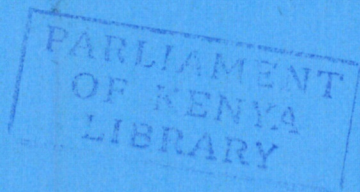


REPUBLIC OF KENYA



Enhancing Accountability

REPORT



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 02 MAR 2021	DAY: TUESDAY
T.O.E. BY:	Chief whip - Majority
CLERK-AT THE-TABLE:	Moses Lemuna

THE AUDITOR-GENERAL

ON

**SPORTS, ARTS AND SOCIAL
DEVELOPMENT FUND**

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

STATE DEPARTMENT FOR SPORTS

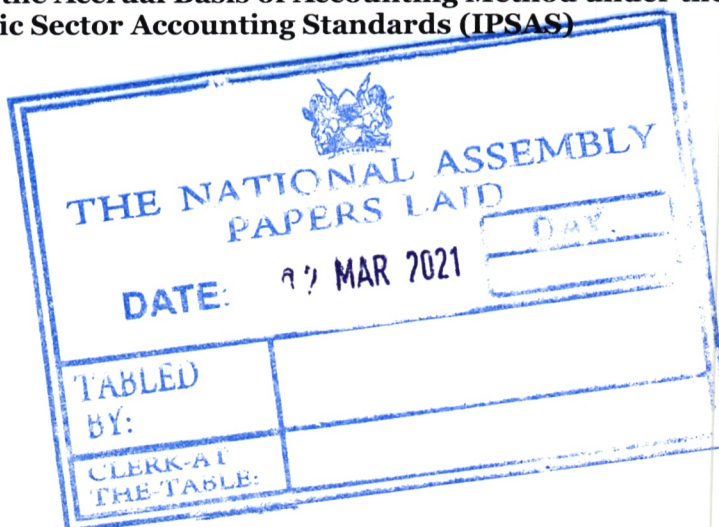


SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2019

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



Sports, Arts and Social Development Fund
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For the year ended June 30, 2019

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KEY SASDF INFORMATION AND MANAGEMENT

(a) Background information

The Sports, Arts and Social Development Fund (SASDF) is established by the Legal Notice No. 194 of the Public Finance Management (PFM) Act dated 25th October 2018. The Fund is domiciled in Kenya and has its offices at Kencom House, Second floor, Nairobi.

(b) Principal Activities

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

The object and purpose of the Fund as outlined in the PFM (Sports, Arts and Social Development Fund) Regulations 2018 is:

- i. promote social development including universal health care;
- ii. financing the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;
- iii. enhancing support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv. facilitation for the acquisition and provision of equipment to sports and recreation facilities;
- v. support for the identification, nurturing and development of talent in sports and arts;
- vi. facilitation of training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii. facilitation for the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii. support for the promotion and development of artistic production of contemporary or cultural goods and services;
- ix. facilitation for the marketing and promotion of artistic productions and contemporary or cultural goods and services;
- x. support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi. facilitation for exhibition and promotion of contemporary or cultural artistic production of goods and services for national identity and pride;
- xii. financing the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii. facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.

(c) Key Management

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

- Fund Oversight Board
- Fund Administrator
- Chief Executive Officer
- Interim Secretariat

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Administrator	Joe Okudo, CBS
2.	Ag. Chief Executive Officer	Mark Wambugu
3.	Manager, Finance	Job Aiyabei

(e) Fiduciary Oversight Arrangements

- a) All disbursements from the Fund are approved and recorded in minutes of the Board
- b) All disbursements from the Fund are to support the objects and purpose of the Fund
- c) Transfers to defray the expenses in respect of the administration of the Fund are approved by the Board for the respective financial year.
- d) The Board has set out other conditions and requirements for release of funds, to ensure efficient and effective management of resources.

