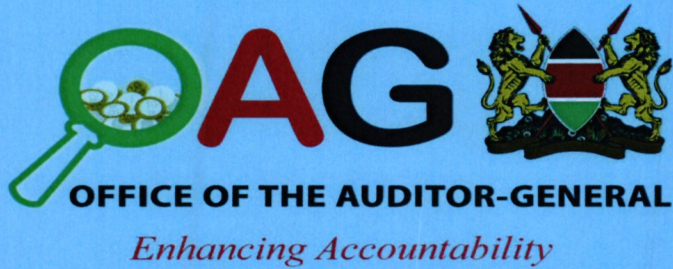



REPUBLIC OF KENYA



PARLIAMENT
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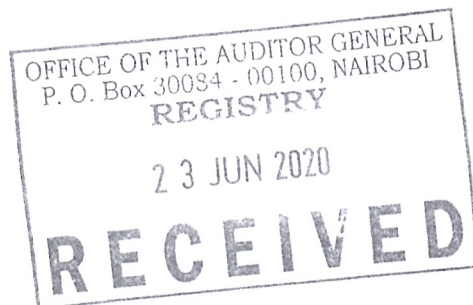
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CLERK-AT THE-TOP OF:	Mamah Wanjiku

THE AUDITOR-GENERAL

ON

ANTI-DOPING AGENCY OF KENYA

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



Stay Clean, Win Right

**ANTI-DOPING
AGENCY
OF KENYA**

REGULATORY AND OTHER NON-COMMERCIAL ENTITIES

ANTI-DOPING AGENCY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**



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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

(b) The **Anti-doping Agency of Kenya** was formed under section 5 on 22nd April 2016 through the Anti-doping Act No. 5 of 2016. At cabinet level, the Anti-doping agency of Kenya is represented by the Cabinet Secretary for Sports Culture and Heritage who is responsible for the general policy and strategic direction of the Agency.

(c) Principal Activities

The principal activity/mission/ mandate is: -

- i) Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii) Protecting the ‘clean athlete’ by carrying out effective doping tests among all Kenyan athletes.
- iii) Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

The Agency day-to-day management is under the following key organs:

- Board of Directors
- Chief Executive officer/Chief Accounting Officer.
- Directors.
- Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

S.NO	Designation	Name
1.	Chief Executive Officer	Japhter Kiplimo Rugut
2.	Director –Education and Research	Agnes Wanjiku Mandu
3.	Director Compliance and Testing	Sarah Idieva Shibusse
4.	Assistant Manager -Legal Affairs	Damaris Ogama Were
5.	Head of Finance and Accounts	Simon Mutungi Katee
6.	Head of Supply Chain Management	Oscar Barasa Awory

Fiduciary Oversight Arrangements

The agency has put in place 4 committees to provide fiduciary oversight.

- Audit and Risk Management Committee
- Human Capital Management Committee
- Finance and General-Purpose Committee
- Strategy, Planning and Corporate Governance Committee

**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**



**ANTI-DOPING
AGENCY
OF KENYA**

(e) Entity Headquarters

P.O. Box 66458-00800
Parklands Plaza, 6th Floor.
Muthithi Road, Chiromo Lane
Nairobi, KENYA

(f) Entity Contacts

Telephone :(+ 254) 722 269 584/+254 733837 385
E-mail: info@adak.or.ke.
Website: www.adak.or.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O Box. 14959-00800.
Sarit Centre.
Nairobi Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

THE BOARD OF DIRECTORS

1. Amb. Daniel Makdwallo – Chairman ADAK Board.



Ambassador Daniel Makdwallo hold a Master of Science (MSc)degree in International Management from the University of Liverpool, Bachelor of Commerce (Bcom) degree in Accounting from the University of Nairobi.
He served as the Kenya Ambassador in Egypt.

2. Dr. Angela Koech Lesan

Dr Angela Koech holds a Master of Science in Immunology from the University of Birmingham in the UK, and Bachelor of Science in Veterinary Medicine from the University of Nairobi. She is the founder and Chief Executive Officer for Konyon Wenditai Empowerment Network(KWEN) a women’s movement in Bomet County. She is also a founder and Director of Lesan foundation whose vision is to ensure equal access to education in Boment County.

She has served as chairlady Rift Valley professional Women, Director at whitestar Supermarket, and Research officer at the Kenya Agricultural Research Institute -National Veterinary Research Centre,Muguga. She has specialised trainings in Veterinary and has published several papers in her line of profession.

Angela Serves as the Chairlady to the Finance and General-Purpose Committee. She is also a Member of Human Capital Management Committee.



3. Kenneth Thimba



Kenneth Thimba is a seasoned manager with over 20 years' experience in various management positions in Sales and Marketing, operations and Procurement. He has served as Lead consultant and CEO of Sales Africa, Vice president Sales at Aquavita LLC, Director ,Sales and marketing at Abercrombie & Kent Global Health. General Manager AAR Action, Business Development Manager at AAR Health services Ltd and Head of Procurement at AAR Kenya among others.

He has served in several government and Public service Boards as

well as sports unions/Clubs.

Kenneth serves as a member of Audit and Risk Management as well as Human Capital Management Committee.

4. Kathyne Maundu

Kathyne has 16 years consulting experience guiding local and multi-national companies and their board in discharging their statutory and corporate governance mandate. She is currently serving as a Senior Executive and Corporation Service practice of the Law firm Bowman Coulson Harney LLP. She worked with Delloitte for 15 years in East African countries. She sits on various Boards in diverse sector and currently serves as the Company Secretary for Safaricom Plc.



Kathyne has 16 years consulting experience guiding local and multi-national companies and their board in discharging their statutory and corporate governance mandate. She is currently serving as a Senior Executive and Corporation Service practice of the Law firm Bowman Coulson Harney LLP. She worked with Delloitte for 15 years in East African countries. She sits on various Boards in diverse sector and currently serves as the Company Secretary for Safaricom Plc.

As part of Personal development, Kathrynne is a member of the Women on Board Network where she actively participates in their annual calendar of activities.

Catherine chairs the Audit and Risk Management Committee. She is also a Member of Strategy, Planning and Corporate Governance Committee

5. Esther Waweru



Esther holds a Master's Degree in Corporate management, Degree in Business Administration Finance/ Accounting. She is a CPA Finalist and a member of ICPAK.

A Chief accountant at The National Treasury in Integrated Financial Management Information System (IFMIS)

Esther serves as a member of the Finance and General-Purpose Committee as well as Strategy, Planning and Corporate Governance Committee.

6. Douglas Wakiihuri



Douglas is a retired marathoner and a coach. An Excellent Communicator, he has a mastery of Japanese language. He is a World Champion who attained highest level of achievement in World Athletics – World Championships, Olympic Games, Commonwealth Games and numerous road races.

He is able to motivate and achieve set goals and can work with all people at all levels in society, organizations and globally.

Douglas chairs the Human Capital Management Committee. He is also a Member of Audit and Risk Management Committee.

7. Professor Dr. Moni Wekesa

Prof. Dr. Dr. Moni Wekesa holds a Ph.D. in Law and PhD in Sports Medicine.

He is a University lecturer (Professor). He has done a lot of research on doping in sport LL.B Hons, LL.M, PhD Law (Nairobi) Bachelor of Education Science Hons (Nairobi)

He is an Advocate, Commissioner for Oaths & Notary Public

He is the founding Dean and formerly, Professor (Mount Kenya University School of Law) He is a Member of National Bioethics Committee – National Commission for Science, Technology & Innovation Chair, Disciplinary Committee – Football Kenya Federation and formerly Secretary General, Kenya Football Federation.

He has taught at Kenyatta University, University of Botswana, University of Namibia, Catholic University of Eastern Africa

A visiting Professor – Universite’ Libre de Kigali – School of Law , Senior Scholar – University of Lusaka , Consultant on regulatory matters and intellectual property rights.

Professor Moni Wekesa chairs the Strategy, Planning and Corporate Governance committee and is a member of Audit and Risk Management committee.



8. Fred Mwachi

Fred Mwachi holds a LLM (Masters in Law) from the University of Natal in South Africa, Bachelor of Law degree from University of Natal South Africa, Bachelor of Arts from the University of Nairobi, and a Diploma in Law from the Kenya School of Law.

He is an advocate of the High court and has served in Civil service for 15 years.

He is appointed as a representative of the Office of the Attorney General in ADAK Board.



9. Isaac Odek



Isaac Odek Holds a Master of Business Administration Degree in Finance from Kenyatta University, and a Bachelor of Education (Business) from Kenyatta University. He has served in public service for over 29 year in various capacity. He has served as alternate Director with the Kenya Film Classification Board. He is appointed as the Representative of the Inspectorate of State Corporation in ADAK Board.

10. Damaris Ogama Were.

Damaris holds a Master of Arts in International Conflict Management (Transitional Justice) from the University of Nairobi, a Bachelor of Laws (LLB) Degree from the University of Nairobi, and is currently pursuing a PhD in International Development from the Jomo Kenyatta University of Science and Technology (JKUAT)



Ms. Ogama is an Advocate of the High Court of Kenya with 14 years' experience in Legal Practice in both the private and public sectors. She has served as an Investigator and Prosecutor in the Advocates Complaints Commission and as State Counsel in the Office of the Attorney General Chambers in the Civil Litigation Department. She has also served as a Board member in the National Sports Fund (a government owned entity) for three years.

Ms. Ogama has been trained on Anti-Doping (Results Management) and has attended collaboration meetings between ADAK and Anti-Doping Norway (ADNO), the International Association of Athletics Federation (IAAF) and the Athletics Integrity Unit (AIU).

Since joining the Agency, Ms. Ogama has been tasked with the setting up of the Office of the Corporation Secretary & Legal Services Department, implementing the Anti -Doping regulatory obligations, prosecution of Anti-Doping Rule Violations (ADRVs), conducting Prosecution-Led investigations and guiding the Agency on the World Anti-Doping Code Compliance framework.

11. Japhter Kiplimo Rugut.



Japhter K. Rugut, EBS is the Chief Executive officer.

He was appointed to the current in February 2016 having benefited from various training's and collaboration meetings with other players in the industry and exhibiting commitment for the development of integrity in Sports.He holds a Master's Degree in Business Administration.

He has over 25 years in Public Administration. He rose steadily through the ranks from the level of District Officer, District Commissioner and eventually Provincial Commissioner in the Kenya Public Service. He has also served as the Director General, National Youth Service and as Secretary Sports, Ministry of Sports, Culture and the Arts.

