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REPORT

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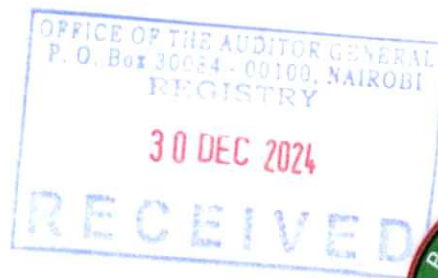
ON

**PRIVATE SECURITY REGULATORY
AUTHORITY**

FOR THE YEAR ENDED

30 JUNE, 2024

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	DAY: Tuesday
TABLED BY:	Hon Owen Baya MP Deputy majority leader
CLERK-AT THE-TABLE:	Gertrude Chebet



PRIVATE SECURITY REGULATORY AUTHORITY

Annual Report and Financial Statements For The Year Ended 30 June, 2024

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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

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Private Security Regulatory Authority (PSRA)

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1. Acronyms and Definition of Key Terms

A: Acronyms

DG	Director General
PSRA	Private Security Regulatory Authority
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
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

B: Definition of Key Terms

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

2. Key Authority Information and Management

a. Background information

The Private Security Regulatory Authority (PSRA) was established under the Private Security Regulatory Act, No. 13 of 2016 with the objective of facilitating the growth of the private security industry. The Authority is domiciled in Kenya under the Ministry of Interior and National Administration.

b. Principal Activities

The Authority's core mandate is to provide a framework for cooperation between the private security industry and the national security organs.

Vision

To establish a vibrant, efficient, effective, and sustainable Private Security Sector.

Mission

To regulate, facilitate, develop capacity and provide policy advice to the private security sector.

Core Values

- Honesty and Integrity
- Responsibility and Accountability
- Respect and Dignity
- Excellence
- Innovation and Creativity
- Diversity

c. Key Management

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

- Board of Directors.
- Chief Executive officer/Director General
- Management Staff

d. Fiduciary Management

The key management personnel who held office during the financial year ended 30 June, 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Fazul Mahamed until 30 th June 2024
2.	Director Corporate Services	Philip Leakey
3.	Head of Legal Services	Elvis Okal
4.	Director Registration & Licensing	Jennifer Njeri
5.	Director Training Standards	Alvin Ntimama

e. Fiduciary Oversight Arrangements

The following are the Authority's oversight arrangements:

- Audit and Risk Committee
- Finance committee
- Human Resource Committee
- Registration & licensing Committee
- Parliamentary Committee

f. Headquarters

P.O. Box 22565-00100
Lonrho House, 10th Floor,
Standard Street,
Nairobi, KENYA

g. Contacts

Telephone: (+254) 203 209 000
E-mail : info@psra.go.ke
Website: www.psra.go.ke

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h. Bankers

National Bank of Kenya
Harambee Avenue
P.O. Box 72866-00200
Nairobi, KENYA

i. Independent Auditors

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
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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3. The Board of Directors

Ref	Directors	Details
1.	Mr. Nyange Adiel Njagi	Mr. Nyange Adiel is the current chairman of the Board
2.	 Mr. Jackson Mbutia	Mr. Jackson Mbutia is a Board member representing registered associations of private security firms
3.	Mrs. Nancy Murega	The Principal Secretary, State Department of Interior representative
4.	Mr. Francis Musyimi	Principal Secretary, National Treasury representative.
5.	Dr. William Kibet Kiprono	Principal Secretary, State Department of Labour representative.


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Ref	Directors	Details
6.	 Mr. Andrew Solomon	Mr. Andrew Solomon is a board member representing registered associations of private security firms
7.	James Mwaniki	Board Member representing the National Police Service.
8.	Ms. Mary Chironga	Board member representing the National Intelligence Service.
9.	Barry Steven Patrick	Board Member representing Private Security Industry Association
10.	Isaac G. M. Andabwa,	Board Member representing National Private Security Workers' Union.
11.	Joash Soita,	Board Member representing National Private Security Workers' Union
12.	Bernard Wanjohi Muriuki (Eng.)	Board Member representing representing the Residents Associations.

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Ref	Directors	Details
13.	 Fazul Mahamed	Chief Executive officer/Director General

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4. Key Management Team

Name	Area of Responsibility
 <p>Fazul Mahamed MBA</p>	<p>Chief Executive officer The Chief Executive officer's term ended on 28 June, 2024</p>
 <p>Philip Leakey, ACCA, MBA Bsc. Accounting & Fin. MBA(Finance)</p>	<p>Director Corporate Services The Director – CS was appointed acting CEO on 2 July, 2024 and is currently serving in that position.</p>

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Elvis Okal; LLB (Hons) PgD (KSL)

Head of Legal services



Jennifer Njeri; BA

Director Registration & Licensing

Private Security Regulatory Authority (PSRA)

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5. Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to you the Private Security Regulatory Authority's annual report and financial statements for the year ended 30th June, 2024.

The Private Security Industry in Kenya has always been steered by private security companies with minimal Government intervention. However, with the enactment of "The Private Security Regulation Authority (PSRA) Act No. 13 of 2016", the Government of Kenya through PSRA has provided a framework for the regulation of the industry and enhanced cooperation between the private security companies and the national security organs.

Following the successful launch of the Private Security Training Curriculum designed to address key professional development areas in the private security industry previously, in the financial year 2023/2024, the Authority introduced a licensing framework for training institutions. It is a requirement that all private security officers undergo prescribed training and be accredited and certified by the Authority as embodied in the Private Security Regulation Act No. 13 of 2016.

The four-year strategic plan has continued to give direction to the Authority as it highlights the strategic direction of the Private Security Regulatory Authority for the four-year period in its efforts to spearhead the implementation of key policies relating to the Authority's mandate.