KEY SASDF INFORMATION AND MANAGEMENT (Continued)

(f) The Sports, Arts and Social Development Fund Headquarters

P.O. Box 49489-00100
KENCOM BULDING
2nd Floor
Moi Avenue
Nairobi, KENYA

(g) SASDF Contacts

Telephone: (254) 2250576/2251164
Website: www.minspoca.go.ke

(h) SASDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Co-operative Bank
University Way
P.O. Box 48231-00100
Nairobi, Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
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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THE FUND OVERSIGHT BOARD

 Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO Chairperson	Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO joined the Military as a cadet and rose through the officer ranks in an illustrious career that saw him retire as Commander, Kenya Army. Lt. Gen (Rtd.) Tuwei, holds a Diploma from the Royal College of Defence Studies (UK) and has attended courses on Executive Development, Senior Management and International Defence Resources Management. Lt. Gen (Rtd.) Tuwei was African Union Special envoy for the Lords Resistance issues and is currently the President of Athletics Kenya.
 H.E. Moody Awori, EGH Member	H.E. Moody Awori, EGH is a retired Vice President of the Republic of Kenya.
 Amb. Kirimi P. Kaberia, CBS Member and Fund Administrator	Amb. Kirimi P. Kaberia, CBS is the current Principal Secretary in the State Department for Sports. Prior to this, he was the Principal Secretary in the Ministry of Defence. Amb. Kaberia holds a Masters of Arts in communication and Masters in International law. He has been a career diplomat with experience spanning over twenty years representing the government in different countries.
 Dr. Kamau Thugge, CBS Member	Dr. Kamau Thugge, CBS, is the immediate former Principal Secretary, at the National Treasury. Dr. Thugge holds a Bachelor of Arts (Economics) Degree from Colorado College, USA; Master's Degree in Economics and a Doctor of Philosophy (PhD) degree in Economics both from John Hopkins University, USA. He has previously worked in the Ministry of Finance as head of Fiscal and Monetary Affairs Department, Economic Secretary and as Senior Economic Advisor.



Ms. Susan N. Mochache, CBS
 Member

Ms. Susan Mochache, CBS is the Principal Secretary (PS), Ministry of Health. She has previously served in the same capacity in the State Department for Co-operatives, Ministry of Environment and Forestry and State Department for Social Protection.

Ms. Mochache's career spans over 24 years at management level in both private and public sectors. She holds a Master's of Science degree in Communications Management from the University of Strathclyde in the United Kingdom and a Bachelor of Science in International Business from the United States International University. She is a Chevening Scholar and Fellow of Commonwealth Scholarship Commission (2012) and a certified Practitioner in Prince 2, Project Management and MSP Programme Management.



Ms. Josephtha Mukobe, CBS
 Member

Ms. Josephtha O. Mukobe, CBS is the Principal Secretary, State Department of Culture and Heritage.

Ms. Mukobe holds a MSc. from Manchester University (UK) and a BA (Hons) Humanities and Social Science from the University of Nairobi. Ms. Josephtha Mukobe has a public service career spanning more than twenty-five years. She was previously The Principal Secretary in the State Department of Special Programmes in the Ministry of Devolution and Planning.



Dr. Belio Kipsang, CBS
 Member

Dr. Richard Belio Kipsang, CBS is the Principal Secretary Basic Education, Ministry of Education. He has held several senior positions in the public sector including in the Coffee Development Fund and the Higher Education Loans Board.

Dr. Kipsang holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He holds a Masters of Arts Degree in Economics and a Bachelor's degree in Education both from the University of Nairobi. He is an Associate Member of the Association of Certified Fraud Examiners and is also a member, Institute of Directors of Kenya.

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MANAGEMENT TEAM



Mr. Mark Wambugu
 Ag. Chief Executive Officer

Mr. Mark Wambugu has been a member of various inter-agency Committees and has extensive experience in financial analysis and public finance management.