MANAGEMENT TEAM

1. Japhter Kiplimo Rugut- EBS



Chief Executive Officer

Has over 25 years in Public Administration. He rose steadily through the ranks from the level of District Officer, District Commissioner and eventually Provincial Commissioner in the Kenya Public Service.

He has also served as the Director General, National Youth Service and as Secretary Sports, Ministry of Sports, Culture and the Arts. He was appointed to the current position of Chief Executive Officer, Anti-Doping Agency of Kenya (ADAK) in February 2016 having benefited from various training's and collaboration meetings with other players in the industry and exhibiting commitment for the development of integrity in Sports. He holds a master's degree in Business Administration.

2. Agnes Wanjiku Mandu



Director - Anti-Doping Education and Research

Madam Agnes holds a master's degree in Leisure and Recreation Management, Postgraduate Diploma in Sports Administration, Bachelor's Degree in Sociology and Economics and is Currently - PhD Candidate at Kenyatta University.

She has a wealth of expertise and experience in Public service build over a period of Twenty-Nine (29) years' serving in various positions.

Agnes has worked in different Districts as a District Sports Officer, Acted as Provincial Director of Sports, Deputy Provincial Director of Sports, Assistant Director at Moi International Sports Center Kasarani, Procurement Officer at Sports Stadium Management Board, Senior Assistant Commissioner for Sports.

She has been in acting capacity as Chief Executive Officer at National Sports Fund(NSF) and Anti-Doping Agency of Kenya.(ADAK)

3. Sarah Idieva Shibutse



Director – Standards and Compliance

Ms. Shibutse has a Masters' Degree in International Studies (Development Cooperation). In addition to her Masters, she also has a Bachelor of Arts degree in Community Development and has undergone various sports administration trainings. She worked as a Sports Officer at the Department of Sports, Ministry of Sports, Culture & Heritage for 18 years up to 2015 when she was seconded to the Anti-Doping Agency of Kenya.

Since 2015, she has benefitted a lot from various trainings and collaboration meetings through the World Anti-Doping Agency (WADA), institute of National Anti-Doping Organizations and other partners in the anti-doping fraternity. Ms. Shibutse has served as a joint secretary to the Anti-Doping Taskforce that was set up by the Ministry of Sports to investigate the extent of doping in Kenya. She has also briefly worked at the Africa Zone V RADO and while there gained a lot of experience working with the various countries affiliated to the RADO.

She is committed to ensuring that athletes compete in a fair and level playing field and do so clean.

4. Damaris Ogama Were



Assistant Manager -Corporate and Legal Affairs

Damaris holds a Master of Arts in International Conflict Management (Transitional Justice) from the University of Nairobi, a Bachelor of Laws (LLB) Degree from the University of Nairobi, and is currently pursuing a PhD in International Development from the Jomo Kenyatta University of Science and Technology (JKUAT) Ms. Ogama is an Advocate of the High Court of Kenya with 14 years' experience in Legal Practice in both the private and public sectors. She has served as an Investigator and Prosecutor in the Advocates Complaints Commission and as State Counsel in the Office of the Attorney General Chambers in the Civil Litigation Department. She has also served as a Board member in the National Sports Fund (a government owned entity) for three years.

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Since joining the Agency, Ms. Ogama has been tasked with the setting up of the Office of the Corporation Secretary & Legal Services Department, implementing the Anti -Doping regulatory obligations, prosecution of Anti-Doping Rule Violations (ADRVs), conducting Prosecution-Led investigations and guiding the Agency on the World Anti-Doping Code Compliance framework.

5. Edna Jepkoech Koitie



Assistant Manager -Human Capital and Administration.

CHRP, Edna J. Koitie is the Assistant Manager-Human Capital and Administration with over 10 years' experience in the public service. She is responsible for the management and operations of the Human Capital and Administration Department for effective implementation of the organizational strategies, policies and procedures on people's management.

She holds a Master of Business Administration-Strategic Management Option (UON), Bachelor of Business Administration (KEMU), National Higher Diploma in HRM (KNEC) and a Diploma in Business Administration (KEMU).

She is a licensed Human Resource Management Practitioner and an active member of the Institute of Human Resource Management (Kenya). She is a Certified Professional Trainer and a trained workplace counsellor.

She is a Certified Human Resource Professional Practitioner in Kenya having satisfied the requirements for certification under the Human Resource Management Professional Examination Board (HRMPEB); the body that is mandated to certify all Human Resource Professionals in Kenya.

6. Ferdinand Nyangau Machoka



Senior Internal Auditor.

Ferdinand is a Certified Accountant with over six years' experience in audit. He is a member of the Institute of Certified Public Accountant (ICPAK) as well as the Institute of Internal Auditors (IIA)

The office of Internal audit is tasked with reviewing and advising on application internal controls and the internal controls environment, developing risk-based audit plan, follow up on implementation of internal and external audit recommendations, carrying out audit checks to ensure compliance with international standards among others.

7. Simon Mutungi Katee



Head of Accounts and Finance

Simon Katee is a seasoned Accountant with vast experience in finance and accounts build over a period of 14 years serving in various institutions. He has served as a Financial Accountant with a learning Institution, Administrative Finance Officer and Finance Controller East African Region for an International NGO. Senior Auditor with Nicholas and Company CPA. He has diverse practice and expertise in Fund and Grants Management for both public and private sector. He has hand on experience in fund raising, budgeting, financial management, and financial reporting in the private sector, NGO's and Public Sector. He has a good command and understanding of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Public Sector Accounting Standards (IPSAS). He holds a Master of Business Administration in Finance from Kenyatta University, and Bachelor of Commerce Degree (Accounting) from Mount Kenya University.

Simon is a Professional Accountant with Certified Public Accountant (CPAK) qualification and a full member of the Institute of Certified Public Accountants in Kenya (ICPAK). He is a Certified ISO 9000:2015 QMS Internal Auditor.

8. Oscar Barasa Awori



Head of Supply Chain Management

Mr. Oscar Barasa Awori is an experienced Procurement and Supply Chain Management expert with a solid procurement, materials management and contract management background. He has a wealth of experience spanning 10 years, gained in the public sector. Mr. Oscar holds a Master of Science in procurement and contract management (MSc) (Jomo Kenyatta University of Agriculture and Technology-JKUAT); a Bachelor of Purchasing and supplies management (JKUAT); a Diploma in supplies management (sigalagala technical training college) He is also widely trained in various aspects of donor funded project management. He has developed expertise in designing, implementing procurement strategy and managing performance (of people, projects and institutions) and aligning the entire organization in pursuit of its Vision, Mission and Objectives. He is a Full Member of the Kenya Institute of Supplies Management (MKISM) and a certified ISO 9001:2015 QMS internal auditor. He is a PhD candidate at JKUAT in the department of entrepreneurship and procurement, college of human resource development.

CHAIRMAN'S STATEMENT

On behalf of the Anti-Doping Agency of Kenya (ADAK) Board, it is my pleasure to present the Annual Report and Financial Statements for the FY 2018/2019. As an Agency, we have realised great milestones which have helped us achieve our mandates even through the challenges that were experienced in this period.

The field of anti-doping is extremely dynamic, and this demands that Anti-Doping Agencies stay up to date with developments and new trends of doping both locally and internationally. Currently, the 2015 World Anti-Doping Code and its related International Standards are undergoing a review which is its third phase. Once these documents are adopted, they will help in the fight against doping in sport by encompassing ways to curb the ever-changing doping trends.

In the year under review, the Agency carried out doping tests on athletes from various sports disciplines. A total of 1,250 samples were collected both in and out of competition. At the same time anti-doping awareness campaigns were conducted throughout the country where a total of 18,307 sports persons were sensitized through outreach programs and education sessions.

During the period under review, a lot of doping cases were highlighted, and many Kenyan athletes were sanctioned to serve various periods of bans. These cases included both the elite and national level athletes from various sports disciplines. However, despite these sanctions, other Kenyan athletes brought glory to the country by performing exceptionally well at their regional and international competitions. To augment the efforts made by clean athletes who win by merit, The Agency is committed to certifying that such athletes compete on a fair and level playing field by ensuring that a robust anti-doping program is continuously in place.

It is for this reason that the Agency reviewed and already has in place a draft Strategic plan 2020/21 – 2023/24. This plan will ensure that the Agency is in line with the current developments of anti-doping world. While implementing the robust anti-doping program and the strategic plan, the Agency will be a strong enabler to achieving targets set out in the Big Four Agenda, the Medium-Term Plan III, the Sustainable Development Goals (SDGs), and the Africa's Agenda 2063.

Signed: 

Date 12th Sept 2019

**AMB. DANIEL MAKDWALLO
CHAIRMAN ADAK BOARD.**

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Anti-Doping Agency of Kenya (ADAK), in its third year since inception in 2016, continued to grow from strength to strength. It continued to expand its programmes, build up a well-trained Human Resource component, competitively recruited and trained through partnership with Anti-Doping Norway (ADNO), United Kingdom Anti-Doping (UKAD), South Africa Institute for Drug Free Sports (SAIDS), and World Anti-Doping Agency (WADA).

The Agency progressed its legally stated mandate, which is mainly to protect the athlete's fundamental right to participate in doping free sport and promote good health, fairness and equality for sportsmen and women in Kenya. This is done through three core functions of the Agency, namely; Education and Research, Testing and Result Management.

The Agency is committed to upholding the following values:

- Professionalism
- Impartiality
- Patriotism and National Unity
- Equity and Equality
- Inclusiveness
- Integrity, Transparency and Accountability

Kenya is a world acknowledged sports Powerhouse, particularly in athletics field and track events. But the success of Kenyan athletes in the course of time has drawn the spotlight from the global sports community who sought assurance that the triumph of our athletes in World Championships was as a result of clean sport and not from the use of prohibited substances. The situation and scrutiny grew more intense following several positive doping cases across many sports.

There are several challenges facing the Anti-Doping Agency of Kenya. These include the following:

- Risk of sanctions in the event of non-compliance with the World Anti-Doping Code.
- Technological advancement in the prohibited substances and doping methods applied by unscrupulous athletes and athlete support personnel.
- Large number of athletes in the country which strains available resources for testing.
- Lack of a WADA accredited laboratory in the region which introduces an added cost of transporting the samples by recommended courier services.

