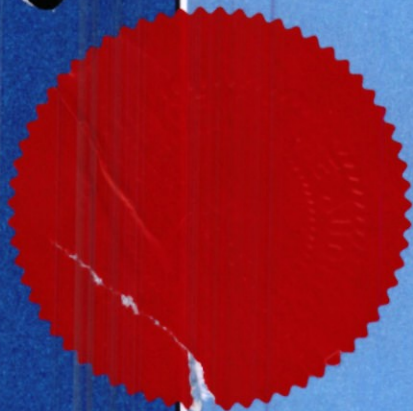


REPUBLIC OF KENYA



Enhancing Accountability



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LIBRARY

THE NATIONAL ASSEMBLY

DATE: 3 APR 2024 TUESDAY

REPORT

TABLED BY: Hon Owen Banyi G.M.P.
Deputy majority leader
A. Shumba

OF

CLERK OF THE TABLE

THE AUDITOR-GENERAL

ON

THE NATIONAL HEROES COUNCIL

**FOR THE THIRTEEN (13) MONTHS
PERIOD ENDED
30 JUNE, 2023**



**The National Heroes Council
Annual Report and Financial Statements
For Thirteen(13) Months ended June 30, 2023.**



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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THE NATIONAL HEROES COUNCIL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THIRTEEN MONTHS ENDED

30TH JUNE 2023

THE NATIONAL ASSEMBLY
DATE: 29 APR 2024
BY:
CLERK-AT

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

**The National Heroes Council
Annual Report and Financial Statements
For Thirteen (13) Months ended June 30, 2023.**

ASOS 2023

THE NATIONAL HEROES COUNCIL
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For 13 Months ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The National Heroes Council is a State Corporation established under the Kenya Heroes Act, No 5 of 2014 under the Ministry of Tourism, Wildlife and Heritage, under the State Department of Culture and Heritage. The Council is domiciled in Kenya. It was commenced through a Gazette notice No. 173 dated 4th September 2020. The Council's first Board was appointed through a Gazette Notice No.6935 dated 16th September 2020.

(b) Principal Activities

Vision.

The Council's Strategic Vision is "A leader in honouring and rewarding (assistance) national heroes.

Mission.

"To promote nationalism through identification, documentation and honouring of national heroes, in recognition of their efforts, contribution and sacrifice for the benefit of mankind"

Functions of the Council.

The Functions of the Council are established under Sec 5 of the Act as outlined below.

The Council is established to:

- Formulate and Implement policy relating to National Heroes;
- Identify and recommend national Heroes;
- Establish and oversee the management of the National Heroes Square;
- Oversee the design and creation of appropriate commemorative items of Honouring national Heroes;
- Enforce sanctions and penalties in respect of disgraced national Heroes;
- Oversee the keeping and maintenance of registers in which shall be entered the names of every national hero and the names of any dependent of any such hero;
- Administer State assistance to national heroes where necessary;
- Have custody and oversee the management of properties and institutions relating to heroes;
- Carry out or cause to be carried out periodic studies, research and evaluation of the national honours system and other systems in other jurisdiction;

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- Conduct and Facilitate Civic Education in order to stimulate public discussion and awareness on pertinent issues relating to national heroes and
- Do such other things as may be incidental or conducive to the attainment of the objects for which it is established;

Core Values

- Patriotism
- Rule of Law
- Inclusivity
- Integrity
- Team work

The Council is established to Identify, Select and Recognise heroes, which is a continuous process.

(c) Key Management

The National Heroes Council day-to-day management is under the following key organs:

No.	Designation	Name
1.	Accounting officer/ CEO	Charles Wambia
2.	Deputy Director Squares, Monuments and Research	Dr. David Mbutia
3.	Deputy Director Corporate Services	Mr. Liston Koskei
4.	Deputy Director Legal Services/Company Secretary	Mr Victor Akanga
5.	Deputy Director Public Education, Awareness and Corporate Communication	Mrs Jacqueline Marita
6.	Deputy Director National Heroes Rewards and Sanctions	Ms Zubeida Sheikh
7.	Assistant Director/Manager Policy and Planning	CS Dr. Miriam Muthoka
8.	Assistant Director/ Manager Audit	Ms. Irene Kageha A.
9.	Assistant Director/Manager Finance and Accounts	Mr Jonathan Leisen
10.	Assistant Director/Manager Human Resources and Management	Ms Winnie Kiema
11.	Principal Accountant	Mr Simion Kimore
12.	Principal Supply chain management officer	Mr Martin Maigua

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Charles Wambia
2.	Head of Corporate Services	Liston Koskei
3.	Head of Finance	Jonathan Leisen
4.	Head of Procurement	Martin Maigua
5.	Principal Accountant	Simion Kimore
6.	Manager Audit	Irene Kageha A.
7.	Corporation Secretary	Victor Akanga

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

i.) Oversight by the Audit and Risk Committee

The Audit and Risk Committee for the Council plays its key role in ensuring fiduciary oversight over governance, internal controls and risk management in service delivery.

The specific role of the Audit, risk and governance committee of the Council includes:

- Evaluate adequacy of management procedures with regard to issues relating to risk management, internal controls and governance.
- Review and approve the audit charter and the internal audit annual work plans.
- Receive and Review the internal and external audit findings and recommendations and propose corrective and preventive action where necessary.
- Review the systems established to ensure sound financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- Review the effectiveness of the internal audit function.
- Initiate special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the CEO.
- Any other relevant assignment by the Board.

ii.) Finance and Establishment committee

The Finance and Establishment Committee plays its Fiduciary role for the Council by ensuring a very effective supervisory role by carrying out financial management and control, human resource

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management, administration, procurement, ICT and resource mobilisation to support the delivery of the core mandate of the Council.

The specific fiduciary roles of the Committee are as follows:

- To ensure prudent management of the Council's financial resources
- To ensure compliance with statutory financial regulations and, that the Council has adequate financial resources to fund its programs
- To provide a general overview to the Council on the achievement of its Procurement Plans.
- To monitor management's strategy toward ensuring efficiency and integrity of the Council's procurement systems
- To assist the Council in ensuring that it upholds Government policy on performance contracting and other statutory obligations.
- To ensure that the Council has an optimum, well trained and motivated human resource to deliver its mandate.
- Review the corporate goals and objectives relevant to the performance of the management, including an annual review of their performance in light of these goals and objectives.
- Recommend a management succession plan for the Council and monitor the implementation of succession strategies approved by the Council.
- To advise on appropriate human resource policies in view of the changing needs of the Council.
- To advise on appropriate Information and Communication Technology strategies to support delivery of the mandate and in view of the changing needs of the Council.
- To advise on the acquisition and maintenance of office facilities and assets.
- To monitor the management of the Pension Scheme on behalf of the Council with a view to ensuring that the obligations of the Council are properly discharged.
- To review on a quarterly basis, the Kenya Heroes Council's financial, procurement, and human resource management reports; and make appropriate recommendations to the Council.
- To make recommendations to the Council on all matters relating to the welfare of the members of Kenya Heroes Council.

(f) Entity Headquarters

P.O. Box 30001-00100,
Embankment Plaza, Mezzanine Floor,
Longonot Road, Upper Hill
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 0719888881,
E-mail: info@nationalcouncil.or.ke
Website: www.nationalheroescouncil.or.ke

(h) Entity Bankers

Kenya Commercial Bank
Account no. 1296610934
Nairobi High Court Branch
City Square 00200
NAIROBI, KENYA

(i) Independent Auditor




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

(j) Principal Legal Adviser




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



3. The Board of Directors/Council

Ref	Directors	Details
1.	 <p>Dr. Al-hajj Adan achu-MBS (Chairman)</p>	<p>SG Emeritus Supreme Council of Kenya Muslims. He was the UN runner up person of the year in Kenya and 2016, Chair EAC interfaith. Holds a doctorate degree in International relations and Diplomacy, Doctorate (honorary) in humanities and religious studies. He is a strategic advisor to the Northern Frontier Consortium. He has served in various Boards including the National Anti-Corruption Campaign Steering Committee as well as the Chairperson of the National Coordination Committee on Internally displaced persons.</p>
2.	 <p>Mrs Bernice Gachegu</p>	<p>Vice chairperson Is an advocate of the high court of Kenya, she has vast experience in commercial law with specialisation in company and copyright law.</p>


3.	 <p>Ummi Bashir</p>	<p>PS, State Department for Culture and Heritage. Ummi Bashir holds a Bachelor of Law (LLB) Degree from Zanzibar University (2008) where she concurrently did both Islamic Sharia Law and Circular law.</p> <p>She also has a postgraduate Diploma from the Kenya school of law (2009). She has six Years post qualification experience and vast knowledge and skill in Property, Corporate and Commercial Practice.</p>
4.	 <p>Hon. Gitu Wa Kahengeri</p>	<p>An Independent Council member. Born in 1920s, and he was the Secretary General of Mau Mau war and has been a central figure in the Mau Mau quest for justice and continues to represent veterans of torture as president of the Mau Mau war veterans Association,</p> <p>He was elected as the first Mp for Juja constituency in 1969.</p>
5.	 <p>Mr Leonard Mambo Mbotela</p>	<p>An Independent Council member. Born in 1940.</p> <p>He is a Kenyan veteran journalist famous for his show “Je, huu ni uungwana?” That aired on state owned KBC channel! and KBC Radio Taifa.</p> <p>Leonard is an independent director and a committee member of the Audit and Risk Management committee.</p>