Mr. Wambugu possesses a Masters Degree in Business Administration (Finance), Bachelor's Degree (Accounting and Finance) and is an ISO 9001:2008 Certified QMS Auditor. He is a Certified Public Accountant (CPA-K) and a Certified Public Secretary (CPS-K) duly registered with the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Secretaries (ICS) respectively.



Mr. Otis M. Nturibi
 Principal Accountant
 State Department for Sports

CPA Otis Mutwiri Nturibi holds a Master of Business Administration in Finance from Kenyatta University and a Bachelor of Business Administration degree from Kenya Methodist University (Finance and Accounting Option). He is also a Certified Public Accountant and is registered with Institute of Certified Public Accountants of Kenya (ICPAK).

CPA Otis assumed the position of Deputy Head of Accounting Unit, State Department for Sports Development in May 2019 and has been assisting the Head of Accounting Unit in prudent public financial management.



Dr. Stephen Cheruiyot
 Member, Interim Secretariat
 Representative, Ministry of Health

Dr. Stephen Cheruiyot is a Health Systems Specialist with more than 20 years of work experience. He holds a Master's Degree in Public Health and PhD in Health Economics.

Dr. Cheruiyot works with the Ministry of Health and has assisted in preparation of Health Financing Policies, tracking of health expenditures and program based budgeting. Currently, he is involved in developing the roadmap for Universal Health Coverage and its scale up. Dr. Cheruiyot has worked with the World Health Organization as an Advisor.

 Peter Ng'entu Member, Interim Secretariat Representative, State Department for Sports	Mr. Peter Ng'entu is a career public administrator. He holds Bachelor of Arts (Hons) in Public Administration and MA in Disaster Management.
 Ms. Martha Nanga Ndinya Member, Interim Secretariat Representative, State Department for Culture and Heritage	Ms. Martha Nanga Ndinya holds a bachelor of commerce (finance option) and CPA (K). She is an experienced finance /budget officer with 10 years' experience. Ms. Nanga has served as finance officer in the Ministry of Trade and Industry and the Ministry of Information and Communication. Currently, she serves at the State Department of Culture and Heritage as Finance Officer.
 Ms. Janeth C. Langat Member, Interim Secretariat Representative, Ministry of Education	Ms. Janeth Chebet Langat holds a Masters Degree in Education (Cooperate Governance) and has trained with the World Intellectual Property Organization (WIPO) in Zambia on protection of intellectual property. Ms. Langat is a Principal Education officer with more than 15 years of work experience, and works with the Ministry of Education. She is the Vice Secretary Kenya National Drama and Film festival and the vocal person East Africa Community Secondary School Students Essay Writing Competition. Ms. Langat has assisted the Ministry of Education in running the National events, including the Kenya Music Festival and the Kenya National Drama Festival.

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CHAIRPERSON'S STATEMENT

The Government has identified a four-point agenda to improve the living standards of Kenyans and grow the economy. This is the Big Four Agenda whose pillars are food security, manufacturing (and job creation), affordable universal health care and affordable housing.

Given the need to ensure sustainable funding for its key programs and activities, the Government established the Sports, Arts and Social Development Fund. The object and purpose of the Fund is to provide funding to support the development and promotion of sports and arts, and also the promotion of social development, including universal health coverage.

To ensure accountability and transparency in the use of the public resources that have been bestowed on the Fund, the Oversight Board, whose membership is drawn from the ministries of government that have a major stake in the organization, resolved that all applicants requesting financial support from the Fund shall meet minimum requirements before the consideration of any funding proposal. All beneficiaries are therefore required to provide evidence of their compliance before submission of any programme/project proposals for funding.

During the financial year under review, the Fund has achieved tremendous success in executing its mandate. The Fund has provided financial support for the Kenya Open Golf Tournament, the Africa Cup of Nations Championship, payment of cash awards to athletes, repair and rehabilitation of Dedan Kimathi and Tom Mboya Statues, Jaramogi Oginga Odinga Memorial and Mausoleum, operationalization of portable medical clinics and purchase of cancer treatment equipment. The Fund also provided financial support to the World Rally Championship Safari Rally Project, underlying the Government's commitment to ensure the return of the iconic Safari Rally to the country.