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FOR THE YEAR ENDED JUNE 30, 2019**



The challenges outlined above implies that the Agency must invest heavily in intelligence gathering. Investigations and prevention through intense education across the country, apart from carrying out mandatory tests for all eligible athletes, particularly those preparing for international competition.

To achieve this onerous task, ADAK was granted **Kshs.300 Million** in the financial year 2017/2018. However, this was reduced to **Kshs.252,322,560/=** in the financial year 2018/2019. This drastic reduction happened after the Agency had recruited staff, operationalized a contributory Staff Pension Scheme and Staff Medical Insurance Cover, apart from launching programmes required to put the Agency into the required Compliance Status with the international regulator. The reduced funding, which is also the case for the financial year 2019/2020 means that the Agency will not be able to expand its programmes as required, even as the challenges facing anti-doping initiatives in Kenya, and the world over, continue to grow. This huge shortfall in budget requirement has huge implications on the discharge of the core mandate by the Agency.

**JAPHTER. K. RUGUT, EBS
CHIEF EXECUTIVE OFFICER**

Signed: _____

Date _____

9/03/2020

CORPORATE GOVERNANCE STATEMENT

Introduction

The Government of Kenya established the Anti-Doping Agency of Kenya (ADAK) vide Anti-Doping Act No. 5 of 2016 as a State Corporation to protect athletes' fundamental rights to participate in doping-free sport and thus promoting good health, fairness and equality for athletes in Kenya. The Agency is a body corporate with perpetual succession and a common seal.

Vision:

A world class Anti-Doping Agency, protecting clean athletes and promoting fair play.

Mission:

To lead a coordinated national anti-doping education and awareness campaign, testing and promotion of integrity for doping-free sport.

Composition, size and representation of Board Members:

The composition and size of Anti-Doping Agency of Kenya (ADAK) Board provided a fair representation of both genders (7 males and 3 females) with competencies and skills required for the effective leadership of the organization. It had a total of nine executives from diverse sporting backgrounds under leadership of a Board Chairman and eight other Board members who served on part time basis. It also had representation each from the National Treasury, Office of the Attorney General, Inspectorate of State Corporations and the mother Ministry of Sports, Culture and Heritage. The Chief Executive Officer (CEO) became the secretary to the Board.

Current Board

The Cabinet Secretary for Sports, Culture & the Arts appointed the current Board for a three-year term as indicated below:

	FROM	TO:
Chairman	20 th September 2018	19 th September 2021
Other Board member	7 th February 2019	6 th February 2022

Roles and functions of the Board

To be effective, the Board was composed of competent, diverse and qualified members capable of exercising objective and independent judgement.

The Board exercised their role collectively and ensured that the strategy of the organization was aligned to the long-term goals and sustainability of the organization

The functions of the Board were in accordance with the State Corporations Advisory Committee (SCAC) guidelines for State Corporation and summarized in as follows:

- Transparency
- Independent Oversight
- Accountability
- Effective communication.

Therefore, ADAK Board had appropriate autonomy and authority to exercise its functions. They were accountable to the shareholders, took responsibility for their decisions and the performance of the organization as a whole. These leaders designed and adhered to the code of ethics that helped the management promote each of the important characteristics of good corporate governance.

Process of appointment of the Board

The appointment of the Board was made in line with Article 27 of the Constitution of Kenya and Article 12 of Anti-Doping Act No. 5 of 2016. The Board Chairman's appointment is a presidential prerogative and is done via Kenya Gazette Notice.

Other board members are appointed for a three-year term by the Cabinet Secretary in charge of Sports through the Kenya Gazette.

The Chief Executive Officer (CEO) is competitively recruited and appointed by the Board for a renewable term of three years.

Removal of the Board

Part II section 12 of the Anti-Doping act guides on the removal of a member of the Board to be given an opportunity to be heard before he or she is removed. However, no such recommendation from the Board for removal of a board member was recorded throughout the period.

Succession Plan

The Agency is yet to develop a succession plan.

Existence of a board Charter

The Board Charter is available.

Conflicts of interest – All members of the Board recorded No conflict of interest.

Registering of gifts – It was declared that **no** gifts were received by any board member throughout the entire period.

Board Committees

The following four committees were formed and terms of reference set for each committee:

1. Audit & Risk Management
2. Human Capital Management
3. Finance & General-Purpose
4. Strategy, Planning and Corporate Governance

Board induction and training

During the period, Board induction was undertaken in liaison with the State Corporations Advisory Committee (SCAC) and took place on **20th May 2019**.

Board and member Evaluation/Performance

The Board undertook an annual evaluation of its performance as guided by Anti-Doping Act No. 5 and Mwongozo. The evaluation covered the Board as a whole, its committees, individual members, the chairman, and the Chief Executive Officer. This exercise was done and steered by officials from State Corporations Advisory Committee on **12th September 2018**. It was facilitated by ADAK and the outcome shared with SCAC and the Principal Secretary, Ministry of Sports, Culture & the Arts.

Board remuneration

The members of the Board are paid remuneration upon the advice of the Salaries and Remunerations Commission. Measures were taken to ensure that Board members were fairly, ethically and responsibly remunerated.

Ethics and Conduct

Good corporate governance starts with a clear strategy for the organization. In order to maintain its legitimacy and credibility the corporate would have to base their decisions keeping the above parameters in consideration.

Governance Audit

An annual governance audit by the External Auditors was done in conjunction with the officials from the Ministry of Sports, Culture and the Arts.

Board Meetings held and attendance - 2018/2019 FY

An ALMANAC was put in place to guide the Board meetings. Below is a breakdown of the meetings held, dates and attendance:

	Dates held	Type	No. of Participants
1. Full Board (FB) Meetings	25/09/2018	19 th FB	8
	13/12/2018	20 th FB	10
	30/01/2019	21 st FB	8
	04/04/2019	22 nd FB	9
	20/06/2019	23 rd FB	9
TOTAL	= 5 FB meetings		44
2. Special Board (SB) meetings			
2. Special Board (SB) meetings	12/09/2018	Board Evaluation	9
	9/10/2018	Special	10
	14/12/2018	Signing of performance contract between the Board and the CEO	8
	17/06/2019	Request for Sports, Arts Social Development funds	10
TOTAL	=4 SB meetings		37
3. Induction for the Board			
3. Induction for the Board	20/05/2019	Board Induction	10

MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

Operational Performance

The Agency's operations are carried out by two directorates namely: -

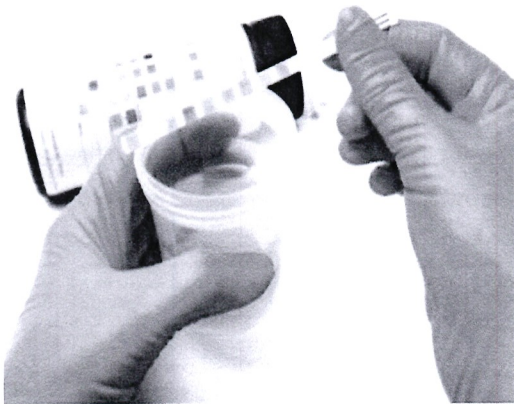
- i. The Directorate of Standards and Compliance
- ii. The Directorate of Anti-Doping Education and Research.

i) The Directorate of Standards and Compliance

The key activity of the Directorate of Standards and Compliance is intelligent based testing among other activities. This is carried out during In and Out of competition events

In-Competition and Out-of-Competition Testing

This involves planning for intelligent and effective Testing, both In-Competition and Out-of-Competition, and to maintain the integrity and identity of the Samples collected from the point the Athlete is notified of the test to the point the Samples are delivered to the laboratory for analysis.



Urine Sample

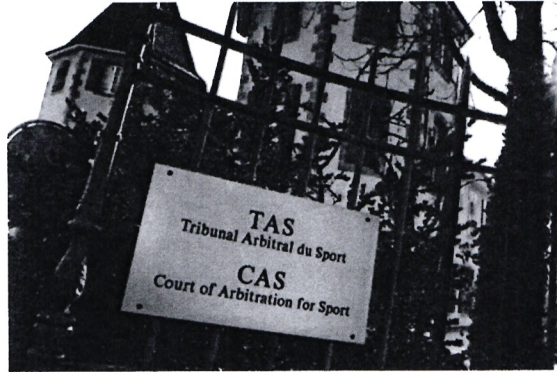
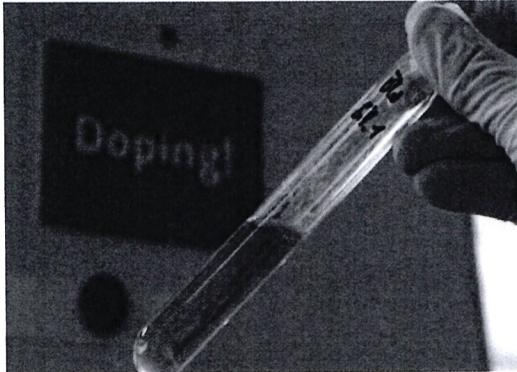


Blood Sample.

During the year ending in 30th June 2019, the Agency conducted intelligent testing to **1,216** athletes out of a target of **1,500** athletes. The reduction in performance being as a result of reduced funding. Overall, close to **3,000 athletes** have been tested since the inception of the Agency.

Results Management

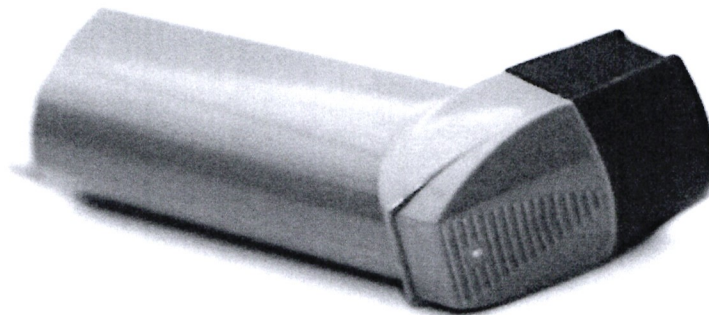
This process encompasses the timeframe between pre-hearing administration of potential Anti-Doping Rule Violations (ADRVs), Laboratory Analysis (or the collection of other evidence establishing a potential ADRV), notification and charge, through to resolution of the process.



Anti-Doping rules Violations are administered at the Sports Dispute Tribunal (SDT) while appeals are heard at the Court of Arbitration for Sports (CAS) in Lausanne Switzerland.