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<p>6.</p>	 <p>Br. Peter Tabichi-OFM</p>	<p>Independent council member. Born in 1982, Peter Makoya Tabichi, OFM is a Kenyan Science Teacher and a Franciscan friar. He was the winner of 2019 Global Teacher Prize, Tabichi was cited as one of the Top 100 most influential by new African Magazine in 2019.</p>
<p>7.</p>	 <p>Ms Christine K. Omwakwe</p>	<p>Alternate to the Attorney general of the republic of Kenya. Ms Christine K. Omwakwe, OGW was appointed to the NHC Board of directors on 8th October 2020 as the alternate to the Attorney General of the Republic of Kenya. She is a deputy Chief state council at the office of the Attorney General and Department of Justice. She is an experienced Legal expert in international law and ADR. She is an Advocate of the High court of Kenya and a Member of Law Society of Kenya.</p>
<p>8.</p>	 <p>Mr Eliud Kipchoge</p>	<p>A Kenyan long distance runner, who competes in Marathon and Formerly specialised at the 5,000m distance, He is the 2016 and 2020 Olympic marathon champion and the World record holder with a time of 2:01:09 set at the 2023 Berlin marathon. Famously known for his quote “No human is limited.”</p>



<p>9.</p>	 <p>Mr Charles Wambia Executive Director & Secretary to the Governing Council.</p>	<p>Pursuing a Doctorate degree in leadership and governance at the Jomo Kenyatta University of Agriculture and Technology. He holds a Master’s degree in Public Policy and Administration from Kenyatta University, a Masters of Business Administration (MBA) Moi University, a Diploma in Finance (KCA University) and Bachelor of Arts (Hon) (University of Nairobi). He has in-depth knowledge of leadership and administration of public institutions in Kenya. Additionally, he has held various leadership positions in the public service spanning over 20 years in various positions and rising to the position of Director Administration in the state department of Culture and Heritage. He also trained in Casino Finance and Regulation at Atlantic University College (U.S.A) and is a CPS (finalist). He is currently pursuing his PhD in Governance and Leadership at Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>
	 <p>Mr Victor O. Akanga Corporation Secretary/ Deputy Director, Legal Services</p>	<p>Holds a masters in Strategic Management from the University of Nairobi. CPS (K) and member ICS-K</p> <p>Holds a post Graduate diploma from Kenya School of Law and Bachelor of Law (LLB). Specialist in Governance and Law and holds various Certifications in Leadership and Governance. Advocate of the High Court of Kenya and member of the Law Society of Kenya.</p>

4. Key Management Team

	Management	Details
1.	 <p>Mr Charles Wambia Chief Executive Officer</p> <p>Pursuing a Doctorate degree in leadership and governance at the Jomo Kenyatta University of Agriculture and Technology. He holds a Master’s degree in Public Policy and Administration from Kenyatta University, a Masters of Business Administration (MBA) Moi University, a Diploma in Finance (KCA University) and Bachelor of Arts (Hon) (University of Nairobi). He has in-depth knowledge of leadership and administration of public institutions in Kenya. Additionally, he has held various leadership positions in the public service spanning over 20 years in various positions and rising to the position of Director Administration in the state department of Culture and Heritage.</p> <p>He also trained in Casino Finance and Regulation at Atlantic University College (U.S.A) and is a CPS (finalist). He is currently pursuing his PhD in Governance and</p>	<ul style="list-style-type: none"> ➤ He is responsible for day-to-day management and direction of the Council, ➤ He executes and communicates the Council’s strategies, decisions and policies to staff and other relevant stakeholders ➤ Provides linkage between the Council and the management, ➤ Enhances collaboration and engagement with stakeholders and partners in support of development of the Heroes Council and implementation of its mandate and ensures that the Council complies with the relevant legislation.


	<p>Leadership at Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p>	
<p>2.</p>	<div data-bbox="438 369 646 784" data-label="Image"> </div> <p>Mr Victor O. Akanga Corporation Secretary/ Deputy Director, Legal Services</p> <p>Holds a masters in Strategic Management from the University of Nairobi. CPS (K) and member ICS-K Holds a post Graduate diploma from Kenya School of Law and Bachelor of Law (LLB). Specialist in Governance and Law and holds various Certifications in Leadership and Governance. Advocate of the High Court of Kenya and member of the Law Society of Kenya.</p>	<p>Providing legal advisory services to the Council in order to ensure compliance with the Kenya heroes Act No. 2014 and all legislation and regulations affecting the operations of the Council as well as offering secretarial services to the Board.</p>
<p>3.</p>	<div data-bbox="319 1433 646 1713" data-label="Image"> </div> <p>Dr. David Mbutia Deputy Director Squares, Monuments and Research</p>	<p>Responsible for Researching, establishing, preserving, maintaining and managing the National Heroes Square and her monuments in the country.</p>



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	<p>PhD in Heritage Management (History and Archaeology) from University of Pau and the Adour Countries, France; an M.Sc. in Applied Ecology and Conservation from University of East Anglia, UK; a postgraduate certificate in Museum Public Programming from University of Victoria, Canada; and a B.Sc. In Environmental Studies from Kenyatta University, Kenya.</p>	
4.	 <p>Mr Liston Koskei, Deputy Director Corporate Services</p> <p>Master of Business Administration (Strategic Management), Bachelor of Commerce (Accounting), CPA (K) and Diploma in Human Resources, Certificate in Kaizen. A member of ICPAK.</p> <p>Has over 20 years work experience in private and public sectors. Experienced in leadership, finance management and human resources management, business process improvement and in supply chain management.</p>	<p>Ensuring optimal utilisation of Council resources, enhancing effective corporate communication of the Council and leveraging on technology to achieve its mandate; Coordinate provision of services in the functional areas Finance and Accounts; Human Resources and Administration; and, Information and Communication Technology.</p>
5.	 <p>Mrs Jacqueline Marita,</p>	<p>Oversee the keeping and maintenance of registers in which shall be entered the names of every national hero and the names of any dependant; Promoting a positive corporate brand as well as image and visibility</p>

	<p>Deputy Director Public Education, Awareness and Corporate Communication</p> <p>Holds a Master's degree in Corporate Communication from Bournemouth University in England, a Master's degree in Business Administration (MBA) from the European School of Management and Technology in Germany and a Master's degree in Public Administration with distinction from Doha Institute for Graduate Studies in Qatar. Bachelor's degree in Education from Kenyatta University. Senior Leadership and Development Programme (SLDP) course, Senior Management Course (SMC) and Project Planning and Management course. Public Policy Executive Programme offered by Strathmore University. A member of the Public Relations Society of Kenya (PRSK).</p>	<p>of the Council, and inculcating a heroic culture in Kenya, through implementing the communications strategy, ensuring compliance with the corporate brand manual, planning events, and stakeholder management as well as development and dissemination of Information, Education And Communication (IEC) materials.</p>
6.	 <p>Ms Zubeida Sheikh, Deputy Director Heroes Rewards, Sanctions and State Assistance</p> <p>Holds a Master of International Studies from the University of Nairobi and is currently pursuing a PhD in Public Policy and Management at Kenyatta University as well as a certificate in women and leadership from European Business University, Luxembourg. A Bachelor of Law Degree (LLB) from Coventry University in the United Kingdom. A certified mediator by the Mediation Training Institute International. An active member of the Law Society</p>	<p>Responsibilities include: to carry out the forms of recognition and awards and may provide state assistance in pursuant to Heroes Act, Section 5, 21, 23 and 24. Moreover, in pursuant to Heroes Act, Section 29 to be responsible for implementation of regulations responsible for imposing withdrawal of heroes' honours and awards.</p>

	<p>of Kenya (L.S.K) as well as Africa Colloquium of Legal Counsel. Awarded by Mercy Corps for extraordinary service she provided in the implementation of USAID funded Kenya Livestock Market System-Strengthening Community Capacity to resilience and Growth (2017-2022). An advocate of the High Court of Kenya.</p>	
7.	 <p>CS Dr. Miriam Muthoka Assistant Director/Manager Policy and Planning PhD in Business Administration from Jomo Kenyatta University of Science and Technology, a Master of Business Administration (MBA) - Strategic Management from the University of Nairobi and Bachelor's Degree in Business Administration and Accounting from Daystar University. A Certified Public Secretary-CPS (K) and a Member of the Institute of Certified Secretaries and Kenya Institute of Management in Good Standing. Holds various Certifications in Leadership and Governance. A Management Consultant, Researcher and Corporate Governance expert in the public and private sector with over 12 years' experience of service. Bachelor of Law (LLB) (Ong) at Mount Kenya University. Awarded 2nd runners up in the Corporate Secretary of the year Awards, 2019 by ICS.</p>	<p>Coordinating Strategic and Planning, Corporate Research Monitoring and Evaluation and Quality & Risk Management of the Council; the formulation of the corporate strategy, annual work plans, and monitoring implementation; Corporate performance contract management; resource mobilisation and absorption for the Council; corporate research and disseminating findings; Formulating and coordinating the implementation of monitoring and evaluation policy.</p>

