



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY REPORT

DATE: 10 NOV 2022 Thursday
Hon Kimani Ichungwa MP
OF
Leader of majority
Samuel Kalama

THE AUDITOR-GENERAL

ON

AUCTIONEERS LICENSING BOARD

FOR THE YEAR ENDED
30 JUNE, 2021



AUCTIONEERS LICENSING BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Auctioneers Licensing Board is established under Section 3(1) of the Auctioneers Act Cap 1996 of the Laws of Kenya. The Auctioneers Licensing Board is domiciled in Kenya and has only one officer in Nairobi County. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of Auctioneers. Executive Order 1 of 2018 placed the Auctioneers Licensing Board under the Office of the Attorney General (OAG) effective financial year 2018/2019.

(b) Principal Activities

The specific functions of the Board as stipulated under Section 4(2) of the Act.

(1) The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers.

(2) Without prejudice to the generality of subsection (1) the Board shall—

- (a) License and regulate the business and practice of auctioneers;
- (b) Supervise and discipline licensed auctioneers;
- (c) Develop and facilitate adequate training programs for licensed auctioneers;
- (d) Conduct routine inspections and visits of auctioneer's premises;
- (e) Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya;
- (f) Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

(c) Key Management

The *Auctioneers Licensing Board's* day-to-day management is under the following key organs:

- Board of Directors/ Council/ Management etc.;

-
- Accounting Officer and the Board's Secretary and Management
-

(d) Fiduciary Management

Member	Position
Hon. Peter Gesora	Chairman
Hon. Kenneth Cheruiyot	CEO/ Secretary
John Mutugi / Tessah Nkatha	HR and Administration

The board draws its secretariat from the Judiciary. They include 2 secretaries 1 Executive officer 1 accountant 1 clerk and 1 messenger. Salaries and all other employment benefits are paid from the Judiciary. Mr. Mutungi retired within the service and his duties are being taken care of by Ms. Tessah Nkatha. One of the secretaries was recalled by the Judiciary and transferred to Ruiru Law Courts a new court that was recently opened. The Board, therefore, has a total of four (4) staff who represent the Secretariat. In addition to this , the Board received 2 more secretariat from State Law office.

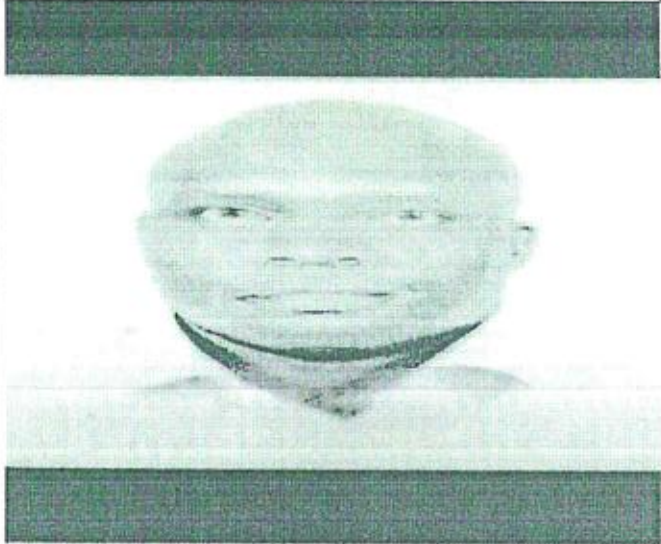

(e) Fiduciary Oversight Arrangements




State of the Committee	Members
Finance and Audit Committee	None- Finance procurement and audit committee are under The Office of the Attorney General.
Governance and Ethics Committee	None
Any other Committee	None




KEY ENTITY INFORMATION AND MANAGEMENT (Continued)


- (f) Auctioneers Licensing Board Headquarters
P.O. BOX 30041-00100
Re-Insurance Plaza 4th Floor
TAIFA /Road/Highway
Nairobi KENYA.
- (g) Auctioneers Licensing Board Contacts
Telephone: :(254) 725492786/020-2716504/2/3
E-mail: auctioneerslicensingboard@yahoo.com
- (h) Auctioneers Licensing Board Bankers
- Central Bank of Kenya
Haile Selassie Avenue
P.O. BOX 60000
City Square 00200
Nairobi Kenya
- Kenya Commercial Bank
Kencom Hse
P. O. Bo00 48400-00100 GPO
Nairobi
- (i) Independent Auditors
- Auditor General
Office of the Auditor General
Anniversary Towers University Way
P.O. Bo00 30084
GOP 00100
Nairobi Kenya
- (j) Principal Legal Adviser
- The Attorney General
State Law Office
Harambee Avenue
P.O. Bo00 40112
City Square 00200
Nairobi Kenya