In the year under review, the Authority launched a USSD Verification Code 22233 for use in verifying the credentials of security personnel by the public, employers and other stakeholders. Additionally, the Authority initiated the issuance of unique Guard Force Numbers to all security personnel operating within the private sector to standardize and regulate the identification of security personnel so as to enhance accountability and traceability.

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

I take this opportunity to thank my fellow Board of Directors, dedicated staff, the Ministry of Interior and National Administration, Private Security companies and all our other stakeholders for their continued support to PSRA. We look forward to a better future in the furtherance of PSRA's mandate.



.....
Mr. Adiel Nyange
Chairman, Board of Directors.

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

6. Report of the Chief Executive Officer

I am delighted to present to you the Private Security Regulatory Authority's (PSRA) annual report and financial statements for year ended 30th June, 2024.

PSRA is committed to standardizing Kenya's private security industry and, therefore, navigating to a better and safer country. Private security plays a key role in enhancing a country's security, therefore providing an enabling environment that spurs economic development. In the few years of its existence, PSRA has developed the training curriculum for private security officers level one. This has ensured the industry is balanced in terms of skills, competencies and knowledge base. To further this curriculum development, the Authority has introduced licensing of all training institutions for private security officers.

During the year under review, PSRA was allocated Kshs 214,990,000 in its annual budget to finance its activities. A significant proportion of this allocation was spent on employee costs to ensure the operationalization of the annual workplan for the overall objective of achieving the Authority's mandate. Part of the funds were utilized in the public participation in the draft Private Security Regulations. The public participation was conducted through workshops, online platforms and written submissions so as to ensure a robust forum for feedback and suggestions.

PSRA continues to work and consult with other key stakeholders notably the National Security Advisory Committee in the improvement and implementation of the curricula developed. Further, PSRA continues to implement the overall policy guidance by the Ministry of Interior and National Administration to ensure the private security industry discharges its mandate effectively to the Citizenry.

The Authority is committed to operational excellence, capacity expansion, and stakeholder engagement to ensure the effective administration, supervision, regulation and control of the private security services industry; and enforce standards for the conduct of the private security services industry in Kenya. In the

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Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

year under review, the Authority reinforced the registration and licensing process for the private security service providers. This initiative involves a thorough vetting of companies to ensure they meet the set standards and comply with regulatory requirements. The process is designed to weed out unqualified and rogue operators from the industry, thereby safeguarding the interests of clients and the public. Registered and licensed providers will be listed in an official registry accessible to the public, enhancing transparency and accountability.

In the financial year 2023-2024 the Authority launched sensitization forums so as to address the increasing demand for professionalism among security stewards, commonly known as bouncers, these forums provide a platform for educating and training bouncers on the legal, ethical, and professional aspects of their roles. The focus is on enhancing their understanding of the law, conflict resolution, customer service, and the importance of adhering to regulations. The forums are part of the Authority's broader effort to promote responsible behaviour among security personnel in entertainment and hospitality venues.

The staff of the Authority have been a great arsenal in ensuring the implementation of the annual workplan which was drawn from the strategic plan. I take this opportunity to thank the staff and encourage them to put even greater effort in championing the implementation of the plan once again. The Strategic Plan continually serves as the Authority's framework for decision making, a basis for planning, resource mobilization and utilization, performance management, monitoring and evaluation for the next two years.



Philip Leakey,

Ag. Chief Executive Officer

Private Security Regulatory Authority (PSRA)

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7. Statement of Performance Against Predetermined Objectives

The Strategic Plan has six strategic objectives as follows:

- To enhance regulatory, legislative and policy for Private Security Firms.
- To strengthen compliance with regulations by Private Security Firms and personnel.
- To strengthen institutional capacity of the Authority;
- To facilitate establishment and growth of Private Security Providers;
- To promote strategic partnerships and networking among stakeholders; and
- To enhance resources mobilization for financial sustainability of the Authority.

The Private Securities Regulatory Authority develops its annual work plans based on the above six strategic objectives.

The Private Securities Regulatory Authority achieved its performance targets set for the FY 2023/2024 period for the six strategic objectives, as indicated in the table below.

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Strategic pillars and Objectives	Key Performance Indicators	Activities	Achievements
Enhancing regulatory, legislative and policy for Private Security Firms	Updated standards of operations Quarterly enforcement reports	Formulate and enforce standards for the conduct of the private security services industry in Kenya	Continuous
Strengthening compliance with regulations by Private Security Firms and personnel.	No. of private security persons/providers registered/ licensed No. of private security firms registered/licensed	Register and license all persons involved in or conducting private security services in Kenya	Ongoing
	Quarterly Updating of the licensed private security personnel details' databank	Maintain a data bank of the operations, conduct and employment history of persons registered and licensed under this Act	Ongoing
Strengthening institutional capacity of the Authority;	Quarterly audit of private security providers against the set standards	Ensure that private security service providers act in the public and national interest when rendering their services;	Continuous monitoring
Facilitating establishment and growth of Private Security Providers.	No. of accredited private security training institutions No. of audit reports on the quality of training functions performed by accredited persons No. of partnership collaborations attended No. of training quality assessment reports No. of qualifications' standardization categories No. of authentication certificates issued.	Determine, prescribe and enforce minimum standards of occupational conduct in respect of the private security services industry; set standards and accredit institutions offering training of security service providers and prospective security service providers to ensure a high quality of training and in particular with regard to— (i) the accreditation and withdrawal of the accreditation of persons and institutions providing security training; (ii) the monitoring and auditing of the quality of training functions performed by accredited persons; (iii) the participation in the activities of other bodies or persons entitled by law to set standards in respect of training of private security service providers or bodies entitled to formulate, implement or monitor skills development plans for the private security services industry;	Ongoing