<p>8.</p>	 <p>Jonathan Leisen Assistant Director/ Manager Finance and Accounts</p> <p>Master of Business Administration (Finance) from University of Nairobi, Bachelor’s Degree in Business Management (Finance and Accounting) from Moi University, CPA (K) and A member of ICPAK. Senior Management and Leadership</p>	<p>Developing and overseeing the implementation of a dynamic Finance strategy; Ensuring effective and efficient management of the Council's resources including finances and other assets and liabilities; Ensuring provision of meaningful, accurate and timely financial and management accounts and reports to the Director and the Board; Ensuring Compliance with Public Financial Management Act, IPSAS and IFRS and ISO Standards and other legal and regulatory policies; Construct and monitor a reliable internal system</p>
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<p>9.</p>	 <p>Ms Irene Kageha Asava</p> <p>Assistant Director/ Manager Internal Audit</p> <p>Master of Business Administration (Finance), Bachelor of Commerce (Finance) both from The University of Nairobi, CPA-K, Information Security Management System (ISMS) (ISO/IEC 27001:2013) Certified Implementer, RIMS-CRMP. Member ISACA, ICPAK, Risk Institute Management Society (RIMS), Institute of Risk Management Kenya (IRM) & Institute of Internal Auditors (IIA). Over 10 years' experience in Internal Audit & Risk Management in both private and public sectors.</p>	<p>Review and advise on Risk Management, Compliance, Controls and Governance processes; Keep the Board and Audit and Risk Committee informed on controls and risks facing the Council and emerging trends and successful practices in Internal Auditing and Risk Management; Carry out special assignments including investigations and recommending controls to mitigate risks; Championing Corruption Prevention activities in the Council.</p>
<p>10.</p>		<p>Responsible for employee attraction, development and retention in the Council. It is also responsible for office administration and</p>

	<p>Ms. Winfred Ndunge Kiema</p> <p>Assistant Director/Manager, Human Resources & Administration</p> <p>Master's degree in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology and a Bachelor's degree in Human Resources Management from Moi University. A Diploma in Personnel Management from Nairobi Technical Training College. Full member of the Institute of Human Resources Management (IHRM). Over 12 years' experience in Human Resource Management and Administration.</p>	<p>provision of common office services.</p>
<p>11.</p>	 <p>Kimore simion Principal Accountant.</p> <p>Bachelor of commerce - Finance Option, Masters of Business Administration (ongoing) from the Catholic University of Eastern Africa (CUEA), CPA (K) and a Member of (ICPAK), (SMC) Course at the Kenya school of Government. Over 10 years' experience in Finance, Accounting, Corporate reporting, tax and Audit in Public and private Sector.</p>	<p>Responsible for budgeting and budgetary control, cash management, management of accounts Payables and receivables, asset management, financial reporting and accounting of the Council finances. Custodian of council accountable documents, and coordinating the councils Audit.</p>



Mr Martin Maigua,
Principal Procurement Officer

Holds a Master’s Degree in Procurement and Logistics Management (Jomo Kenyatta University of Agriculture and Technology), Bachelor’s Degree in Purchasing and Supplies Management (Jomo Kenyatta University of Agriculture and Technology), Diploma in Purchasing and Supplies Management (Jomo Kenyatta University of Agriculture and Technology) and Diploma in Purchasing and Supplies Management (Chartered Institute of Purchasing and Supply). Member of Kenya Institute of Supplies Management (KISM) and Chartered Institute of Purchasing and Supply Management (CIPS). Over 10 years’ experience in Supply Chain Management.

Prepare the annual procurement and disposal plans and implement the annual procurement and disposal plans;
 Implementing, monitoring and managing all procurement contracts as prescribed in the procurement manual/policies/procedures to ensure adherence to the law; Drafting of advisory/professional opinion on procurement matters and forwarding to the MSCM; Preparing contract documents for goods, works and services; Overseeing periodic and annual stocktaking exercise; Coordinating disposal of assets activities; and Preparing draft statutory reports to PPRA.

12.

5. Chairman's Statement

I am delighted to present the Annual Report and Financial Statements of the National Heroes Council for the Financial Year 2022/2023. This is the first report for the Council following its inception.

During the period under review, the Council undertook various activities geared towards the operationalization of its Mandate. Key among them are;

Establishment of the Council

That the National Heroes Council was established pursuant to the Kenya Heroes Act No. 5 of 2014. The Council was operationalized following the appointment of the Chair through a Gazette Notice No. 173 dated 4th September, 2020, and which was accordingly followed by the appointment of the Council's Board through a Gazette Notice No.6935 dated 16th September 2020.

The Council's Head Office

Following the establishment of the Council as a body corporate with perpetual succession and a common seal, the Council made efforts to acquire office space that would serve as its Head Office and official place of doing business, this being Embankment Plaza, Mezzanine floor, Longonot Road, Upper Hill-Nairobi.

Human Resource Instruments and Recruitment of staff

The Council, through the Assistance of the National Treasury, the State Corporation Advisory Committee (SCAC) and the Public Service, was able to have the necessary instruments in place that guided in the determination of the staff establishment, Career Guidelines and Recruitment of Staff. The instruments enabled recruitment of the first cohort of 21 staff members.

Strategic Plan 2023-2027

The council is in the process of completing the development of its strategic Plan for the period 2023-2027 in line with its mandate under the Act. I am confident that the Broad Corporate Strategy set by the Council will guide the transformation of the Institution and provide strategic direction in the next five (5) years.

Challenges

The Council has continued to execute its mandate but this has not been without challenges. We have experienced deficits in our budgetary allocation, making it difficult for the Council to implement all its activities within the period. The Council seeks to operationalize the Heroes fund as mandated by the Heroes Act 2014 and therefore is in need of additional funding to support the pending activities that will see full operationalization.

Conclusion

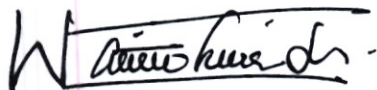
I take this opportunity to thank our president for the support accorded to the Council through our parent Ministry. Further we extend our appreciation to the able Cabinet Secretary Madam Penina Malonza for her support to the Council and offering policy directions to ensure the Council undertakes its mandate, as well as the Principal Secretary Madam Umami Bashir for her support in ensuring that

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the mandate of the Council is implemented. We look forward to working closely with the government to support the fulfilment of its agenda through recognition and honouring of our National heroes.

Finally I thank my fellow Council Members, The Chief Executive Officer, staff and our esteemed partners for their commitment to the institution's Strategic direction.

As I conclude I also recognize our stakeholders whom we have worked together in this journey of implementing the Council's mandate. I commit to enhance our partnership and collaboration with a view of ensuring recognition and honouring of national heroes.



Dr. Al hajj Adan Wachu MBS
Council Chairman

6. Report of the Chief Executive Officer

I am delighted to present the Annual Report and Financial Statements of the National Heroes Council for the period 2022/2023 Financial Year. This is the first report for the Council following its operationalization. The year 2022 was a great success to The National Heroes Council. As we conclude the year it gives me and the staff joy and confidence that our understanding and implementation of strategies and policies set by the Board has and is yielding results and the National Heroes Council is on course as it continues to be a model institution in identifying, selecting and honouring heroes.

Council Performance

During the year, 650 Heroes were honoured during the Mashujaa Day Celebrations held on 20th October 2022 at Uhuru Garden in Nairobi. The Council embarked on operationalizing the Heroes Act of 2014, advertised and recruited 21 members of staff. I am glad to report that the Council is now fully operational, with key departments staffed and equipped with the requisite infrastructure to support the attainment of the Council Mandate. Further, The Management has embarked on development of various policies and standards which are key in guiding the operation of the Council. The Policies include The Council Regulations, Risk Management, Heroes recognition, Research, Communication, Heroes Assistance, Audit, finance and procurement policies among others. During the year under review, the Council obtained approval of the Human Resource Instruments from the State Corporations Advisory Committee (SCAC). This paved the way for the Council activities relating to Human Resources to gain momentum.

Strategic Plan 2023-2027

The Management, under the leadership of the Board, is in the process of conducting Public Participation for the Strategic Plan as required under the Constitution of Kenya 2010, and will further incorporate the views collected from stakeholders to inform the Council strategies in the next five (5) years. The management under my guidance will seek to ensure compliance to the various commitments under the plan to support the attainment of the Council's Strategic objectives.

Technology

The management is committed to implementation of the ICT policy to guide the automation services of the Council. I am glad to report that the Board has provided a budgetary allocation for the

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acquisition of the Enterprise Resource Planning system which is a game changer in transformation of the Council operations. This is because ICT plays a crucial role in supporting growth and excellent service delivery to our customers and stakeholders. The main focus is to lay a foundation for the IT transformation journey whose main objective is to see the Council support the Government BETA Plan specifically the Digital superhighway and Innovation. Further, the Council was able to acquire a QuickBooks system of accounting and digitise transactions and payments, enhancing efficiency and creating more accountability among users.