Therapeutic Use Exemption

Athletes may have illnesses or conditions that require them to take particular medications. If the medication an athlete is required to take to treat an illness or condition happens to fall under the Prohibited List, a Therapeutic Use Exemption (TUE) may give that athlete the authorization to take the needed medicine. The process of granting TUEs is harmonized across sports and countries through the International Standard for Therapeutic Use Exemptions (ISTUE).



Initial Review

This is a process carried out between receipt of the Laboratory Analysis (or the collection of other evidence establishing a potential Anti-Doping Rule Violation [ADRV]) and the prosecution of a potential ADRV through:

- a) Verification that there are no applicable TUEs granted to the athlete and that there have been no departures from ISTI and ISL in order to declare an Adverse Analytical Finding (AAF) or an Atypical Finding (ATF).
- b) Review and verification of the athlete's contact information.
- c) Investigations conducted where necessary to gather more evidence of the potential ADRV.

Compliance

a) Investigations and Intelligence Gathering

In order to exhaustively protect clean athletes in Kenya, we must move beyond drug-testing alone and devise other, non-analytical ways of policing its anti-doping jurisdiction. We are expected to obtain, assess and process anti-doping intelligence from all available sources and comprehensively investigate the same to help detect and deter doping within Kenya.

b) Compliance

All sports federations and by extension sports persons are expected to comply with the ADAK Anti-Doping Rules. Compliance audits are carried out on the various federations to ensure that they are aware of this and are adhering to the Rules. Where one is found to be non-compliant then necessary sanctions are meted out on them.

During the year, the Agency signed six (6) Federations into ADAK Rules, audited six (6) Federation, trained twenty-three (23) sample collection personnel and conducted eleven (11) investigations part of which are ongoing. It remains committed in ensuring deterrence of Doping in sports and thus promoting clean sport.

ii) **The Directorate of Anti-Doping Education and Research.**

The Directorate carries out Anti-Doping Education through the following activities.

Anti-Doping Education

Anti – Doping Information Sharing to the athletes, athletes support personnel and the public involves sensitization and awareness campaigns in form of outreach programs during sports competitions as well as conducting deliberate workshops to share Anti-Doping information with key target groups.



Anti-Doping Outreach Activity.



Workshop in Session.

The Agency conducted 45 workshops and 30 outreach programs translating to 3,371 athletes reached through Anti-Doping workshops, and 14,936 athletes and athlete personnel through outreach programmes. This is a positive trend in preventing indulgence in to doping activities and thus improving knowledge levels of athletes and athlete personnel's and thereby reducing doping cases in the country.

Anti-Doping Values-Based Education

Values-based programs are organized to instill values as embedded by the ‘spirit of sport’ to children under 16 years. The Agency has partnered with Kenya Institute of Curriculum Development (KICD) to ensure that values-based education is entrenched into both primary and secondary schools’ curricula. Values-Based education deals with prevention more than deterrence in doping.

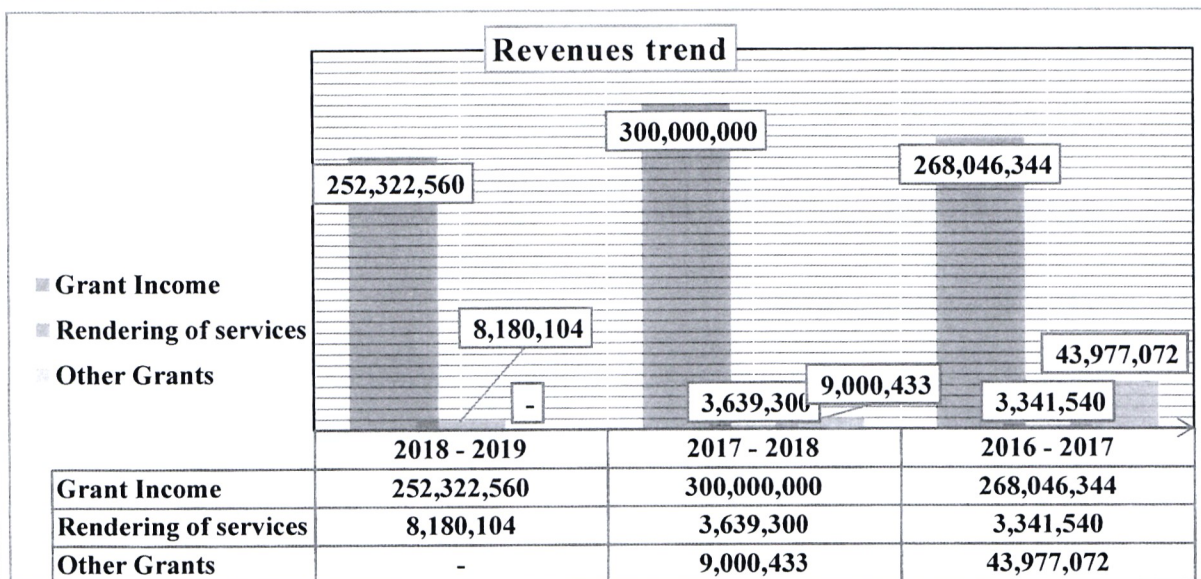


Launch of MOU between ADAK and KICD



A VBE activity in session

Financial Performance.

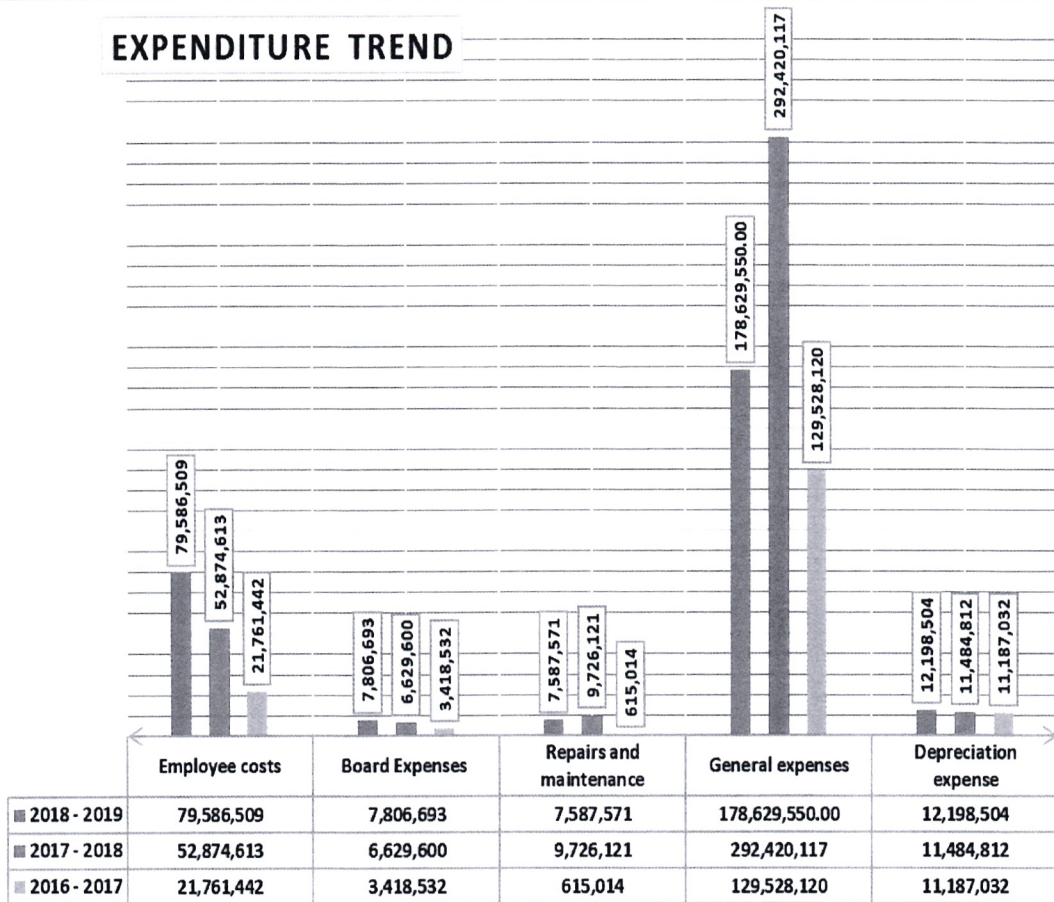


The Total Grant Income exhibit a declining trend. If this is continued further, it will adversely affect ADAKs operations.

Incomes realised from rendering of services depict an increasing trend. However, it should be noted that maximising income from rendering of Anti-Doping Testing is not in line with ADAK mandate since its operations are meant to be solely funded by the government of Kenya.

Such incomes realised are pure reimbursement of cost billed to respective private sponsor of private events such as Family Bank Marathon, Standard Chartered Marathon, Ndakaini Marathon, Kass Marathon, among others and is meant to pay on their behalf cost of testing equipment's, Sample collection cost, DHL Courier services to the laboratories outside Africa, Laboratory Analysis, among other incidental costs.