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Strategic pillars and Objectives	Key Performance Indicators	Activities	Achievements
		(iv) the appointment of persons to monitor and assess achievements or outcomes in respect of standards applicable to training; (v) the determination and accreditation of qualifications required by security service providers to perform particular types of security services; and (vi) the taking of reasonable steps to verify the authenticity of training certificates presented by persons for the purposes of this Act;	
Promote strategic partnerships and networking among stakeholders; and	No. of documented employment opportunities offered in the private security industry Annual report on private security providers' rights' enforcement Quarterly dissemination of information through IEC No. of sensitization sessions held	Set standards to encourage equal opportunity employment practices in the private security services industry; Promote the protection and enforcement of the rights of security guards, private security officers and other employees in the private security services industry; Provide information to the users, prospective users or representatives of users of security services regarding the compliance of private security service providers with the provisions of this Act; Provide or disseminate information promoting and encouraging compliance with this Act and the code of conduct by private security service providers;	Ongoing
To enhance resources mobilization for financial sustainability of the Authority	Annual amount raised through licensing of private security providers		In progress

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8. Corporate Governance Statement

The Board was gazetted on 31st October 2019 through a gazette notice – Vol.CXXI-No.149 pursuant to Sections 7 to 20 of the Private Securities Regulatory Act No. 3 of 2016. Various committees of the Board were constituted in May 2018. Composition of the Board of The PSRA consists of representatives from eleven institutions who serve on a part time basis. These institutions are: The Ministry of interior and Coordination of National Government, The National Treasury, Ministry Labour, National Police Service, National Intelligence Service, Registered employee associations representing employee organisations, Registered associations representing private security firms, Registered Residents Associations and Kenya Private sector Alliance. These members are nominated by their respective institutions and gazetted by the Cabinet Secretary, National Treasury. The chairman of the Board is appointed by the President. A summary of the members and their nominating institutions is as follows:

No.	Member	Nominating institution
1.	Adiel Nyange	Chairman
2.	Jackson W. Mbuthia, HSC	Residents Associations.
3.	Andrew Solomon	Registered Associations of Private Security Firms
4.	Dr. William Kibet Kiprono	PS - Labour
5.	Mr. James Mwaniki	National Police Service.
6.	Ms. Mary Chironga	National Intelligence Service.
7.	Barry Stephen Patrick	Private Security Industry Association
8.	Isaac G. M. Andabwa,	Private Security Workers' Union.
9.	Joash Soita,	Private Security Workers' Union
10.	Bernard Wanjohi Muriuki (Eng.)	Residents Associations.
11.	Mr. Francis Musyimi	PS – National Treasury
12.	Mrs. Nancy Murega	PS – Interior and Citizen Services

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Board diversity

The Board is constituted by members who have experience in Security governance, engineering the Board's mandate of "Regulating, facilitating, developing capacity and providing policy advice to the Private Security sector." The biographies of the Board members are disclosed on page v of this report.

Roles and Responsibilities of directors

The roles and responsibilities of members are outlined in section 14 to 20 of the Private Securities Regulation Act No.13 of 2016. These roles and responsibilities are also detailed in the Authority's Performance Contracting Strategic objectives for the FY 2023/2024. New members, once appointed, are given these documents to familiarise themselves with the roles and responsibilities as outlined in the law. The Private Securities Regulatory (PSRA).

Board composition and Committees

The following table represents the Board composition and its committees. There are four committees of the Board and each member is appointed to two committees. Each committee has a total of four members. The table below shows the chairs and members of each committee of the Board.

No.	Board Member	Full Board meeting	Audit & Risk Committee	Human Resource & Administration Committee	Finance committee	Operations & Technical Committee
1.	Jackson W. Mbutia,	√*		√*		
2.	Eng. Benard Wanjohi Muriuki	√				√*
3.	Andrew Solomon	√	√*			
4.	Barry Steven Patrick	√	√			
5.	Mrs. Nancy Murega	√	√		√	

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No.	Board Member	Full Board meeting	Audit & Risk Committee	Human Resource & Administration Committee	Finance committee	Operations & Technical Committee
6.	Mr. Francis Musyimi	√			√	
7.	Dr. William Kiprono	√		√		
8.	Isaac G. M. Andabwa,	√				√
9.	Joash Soita,	√		√	√*	
10.	James Mwaniki	√			√	
11.	Mary Chironga	√				√

*Chairman of the Board/Committee

** Immediate former Chairman of the Board

Board attendance

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. Below is an extract from the attendance register for the Board meetings held in the period from 1st July 2023 to 30th June 2024:

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Jackson W. Mbuthia,	6	6/6
2.	Stephen Barry	6	6/6
3.	Andrew Solomon	6	6/6
4.	Nancy Murega	6	6/6
5.	Francis Musyimi	6	6/6
6.	William Kiprono	6	6/6

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No.	Board member	Number of Meetings During the year	Number of meetings attended
7.	James Mwaniki	6	6/6
8.	Isaac G. M. Andabwa,	6	6/6
9.	Joash Soita,	6	6/6
10.	Bernard Wanjohi Muriuki (Eng.)	6	6/6
11.	Mary Chironga	6	6/6

Board committees are established as per Section 14 of the Private Securities Regulation Act No. 13 of 2016. Below are the various Board Committees, their general functions and attendance of Committee meetings during the year:

Audit and Risk Committee

The Committee's mandate includes: monitor and review the integrity of the Authority's financial statements, internal financial control and risk management; monitor and review the effectiveness of the Authority's internal audit function; monitor and review the External Auditors' (appointed by the Controller and Auditor-General in accordance with Section 2 of the State Corporations Act). review audit issues raised by both the internal and external Auditors and receive, review and evaluate technical, compliance, performance and financial audit reports.