Way Forward

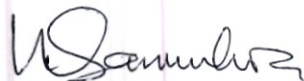
I am dedicated to the Council performance and seeking to ensure that it continues to offer quality services as we seek to support the Government Agenda. It is my belief that the Strategies we have put in place in addition to the leadership and support we receive from the Board will enable the Council to realise its Mandate.

Conclusion

I take this opportunity to thank our president for the support accorded to the Council. I further extend our appreciation to our Cabinet Secretary, Madam Penina Malonza for offering Policy direction and support to the Council as well as the Principal Secretary Madam Ummy Bashir for her support in ensuring that the mandate of the Council is implemented. We look forward to working closely with the government through recognition and honouring of our National heroes.

Finally I thank the Council led by the Chairman, The staff and our esteemed partners for their commitment to the institution's Strategic direction.

I also recognize our stakeholders for their support in the journey of implementing the Council's Functions. I commit to enhance our partnership and collaboration with a view of ensuring recognition and honouring of national heroes.



Mr Charles Wambia
Chief Executive Officer

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

The Council’s Strategic Vision is “A leader in honouring and rewarding (assistance) national heroes”. The Mission is “To promote nationalism through identification, documentation and honouring of national heroes, in recognition of their efforts, contribution and sacrifice for the benefit of mankind”. The Council has five (5) strategic themes and various objectives within the current Strategic Plan for the Financial Year 2022/2023. These strategic themes are as follows:

1. Policy, legal, and institutional framework
2. Honouring of Heroes
3. Providing Heroes assistance
4. Strengthening the Heroes Council
5. Establishment and management of heroes squares and other commemorative properties

In compliance with performance management standards, the Council developed its annual work plans based on the above Strategic Themes. The Chief executive Officer cascaded the work plans to the various departments and Divisions for development of departmental and individual work plans to enhance efficiency and effectiveness in implementation. The Performance Contract targets are developed in line with the corporate strategies, to support the implementation of the Strategic direction of the Council as well as the Government BETA plan. Assessment of the Board and management performance against its annual work plan is done on a quarterly basis and appropriate monitoring and controls measures are adopted. The National Heroes Council achieved its performance targets set for the FY 2022/2023 period for its overall strategy, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Policy, Legal and Institutional Framework	Development of Draft policies and Regulations	Draft Policies	Development of Key policies for the council.	Draft Policies
		Draft Council Regulations	Boards engagement on	Draft Regulations

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			Policy development	
			consultant (KLR) engagement on developing and drafting of the Heroes Act regulations	
		Development of Heroes identification criteria	Obtaining Boards approvals	
		Identification and Selection Process	Meetings with the parent ministry	
	Identification and honouring of Heroes	Mashujaa celebrations	Meetings with the National Steering committee on honours and rewards	Heroes Honoured
	Establishment of National Heroes' fund	Discussions on the Heroes fund	Operationalizati on of Heroes Fund	Proposal on establishment of Heroes Fund
Providing Heroes Assistance	Offering safety nets	Draft policy on Heroes Assistance		

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	Diversification of financing sources		Operationalization of Heroes Fund	Draft Assistance Policy
Strengthening the Heroes Council	Staff recruitment	Timelines on recruitment Budget provision		Staff Recruited
	Leveraging on technology	Acquisition of quick books for accounting		IPPD developed
		Adoption of IPPD for payroll management		Quick books implemented
		Adopting internet banking for payment		Online Banking
	Development of Risk Management policy	Development of draft risk policy		Risk Policy Developed
	Acquisition of office space/plant, equipment and machinery	Acquisition of offices space and office equipment		Office Equipment Acquired/ Office space acquired
			Seeking Approvals, Advertisement and interviews	Draft Research Policy

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	Research and Development	Development of draft research Policy		
Establishment and management of heroes squares and other commemorative properties	Acquisition of commemorative properties Securing of heroes squares and properties Maintenance of heroes squares and properties	Management of the heroes Square Documenting of commemorative properties	Budgeting Research	Budget estimates Research findings

8. Corporate Governance Statement

The National Heroes Council is committed to applying and maintaining the highest standards of corporate governance at the Council as it recognizes this to be a key contributor to the long term success, value and sustainability of the organisation.

Good corporate governance enables effective and efficient decision making and gives a structural aid for the Council to discharge their duty to promote the success of the Council while taking into account the interest of stakeholders. Effective Corporate Governance is achieved through a combination of strong policies, process and structures, underpinned by the right values and culture.

The operations of the Council are guided by the Kenya Heroes Act, 2014 (the Act) and other relevant Acts of Parliament and Regulations. The Council has also adopted and continues to be guided by the Mwongozo code of governance in its operations.

The National Heroes Council

The National Heroes Council is established under section 4 of the Act. Further, the Act provides for the Council to comprise of not more than thirteen members, together with the Chief Executive Officer of the council and who shall be the Secretary to the Board. The National Heroes Council is responsible for the long-term sustainability and success of the Council through provision of strategic leadership, steadfast oversight of management and ensuring that the Council provides its stakeholders with a balanced and understandable assessment of its current position and prospects. Specifically, the functions of the Council are:

- (a) Formulate and implement policy relating to National Heroes
- (b) Identify and recommend national heroes
- (c) Establish and oversee the management of the national heroes square
- (d) Oversee the design and creation of appropriate commemorative items for purposes of honouring national heroes
- (e) Administer State assistance to national heroes where necessary
- (f) Have custody and oversee the management of properties and institutions relating to heroes
- (g) Enforce sanctions and penalties in respect of disgraced national heroes; and
- (h) Oversee the keeping and maintenance of registers in which shall be entered the names of every national hero and the names of any dependant of any such hero;
- (i) Carry out or cause to be carried out periodic studies, research and evaluations of the national honours system and other systems in other jurisdiction; and
- (j) Conduct and facilitate civic education in order to stimulate public discussion and awareness on pertinent issues relating to national heroes; and
- (k) Do such other things as may be incidental or conducive to the attainment of the objects for which it is established.

As a good corporate governance practice, the Council has delegated some of its responsibilities to committees. The composition and activities of the committees are detailed later in this report. The

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Council receives reports at its meetings from the Chairperson of each of the committees on their current activities.

Council Independence, Separation of Roles and Responsibilities

A clear division of responsibility exists between the Chairman who is non-executive, the non-executive Council members and the Chief Executive Officer. Each of the responsibilities are clearly set out in writing.

Meetings Attended by Board Members

The law provides that the Council shall hold at least one meeting in every quarter. The Council holds regular scheduled meetings every year and special meetings as and when necessary. In case of non-attendance of a Council, the information is communicated to the Chairman in advance.

The table 1 below shows Council membership and attendance at scheduled Board meetings in the financial year.

Table 1: Attendance of Council Meetings

S/No	Council Member	Meetings Attended	Meetings held	% Attendance
1	Dr. Al-Hajj Adan Wachu, MBS	7	7	100%
2	Mrs. Bernice W. Gachegu, OGW	7	7	100%
3	Umami Mohammed Bashir	7	7	100%
4	Br. Peter Mokaya Tabichi, MBS	6	7	86%
5	Hon. Gitu Wa Kahengeri, OGW	7	7	100%
6	Ms. Christine Omwakwe, OGW	7	7	100%
7	Mr. Eliud Kipchoge, OGW	2	7	40%
8	Mr. Leonard Mambo Mbotela, OGW	7	7	100%

The Council Secretary who is also the Chief Executive Officer, is responsible for implementing the decisions of the Council and the day to day operations of the Council. The Corporation Secretary provides administrative support to the operations of the Council and convenes Board meetings as directed by the Chairman of the Board. The Board Secretary provides advice on corporate governance principles and plans and also on the implementation of corporate governance programs such as Board evaluation.

Board Committees and Responsibilities

The Board discharges its functions through committees. All committees of the Council are chaired by a member of the Council. A number of members of the management team are incorporated in the Board Committees as invitees to add value to key Council decisions. This structure ensures that the Council pays attention to critical areas of the Council's business and provides timely guidance on arising opportunities and mitigation of risks.

To enhance efficiency and effectiveness in discharge of its duties, the Council has formed three (3) committees:

- a) Finance & Establishment Committee
- b) Heroes Programmes Committee
- c) Audit, Risk and Governance Committee

Finance & Establishment Committee

The role of the Finance & Establishment Committee is to ensure a very effective supervisory role of the Council in carrying out financial management and control, human resource management, administration, procurement, ICT and resource mobilisation to support the delivery of the core mandate of the Authority.

The specific terms of reference of the Committee are as follows:

- i. To ensure prudent management of the Council's financial resources
- ii. To ensure compliance with statutory financial regulations and, that the Council has adequate financial resources to fund its programs
- iii. To provide a general overview to the Council on the achievement of its Procurement Plans.
- iv. To monitor management's strategy toward ensuring efficiency and integrity of the Council's procurement systems
- v. To assist the Council in ensuring that it upholds Government policy on performance contracting and other statutory obligations.
- vi. To ensure that the Council has an optimum, well trained and motivated human resource to deliver its mandate.
- vii. Review the corporate goals and objectives relevant to the performance of the management, including an annual review of their performance in light of these goals and objectives.
- viii. Recommend a management succession plan for the Council and monitor the implementation of succession strategies approved by the Council.
- ix. To advise on appropriate human resource policies in view of the changing needs of the Council.
- x. To advise on appropriate Information and Communication Technology strategies to support delivery of the mandate and in view of the changing needs of the Council.
- xi. To advise on the acquisition and maintenance of office facilities and assets.
- xii. To monitor the management of the Pension Scheme on behalf of the Council with a view to ensuring that the obligations of the Council are properly discharged.