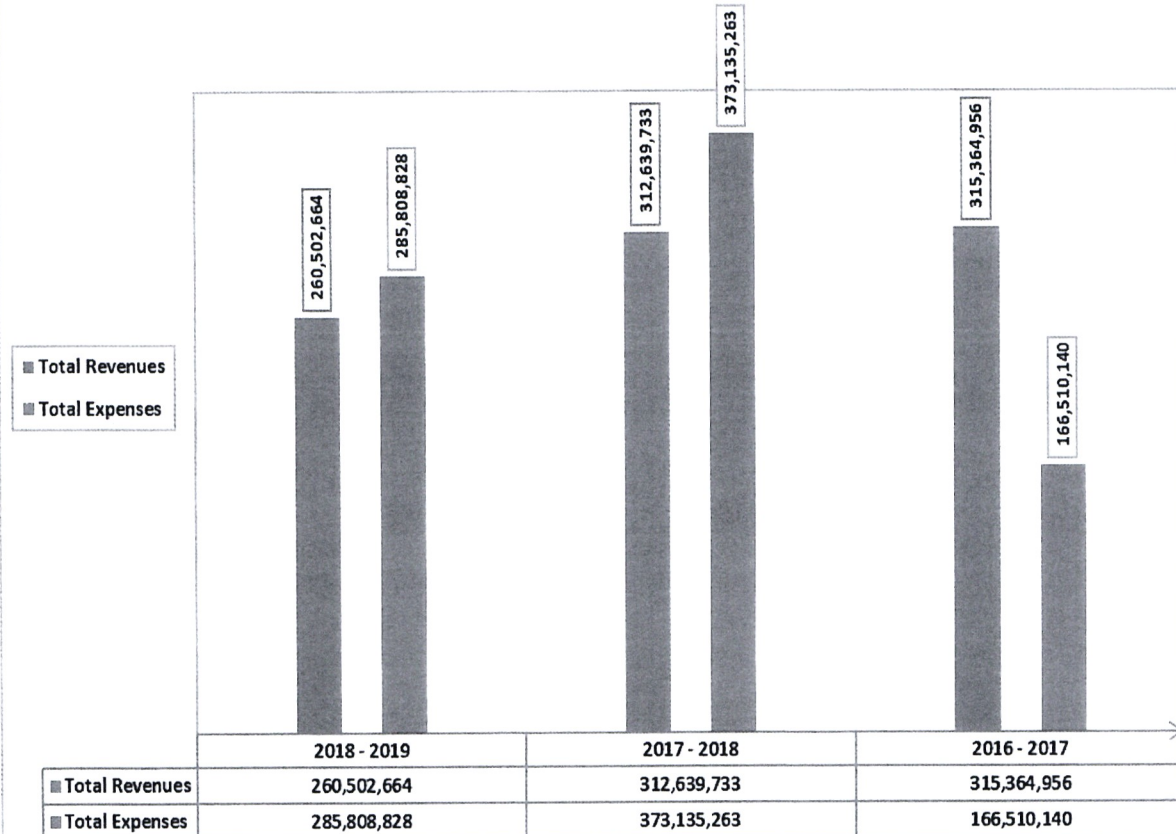
EXPENDITURE TREND



Total program expenditure depicts an increasing trend due increasing programme operation of the Agency

It is worth noting that Total expenses are increasing in a progressive manner while total revenues continue to reduce progressive

REVENUE VS EXPENDITURE TREND



The above graph provides a snapshot of the total revenues and total expenditure over time.

Total expenditure for the FY 2017/2018 and FY 2018/2019 exceeds total revenue. The deficit is financed by reabsorption of cash and cash equivalents brought forward from the previous year.

Key projects and investment decisions the entity is planning/implementing

In the meanwhile, the Agency is fully funded by the National Government through the National Treasury and is focusing on service delivery. In this regard, we have no major projects and investments plans. However, the Agency will be reviewing its Strategic plan in the course of time in order to address issues regarding sustainable development.

Entity's compliance with statutory requirements

Income Tax Act

The Agency has continued to pay income tax obligation as they fall due and in a timely manner.

NHIF & NSSF Acts

The Agency has fully complied with the NHIF Act 2013 and NSSF Act.

The PFM Act.

The Agency has complied with the PFM Act and other circulars issued from time to time.

It has adhered to budget submission deadline which was the 31st of January 2019.

The Agency was unable to submit the 1st and 2nd quarter report on time following the presidential directive which saw the Accountant proceed on compulsory leave for afresh vetting. The gap created could not be easily bridged by the deputy. However, the Agency has ensured that the 3rd and 4th quarter report are submitted by their due dates.

Major risks facing the entity

ADAK is a key strategic programme for the Government through the State Department for Sports and Development mandated to ensure compliance with the World Anti-Doping Code, implement intelligence and investigation on ADRVs which are key to proper target testing, and better results management and effective Education and information sharing. Maintaining a balance between allocated government grant and WADA requirement has always remained a challenge for the Agency.

While addressing Issues Compliance with WADA and World Anti-Doping Code, the Agency is experiencing serious budget constraints following a reduction in government grant and restricted ability to raise revenues in form of Appropriation in Aid. ADAK being a regulatory institution and non-commercial entity purely relies on Government grant for executing its mandate. The Agency has seen budget cuts from **Shs. 300M** in **FY2015/16 and 2016/17** to **Shs. 252.32M** in the current **FY2018/2019** and is forecasted to remain at **Shs. 257.47M** in the next **FY 2019/2020**. This is anticipated to cause a constraining effect on the ability comply with the high expectation and mandatory requirement by WADA. Eventually the resulting effect of Non - compliance are dire not only to the Agency but also to

the State which is a party to the 2005 UNESCO Convention. Some of the major inherent risks include: -

- i) Inability to carry out the **targeted 1500 tests** as required by WADA in the current FY and the forecasted test for the next FY 2019/2020.
- ii) Inability to carry out intelligence and investigation on Anti-Doping Rule Violation resulting to ineffective target testing, Education and Results Management. While Anti-doping Education and information sharing has a preventive role; Effective testing is a deterrence to Doping.
- iii) Inability to Monitor Sports Federation in ensuring compliance to ADAK Rules and Code
- iv) Inability to carry out to completion the already rolled out values -based education programme to school children and thereby stalling the programme which has already been incorporated into the school curriculum through KICD.
- v) As it stands now ADAK is unable to meet legal cost on appeals for International cases already filed at the **Court of Arbitration for Sports-CAS** (in Switzerland) currently amounting to **Shs 44.56M**. Other appeal pending hearing are in progress. The lawyer has filed the matter to the court for taxation.
- vi) The Agency is unable to allocate resources for CSR due to high competing priorities
- vii) The Agency is unable to effectively address cross cutting issues such as staff training, Internships, disability mainstreaming, HIV/AIDS Prevention guides, safety and security measures among other due to reduced funding and very high priority programme activities.

NB:

The Government needs to improve on the allocation to Anti-Doping programme if Compliance to WADA and Anti-Doping code is to be realized.

In addition, the support function of the Agency other than P.E is lagging due reduced allocation against competing programme priorities.

It is our recommendation that a ring-fenced budgetary allocation be considered for the Agency as the FY2019/2020 Progresses.

Material arrears in statutory/financial obligations

Arrears in respect of Payroll deduction amounting to **Shs. 1,078,285** were reported in the as at the end of the year. This is however to be cleared within the stipulated dates in the month following the Payroll Period.

Pending bill arising from International and local cases administered during the FY2016 – 2019 and which were concluded in the current FY stands at **Shs 62,007,505** for which an appeal due to non-payment has also been filed at the courts. It is expected that demand note for payments will be presented upon taxation by the court in the course of the first quarter of the FY2019/2020.

NB: The circular by the office of the Attorney General that barred payment of this legal fees was nullified by the court in June 2019.



The entity's financial probity and serious governance issues

During the Year, there were no issues of financial improbity reported either during the preparation of financial statements or during the internal and external Audit.



**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

The Agency wishes to allocate fund for CSR both in the present and into the future. However, the year under review, the Agency was unable to allocate funds to CSR due to high priority programme need against a reducing funding.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Anti-Doping Agency of Kenya affairs.

Principal activities

The principal activity/mission of the Anti-doping Agency of Kenya is to:

- i. Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii. Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii. Upholding the integrity of sport through Intelligence Gathering, Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1-6 of this report.

Directors

The members of the Board of Directors who served during the year are shown on page ix. During the month of February 2019, the following directors retired

- a. Dr. Somane Ismail
- b. Hilaa Amin
- c. Martin Okiyo
- d. Elizabeth Wanyama
- e. Stephen Muthuma

They were subsequently were replaced by:-

- a. Kenneth Thimba
- b. Kathryne Maundu
- c. Angela Koech

The following members were re-appointed for a second term.

- a. Professor Moni Wekesa
- b. Douglas Wakiihuri
- c. Esther Waweru
- d. Fred Mwachi
- e. Isaac Odek.

**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**



Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year (FY 2017/18 and 2018/2019 and hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya. The Auditor General may appoint any Certified Public Accountants to carry out the audit of the Agency for the year/period ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Corporate Secretary
Anti-Doping Agency of Kenya.

Date: 9/3/2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, the Anti-doping Act 2016 require the Directors to prepare financial statements in respect of the Anti-doping Agency of Kenya which give a true and fair view of the state of affairs of ADAK at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of ADAK. The Directors are also responsible for safeguarding the assets of the entity.

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

This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Anti -Doping Act 2016. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The entity's financial statements were approved by the Board on 12/09/ 2019 and signed on its behalf by:



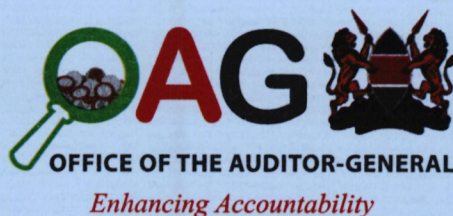
Director



Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ANTI-DOPING AGENCY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Anti-Doping Agency of Kenya set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts, for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Anti-Doping Agency of Kenya as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Anti-Doping Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Assets Transfer

The statement of financial position reflects a total net book value of Kshs.55,996,457 under property, plant and equipment which, as disclosed in Note 13 to the financial statements, included an amount of Kshs.14,961,621 relating to assets transferred to the Agency by the State Department of Sports Development during the year. However, a detailed inventory of the assets transferred indicating the fair values of the assets was not provided.

In the circumstances, the carrying value of Kshs.14,961,621 for the transferred assets and the reported property plant and equipment balance of Kshs.55,996,457 could not be confirmed.

2. Research and Education

The statement of financial performance reflects an amount of Kshs.178,629,550 on general and programs expenses which, as disclosed in Note 7 to the financial statements,

includes Kshs.45,133,961 utilized on Anti-Doping Education. However, the Agency did not have a policy or approved guidelines on how to identify and invite participants as well as the rates applicable when paying allowances to non-public officials engaged in research and education programs.

In the circumstances, the authenticity of the expenditure of Kshs.45,133,961 incurred on Anti-Doping Education could not be ascertained.

3. Debtors - Long Outstanding Imprest

The statement of financial position reflects a debtors amount of Kshs.2,271,307 which, as disclosed in Note 12 to the financial statements, related to staff debtors. However, an amount of Kshs.1,396,930 of the balance related to long outstanding imprests owed from former staff. In addition, Management did not provide evidence of efforts made to recover the outstanding debts.

In the circumstances, full recoverability of the debtors balance of Kshs.2,271,307 and the appropriateness of the presentation of the balance in the statement of financial position could not be confirmed.

4. Unsupported Refundable Deposits

The statement of financial position reflects accounts payables of Kshs.6,714,974 which, as disclosed in Note 14 to the financial statements, included refundable deposits amounting to Kshs.448,728. However, no schedules or documents were provided for audit in support of the balance.

In the circumstances, the accuracy and validity of the payables balance of Kshs.6,714,974 could not be confirmed.