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Andrew Solomon *	4	4/4
2.	Barry Steven Patrick	4	4/4
3.	Nancy Murega	4	4/4

*Chairman of the Committee

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Finance committee

This Committee oversees the corporate finance matters of the Authority, in particular. The Committee's mandate includes; Reviewing policies to do with finance, develop annual budget estimates with secretariat, Approve the budget within the committee, monitor adherence to budget, present financial goals and objectives of the Board. The composition of the committee was as below:

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Joash Soita *	4	4/4
2.	James Mwaniki	4	4/4
3.	Francis Musyimi	4	4/4

Human Resource Committee

The Committee continually reviews the organizational structure, core functions & optimum establishment, policies and procedures on staff recruitment and selection, staff training and development, the performance and reward system as well as the terms and conditions of service in line with the Authority's strategy. Further, the Committee reviews the Authority's Human Resource Policies and recommends any amendments to the Board for approval. the Committee supports and advises the Board on the appropriate size and composition of the Board that will enable it to discharge its responsibilities and ensures transparent procedures for selecting new staff for appointment. The Committee reviews the Authority's remuneration, recruitment, retention, incentive and termination policies and procedures for the Chief Executive Officer/ Director and Managers, their basic salary. The Committee also considers any recommendations of the Chairman or Chief Executive Officer/ Director/ CEO of the Company regarding payment of bonuses or performance related remuneration. The composition of the Human Resource Committee was as below:

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No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Jackson Mbutia*,	4	4/4
2.	Joash Soita	4	4/4
3.	William Kiprono	4	4/4

Operations and Technical Committee

The Committee's mandate includes: checking for compliance for all security firms in Kenya, vetting and recommendation for issuance of licenses to only qualifying firms and individuals

No.	Board member	Number of Meetings During the year	Number of meetings attended
1.	Benard Wanjohi Muriuki (Eng)*,	4	4/4
2.	Isaac Andabwa	4	4/4
3.	Mary Chironga	4	4/4

Term of Board members

The term of the Board is outlined under Section 13 of Private Securities Regulation Act No. 13 of 2016. The chairman is appointed by the president while Members are be appointed by the Cabinet Secretary for the Ministry of Interior and Coordination National Government and serve for a term three years and shall be eligible for reappointment renewable once for a further term of three years. The first term of the 11 Board members has not expired. These members were reappointed by their nominating institutions and gazetted in the Kenya Gazette by the Cabinet Secretary, Ministry of Interior and Coordination National Government.

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Board remuneration

As per Section 12 of Private Securities Regulation Act No. 13 of 2016, the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board allowances are included in these financial statements.

Board Evaluation

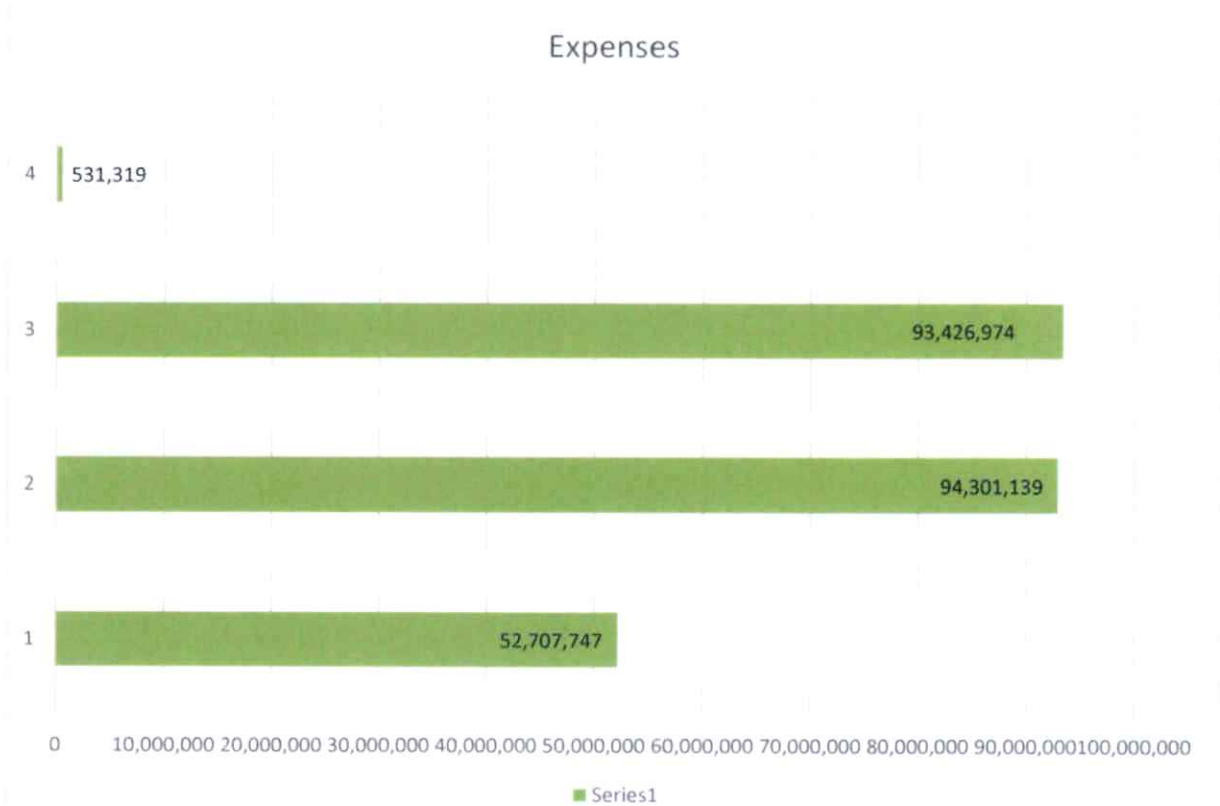
The performance of the Board and its members is evaluated by the State Corporations Advisory Committee (SCAC). This is a continuous exercise so as to gauge the performance of the Board.