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- xiii. To review on a quarterly basis, the Kenya Heroes Council's financial, procurement, and human resource management reports; and make appropriate recommendations to the Council.
- xiv. To make recommendations to the Council on all matters relating to the welfare of the members of Kenya Heroes Council.

During the period under review the committee held 4 meetings as shown below.

Table 2: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Mrs. Bernice W. Gachegu, OGW	4	4	100%
2	Umami Mohammed Bashir	4	4	100%
3	Hon. Gitu Wa Kahengeri, OGW	4	4	100%
4	Mr. Leonard Mambo Mbotela, OGW	4	4	100%

Heroes Programmes committee

The Heroes Programme Committee is a Core Mandate Committee of the Council. The Committee was established to advise the National Heroes Council on recognition of heroes, establishment of a criteria for the identification, selection and honouring of national heroes and provision for the categories of heroes,

The specific terms of reference of the Committee are as follows:

- i. The Committee shall recommend to the Council on development of the National Heroes Programmes strategy of the National Heroes Council within the framework approved by the Council.
- ii. Consider, define and recommend to the Council the scope of Heroes Programmes areas relevant to Council;
- iii. Develop policy guidelines and procedures relating to national heroes for approval by the Council;
- iv. Develop policy guidelines and procedures to manage the consultancies by Council for approval by the Council;
- v. Play an advisory role to the Cabinet Secretary for the parent Ministry through the Council on matters pertaining to Heroes Programmes;
- vi. Advice on the protection of sites, monuments and artefacts pertaining to the National Heroes;
- vii. To consider the establishment of monuments in honour of deserving heroes
- viii. Plan, monitor and evaluate the Heroes Programmes output of Council;

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- ix. Vet, monitor and inspect Heroes Programmes in consultation with other research regulatory bodies;
- x. Advise the Council on the need to initiate review of legislation, policies and procedures governing relevant Heroes Programmes.
- xi. Play an advisory role through the board on matters relating to heroes and international conventions to the Cabinet Secretary:
- xii. Any other duties that the Council shall assign.

During the period under review the committee held 4 meetings as shown below.

xiii. **Table 3: Attendance of Committee Meetings**

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Hon. Gitu Wa Kahengeri, OGW	4	4	100%
2	Br. Peter Mokaya Tabichi, MBS	4	4	100%
3	Mr. Eliud Kipchoge, OGW	2	4	40%
4	Mr. Leonard Mambo Mbotela, OGW	4	4	100%

Audit, Risk and Governance Committee

The purpose of the Audit Committee is to support the Council to enhance oversight over governance, internal controls and risk management in service delivery.

The specific role of the Audit, risk and governance committee of the Council includes:

- a) Evaluate adequacy of management procedures with regard to issues relating to risk management, internal controls and governance.
- b) Review and approve the audit charter and the internal audit annual work plans.
- c) Review the internal and external audit findings and recommendations and propose corrective and preventive action where necessary.
- d) Review the systems established to ensure sound financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- e) Initiate special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the CEO.

During the period under review the committee held 4 meetings as shown below.

Table 4: Attendance of Committee Meetings

S/No	Board Member	Meetings Attended	Meetings held	% Attendance
1	Br. Peter Mokaya Tabichi, MBS	4	4	100%
2	Ms. Christine Omwakwe, OGW	4	4	100%
3	Ummi Mohammed Bashir	4	4	100%
4	Ms. Christine Omwakwe, OGW	4	4	100%

Board Remuneration

The non-executive Board members are paid a taxable sitting allowance as approved by the Minister responsible for finance following guidelines from the State Corporations Advisory Committee. The Chairman is paid honoraria at a rate approved by the Government. Transport expenses are reimbursed on travel for Council business at the prevailing Automobile Association of Kenya (AA) rates. The members are also entitled to outpatient and inpatient medical cover, and a personal accident cover.

Board Capacity Development

Training and development programs have been organised to equip the Council with the necessary skills for effective discharge of their duties and enhancing their understanding of the Council's mandate. The National Heroes Council being a new institution, we have not had any training for the Council Members. However, in the current Financial Year, we have scheduled the council members to undergo trainings in the following areas;

- i) Board Induction on Mwongozo facilitated by SCAC
- ii) Directors training on Corporate Governance offered by the Centre for Corporate Governance

Conflict of Interest, Code of Conduct and Ethics

The Council has developed a Code of Conduct, Ethics and Performance Manual to guide the Council members and staff of the Council on ethical conduct.

The code requires that all Council members and employees disclose any interest that conflicts or may possibly conflict with the interests of the Council. If a conflict of interest is declared, it is a requirement that the Council member affected is excluded from any discussion or decision over the matter in question.

Sustainability

The Council continues to be fully supported through Exchequer grants. Management confirms that with the support from the Government, the Council will continue in business for the foreseeable future. For this reason, the Council continues to adopt the going concern basis when preparing financial statements.

Risk Management and Internal Control

The Council has put in place a comprehensive risk management framework which identifies and manages risk. The Council continues to be guided by this risk management framework in its daily operations. The Risk Management framework has created a risk management committee within management to support in management of risk. The management through operationalization of the risk framework is in the process of developing risk registers to help in identifying, tracking and managing potential risks within the Council operations.

The Audit, Risk and Governance Committee of the Council regularly reviews the effectiveness of the internal control system. The Assistant Director, Internal Audit functionally reports to the Audit Committee and serves as its Secretary.

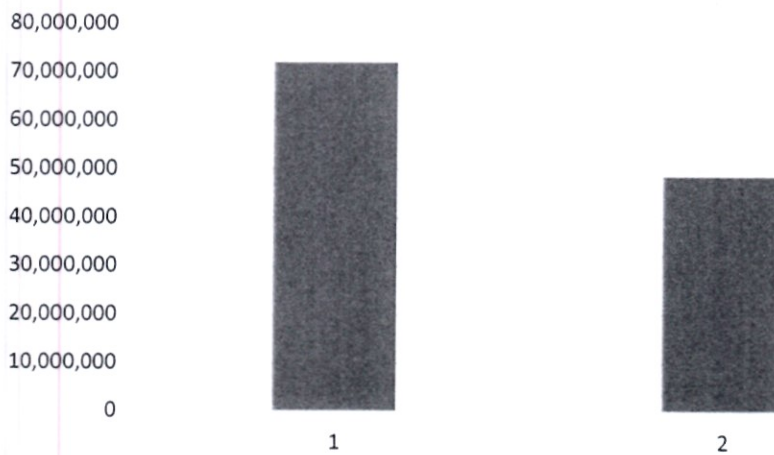
9. Management Discussion and Analysis

SECTION A: Operational and Financial Performance.

I) Revenue from non-exchange transactions consist of Kshs. **81,774,416** being allocation for the FY 2022/23 in respect of recurrent expenditure.

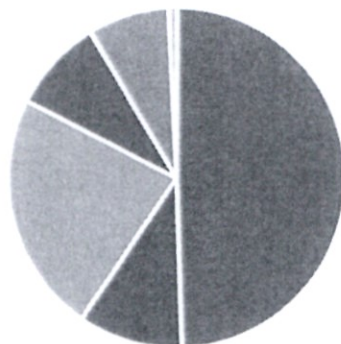
iii) The total recurrent expenditure charge for the Council as at 30th June 2023 stood at Council of **Ksh. 48,703,810** It is composed of;

Revenue (1)and expenditure(2) chart FY 2022-2023



S.N	Items	Cost (Kshs).
1.	Total Administration Costs	24,112,537
2.	Governance Costs	11,159,093
3.	Repairs and maintenance	3,820,188
4.	Contracted services	366,080
5.	Depreciation and Amortization Costs	4,354,101
6.	Staff Costs	4,891,811
	Total Costs	48,703,810

PROPORTION OF ITEM EXPENSE TO TOTAL
EXPENSES AMOUNT.



■ 1 ■ 2 ■ 3 ■ 4 ■ 5 ■ 6

1. Use of goods and service =49.5%
2. Employee cost = 10%
3. Board remuneration= 23%
4. Depreciation = 8.9%
5. Repairs and maintenance = 7.8%
6. Contracted services = 0.8%

The Council total value for the year was **Kshs. 33,070,605.76**, with Capital expenditure of **Kshs. 18,850,197.00** for FY 2022/23.

The absorption rate for the Council for the financial year was **93.7%**

During the period under review, the Council operationalized its mandate and recruited 21 members of staff to support its operations. Further, The Council is developing an ICT policy to guide in automation of services and increase efficiency in line with the government plan- digital superhighway and innovation. The Council further received a presidential directive to construct a monument in Honour of the wife of Dedan Kimathi, Mukami and has since embarked on implementation through the parent ministry.

SECTION B: Key Projects and investment Decisions (Implemented/ongoing)

The Council did not make any major project and investment decisions during the year under review.