The Fund is committed to engaging all Kenyans in the furtherance of its mandate through efficient service delivery.



Lt. Gen. (Rtd) Jackson Tuwei
Chairperson

REPORT OF THE FUND ADMINISTRATOR

The Sports, Arts and Social Development Fund was operationalized in the third quarter of the Financial Year 2018/2019, and has since realized great achievements in accordance with its mandate to provide funding to support the development and promotion of sports, arts and the promotion of social development including universal healthcare.

An interim Secretariat assists the Oversight Board in ensuring that all financial proposals comply with the funding requirements and facilitate the timely deliberation of funding requests. To enhance transparency and accountability, the Oversight Board of the Fund issued minimum requirements that all beneficiaries must comply with before the approval of any funding proposal.

As at 30th June, 2019, the Fund had realized KShs 8,109,586,819 of its projected revenue of Kshs 8.5 Billion for the FY 2018/2019. An amount of Ksh 20,000,000 was also remitted to the Fund's Development Account being the initial capital of the Fund appropriated by Parliament. During the FY 2018/2019, the Oversight Board of the Fund approved the disbursement of financial support amounting to KShs 3,220,595,987 for various programs/activities that met the criteria.

The key achievements of the Fund include, but are not limited to, funding of the Kenya Open Golf Tournament, the Africa Cup of Nations Championship, the World Rally Championship Safari Rally Project, payment of cash awards to athletes, repair and rehabilitation of Dedan Kimathi and Tom Mboya Statues, Jaramogi Oginga Odinga Memorial and Mausoleum, operationalization of portable medical clinics and purchase of cancer treatment equipment.

The Fund seeks to adopt a logo to enhance visibility and communicate the unique identity of what the Fund represents. It has also commenced the preparations of an investment policy to aid in revenue generation and sustainability. In addition, a draft funding policy and guidelines relating to the Fund operations have been prepared to assist the Board in making independent and prudent decisions.

The provisions of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 coupled with the immense goodwill from the general public are sufficient indicators that the Fund shall play an integral role in the achievement of the government's development agenda.



Joe Okudo, CBS
Fund Administrator

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REPORT OF THE CHIEF EXECUTIVE OFFICER

The Sports, Arts and Social Development Fund exists to ensure that the priorities of the Government under the sectors of sports, arts and social development are sustainably funded. Through amendments and provisions contained in various laws, including the Finance Act 2018 and the Betting, Lotteries and Gaming Act, the Government has secured/ring-fenced the monies collected for the Fund. Subsequently, the Fund will play an integral role in the four-point agenda to improve the living standards of Kenyans and grow the economy.

To ensure accountability and transparency in the use of the public resources that have been bestowed on the Fund, the Oversight Board, whose membership is drawn from the ministries of government that have a major stake in the organization, resolved that all applicants requesting financial support from the Fund shall meet minimum requirements before the consideration of any funding proposal. All beneficiaries are therefore required to provide evidence of their compliance before submission of any programme/project proposals for funding.

Despite only being operation since the Third Quarter of the Financial Year 2018/2019, the Fund has extended financial support for key programs under the sectors of sports, arts and social development, including universal health care. Events like the Kenya Open Golf Tournament, the participation of the Harambee Stars at the Africa Cup of Nations Championship, the Safari Rally and the payment of cash awards to our outstanding athletes are examples of the successful programs that the Fund has supported. Through these endeavours, Kenya has reaffirmed its status as one of the world's greatest sporting nations.

In the sector of arts, the Fund is keen on ensuring that the country's heritage is celebrated and promoted. To this end, the Fund has provided much needed support for the repair and rehabilitation of Dedan Kimathi and Tom Mboya Statues, as well as the Jaramogi Oginga Odinga Memorial and Mausoleum. In the sector of health, the Fund has been instrumental in facilitating the operationalization of portable medical clinics and purchase of cancer treatment equipment.