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9. Management Discussion and Analysis

During the year under review the Authority received a total of Ksh 214,990,000 from the exchequer to finance its activities. A big portion of these funds were channelled towards employee costs and Board emoluments as they were facilitating the activities of the Authority so as to achieve its mandate as well as putting up the Authority's systems and structures to improve efficiency. In the current reporting period, Ksh 52,707,747 was spent on use of goods and services, Ksh 94,301,139 was spent on employee costs and Ksh 93,426,974 on Board members expenses. Going forward the Authority plans to build capacity amongst the staff, put up a fully-fledged compliance, registration and vetting department to enable it to discharge its mandate effectively. The bar graph below summarizes the authority's expenses.



10. Environmental and Sustainability Reporting

Private Security Regulation authority exists to transform lives. The management is committed to environmental and sustainability reporting as the driving force to deliver its strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Authority's activities that promote sustainability.

i. Sustainability strategy and profile.

The Authority through its objective of facilitating the growth of the Private Security Industry ensures that the security of the citizens is enhanced in collaboration with the Ministry of Interior and Coordination of National Government. In the year under review, the Authority conducted public participation on the draft regulations to ensure the input of stakeholders is captured in the strategic document of the Authority.

ii. Environmental performance

PSRA believes in environmental conservation as well as a safe working environment. There is continuous sensitization on the staff on the need for conserving the environment through reduced printing so as to prevent wastage of printing papers which come from trees. The electricity is also switched off when not necessary as a way of conserving energy same as water.

On matters waste disposal, all offices have dustbins and the waste is then centrally collected and disposed off appropriately bases on whether it is organic or non-organic waste.

iii. Employee welfare

The human resource and administration function supports the achievement of the Authority's mandate as enshrined in section 9 and 10 of the Act by attracting, training and retaining highly qualified, skilled and motivated staff. The Authority has continued to enhance capacity through the acquisition of talent in order to

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

effectively deliver its mandate. The Authority continues to hire more staff to strengthen the Secretariat so as to ensure PSRA achieves its mandate.

The Authority also facilitated staff to undertake Continuous Professional Development Programmes (CPDs) for effective management and career progression.

The Authority adopts various measures to ensure that its employees remain safe from the Pandemic that continues to cause health and economic challenges within the country. The Authority adopts the following measures and protocols as a way of curtailing the transmission of the novel virus; remote working as employees are provided with adequate working tools, such as laptops. Offering psychosocial support through sensitization; Constant communication by giving regular feedback to issues affecting staff through virtual informal staff meetings; provision of masks, adequate and accessible hand sanitizers, among others.

iv. Market place practices

The Authority believes in responsible competition practice, fair competition, and respect for competitors in business practices and treating suppliers responsibly and respecting payment practices. The authority also believes in ethical market practices as well as consumer rights and interests. This is emphasized through adherence to the public procurement and disposal arrangements as enshrined in the PPAD Act.

v. Corporate Social Responsibility

In the financial year 2023/24, the Authority was not able to undertake any corporate social responsibility logistical challenges. The Authority will however endeavour to carry out such activities in the future financial years.

11. Report of The Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024.

Principal activities

The principal activities of the Authority are to regulate, facilitate, develop capacity, and provide policy advice to the Private Security sector.

Results

The results of the Authority for the year ended June 30, 2024, are set out on page 1 to 5 of this financial statement.

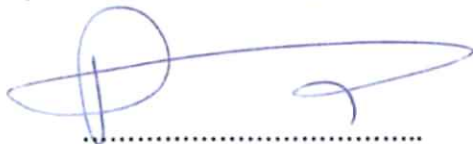
Directors

The members of the Board of Directors who served during the period are shown on page v - vii

Auditors

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

By Order of the Board.



.....

Philip Leakey
Ag. Secretary to the Board

30.09.2024
.....

Date

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 66 of the Private Security Regulatory Authority require the Directors to prepare financial statements in respect of Private Security Regulatory Authority, which give a true and fair view of the situation of the Authority at the end of the financial year and the operating results for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the entity; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Private Security Regulatory Authority's financial statements give a true and fair view of the state of Private Security Regulatory

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June, 2024.

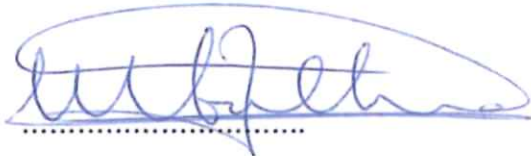
Authority's transactions during the financial year ended June 30, 2024 and of the Private Security Regulatory Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Private Security Regulatory Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Private Security Regulatory Authority's financial statements were approved by the Board on _____ 2024 and signed on its behalf by:



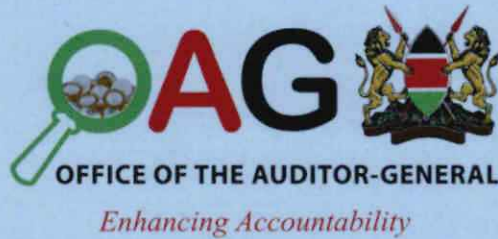
Mr. Adiel Nyange
Chairman, Board of Director



Philip Leakey,
Ag. Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 PRIVATE SECURITY REGULATORY AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities 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 Private Security Regulatory Authority set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Private Security Regulatory Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Private Security Regulation Act, 2016 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Financial Performance

The statement on financial performance reflects a deficit of Kshs.27,253,963 compared to a deficit of Kshs.18,944,252 reported in the previous year. As a result, the accumulated deficit increased from Kshs.29,119,586 reported in 2022/2023 financial year to Kshs.56,373,550 as at 30 June, 2024. Further, the Authority reported total current assets of Kshs.74,923 compared to total current liabilities of Kshs.64,684,745 resulting to a negative working capital of Kshs.64,609,822. Management attributed the declining financial performance to delayed funding by the Government and delayed enactment of the Private Security (General) Regulations which would have enabled the Authority to generate its own funds.