5. Excess Medical Insurance Benefits

The statement of financial performance reflects staff costs of Kshs.79,586,509 which, as disclosed in Note 4 to the financial statements, includes medical premiums of Kshs.14,279,955. However, a comparison of the limits of medical benefits prescribed in the Office of the President Circular No. OP/CAB.9/IA/Vol.XX (132) of 30 June, 2006 on Procurement of Group Insurance Cover for Members of State Corporations' Board, and the limit of benefits provided for Board Members in the insurance cover of the Agency revealed variances as shown below:

Cover	Limit Amount as per the Circular (Kshs.)	Limit Amount Provided in the Cover (Kshs.)	Excess (Kshs.)
In-patient	2,000,000	5,000,000	3,000,000
Out-patient	100,000	250,000	150,000
Funeral Expenses	100,000	200,000	100,000
Maternity	-	200,000	200,000
Dental	-	50,000	50,000
Optical	-	50,000	50,000
Total	2,200,000	5,750,000	3,550,000

No explanation has been provided for the exceeding the allowable medical cover benefits by an amount of Kshs.3,550,000 per Board Member.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Anti-Doping Agency of Kenya 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 audit opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Payments Made in Cash

The Agency operated a standing imprest of Kshs.300,000 for daily activities. However, records availed for audit revealed that the set limit for the imprest was not adhered to. The cashier withdrew huge amounts of cash to make payments relating to the Agency's programs. The withdrawals were very frequent and during the year under review, a cumulative amount of Kshs.71,000,000 was spent in cash.

In the circumstances, Management was in breach of the provisions of Regulation 91 of the Public Finance Management (National Government) Regulations, 2015 on management of standing imprest.

2. Engagement of a Private Law Firm

The statement of financial performance reflects Kshs.178,629,550 under general and program expenses which, as disclosed in Note 7 to the financial statements, included an expenditure of Kshs.22,111,525 for legal services and results management. The latter balance included an amount of Kshs.14,111,215 paid to a law firm for legal services. However, the private law firm was not in the Agency's list of registered suppliers as required under Section 106 (2) (a) of the Public Procurement and Asset Disposal Act, 2015. It could therefore not be established how the law firm was identified and how the legal fees paid was determined.

In the circumstances, it was not possible to confirm whether the Agency obtained value for money on the expenditure of Kshs.14,111,215.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related

to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Agency 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 financial reporting process, reviewing the effectiveness of how the Board 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 of the Financial Statements

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.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern or 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 Agency to cease to continue as a going concern or 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 Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



Nancy Gathungu
AUDITOR-GENERAL

Nairobi

19 August, 2021

ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019



STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	2018 - 2019 Kshs	2017 - 2018 Kshs
Incomes			
Revenues from Non-exchange transaction			
Grant Income	1	252,322,560	300,000,000
Other Grants	2	-	9,000,433
Sub-Total		252,322,560	309,000,433
Revenues from exchange Transactions			
Rendering of services	3	8,180,104	3,639,300
Sub-Total		8,180,104	3,639,300
Total Revenues		260,502,664	312,639,733
Expenses			
Employees Costs	4	79,586,509	52,874,613
Board expenses	5	7,806,693	6,629,600
Repairs and Maintenance	6	7,587,571	9,726,121
General & Program expenses	7	178,629,550	292,420,117
Depreciation expense	13	12,198,504	11,484,812
Total Expenses		285,808,828	373,135,263
Deficit for the Year		(25,306,164)	(60,495,530)
Other gains/losses			
Loss on forex transaction	8	5,550	13,993
Net Deficit for the Year		(25,311,714)	(60,481,537)

The notes set out on pages to 7 - 39 form an integral part of these Financial Statements.

ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019




STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019


	NOTES	2018 - 2019 Kshs	2017 - 2018 Kshs
Assets			
Current Assets			
Cash and cash equivalents	9	7,234,270	16,020,768
Receivable from non-exchange transactions	10	2,400,000	16,174,231
Prepayments	11	20,556,604	-
Debtors	12	2,271,307	-
		32,462,180	32,194,999
Non -Current Assets			
Property Plants and Equipment	13	55,996,457	57,604,703
TOTAL ASSETS		88,458,637	89,799,702
Liabilities			
Current Liabilities			
Accounts Payable	14	6,714,974	1,413,943
TOTAL LIABILITIES		6,714,974	1,413,943
Total Net Assets		81,743,663	88,385,759
Accumulated surplus	15	81,743,663	88,385,759
NET ASSETS AND LIABILITIES		81,743,663	88,385,759

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


CHIEF EXECUTIVE OFFICER
JAPHTER K. RUGUT, EBS


Date 09/03/2020

HEAD OF FINANCE & ACCOUNTS
CPA SIMON M. KATEE
ICPAK MEMBER NO. 22212


Date 9/03/2020

CHAIRMAN OF THE BOARD
AMB.DANIEL MAKDWALLO


Date 9/03/2020

ANTI-DOPING AGENCY OF KENYA
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FOR THE YEAR ENDED JUNE 30, 2019



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

	Accumulated Surplus	Proposed Dividend	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at 1st July 2016				
Total Comprehensive Income	148,854,816	-	-	148,854,816
NSSF obligation	12,480	-	-	12,480
As at 30th June 2017	148,867,296	-	-	148,867,296
As at 1st July 2017	148,867,296	-	-	148,867,296
Deficit for the period	(60,481,537)	-	-	(60,481,537)
Dividends paid -2017	-	-	-	-
As at 30th June 2018	88,385,759	-	-	88,385,759
As at 1st July 2018	88,385,759			88,385,759
Dividend paid -2018	-	-	-	-
Interim paid -2019	-	-	-	-
Proposed final dividend				
Deficit for the period	(25,311,714)			(28,125,980)
Adjustments of accumulated surplus	18,669,618	-	-	24,722,902
As at 30th June 2019	81,743,663	-	-	84,982,681

Note:

1. The opening balance of Shs. 88,385,759 has been restated and reconciled as indicated below.

S.NO	Description	Amount in Shs
1.	Opening balance as reported in the financial statements (30 th June 2018)	88,385,759
	Add:	
2.	Salary Advance paid but omitted in the financial statements	44,000
3.	Prepaid Fuel paid but omitted in the financial statements	9,740,359
	Transfer of Asset from MOSCA	-
		98,170,118
	Less	
4.	Pensions contribution omitted in the financial statements	(23,079)
	Accumulated Depreciation on Transfers	(6,053,283)
	Reinstated balance as at 1st July 2018	92,093,756
	Add:	
5.	Transfer of Asset from MOSCA	14,961,621
	Reinstated balance as at 30 th June 2019	107,055,377
	Less	
6.	Deficit for the year as per the statement of financial performance	(25,311,714)
	Accumulated surplus as at 30th June 2019	81,743,663

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	NOTES	2018 - 2019 Kshs	2017 - 2018 Kshs
Cash flows from operating activities			
Receipts			
Government grants	1	252,322,560	300,000,000
Other Grants	2	-	9,000,433
Rendering of services	3	8,180,104	3,639,300
		260,502,664	312,639,733
Payments			
Employees costs	4	79,586,509	52,874,613
Board Expenses	5	7,806,693	6,629,600
Repairs and Maintenance	6	7,587,571	9,726,121
General & program expenses	7	178,629,550	292,420,117
Operating Income before working capital changes		273,610,324	361,650,451
Changes in working capital balances			
Decrease in current receivables	10	13,774,231	18,765,178
Increase in prepayments	11	(20,556,603)	613,943
Increase in debtors	12	(2,271,307)	-
Increase in current payables	14	5,301,031	-
Increase in accumulated surplus b/f	15	9,761,280	-
		6,008,632	19,379,121
Net cash flows from operating activities		(7,099,028)	(29,631,597)
Net cash flows used in Investing activities			
Purchase of Property Plants and Equipment	13	(1,681,920)	(16,331,757)
Loss on forex transaction	8	(5,550)	13,993
Net cash flows used in investing activities		(1,687,470)	(16,317,764)
Net decrease in cash & cash equivalents		(8,786,498)	(45,949,361)
Cash and cash equivalents b/f 1st July 2018	9	16,020,768	61,970,129
Net decrease in cash & cash equivalents		(8,786,498)	(45,949,361)
Cash and cash equivalents as at 30th June 2019	9	7,234,270	16,020,768

The Statement of cashflow has been prepared using the direct method – IPSAS 2 (IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation)

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

	Original Budget Kshs	Adjstmnts Kshs	Final Budget Kshs	Actual Performance Kshs	Performance Difference Kshs	%ge variation Kshs	Explanations Kshs
Revenues							
Government grants	257,472,000	-	257,472,000	252,322,560	5,149,440	2%	(a)
Rendering of services	-	-	-	8,180,104	(8,180,104)		
Total Revenues	257,472,000	-	257,472,000	260,502,664	(3,030,664)		
Expenses							
Employees costs	84,288,718	-	84,288,718	79,586,509	4,702,209	6%	(b)
Repairs & maintenance	4,850,000	-	4,850,000	7,587,571	(2,737,571)	(56%)	(c)
Board expenses	7,680,000	-	7,680,000	7,806,693	(126,693)	(2%)	(d)
General & Program expenses	160,653,282	-	160,653,282	178,629,550	(17,976,268)	(10%)	(e)
Total expenses	257,472,000	-	257,472,000	273,610,324	(16,138,324)	(6%)	
Deficit for the period	-	-	-	(13,107,660)	(13,107,660)		

Budget notes – IPSAS 24

- i. The Agency suffered a budget cut in the financial year of **Shs.5,149,440.00** hence the difference between budget and actual performance.
- ii.
- iii. The actual Total Expenses for the year were budget at **Shs. 257,472,000** against actual spending of **Shs. 273,610,324**. The difference being absorption of cash and cash equivalents, and prepayments Brought forward from the FY2017/2018.
- iv. The difference in total expenses in the statement of financial performance and the statement of comparison of budget and actual expenses is due to difference in accounting policy. The statement of financial performance has been prepared using the accrual method while the statement of comparison of budget is prepared using the cash method. A reconciliation of the total expenses as reported in the statement of financial performance and the statement of comparison of budget is provided below;

1.	Total expenses as per statement of financial performance	285,808,828
2.	Total expenses as per the statement of comparison of budget	273,610,324
3.	Difference	12,198,504

➤ *The difference being depreciation charge for the year which is a non-cash item. See note 9. PPE.*

- v. The variance in repairs and maintenance is due to absorption of prepaid vehicle fuel of **Shs. 2,737,571** brought forward from the **FY2017/2018**.