Development of the Strategic Plan 2023-2027

The Council is currently undertaking development of a Strategic plan for the period 2023-2027 to outline its Broad Corporate strategy. The Strategic plan has identified key thematic areas and

strategies that will enable the Council fully implement its mandate upon implementation within the strategy period.

SECTION C: Compliance with Statutory Requirements

The Council is a good Corporate Citizen committed to discharging its mandate within the confines of the law and complying with statutory requirements.

During the period under review, the National Heroes Council was not exposed to any contingent liabilities arising from non-compliance with Statutory Requirements.

SECTION D: Major Risks Facing the Council

The Council has a draft Risk Management Policy which provides a framework of dealing with the Council's Risks. Key among them are;

Operational Risks

i.) Occupational safety, Health & environmental Risks

The Council is expanding and thus the numbers of staff will increase. However, the office space has remained constant leading to staff congestion which poses a risk on the safety and health of staff members and visitors. As a mitigation measure, the council is developing corporate safety and security policy as well as staff training on safety and security matters.

ii.) Under staffing

The mandate of the council is expansive and there is therefore a need to have more staff in order to achieve the mandate of the council effectively and efficiently. The Council is supported by the Mother Ministry on ICT related matters.

As a mitigation strategy, the council is planning to recruit more staff in line with the staff establishment, as well as engaging the Public Service to second interns in various departments of the council to assist in handling departmental work. The Council will seek funds to recruit staff for key operation area(s).

iii.) Reputational Risks

The council is exposed to potential negative publicity; whether true or false, this may have a negative impact on the council's services or lead to costly litigations.

As a mitigation strategy, the council is putting in place measures to ensure that the council's mandate is clearly understood among its internal and external stakeholders, developing a service charter, developing a customer feedback measure, signing the MoU with our strategic stakeholders, communicating and enforcing the council's code of conduct as well as implementing the whistle blowing policy.

iv.) Litigation Risks

Due to the nature of the mandate of the Council as far as nominations of heroes is concerned, there is a likelihood some interested parties feeling aggrieved by the decisions of the Council and thereby instituting legal processes which is a major risk.

Other legal risks may arise from breach of contracts that the Council is bound to stakeholders.

As a mitigation measure, the council endeavoured to comply with the provisions of the law and other binding instruments as well as strengthening the council's legal capacity, acquisition of relevant insurance covers and having a robust case management system.

v.) Inadequate Financing/Liquidity Risk

The Council faces the risk of inadequate cash due to low budget allocations from the exchequer and reliance on government funding to finance its activities under the core mandate. As a consequence, the council's activities were negatively affected. We are lobbying the National Treasury to increase the Council funding to enable it to undertake its core mandate adequately.

As a mitigation measure, the council is trying to collaborate with development partners, putting in place austerity measures as well as developing internal revenue generation strategies.

SECTION E: Material Arrears in Statutory/Financial Obligation

The Council has settled all its financial obligations for the year and complied with statutory deductions

10. Environmental and Sustainability Reporting

i) Sustainability Strategy and Profile

The Council Management through the Leadership of the Chief Executive Officer has continued to implement key Strategic Objectives in line with BETA plan, ensuring that the Council operations are sustainable and environment friendly. The government goal of planting 15 Billion trees in the next Ten years has been incorporated in the Councils policies and frameworks for purposes of adopting sustainable environment approaches in its operations. The Council has undertaken Strength, Weakness, Opportunity and Threat as well as a political, Economic, Social, Technological and Legal assessments and developed appropriate strategies to respond to the environmental challenges and tap into existing opportunities in the Industry for building a competitive advantage. The emerging issues have also been analysed to ensure uptake of broad trends and best practices, uptake of supporting and sustainable priorities and creating references to inform future strategies. The expected outcome is envisaged to support key achievements and provide solutions to the Council challenges/ failures.

ii) Environmental Performance

In order to support the government in the implementation of BETA Plan, specifically the Environment and Climate Change, The Council has initiated the process of development of various policy documents, including the Environmental Policy that will guide the execution of Environmental activities, and attain Sustainable environmental operations. The Council will input a provision on establishment of an environmental committee, with specific Terms of Reference to guide its activities. In addition, the Council has aligned its Corporate Strategy to the Sustainable Development Goal No. 7- Environmental Conservation which aims at attaining a healthy and sustainable environment for present and future generations through initiatives such as tree planting. The Council has created a budget provision for supporting Corporate Social Responsibility activities that are geared towards environmental conservation and Climate Change initiatives, in addition to implementing environmental criteria as highlighted in the Heroes Act under the categories for awards.

iii) Employee Welfare

The Council has approved Human Resource Instruments including Human Resource Procedure Manual, Career Guidelines, Organisational Structure and Job Description Manual approved in May 2021. The Human Resource Policies take into account the gender ratio, and they were developed through stakeholder involvement and are renewed from time to time. The Council has provided a budget for Training staff, and has incorporated in the work plan capacity building activities to help in

improving skills and managing careers as well as an appraisal and reward systems. The Council has a draft Occupational Safety and Health (OSH) Policy

iv) Market place practices

a) Responsible competition practice.

The Council has Health Competition Practices and has a proper mechanism of dealing with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors. It employs collaborations and partnerships with institutions in the Industry in the Heritage and Culture space.

b) Responsible Supply chain and supplier relations

The Council has maintained good business practices and treats its own suppliers responsibly by honouring contracts and respecting payment practices. There exists a draft policy drawn from the Public procurement and Asset Disposal Act, 2015 and the Procurement regulations of 2020 to guide the procurement activities at the Council.

c) Responsible marketing and advertising

The Council undertakes responsible and ethical marketing practices by aligning itself with the government Agenda.

d) Product stewardship

The Council has mechanisms to safeguard consumer rights and interests through the implementation of its Mandate.

v) Corporate Social Responsibility / Community Engagements

The Council has a draft Corporate Social Responsibility (CSR) Policy that guides its CSR activities. In Collaboration. The Council carried out tree planting exercises at Elgeyo Marakwet and Wajir to contribute to the 15 Billion Trees in Ten years under the BETA plan. This has greatly contributed to a sustainable Environment.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Council's affairs.

i) Principal activities

The principal activity of the Council is identification, recognition and honouring of heroes

ii) Results

The results of the Council for the year ended June 30, 2023, are set out on page

iii) Directors

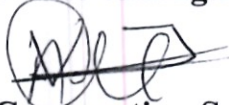
The members of the Board of Directors who served during the year are shown on page xxx. These are the Council members who were appointed as the pioneer members and whose term is set to expire for their first term of service in September, 2023.

iv) Auditors

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

By Order of the Board

Victor Akanga



**Corporation Secretary/Secretary to the
Board**

12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year (period) ended on June 30, 2023. 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 Council; (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 Council; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

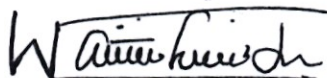
The Directors accept responsibility for the Council financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended June 30, 2023, and of the Council's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Council's which have been relied upon in the preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

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Nothing has come to the attention of the Directors to indicate that the Council 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 Council's financial statements were approved by the Board on 15/03/ 2023 and signed on its behalf by:



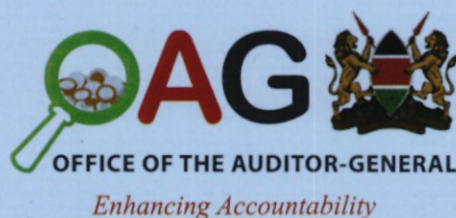
.....
Dr. Al-Hajj Wachu Adan
Chairperson of the Council



.....
Charles Wambia
Accounting Officer

REPUBLIC OF KENYA

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Email: 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 THE NATIONAL HEROES COUNCIL FOR THE THIRTEEN (13) MONTHS PERIOD ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of The National Heroes Council set out on pages 1 to 38, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the thirteen (13) months period then ended, and a summary of significant

Report of the Auditor-General on The National Heroes Council for the thirteen (13) months period ended 30 June, 2023

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of The National Heroes Council as at 30 June, 2023, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Heroes Act, No 5 of 2014 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The National Heroes Council 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.81,774,416 and Kshs.81,774,416 respectively resulting to a Nil under-funding. Similarly, the Council spent Kshs.63,199,906 against an approved budget of Kshs.81,774,416 resulting to an under-absorption of Kshs.18,574,510 or 23% of the budget.

The under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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.

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. Lack of Approved Annual Work Plan

During the year under review, the Council did not have an approved annual work plan contrary to Regulation 31(2)(a) of Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer is responsible, in particular for ensuring that all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his national government entity during the financial year.

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

2. Non-Compliance with Number of Full Board Meetings

Review of board minutes revealed that the Council held seven (7) full board meetings contrary to the prescribed four to six (4-6) meetings in Part A paragraph 2 of Circular No. OP/CAB.9/1A on the Management of State Corporations that stipulates that board meetings shall be capped at a maximum of six (6) for each financial year.

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

3. Non-Adherence to Two thirds Gender Rule in Board Composition

Review of the board composition revealed that only two (2) members were female while six (6) were male contrary to Section 4(5) of The Kenya Heroes Act No.5 2014 that stipulates that not more than two-thirds of the members of the Council shall be of the same gender.