The continued declining financial performance and the negative working capital raises concerns on the ability of the Authority to sustain its operations and fulfil its mandate.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

The Management is responsible for the other information set out on page ii to xxix which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Private Security Regulatory Authority financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Delay in Enactment of Private Security (General) Regulations

As previously reported, review of the Authority's records and inquiries from Management indicated that the Authority's regulations had not been gazetted and approved by Parliament more than eight (8) years after the enactment of the Private Security Regulation Act, 2016. Management indicated that the Authority in consultation with the Cabinet Secretary drafted the Private Security (General) Regulations in 2019 and forwarded the draft Regulations to undergo the legislative process which had not been completed as at the time of this audit in December, 2024.

The delay in formulating the regulations is contrary to Section 70 of the Private Security Regulation Act, 2016 which requires the Cabinet Secretary in consultation with the Authority to develop regulations for the purpose of proper administration of the Act.

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

2. Non-Operationalization of the Private Security Fidelity Fund

As previously reported, eight (8) years after enactment of the Private Security Regulation Act, 2016, Management had not operationalized the Private Security Fidelity Fund. This is contrary to Sections 60(1) and 61 of the Private Security Regulation Act, 2016 which requires the Cabinet Secretary to impose a levy, to be known as Private Security Fidelity Levy, on all private security service firms licensed under the Act to provide private security services.

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

3. Unremitted Statutory Deductions

During the year under review, the Authority did not remit statutory deductions totalling Kshs.25,908,540 to the relevant Authorities. The deductions include amounts of Kshs.22,608,339, Kshs.924,200, Kshs.1,001,160, and Kshs.1,374,841 in respect of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF), National Social Security Fund (NSSF) and housing levy deductions respectively. Further, the Authority has accrued payables relating to statutory deductions (PAYE, NSSF and NHIF) of Kshs.64,148,825 deducted from employees' salaries but had not been remitted as at 30 June, 2024.

In the circumstances, the Authority is in contravention of the Income Tax Act, National Hospital Insurance Fund Regulations, 2023, National Social Security Fund Act, 2013 and the Affordable Housing Act, 2024. In addition, the Authority risks incurring additional costs in terms of fines and penalties for failure to remit the statutory deductions.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require 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 comply 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 THE 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 effects of the matter described in the Basis for Conclusion on the 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

Understaffing of the Authority

Review of the Authority's staff establishment indicated that the Authority had an approved staff establishment of one hundred and twenty-seven (127) employees. However, as at the time of the audit in December, 2024 the Authority had only sixty-one (61) employees, resulting to an understaffing by sixty-six (66) employees.

In the circumstances, the understaffing may affect the efficiency and effectiveness in performance of the Authority's functions. Further, adequate segregation of duties to enhance internal controls may not be possible.

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 the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

Private Security Regulatory Authority (PSRA)

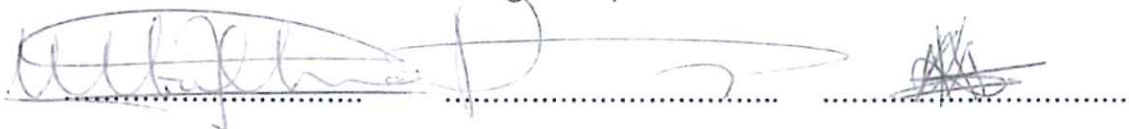
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

14) Statement of Financial Performance for the Year Ended 30th June 2024

		2023-2024	2022-2023
	Notes	kshs	kshs
Revenue from non-exchange transactions			
Transfers from Other Govt Entities	6	214,990,000	160,900,000
Total Revenue		214,990,000	160,900,000
Expenses			
Use of Goods and Services	7	52,707,747	56,206,522
Employee costs	8	94,301,139	77,594,897
Board Expenses	9	93,426,974	45,635,739
Depreciation and Amortisation expense	10	1,808,103	407,094
Total expenses		242,243,963	179,844,252
Surplus/(Deficit) for the period		(27,253,963)	(18,944,252)

The Financial Statements were signed by:

The Financial Statements were signed by:



Mr. Adiel Nyange

Philip Leakey

Nicholas Ndire

Chairman of the Board

**Ag. Chief Executive
Officer**

Head of the Finance

Date: 30.09.2024

Date: 30.09.2024

Date: 30.09.2024

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

15. Statement of Financial Position as at 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	11	74,923	52,050
Total Current Assets		74,923	52,050
Non-current assets			
Property, plant, and equipment	12	3,129,137	2,666,656
Intangible Assets	13	5,107,136	6,383,920
Total Non-Current Assets		8,236,273	9,050,576
Total Assets		8,311,196	9,102,626
Liabilities			
Current Liabilities			
Trade and other payables	14	64,148,825	38,222,213
Provision for Audit fee	15	535,920	-
Total Liabilities		64,684,745	38,222,213
Net Assets			
Accumulated Surplus		(56,373,550)	(29,119,587)
Total Net Assets and Liabilities		8,311,195	9,102,626

The Financial Statements were signed by:

The Financial Statements were signed by:





Mr. Adiel Nyange **Philip Leakey** **Nicholas Ndire**

Chairman of the Board **Ag.Chief Executive Officer** **Head of the Finance**

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

16. Statement of Changes in Net Assets for the Year ended 30th June 2024

	Accumulated Surplus Kshs
At July 1, 2022	(10,175,335.00)
Surplus /(Deficit) for the Period	(18,944,252)
As at June 30, 2023	(29,119,587.00)
At July 1, 2023	(29,119,587)
Surplus /(Deficit) for the Period	(27,253,963)
As at June 30, 2024	(56,373,550)

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

17. Statement of Cash Flows For Year Ended 30th June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Govt Entities		214,990,000	160,900,000
Total Receipts		214,990,000	160,900,000
Payments			
Use of Goods and Services		52,171,827	56,206,522
Employee costs		68,817,291	57,304,302
Board Expenses		92,984,210	45,605,771
Total Payments		213,973,328	159,116,595
Net cash flows from operating activities	16	1,016,672	1,783,405
Cash flows from investing activities			
Purchase of Property & Equipment		(993,800)	(1,792,750)
Purchase of Intangible Assets		-	-
Net cash flows used in investing activities		(993,800)	(1,792,750)
Net increase in cash & cash equivalents		22,872	(9,345)
Cash & cash equivalents at Period Start	11	52,050	61,394
Cash & cash equivalents at Period End	11	74,922	52,050

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the year ended June 30, 2024.

18. Statement of Comparison of Budget and Actual Amounts for year ended 30th June 2024

	Original Budget	Adjustments	Final Budget	Actual basis	Performance Difference	%	Notes
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Transfers from Govt	210,822,600	36,000,000	246,822,600	214,990,000	31,832,600	87%	1
Total Income	210,822,600	36,000,000	246,822,600	214,990,000	31,832,600	87%	
Expenses							
Employee costs	95,994,800		95,994,800	94,301,139	1,693,661	98%	
Board Members	53,447,600	40,000,000	93,447,600	93,426,974	20,626	100%	
Use of Goods and Services	56,380,200		56,380,200	52,171,827	4,208,373	93%	
Capital Expenditure	5,000,000	-4,000,000	1,000,000	993,800	6,200	99%	
Total Expenditure	210,822,600	36,000,000	246,822,600	240,893,740	5,928,860	98%	

Budget Notes

1. The Authority requested for additional funds to carry out public participation on the PSRA Regulations required as a prerequisite for approval, this additional funds had not been received as at the close of the financial year.

19. Notes to the Financial Statements.

1. General Information

The Private Security Regulatory Authority (PSRA) was established under the Private Security Regulatory Act, No. 13 of 2016 with the objective of facilitating the growth of the private security industry.

2. Statement of compliance and Basis of Preparation.

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

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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and ammended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<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 financial statements to assess the effect that leases have on the financial position, financial performance and cashflows 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>The Authority is assessing the impact of the standard to its operations.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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> <p>The standard has no impact on the Authority.</p>
IPSAS 45-Property Plant	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

Private Security Regulatory Authority (PSRA)

Annual Reports and Financial Statements for the Year Ended 30 June 2024.

Standard	Effective date and impact:
and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Authority is assessing the impact of the standard to its operations.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The Authority is assessing the impact of the standard to its operations.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity</p>

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Annual Reports and Financial Statements for the Year Ended 30 June 2024.

Standard	Effective date and impact:
	<p>shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Authority is assessing the impact of the standard to its operations.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no impact on the Authority.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has no impact on the Authority.</p>

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in the year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions.

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 PSRA 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.

b) Budget Information

The original budget for FY 2023-2024 was approved by the National Assembly. The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as 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

Private Security Regulatory Authority (PSRA)
Annual Reports and Financial Statements for the Year Ended 30 June 2024.

statement of financial performance has been presented under section 17 of these financial statements.

c) Property, plant and Equipment.

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

d) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

e) Intangible Assets.

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

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

f) Changes in accounting policies and Estimates.

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

g) 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.

h) Related Parties.

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

i) Cash and cash equivalents.

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

j) Comparative figures.

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

k) 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, 2022.

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5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Provisions

Provisions were 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.

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Note 6: Transfers from Other Govt Entities	2023-2024	2022-2023
	Kshs	Kshs
Unconditional grants		
State Department for interior	214,990,000	160,900,000
Total	214,990,000	160,900,000

Note 6 B: Name the Entity	Amount Recognized to statement of Financial Performance	2023-2024
State dept for Interior and Citizen Services		214,990,000
Total		214,990,000

Note 7: Use of Goods and Services	2023-2024	2022-2023
	Kshs	Kshs
Advertising	-	259,769
Audit Fees	535,920	462,000
Hospitality services	2,078,315	980,897
Domestic Travel and Subsistence	26,497,827	42,644,078
Foreign Travel & subsistence	-	-
General Printing and stationery	694,520	418,991
Repairs and maintenance	300,000	362,286
Rent and Utilities	9,781,386	9,057,627
Telephone	262,260	300,000
Office internet	776,400	626,400
Bank Charges	2,755	10,000
Training/Workshops	32,000	528,831
Subscription	-	42,820
Courier Services	9,450	107,450
General office expenses	5,736,914	405,373
Regulations	6,000,000	-
Total	52,707,747	56,206,522

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Note 8: Employee Costs	2023-2024	2022-2023
	Kshs	Kshs
Salaries	94,301,139	77,594,897
Gratuity		
Total	94,301,139	77,594,897

Note 9: Board Expenses	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	-	-
Sitting Allowances	93,426,974	45,635,739
Total Board Expenses	93,426,974	45,635,739

Note 10: Depreciation and Amortisation Expense	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	531,319	407,094
Amortisation of Intangible Asset	1,276,784	
Total depreciation and amortization	1,808,103	407,094