- vi. Over-absorption of General expenses (**Kshs.17,976,268**) is due to testing expenses related to private sponsored events such as Standard chartered Marathon, Family Bank Marathon, Kass Marathon, Sokotoko Marathon and other events (**Shs. 8,180,104**) which were not factored in the workplan as well as budget, but for which reimbursement of cost was charged and received. The receipts there-in are reported under revenue (rendering of services). Absorption of imprests outstanding as at 30/06/2018 that were surrendered in the FY2018/19 and absorbed into the financial statement is also a caused of the variance.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Anti-Doping Agency of Kenya is established by and derives its authority and accountability from the Anti-Doping Act 2016. It is wholly owned by the Government of Kenya and is domiciled in Kenya.

The entity's principal activities are: -

- i. Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii. Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii. Upholding the integrity of sport through Intelligence Gathering. Investigations and Results
- iv. Management of Anti-Doping Rules Violations (ADRVs).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Agency's financial statements have been prepared on historical cost basis unless otherwise stated.

The financial statements have been prepared on accrual basis of accounting in accordance and conformity with International Public Sector Accounting Standards (IPSAS). This allows for the use of estimates and assumptions. The accounting policies have been consistently applied to all years presented.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Anti-Doping Act, and International Public Sector Accounting Standards (IPSAS).

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**ANTI-DOPING
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3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2019**

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. This standard does not affect the Agencies presentation of financial statements. The Agency does not have branches outside the head office in Nairobi.

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>IPSAS 41 is not applicable in ADAKs reporting as the Agency has not invested in Financial instruments.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>The standard will improve the entity reporting to reflect the relevant and true representation of social benefits offered to the public.</p>

iii. **Early adoption of standards**

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23.

Government Grants

The primary source of the Agency revenues is the Kenya Government grant being a Non-Commercial and Regulatory Semi -Autonomous Government Agency. This grant has been awarded in the form of recurrent expenditure grant (transfers) and is administered as guided in the Public Finance Management Act 2012.

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

However, the Agency did not carry out any Development/capital projects in the FY2018/2019

ii) Revenue from exchange transactions -IPSAS 9

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

During the FY2018/2019, the Agency carried out Anti-doping Tests upon request by private sponsors of events such as the Standard Chartered Marathon, Family Bank Marathon, Beyond zero marathon, Eldoret marathon among others for which a reimbursement of cost incurred on testing kits, laboratory analysis, DCOs, BCOs and chaperones allowances and per diems as well as courier services for specimen to the laboratory is charged.

Sale of goods

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

The agency is not a commercial entity but a regulatory and non-commercial and thus no revenues generated from sale of good.

Interest income

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

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The entity did not invest in interest generating activities and thus no interest income realised.

Dividends

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

The entity is wholly owned by the government being a Semi-Autonomous Government Agency. This is the basis of the fact that no dividends were distributed in the year in under review.

Rental income

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

The Agency has no rental investment and thud no rental incomes declared during the FY.

a) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly in June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded a budget reduction of **Shs. 5,149,440** on the 2018-2019 budget following a budget cuts in the FY.

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

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

b) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax

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

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

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

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

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

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

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

Sales tax

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

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

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

The Agency is a non-commercial regulatory entity which purely operates on government grants and thus incomes realised from grant are tax allowable.

c) Investment property

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

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

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

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

During the FY2018/2019 the Agency did not have any investment property and thus nothing was reporting in the Financial statements

d) Property, plant and equipment

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

Depreciation on property plants and equipment is calculated on the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. Depreciation is calculated on prorata basis the period that asset has in use by the entity.

Annual depreciation rate in use during the year are: -

Asset	Depreciation Rate
Office Equipment	12.5%
Furnitures and Fittings	12.5%
Computers	30.0%
Motor Vehicles	25.0%

e) Leases

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

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

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

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

f) Intangible assets

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

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

g) Research and development costs

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

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

- The ability to measure reliably the expenditure during development.

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

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

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

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

For purposes of financial reporting during the FY2018/2019, Inventories are recognized as an expense at the point of acquisition unlike when they are deployed for utilization or consumption in the ordinary course of operations of the Agency.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

k) Nature and purpose of reserves

The entity does not create and maintains reserves of any form. However, this is a subject of review in the course of time.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions are to be raised and management, determined and estimated based on the information available.

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

In the FY 2018/2019, no provisions were made and non-reported in the financial statements.

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1. GRANT INCOME

Description	2018-2019	2017-2018
	Kshs	Kshs
Government Grant	252,322,560	300,000,000
Total Grant Income	252,322,560	300,000,000

The Agency suffered a budget cut from the printed estimates of Shs. 257,472,000 to Shs 252,322,560 in the FY 2018/2019.

1 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
State Department for Sports Development	252,322,560	-	252,322,560	252,322,560	252,322,560
Total	252,322,560	-	252,322,560	252,322,560	252,322,560

The Details of reconciliation have been provided in Appendix III

2. OTHER GRANTS

Description	2018-2019	2017-2018
	Kshs	Kshs
TRF from MOSCA	-	9,000,433
Total Other Grant Income	-	9,000,433

No other grants were realised in the year under review.

3. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	Kshs	Kshs
Reimbursement of Anti-Doping Test	8,170,104	3,631,300
Tender Applications	10,000	8,000
Total Income from Rendering of Services	8,180,104	3,639,300

Revenues raised from rendering of services are reimbursement of cost incurred in Testing of Athletes upon request by specific private sponsors of key marathons in the country.

4. EMPLOYEE COSTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Basic Salaries	37,929,804	22,965,769
House Allowances	10,338,474	6,191,494
Commuter Allowances	2,712,000	1,526,465
Other Allowances	3,141,498	8,280,798
Gratuity	7,598,195	332,052
Casual Wages	618,270	152,000
Medical Premiums	14,279,955	11,117,564
NSSF Contribution -Employer	268,920	112,320
Zamara Pension Contribution -Employer	2,699,394	2,196,152
Total Employers Cost	79,586,509	52,874,613

Actual medical premiums paid were Shs. 15,984,086 with payments for Shs. 10,656,057 relating to period July 2019 – March 2020. This have been recognised as prepayments in note 14.

5. BOARD EXPENSES

Description	2018-2019	2017-2018
	Kshs	Kshs
Chairman Honoraria	960,000	960,000
Board Allowances	5,103,560	4,776,400
Board Training	1,743,133	893,200
Total Board Expenses	7,806,693	6,629,600

6. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
	Kshs	Kshs
Repairs & maintenance -Equipment's	586,465	-
Vehicle insurance	1,148,661	2,492,980
Vehicle maintenance expenses	1,230,525	-
Vehicle Fuel	2,835,421	3,177,695
Maintenance of ICT equipment's	1,786,498	4,055,446
Total repairs and Maintenance cost	7,587,571	9,726,121

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7. GENERAL EXPENSE/PROGRAM COSTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Office Cleaning service	1,740,700	1,747,500
Branding and corporate Communication	8,909,502	22,470,372
Telecommunication Expenses	-	1,138,800
Utilities	684,081	780,162
Bank Charges	257,937	325,114
Internet Charges	803,020	527,800
Office Operating Expenses	9,961,084	8,171,057
Training Expenses	1,714,284	2,425,331
Anti -Doping Education	45,133,961	60,129,044
Anti -Doping Research	-	16,151,500
Doping Test and Compliance	51,240,984	71,738,934
Purchase of Testing Equipment	2,403,029	3,259,998
Mandatory subscriptions	-	811,988
Intelligence and Investigation	1,602,705	20,828,289
Legal services and Results Management	22,111,525	25,979,480
Office Rent Expense	23,050,247	20,730,418
International Partnerships	-	18,427,664
Foreign Travels	5,399,630	11,335,667
Domestic Travel	603,641	4,374,599
Audit Fees	-	550,000
Local Partnerships	-	516,400
Finance and Administration	1,364,200	-
Audit & Assurance	1,648,960	-
Total General/Program costs	178,629,550	292,420,117

Audit fees for the FY 2018/2019 has been accrued and accounted for under Audit and Assurance.

8. LOSS ON FOREX TRANSACTION

Description	2018-2019	2017-2018
	Kshs	Kshs
UNESCO Grant receivable	-	13,993
RADO Subscription Paid @102.95	308,850	-
RADO Subscription received @101.10	(303,300)	-
Total Loss on Forex transaction	5,550	13,993

The agency suffered an exchange loss when paying annual subscription to RADO whose bank account was flagged thus necessitating reversal of the transaction at the prevailing spot rate. This resulted loss of Cash of Shs. 5,550.

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9. CASH AND CASH EQUIVALENTS

Description		2018-2019	2017-2018
	A/C No.	Kshs	Kshs
Current Account	120 077 5058	7,234,270	9,937,961
Cash in Hand		-	125,353
Imprest		-	5,957,454
Total Cash and cash Equivalent's		7,234,270	16,020,768

9.(b) DETAILED ANALYSIS – CASH AND CASH EQUIVALENTS

		2018-2019	2017-2018
Financial institution	Account number	KShs	KShs
Current account			
Kenya Commercial bank	120 077 5058	7,223,270	9,937,961
Sub- total		7,234,270	9,937,961
On - call deposits			
Kenya Commercial bank		Nil	Nil
Sub- total		Nil	Nil
Others			
Imprest		-	5,957,454
cash in hand		-	125,353
Sub- total		-	-
Grand total		7,234,270	16,020,768

10. RECEIVABLES FROM NON-EXCHANGE TRANSACTION

Description	2018-2019	2017-
	Kshs	2018
		Kshs
Medical Premiums	-	8,951,926
Vehicle Fuel	-	2,822,305
Lending to -MOSCA	2,400,000	4,400,000
Total Receivables	2,400,000	16,174,231

Lending receivable from MOSCA (State Department for Sports Development) relates to a borrowing of Shs. 4.4M advanced in the month of July 2017 in the form of payments of presidential directive to Kenyan athletes participating in the World under 18 championships held in Kenya.

The state department has been able to honour a refund of Shs. 2M and has continued to allege commitment to repay the balance at the soonest time possible.