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

4. Non-Execution of Annual Governance Audit

Review of documents revealed that Management did not subject the Council to an annual governance audit as required by Governance Practice 1.13(1) of the Mwongozo code of governance that stipulates that the board in consultation with the oversight office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

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

5. Failure to Prepare Work Plan for Board Activities

Review of the Board of Directors activities revealed that the board meetings were not supported by a work plan. In the absence of a work plan, it was not possible to establish how the board identified the activities and discussions to be deliberated. This was

contrary to Circular No. OP/CAB.9/1A dated 11 March, 2020 that directs that all Boards of Directors are required to submit their annual ALMANAC to State Corporations Advisory Committee (SCAC) through the parent Ministry by 30 June of every year.

In the circumstances, the objectives and deliberations of the meetings could not be confirmed and Management was in breach of the law.

6. Over-Expenditure in Board Expenses

The Council incurred board expenses of Kshs.11,159,093 as reflected in the statement of financial performance. This represented 26.5% of operations and maintenance budget of Kshs.42,123,293 and was therefore above the allowable percentage of 5%. This was contrary to the directive from the Executive Office of the President vide Circular number OP/CAB.9/1A of 11 March, 2020 which provides that board expenditure for the financial year shall be capped at Kshs.30 Million or 5% of the operations and maintenance budget whichever is less.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Understaffing

Review of the Council's approved staff establishment revealed that the optimum staffing is seventy-three (73) employees represented by 67% technical staff and 33% corporate staff. However, as at the time of audit in the month of February, 2024, the Council had eighteen (18) members resulting to a shortfall of fifty-five (55) members

In the circumstances, the efficiency and effectiveness of the Council in achieving its objectives is hampered thus affecting service delivery to the public.

2. Lack of Risk Management Policy, Information Communication Technology Policy and a Disaster Recovery Plan

Review of records revealed that the Institute did not have in place, a Risk Management Policy and did not perform formal risk assessments on all key financial risk areas such as revenue, expenditure and fraud review. Further, the Council did not have a Disaster Recovery Plan and Information Communication Technology policy in place. The Institute was therefore in breach of Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 that requires the accounting officer to ensure that the national Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, existence of risk management strategies and internal controls in fraud prevention could not be confirmed.

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 controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Directors

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

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

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

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

The Board of Directors is responsible for overseeing the Council's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall

governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Council's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Council to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Council to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 April, 2024




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14. Statement of Financial Performance for 13 Months ended 30 June 2023

	Notes	2022/2023
		Kshs
Revenue from non-exchange transactions		
Transfers from other governments entities	6	81,774,416
		81,774,416
Total revenue		81,774,416
Expenses		
Use of goods and services	7	24,112,537
Employee costs	8	4,891,811
Board Expenses	9	11,159,093
Depreciation and amortisation expense	10	4,354,101
Repairs and maintenance	11	3,820,188
Contracted services	12	366,080
Total expenses		48,703,810
Surplus/ (deficit) before tax		33,070,606
Net Surplus for the year		33,070,606

The notes set out on pages 6 to 41 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 signed on behalf of the Board of Directors by:



Name:

CHARLES WAMBUA

Accounting Officer

Date 15/03/2024



Name:

Jonathan Leisen

Head of Finance

ICPAK M/No: 7465

Date 15/3/2024.



Name:

Wambua J.

Chairman of the Board


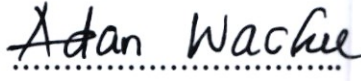
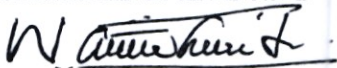
Date 15/03/2024.

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15 Statement of Financial Position as at 30 June 2023

	Notes	2022/023
		Kshs
Assets		
Current Assets		
Cash and Cash equivalents	13	25,819,866
Prepayments	18	291,383
Total Current Assets		26,111,248
Non-Current Assets		
Property, Plant and Equipment	14	14,845,371
Intangible Assets	15	2,444,925
Total Non- Current Assets		17,290,296
Total Assets		43,401,544
Liabilities		
Current Liabilities		
Trade and Other Payables	16	9,139,303
Employee Benefit Obligation	16	1,191,637
Total Current Liabilities		10,330,939
Total Liabilities		10,330,939
Net Assets		
Equity		
Accumulated Surplus		33,070,606
Capital Fund		-
Total Net Assets		33,070,606
Total Net Assets and Liabilities		43,401,544

The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

.....		
Name	Name <i>Jonathan Leiren</i>	Name
Accounting Officer	Head of Finance	Chairman of the Board
	ICPAK Member Number: 7465	
Date	Date <i>15/3/2024</i>	Date

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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings
	Kshs	Kshs	Kshs	Kshs
As at July 1, (2022)	-	-	-	-
Surplus for the year		33,070,606		33,070,606
As at June 30, (2023)	-	33,070,606	-	33,070,606

(Indicate actual name of the entity)
**Annual Report and Financial Statements
for 13 Months ended June 30, 2023.**

17. Statement of Cash Flows for the year ended 30 June 2023

		2022/2023
	Notes	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	6	81,774,416
Total receipts		81,774,416
Payments		
Use of goods and services	7b	23,138,550
Employee costs	8b	3,700,174.45
Board Expenses	9	11,159,093.30
Repairs and maintenance	11b	1,900,676
Contracted services	12	366,080
Total payments		40,264,573
Net cash flows from/(used in) operating activities	18	41,509,843
Cash flows from investing activities		
Purchase of PPE, Intangible assets and prepayments	14B	(15,689,978)
Purchase of investments		-
Net cash flows from/(used in) investing activities		(15,689,978)
Cash flows from financing activities		-
Proceeds from issue of shares		-
Net cash flows from financing Activities		0.00
Net increase/(decrease) in cash & Cash equivalents	13	25,819,865
Cash and cash equivalents at 1 July 2022		0
Cash and cash equivalents at 30 June 2023		25,819,865

THE NATIONAL HEROES COUNCIL
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	62,081,220	19,693,196	81,774,416	81,774,416	0.00	100%
Total Income	62,081,220	19,693,196	81,774,416	81,774,416	0.00	100%
Expenses						
Use of Goods and Services	26,566,111		26,566,111	24,112,537	2,453,574	91%
Employee costs	10,998,530		10,998,530	4,891,811	6,106,719	44%
Remuneration of Directors	11,316,712		11,316,712	11,159,093.30	157,619	99%
Repairs and Maintenance	3,840,470		3,840,470	3,820,188	20,282	99%
Contracted Services	400,000		400,000	366,080	33,920	92%
Sub Total Expenditure	53,121,823		53,121,823	44,349,709	8,772,114	83%
Surplus for the period	-			37,424,707		
Capital Expenditure	8,959,397	19,693,196	28,652,593	18,850,197	9,802,396	66%
Total Expenditure	62,081,220	19,693,196	81,774,416	63,199,906	18,574,510	77%

Explanatory notes:

1. Underutilization of compensation of Employees was as a result of understaffing of which the recruitment process was completed during the fourth quarter.

19. Notes to the Financial Statements

1. General Information

The National Heroes Council is a state corporation established under the Ministry of Tourism, Heritage and Wildlife and derives its authority and accountability from Heroes Act no. 5 of 2014 Act. The Council is wholly owned by the Government of Kenya and is domiciled in Kenya. The Council's principal activity is identification, recognition and honouring of heroes.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the National Heroes *Council's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Council*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p>

Standard	Effective date and impact:
	<p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Council provides in its financial statements about its operations. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Council- The Council is planning to identify, recognized and reward Kenya heroes and those who are vulnerable and their dependents will be given some financial and non-financial support when the heroes fund is fully operational.</p> <p>(b) The key features of the operation of those social benefit schemes; the Council will in future provide safety nets vulnerable heroes and their dependants.</p> <p>(c) The impact of such social benefits will be provided on the Council’s financial performance, financial position and cash flows once the fund is operationalized.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p>

Standard	Effective date and impact:
	<p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). ● <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. ● IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of</p>

Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. **Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Council recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

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.

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on *26th June 2022*. 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 additional appropriations of *Kshs. 10,000,000* on the 2022/2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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

c) 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 Council 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.

Notes to the Financial Statements (Continued)

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. Unrecognised 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 Council and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) 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.
- ii) 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.

d) 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 an 8 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(Council to amend appropriately based on the model adopted)** 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Council*. 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 *Council* 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 Council. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Council does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (Amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Council assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss.

b) Financial liabilities

Classification

The Council classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) 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:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the needs of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m)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.

n) Contingent assets

The Council 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Council has not created any reserves.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Council does not provide retirement benefits for its employees sine they are newly recruited. However after their confirmation to permanent service the council will apply defined contribution plan. This is a type of post-employment benefit plans under which the Council 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.

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.

