | <p>budgeted under the item Policy Documents and Strategic Plan. Secondly, documents relating to procurement of the consultant were also annexed to the response to the Audit.</p> <p>As per the audit findings the proceeds to be realized under section 3 of the Air Passengers Service Charge Act for the FY under review was reflected as Kshs. 763,340,959. However as indicated in the Audit findings, Kenya Airports Authority Captured Kshs. 770,969,000 leading to unexplained variance of Kshs. 7,628,041.</p> <p>In response to this finding, Tourism Promotion Fund Management wishes to state that the variance was caused by the difference in exchange rate being used by the two entities to convert the proceeds remitted in dollars (The dollar account conversion rate used by TPF was at the rate of Kshs.115.00). However, the management has engaged Kenya Airports Authority to ensure the reconciliation of the figures as advised to ensure uniformity in reporting.</p> | Not Resolved | |
| Budget Control and Performance | The statement of comparison of budget and actual amounts reflects approved expenditure budget revenue of Kshs.1,998,944,000 from Air Passengers Service Charges, Interest from Investment and retained funds brought forward. However, during the year, the fund incurred total expenditure of Kshs.918,940,846 or 46% of the | As per the audit findings, the Fund incurred Kshs. 918,319,446 out of a budgeted expenditure amount of Kshs.1,998,944,000 resulting to underutilization of Kshs.1,080,624,554 which is an indication that the activities planned by fund management for the year were not fully undertaken. | Not Resolved | |

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| Ref. No. on the external audit report (ENV/TPF/2020-2021/ (35)) | Issue/Observations from Auditor | Management Comments | Status: (Resolved/ Not Resolved) | Timeframe |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
| | <p>approved budget resulting in underspending of Kshs. 1,080,624,554 or 54%. The under expenditure affected planned activities by the Funds Management and affected service delivery to citizens.</p> | <p>In response to this finding, TPF Management wishes to state that it's true the expenditure for the FY 2020/2021 was Kshs. 918,940,846 (46%) of the approved budget of Kshs. 1,998,944,000. The low expenditure was occasioned by the fact that core mandated expenditures as indicated in the workplan were not implemented. The reason for delayed implementation was because some MDAs that had been approved for funding and budgeted for didn't meet the disbursement conditions as indicated in the TPF regulations hence the funds could not be disbursed. Secondly, under the Operational expenses, the two running contracts on Office partitioning and Strategic Plan preparation (Consultancy) were not executed within the set timelines as indicated in the workplan partly due delays in procurement processes as well as the effect of Covid-19.</p> <p>The unutilised amount was however revoted for utilisation in the FY 2021/2022 as provided for by the TPF regulations which provides that any unutilised funds (retained funds) shall be retained in the Fund and shall be spent only for the objects and purposes for which the Fund is established.</p> | | |
| Remuneration of Directors | <p>The statement of financial performance reflects remuneration and Directors expenditure amounting to Kshs. 5,583,777. The amount which is equivalent to 9% of operations and</p> | <p>As per the Findings, its true board expenses reflect Kshs. 5,583,777. However, this amount was above 5% of operations and maintenance budget contrary to the circular</p> | Not Resolved | |

**Tourism Promotion Fund
Annual Reports and Financial Statements
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| Ref. No. on the external audit report (ENV/TPF/20 20-2021/ (35)) | Issue/Observations from Auditor | Management Comments | Status: (Resolved/ Not Resolved) | Timeframe |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------|
| | <p>maintenance budget of Kshs.63,548,600, exceeded the set limit of 5% as per the Executive Office of the President Circular NO. OP/CAB.9/1A dated 11th March 2020. In the circumstance, management was in breach of government guidelines.</p> | <p>In response to this finding, Tourism Promotion Fund Management wishes to state that among the reasons for the over expenditure on board allowances was the special meetings held both by the oversight board, and also the special meetings by the three sub-committees of the board (Project Management and Resource Mobilization, Finance and Administration Committee, and Audit and Risk Management Committee) which included sensitization of the members at different levels. This was undertaken considering the fact that the Tourism Promotional Fund is a new entity (15 months old as at 30th June 2021) still under operationalization, with new governing regulations necessitating board members' sensitization. However, the management has noted the anomaly as raised and promise to regularize the annual activities of the board to avoid over expenditure as guided.</p> | | |

Tourism Promotion Fund
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For the Year ended 30th June,2022

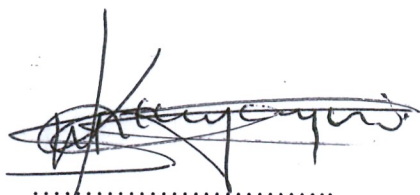
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

TPF doesn't Implement Projects, funds are disbursed to the Tourism Implementing Agencies who implements the projects.

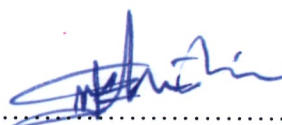
APPENDIX III: INTER-ENTITY TRANSFERS

| Entity Name: | | Tourism Promotion Fund | | |
|-----------------------------------------------------------|-------------------------|------------------------|----------------------|---------------------------------------------|
| Break down of Transfers from the Kenya Airports Authority | | | | |
| Revenue Receipts | | Bank Statement Date | Amount (Kshs.) | Indicate the FY to which the amounts Relate |
| | Revenue Account | | | |
| 1 | Kenya Airport Authority | 15.10.2021 | 20,771,219 | 2021/2022 |
| 2 | | 05.11.2021 | 115,168,246 | 2021/2022 |
| 3 | | 28.01.2022 | 98,577,744 | 2021/2022 |
| 4 | | 16.05.2022 | 116,551,313 | 2021/2022 |
| 5 | Kenya Airport Authority | 15.10.2021 | 50,427,502 | 2021/2022 |
| 6 | | 05.11.2021 | 238,549,432 | 2021/2022 |
| 7 | | 28.01.2022 | 265,798,320 | 2021/2022 |
| 8 | | 16.05.2022 | 275,854,373 | 2021/2022 |
| Grand Total | | | 1,181,698,150 | |

The above amounts have been communicated to and reconciled with the parent Ministry as well as KAA;



.....
Mr. Stephen Kinyanjui
 Chief Executive Officer
 Secretary to the Board



.....
CPA John Makona
 Ag. Head of Finance
 ICPAK. No. 17796