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11. PREPAYMENTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Prepaid Motor vehicle Fuel	9,727,243	-
Prepaid Medical Premiums	10,656,057	-
Prepaid Vehicle Insurance	91,614	-
Prepaid Equipment Insurance	81,690	-
Total Prepayments	20,556,604	-

12. DEBTORS.

Description	2018-2019	2017-2018
	Kshs	Kshs
Staff Debtors	2,271,307	-
	-	-
Total debtors	2,271,307	-

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13. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings	Computers	Other Equipments	Motor Vehicle	Total Cost
13. Property, plant and equipment					
Cost	Shs	Shs	Shs	Shs	Shs
At 1 July 2016	-	-	-	-	-
Additions	5,728,600	2,575,000	13,603,994	42,037,196	63,944,790
Disposals	-	-	-	-	-
At June 2017	5,728,600	2,575,000	13,603,994	42,037,196	63,944,790
Additions	10,613,249	2,244,374	3,474,134	-	16,331,757
Disposals	-	-	-	-	-
At June 2018	16,341,849	4,819,374	17,078,128	42,037,196	80,276,547
Additions	55,500	862,000	764,420	-	1,681,920
Transfers	1,604,125	2,206,626	1,607,722	9,543,148	14,961,621
Disposals	-	-	-	-	-
At end of June 2019	18,001,474	7,888,000	19,450,270	51,580,344	96,920,088
Depreciation and impairment					
At 1 July 2016	-	-	-	-	-
Depreciation	218,592	91,000	368,141	10,509,299	11,187,032
Additional Depreciation-Transfers	200,516	661,988	200,965	2,385,787	3,449,256
At 30 June 2017	419,108	752,988	569,106	12,895,086	14,636,288
Depreciation	1,604,814	969,226	1,737,425	7,173,347	11,484,812
Additional Depreciation-Transfers	175,451	463,391	175,845	1,789,340	2,604,027
At 30 June 2018	2,199,373	2,185,605	2,482,376	21,857,773	28,725,127
Depreciation	1,884,586	1,527,705	2,023,621	6,762,592	12,198,504
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30 June 2019	4,083,959	3,713,310	4,505,997	28,620,365	40,923,631
Net book values					
At 30 June 2019	13,917,515	4,174,690	14,944,273	22,959,979	55,996,457
At 30 June 2018	14,142,476	2,633,769	14,595,752	20,179,423	51,551,420

Property Plant and Equipment are recorded at historical cost less accumulated depreciation and impairment loss. Asset are depreciated on reducing balance method on prorata basis.

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14.ACCOUNTS PAYABLE

Description	2018-2019	2017-2018
	Kshs	Kshs
Audit Fees	550,000	550,000
Refundable deposits	448,728	448,728
Employees Payroll obligation	1,078,276	415,215
RADO Zone V Receipts	3,267,715	-
RADO Subscriptions Payable	308,850	-
Amendment of Act and Rules	950,000	-
Office supplies Payable	103,672	-
Cleaning services Payable	7,733	-
Total Accounts Payable	6,714,974	1,413,943

14.B. EMPLOYEES OBLIGATION

Description	2018-2019	2017-2018
	Kshs	Kshs
PAYE Tax	1,035,056	-
NSSF	(36,720)	-
SACCO Contribution	100	-
Pension for seconded staff	73,916	415,215
Insurance premiums	5,124	-
KENASA	800	-
Total Employees obligation	1,078,276	415,215

The entity operates a defined benefit scheme for all full-time employees from April 1, 2018 with Zamara. The scheme is based on 7.5 percentage of salary of an employee at the time of retirement. No valuation had been made as at the end of the FY2018/2019

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee per month.

15. ACCUMULATED SURPLUS

Description	2018-2019	2017-2018
	Kshs	Kshs
Accumulated Surplus b/f	107,055,377	88,385,759
Adjustments		
ADD:		
Salary Advance omitted	-	44,000
Pension contributions understated	-	(23,079)
Prepaid Fuel Omitted	-	9,740,359
Increase in accumulated surplus	-	<u>9,761,280</u>
ADD:		
Transfers of Assets from MOSCA	-	14,961,621
Accumulated Depreciation on Transfers	-	(6,053,283)
NBV on transferred PPE	-	<u>8,908,338</u>
Deficit for the Year	(25,311,714)	-
Total Accumulated Surplus for the Year	81,743,663	107,055,377

Historical cost of transferred assets was at **Shs. 14,961.621**. Accumulated depreciation on transferred asset has been computed at **Shs. 6,053,283** and thus the recorded Net Book Value of **Shs. 8,908,338**.

16. INVENTORIES

The Agency recognizes supply of consumables as expendables and are expended in the financial statement at the point of acquisition and upon receipt. However, during the year ended 30th June 2019, The Agency held in stores some inventories consisting of consumables and office equipment.

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17. CASH GENERATED FROM OPERATIONS

		2018-2019	2017-2018
		"KSHS"	"KSHS"
Surplus for the Year before tax	15	(25,311,714)	(60,481,537)
Adjusted for:-			-
Depreciation	13	12,198,504	11,484,812
Non Cash Grants	13	(8,908,338)	-
Contributed Assets	13	(1,681,920)	(16,331,757)
Impairment		-	-
Gain/Loss on forex transaction		-	-
Loss on Forex transaction		-	-
Increase in Accumulated surplus b/f	15	18,669,618	-
Working Capital Adjustment			-
Decrease in Receivables	10	13,774,231	18,765,178
Increase in Prepayments	11	(20,556,603)	
Increase in Debtors	12	(2,271,307)	
Increase in Payables	14	5,301,031	613,943
Cash flows generated from operations		(8,786,498)	(45,949,361)
Cash and Cash equivalent b/f	9	16,020,768	61,970,129
Cash and cash equivalent c/d	9	7,234,270	16,020,768

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

18. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each party, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement

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of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	2,400,000	2,400,000	2,400,000	-
Bank balances	7,234,270	7,234,270	-	-
Total	9,634,270	9,634,270	2,400,000	-
At 30 June 2018				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	16,174,231	16,174,231	4,400,000	-
Bank balances	9,937,961	9,937,961	-	-
Total	26,112,192	26,112,192	4,400,000	-

The related party (State department for Sports Development) has paid their initial commitment of Shs 2,000,000. The credit risk associated with balance under receivables is minimal and thus no provision has provided in the financial statements.

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

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Deferred income	-	-	-	-
Employee benefit obligation	1,078,275	-	-	1,078,275
Total	1,078,275	-	-	1,078,275
At 30 June 2018				
Deferred income	-	-	-	-
Employee benefit obligation	415,215	-	-	415,215
Total	415,215	-	-	415,215

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period was at Zero.

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Foreign currency sensitivity analysis

The following table demonstrates the effect on the entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2019			
Euro	10%	-	-
USD	10%	-	-
2018			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

The Agency has no investments in financial and non-financial instruments or investments in property such as land and buildings.

iv) Capital Risk Management

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

	2018-2019	2017-2018
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	-	-
Capital reserve	-	-
Total funds	-	-
Total borrowings	-	-
Less: cash and bank balances	(7,234,270)	(16,020,768)
Net debt/(excess cash and cash equivalents)	(7,234,270)	(16,020,768)
Gearing	%	%

19. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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Description	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	252,322,560	300,000,000
Total	252,322,560	300,000,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	79,586,509	52,874,613
Total	79,586,509	52,874,613
c) Key management compensation		
Directors' emoluments	5,371,007	4,776,400
Compensation to the CEO	12,118,446	7,200,000
Compensation to key management	42,468,759	38,874,613
Total	59,958,212	50,851,013

20. DIVIDENDS/SURPLUS REMISSION

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

The Agency did not make any surplus during the year (FY 2018 Nil) and hence no remittance to the Consolidated Fund.

21. TAXATION

The Agency is a Semi-Autonomous Government Agency and thus its incomes are pure grants which under IPSAS are not taxable incomes.

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 Semi- Autonomous Government Agency under the Ministry of Sports Culture and Heritage. 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 AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Loan to the State Department of Sports Development of Shs. 2,400,000 had not been refunded as at 30th June 2018	The Agency to push for clearance of the outstanding balance	CEO/ Accountant	Resolved	30 th June 2019
2.	Misallocation of Board Expenditure Budget for Board Expenses over utilised by Shs. 629,600	Observation noted. This will not recur in the future.	Accountant	Resolved	30 th June 2019
3.	Engagement of Private Law Firm without Authority. The Agency did not seek approval from the office of the AG. Contrary to Circular No. AG6/D/144/Vol. II of April 2017	CEO to seek post Factor Approval from the AG. Office	CEO	Partly resolved. The circular in question nullified in a court ruling in June 2019	30 th June 2019
4.	Outstanding Imprests Outstanding imprest of Sh. 3,696,479 not surrendered long after the due dates	The Agency to ensure all imprest outstanding is promptly recovered	Accountant	Resolved except for Eddy Nyoro who resigned and left without Notice	30 th April 2019
5.	Fixed Asset Register	Absence of Fixed Asset Register	Accountant	Resolved	30 th June 2019

CHIEF EXECUTIVE OFFICER

Sign: _____

Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

The Agency carries out Anti-Doping Testing and Education to Athletes to ensure that only clean athletes competes.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 Anti - Doping Testing, Education and Research		GOK	5YRS	N/A	N/A	No

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		ANTI-DOPING AGENCY OF KENYA.		
Break down of Transfers from the State Department of Sports Development.				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		17/08/2018	64,368,000	FY2018/2019
		23/10/2018	59,218,560	FY2018/2019
		5/02/2019	65,655,360	FY2018/2019
		2/05/2019	63,080,640	FY2018/2019
		Total	252,322,560	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	Nil	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	Nil	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	Nil	

Head of Finance and Accounts
Anti-Doping Agency of Kenya

Head of Accounting Unit
State Department of Sports Development

Sign _____

Sign _____

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Date received	Nature: Recurrent/Develop- ment/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Sports Culture and Heritage	17/08/2018	Recurrent	64,368,000	64,368,000	-	-	-	-	64,368,000
Ministry of Sports Culture and Heritage	23/10/2018	Recurrent	59,218,560	59,218,560	-	-	-	-	59,218,560
Ministry of Sports Culture and Heritage	5/02/2019	Recurrent	65,655,360	65,655,360	-	-	-	-	65,655,360
Ministry of Sports Culture and Heritage	2/05/2019	Recurrent	63,080,640	63,080,640	-	-	-	-	63,080,640
Total			252,322,560	252,322,560	-	-	-	-	252,322,560