The Fund is committed to building and maintaining the requisite supporting infrastructure in all the sectors under its mandate and to this end, at least half of the financial support available in any financial year shall be dedicated to infrastructure projects.



Mark Wambugu
Ag. Chief Executive Officer

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CORPORATE GOVERNANCE STATEMENT

The Oversight Board of the Fund and the management of the Sports Arts and Social Development Fund is committed to maintaining the highest standards of corporate governance. The Board is responsible for ensuring that the activities of the Fund are conducted in compliance with the law, regulatory requirements and rules, good practice, ethical standards and with appropriate and proper governance and standards as outlined in the Mwongozo Code of Conduct. This includes reviewing internal controls and ensuring that there is an appropriate balance of skills and experience represented in the management.

The competence, diversity and experience of the Oversight Board has made it effective in providing leadership to the Fund. The Board has been fully facilitated to ensure its autonomy, authority and independence. The Fund has also taken steps to ensure that the role of the Board is separated from that of Management. The Board is in the process of creating adequate systems and processes of accountability, risk management and internal controls.

The Fund was operationalized in the 3rd quarter of the financial year 2018/2019, and the Oversight Board had sixteen meetings as shown below.

OVERSIGHT BOARD MEETINGS ATTENDANCE FOR THE FY 2018/2019

Month		February					March			April			May				June
Date		5	12	20	21	26	5	11	26	4	12	24	2	7	21	28	18
NAME																	
1	Lt. Gen (Rtd) Jackson Tuwei	x	x	x	x	x	x	x	x	X	x	x	x	x	x	x	
2	H.E. Moody Awori	x	x			x	x	x	x	X	x		x	x	x	x	X
3	Amb. Kirimi Kaberia	x	x	x	x	x	x	x	x	X	x	x	x	x	x	x	X
4	Dr. Belio Kipsang	x	x	x	x	x	x	x	x					x	x		X
5	Ms. Susan Mochache								x	X		x		x		x	X
6	Ms. Josephtha Mukobe	x	x	x	x		x		x	X	x	x	x	x		x	X
7	Eng. Peter K. Tum	x	x	x	x		x										X
8	Dr. Kamau Thugge	x															X
9	Mr. Geoffrey Malombe									X		x	x	x		x	

The high frequency of Board meetings during the financial year under review was necessitated by the need to operationalize the Fund and set up the requisite structures. There were no Committees of the Board since most of the matters before the Board required the input of the all the Members.

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MANAGEMENT DISCUSSION AND ANALYSIS

The Sports, Arts and Social Development Act (SASDF) was established by the Legal Notice No. 194 Public Finance Management (Sports, Arts and Social Development Fund) Regulations 2018 dated 25th October 2018, and commenced its operations in the Third Quarter of the Financial Year 2018/2019. The Fund has made significant strides in its operationalization. These include initiating the development of a Strategic plan and Funding policy guidelines whose results will inform the creation of Fund's strategic and operational structure. The Fund has also commenced its branding process, which involves the design of its logo.

In apportioning the proceeds of the Fund, the Oversight Board ensures that the following requirements of the Regulations are adhered to. These are that:

- a) an amount not exceeding sixty percent be apportioned to social development including universal health care;
- b) an amount not exceeding thirty-five percent be apportioned to the promotion and development of sports;
- c) an amount not exceeding twenty percent be apportioned to the promotion and development of arts; and
- d) an amount not exceeding five percent be apportioned to government strategic interventions whose expenditure shall be subject to approval by Cabinet.