Note 11: Cash and Cash Equivalents	2023-2024	2022-2023
	Kshs	Kshs
Cash at Bank	74,923	52,050
Cash at hand		
Total Cash and Cash Equivalents	74,923	52,050

Note 11 B: Detailed Analysis	2023-2024	2022-2023
a) Current account	Kshs	Kshs
National Bank-Current Account	74,923	52,050
Total	74,923	52,050

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Note 12: Property & Equipment	Office Equipment	Furniture & Fittings	Total
Rate	12.50%	12.5%	
Cost at 1st July 2022	70,000	1,394,000	1,464,000
additions		1,792,750	1,792,750
Cost at 30th June 2023	70,000	3,186,750	3,256,750
Cost at 1 st July 2023	70,000	3,186,750	3,256,750
additions		993,800	993,800
Cost at 30th June 2024	70,000	4,180,550	4,250,550
Depreciation			
As 1st July 2022	8,750	174,250	183,000
Charge for the period	8,750	398,344	407,094
As at 30th June 2023	17,500	572,594	590,094
As 1 st July 2023	17,500	572,594	590,094
Charge for the period	8,750	522,569	531,319
As at 30 th June 2024	26,250	1,095,163	1,121,413
Net Book Value 2022-2023	52,500	2,614,156	2,666,656
Net Book Value 2023-2024	43,750	3,085,387	3,129,137

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Note 13: Intangible Assets

	Kshs
Cost as at 1st July 2022	6,383,920
Additions	-
Impairment	-
NBV at 30th June 2023	6,383,920
Cost as at 1 st July 2023	6,383,920
Additions	-
Impairment	1,276,784
NBV at End of Period	5,107,136

Note 14: Trade and Other Payables

	2023-2024	2022-2023
	Kshs	Kshs
KRA	59,257,054	36,471,103
NHIF	2,257,250	1,332,750
NSSF	1,209,080	367,760
Affordable Housing Levy	1,374,841	-
Pension Payable	50,600	50,600
Total	64,148,825	38,222,213

Note 15: Provision for Audit Fee

	2023-2024	2022-2023
	Kshs	Kshs
Provision for audit fee	535,920	-
Total	535,920	-

Note 16: Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	(27,253,963)	(18,944,252)
Adjusted for:		
Depreciation and Amortisation	1,808,103	407,094

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Provision for Audit Fee	535,920	
Non-cash grants received		
Working Capital adjustments		
Increase/Decrease in Payables	25,926,612	20,320,563
Net cash flow from operating activities	1,016,672	1,783,405

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16) Financial Risk Management.

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

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

Credit risk

PSRA 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.

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

Liquidity risk management

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

Market risk

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

Interest rate risk

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

Capital Risk Management

The objective of PSRA's capital risk management is to safeguard PSRA's ability to continue as a going concern.

17) Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of PSRA, holding 100% of PSRA's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of PSRA, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) Key management.

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Related party transactions	2023-2024
	Kshs
Transactions with related parties	
a) Grants /transfers from the government	
Grants from national govt	214,990,000
Total	
b) Key management compensation	
Board Expenses	92,984,210

18) Events after the reporting period

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

19) Ultimate and Holding Entity

PSRA is a Semi- Autonomous Government Agency under the Ministry of Interior and National Administration. Its ultimate parent is the Government of Kenya.

20) Currency

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

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20. Appendices.

Appendix I: Implementation Status of Auditor-General's Recommendations

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

Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Delay in enactment of the Private Security (General) Regulations	The Authority is in the process of undertaking public participation on the Regulations as advised by the National Assembly.	Not Resolved	30 June,2025
Non-Operationalisation of the Private Security Fidelity Fund	The Authority is in the process of undertaking public participation on the Regulations as advised by the National Assembly. Once the Regulations are passed the fidelity fund will be operationalised.	Not Resolved	30 June,2025
Understaffing	The Authority is seeking for budget allocation to recruit staff.	Not Resolved	30 June,2025



Ag. CEO PSRA

Date

30 09, 2024

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Appendix II: Projects implemented.

PSRA had no Capital project in the year under review

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Appendix III: Transfers from Other Government Entities

	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Others - must be specific	Total Transfers during the Year
Interior & Coordination	2-Aug-23	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	2-Aug-23	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	16-Aug-23	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	18-Oct-23	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	31-Oct-23	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	1-Dec-23	REC	15,332,500	25,000,000			25,000,000
Interior & Coordination	27-Dec-23	REC	25,000,000	6,000,000			6,000,000
Interior & Coordination	18-Jan-24	REC	6,000,000	15,332,500			15,332,500
Interior & Coordination	9-Feb-24	REC	15,332,500	15,332,500			15,332,500
Interior & Coordination	29-Apr-24	REC	15,332,500	15,332,500			15,332,500

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Interior & Coordination	1-Mar-24	REC	15,332,500	15,332,500		15,332,500
Interior & Coordination	29-Apr-24	REC	15,332,500	15,332,500		15,332,500
Interior & Coordination	9-May-24	REC	15,332,500	15,332,500		15,332,500
Interior & Coordination	1-Jun-24	REC	15,332,500	15,332,500		15,332,500
	Total			214,990,000		214,990,000

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Appendix IV: Inter-Entity Confirmation Letter

Name of Transferring entity: STATE DEPARTMENT FOR INTERIOR

Name of Beneficiary entity: PRIVATE SECURITY REGULATORY AUTHORITY

Confirmation of amounts received by Private Security Regulatory Authority as at 30th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name Sign Date.....



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Appendix V: Reporting of Climate Relevant Expenditures

PSRA had no expenditure under climate change

Appendix VI: Reporting of Disaster Management Expenditure

There was no expenditure under this category.