It is however noted the council did not have any foreign transactions during the FY 2022-2023.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) 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.

s) Related parties

The council 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 council or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

Service concession arrangements

The *council* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the council 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 council also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) 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, 2023.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Council'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. State all judgements, estimates and assumptions made:

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 council 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 council. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions are raised and management determined an estimate 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.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2022/2023
	KShs
Unconditional Grants	
Operational Grant	81,774,416
Total Unconditional Grants	81,774,416
Conditional Grants amortised/ transferred to revenue	0
Total Government Grants And Subsidies	81,774,416

The funding is meant for the operations of the National Heroes Council

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2022/2024
	KShs	KShs	KShs	KShs
State department of culture and heritage	81,774,416			81,774,416
Total	81,774,416			81,774,416

Notes to the Financial Statements (Continued)

7. Use of Goods and Services

Description	2022/2023
	Kshs
Electricity	62,888.89
Water	48,719
Subscriptions	88,680
Consumables	2,259,529
Fuel and Oil	465,000
Insurance	150,761
Hospitality services	798,592
Development of Strategic plan	2,633,351
Printing and Stationery	545,950

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Description	2022/2023
	Kshs
Hire Charges	110,000
Rent expenses	6,165,560
Telecommunication	1,523,500
Cleaning services	168,460
Training	246,897
Core mandate	2,933,200
Travel, Subsistence & Other Allowances*	3,941,172
Bank charges	126,277
Other General Expenses and Taskforce	1,844,000
TOTAL	24,112,537

7b). Use of Goods and Services

Description	2022/2023
	Kshs
Use of goods and services	24,112,537
Adjustments for prepayments	
Adjustments for accrued expenses	973,988
Cash outflows	23,138,549

This is to support total payments of the item use of goods referenced note 7b under the statement of cash flows.

8). Employee Costs

Description	2022/2023
	Kshs
Salaries and wages	1,369,079.65
Travel, accommodation, subsistence, & other allowances	90,599.90
Housing benefits and allowances	265,575
Performance and other bonuses	-
Gratuity	653,076.57
Other employee related costs	2,513,480.15
Employee costs	4,891,811.27

Notes to the Financial Statements (Continued)

(8b). Employee Costs

Description	2022/2023
	Kshs
Total Employee costs	4,891,811

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Adjustments for arrears	1,191,637
Cash outflows	3,700,175

This table indicate the deduction of the accrued employee costs/ arrears from the total employee costs giving the net cash outflow of the item line.

9. Board Expenses

Description	2022/2023
	Kshs
Chairman/Directors' Honoraria	1,095,030
Sitting Allowances	5,154,699
Medical Insurance	257,175
Induction and Training	
Travel and Accommodation	4,271,442
Other Allowances	380,747
Total	11,159,093.3

9b.

Description	2022/2023
	Kshs
Total Board expense	11,159,093.3
Adjustments for accrued/prepayments	0.00
Cash outflow	11,159,093.3

The above table shows how the accrued expenses are deducted from the total board expenses so as to remain with the cash outflow for the financial year 2022-2023

10. Depreciation and Amortization Expense

Description	2022/2023
	Kshs
Property, plant and equipment	4,004,826
Intangible assets	349,275
Total depreciation and amortization	4,354,101

Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

Description	2022/2023
	Kshs
Property and equipment	3,640,950
Vehicles	109,647
Computers and Accessories	69,591
Total Repairs and Maintenance	3,820,188

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11b).

Description	2022/2023
	Kshs
Total Repairs and maintenance	3,820,188
Adjustments for accrued expenses	1,919,512
Cash outflow	1,900,676

The above table discloses the tabulations done to derive the cash outflow for repairs and maintenance for the financial year 2022-2023.

12. Contracted Services

Description	2022/2023
	Kshs
Others (Internet services)	366,080
Total Contracted Services	366,080

12b)

Description	2022/2023
	Kshs
Total contracted services	366,080
Adjustment for accrued expenses	0.00
Cash outflow	366,080

This table is provided to show the computations done to arrive at the cash outflow for contracted service for financial year 2022-2023.

13. Cash and Cash Equivalents

Description	2022/2023
	Kshs
Current Account	25,819,866
Total Cash And Cash Equivalents	25,819,866

13b. Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022/2023
		Kshs
a) Current Account		
Kenya Commercial Bank	1296610934	25,819,866
Sub- Total		25,819,866
Grand Total		25,819,866

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Notes to the Financial Statements (Continued)

14 Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30th June 2022	-	-	-	-	-	-	-	-
Addition	-	-	7,500,000	4,918,867	6,431,330	-	-	18,850,197
As at 30th June 2023	-	-	7,500,000	4,918,867	6,431,330	-	-	18,850,197
Depreciation	-	-	1,250,000	614,858	2,139,968	-	-	4,004,828
As at 30th June 2023	-	-	1,250,000	614,858	2,139,968	-	-	4,004,826
Net Book Values			6,250,000	4,304,009	4,291,362			14,845,371
As at 30th June (Current FY)	-	-	6,250,000	4,304,009	4,291,362	-	-	14,845,371

Notes to the Financial Statements (Continued)

(a) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	7,500,000	1,250,000	6,250,000
Computers And Related Equipment	6,431,330	2,139,968	4,291,362
Office Equipment, Furniture, And Fittings	4,918,867	614,858	4,304,009
Total	18,850,197	4,004,828	14,845,371

14 b) PPE costs cash flow

Description	2022-2023 Kshs
PPE and Intangible Assets Costs	21,644,397
Adjustment for Accrued PPE	-5,954,420
Total PPE paid in Cash	15,689,977.00

15. Intangible Assets

Description	2022/2023 Kshs
	Cost
At beginning of the year	0
Additions	2,794,200
At end of the year	2,794,200
Additions—internal development	-
At end of the year	2,794,200
Amortization and impairment	
At beginning of the year	-
Amortization	349,275
At end of the year	349,275
Impairment loss	-
At end of the year	-
NBV	2,444,925

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16. Trade and Other Payables

Description	2022/2023	
	Kshs	
Trade payables		9,139,301.89
Payments received in advance		-
Employee payables		1,191,636.57
Third-party payments		-

Other payables		-
Total trade and other payables		10,330,938.71

Ageing analysis: (Trade and other payables)	Current FY	
Under one year	10,330,938.71	
1-2 years		
2-3 years		
Over 3 years		
Total (tie to above total)	10,330,938.71	

17. Current Provisions

Description	Gratuity Provision	Total
	Kshs	Kshs
Additional provisions	653,076.57	653,076.57
Total provisions year end	653,076.57	653,076.57

Notes to the Financial Statements (Continued)

18. Cash Generated from Operations

Description	Insert Current FY
	Kshs
Surplus for the year before tax	33,070,606
Adjusted for:	
Depreciation	4,004,826
Amortisation	349,275
Working capital adjustments	
Increase in receivables	(291,382)
Increase in payables	4,376,518
Net cash flow from operating activities	41,509,843

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

19. Financial Risk Management

The National Heroes Council activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The council's overall risk management programme focuses on unpredictability of changes in the social and political environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The council does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The council's financial risk management objectives and policies are detailed below:

Notes to the Financial Statements (Continued)

i) Credit risk

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

ii) Market risk

The Council has put in place an internal audit function to assist it in assessing the risk faced by the council 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 council'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 council'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 council's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Council has no transactional currency exposures.

b) Interest rate risk

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

Financial Risk Management

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 council'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.

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

20. Events after the Reporting Period

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

21. Ultimate And Holding Entity

The National Heroes Council is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Tourism, Heritage and Culture. Its ultimate parent is the Government of Kenya.

22. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

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Appendix I: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
State department of Culture and Heritage		Recurrent	81,774,416		-	-		-	81,774,416
Total			81,774,416						81,774,416

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Appendix 11- Inter-Entity Confirmation Letter

The national hero's council
P.O. BOX 30001

The National Heroes council wishes to confirm the amounts disbursed to as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by The National Heroes council as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by state department of Culture and Heritage (Kshs) as at 30th June 2022/2023				Amount Received by beneficiary Entity (Kshs) as at 30 th June (Previous FY) (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
EFT	24/06/2022	9,693,196.00	0	0	9,693,196.00		0.00
EFT	07/09/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	12/09/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	28/09/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	21/11/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	06/12/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	29/12/2022	5,173,435.00	0	0	5,173,435.00		0.00
EFT	08/02/2023	5,173,435.00	0	0	5,173,435.00		0.00
EFT	27/03/2023	6,173,435.00	0	0	6,173,435.00		0.00
EFT	03/04/2023	4,173,435.00	0	0	4,173,435.00		0.00
EFT	10/05/2023	8,5067,63.30	0	0	8,5067,63.30		0.00
EFT	09/06/2023	8,500,000.00	0	0	8,500,000.00		0.00
EFT	09/06/2023	8,513,536.70	0	0	8,513,536.70		0.00
Total					81,774,416.00		0.00

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name Kimone Simion Suter Sign [Signature] Date 15/03/2024

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Appendix III: Reporting of Climate Relevant Expenditures

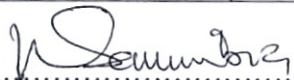
Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners	
				Q1	Q2	Q3	Q4			
Race to 15 Billion trees	Planting of trees	To achieve the 15 Billion target	Planting of trees in Elgeyo Marakwet and Wajir Counties			1	1	GOK	Net fund National Council	Heroes

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Appendix 1V: Implementation Status of Auditor-General’s Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Non	Non	This is the base year of Audit	Non	Non



Director (C.E.O)

Date: 15/03/2024