During the financial year 2018/2019, the Fund realized revenue of Ksh. 8,109,586,819 against a projection of Ksh. 8.5 billion. This represents the collection outlined under Section 69(A) of the Betting and Gaming Act, Section 35(5A) of the Income Tax Act and Section 36(5) of the Excise Duty Act, 2015 as mandated in the Legal Notice No. 194 of the Public Finance Management (PFM) Act. During the financial year under review, the Fund approved and disbursed Ksh. 1,352,548,048 and Ksh. 10,146,385 to support the sports and arts sector respectively. The Fund also approved the disbursement of Ksh. 1.8 Billion to support the health sector, and specifically for the purchase of cancer treatment machines as well as the operationalization of the portable medical clinics for delivery of universal health coverage.

The Fund is committed to fully implement its mandate as provided in the Regulations, and is grateful for the unwavering support it continues to receive from the stakeholders.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the SASDF's affairs.

Principal activities

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

Results

The results of the SASDF for the year ended June 30, 2019 are set out on page 1.

Directors

The members of the Oversight Board who served during the year are as shown on page v and vi. During the year, one member of Oversight Board was transferred and a replacement appointed.

Dividends/Surplus remission

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

Auditors

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

By Order of the Oversight Board



Joe Okudo, CBS
Fund Administrator
Nairobi

24th September 2019

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Regulation 3 of the Legal Notice No. 194 of the Public Finance Act dated 25th October 2018, require the Directors to prepare financial statements in respect of the Sports, Arts and Social Development Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the SASDF.

The Directors are responsible for the preparation and presentation of the SASDF's financial statements, which give a true and fair view of the state of affairs of the SASDF for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the SASDF; (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 SASDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the SASDF's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Legal Notice No. 194 of the Public Finance Act (the Sports, Arts and Social Development Fund) Regulations 2018 dated 25th October 2018. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2019, and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund'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 Fund's 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 Fund's financial statements were approved by the Board on 24th September 2019 and signed on its behalf by:



Lt. Gen. (Rtd) Jackson Tuwei
Chairperson



Joe Okudo, CBS
Fund Administrator

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 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. Failure to Execute the Fund's Mandate

The Sports Act, 2013 stipulates that the Fund should offer support to the sporting organizations in terms of training and capacity building on key areas such as Government Regulations, Public Financial Management Act, 2012, and Public Procurement and Asset Disposal Act, 2015. During the year under review, no training was conducted to sports federations.

In the circumstances, the Management did not execute its mandate fully as provided under the statute and the funds disbursed during the year may not have been utilized within the provisions of the law.

2. Value for Money for Disbursed Fund

According to the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018, the Fund is responsible for monitoring the use of funds disbursed to sporting organizations. The Fund disbursed a total of Kshs.1,362,694,433 to various federations and sports organizations. However, it was noted that the Management did not carry out any monitoring activity on the use of disbursements during the year under review as the Fund lacked adequate staff.

In the circumstances, it has not been possible to confirm whether the funds were utilized for the intended purposes or value for money was obtained.

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 overall governance were not effective.

Basis for Conclusion

1. Lack of Audit Committee

The Fund did not constitute any Audit Committee during the year under review as required. In the absence of an Audit Committee, the operations of the Funds were not reviewed. The various departments and sections such as finance, human resource, IT and administrations were not evaluated during the year ending 30 June, 2019.

Consequently, the Management may not have instituted adequate structures to ensure proper and adequate internal controls exist and are effective to safeguard public resources.

2. Lack of a Substantive Chief Executive Officer

The Fund has been operating without a substantive Chief Executive Officer (CEO) since inception in the year 2018. However, an acting CEO was appointed vide Letter Ref. SDSD 261/VOL.I. dated 12 February, 2019 but the appointment expired on 30 June, 2019. No renewal of the same has been done nor any process of recruitment initiated to fill the position.

Lack of a substantive CEO may have a negative impact and hamper the operations and functionality of the Fund.

3. Lack of Policy Documents

The Fund has not developed several crucial policy documents to guide its operations such as strategic plan, human resource policies, IT strategies, internal control manuals, and accounting manuals.

In absence of such key policy documents and lack of a strong internal control system, the Fund may not effectively execute its mandate.

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 governance were