2. THE BOARD MEMBERS



Ref	Directors	Details
1.	 <p data-bbox="371 857 863 925" style="text-align: center;">Hon. Peter Gesora Chairman Auctioneers Licensing Board</p>	<p>Peter Ngare Gesora is the current Chairman of the Auctioneers Licensing Board. He is also the Chief Magistrate at Millimani Commercial Court. He is a holder of a degree in law and a diploma from the Kenya School of Law.</p> <p>Mr. Gesora joined the Judiciary in the year 2001 as a District Magistrate II (PwD). He then rose the rank to his current position.</p> <p>He has served in various stations namely Dilke Muringu, Kangema, Jawa Chuka, Machakos and Nalvasha. He brings on board vast experience to the Board. He has also served as a special magistrate in children's cases anti-corruption cases and probate and administration cases.</p> <p>He has attended many training seminars which have gone a long way to improve his skills. He has served the Judiciary in various technical committees.</p> <p>IN EXERCISE of the powers conferred by section 3 (1) (a) of the Auctioneers Act the Chief Justice appointed him as Chairperson of the Auctioneers Board with effect from the 8th June 2017 for a term of three (3) years via gazette notice No. 5740 Dated the 12th of June 2017.</p>
2.	 <p data-bbox="272 1429 579 1529">Hon. Kenneth Cheruiyot Secretary</p>	<p>Kenneth Cheruiyot is the Secretary in the Auctioneers Licensing Board. He is a Principal Magistrate in Millimani Criminal Magistrates' Court. He holds a degree in law and a diploma from the Kenya School of Law.</p> <p>Mr. Cheruiyot joined the Judiciary in the year 2008 as a Resident Magistrate. He then rose through the ranks to his current position. He served in Nyeri and Kerugoya as a magistrate and as Deputy Registrar in the High Court at Nyeri and Kerugoya and as Deputy Registrar in the Court of Appeal at Nyeri. He has also served as a Judge Advocate in the Court Martial of the Kenya Defence Forces and as a special magistrate in children cases anti-corruption cases and probate and administration cases.</p> <p>IN EXERCISE of the powers conferred by section 7 (4) and 3 (1) (g) of the Auctioneers Act the Chief Justice appointed him to be a secretary of the Auctioneers Licensing Board for a period of three (3) years effective from 9th October 2017 via GAZETTE NOTICE NO. 10382 dated the 16th October 2017.</p>

<p>3.</p>	 <p>Hon. Theresa Murigi Member</p>	<p>Hon. Theresa Muriigi is the Chief Magistrate Thika Law Courts. She holds a degree in law and a diploma from the Kenya School of Law. Ms Murigi joined the Judiciary as a District Magistrate II (Prof) and has risen through the ranks to her current position.</p> <p>Ms Murigi brings on board vast experience to the Board. She has served in various stations. Before her current station, she served as the chief magistrate at Nairobi City Court.</p> <p>She has also served as a Judge Advocate in the Court Martial of the Kenya Defence Forces and as a special magistrate in children cases anti-corruption cases and probate and administration cases.</p> <p>Under section 3 of the Auctioneers Act, the Chief Justice appointed her as members of the Auctioneers Board with effect from 8th June 2017 for a term of three (3) years via Gazette notice no.5739 dated the 12th June 2017. Her term was renewed in September 2020 but was later invalidated by virtue of her being appointed as a Judge in June 2021.</p>
<p>4.</p>	 <p>Ms. G. K. Mutisya Member</p>	<p>Ms. Gladys Mutisya was appointed as a member of the Board on 1st March 2016 by the National Association of Kenya Auctioneers</p> <p>She is the proprietor of Trophy Auctioneers which is based in the coast region. Her term was further renewed with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.</p> <p>She represents Auctioneer's associations on the Board.</p>
<p>5.</p>	 <p>Judy Kirichu Member</p>	<p>She holds a Bachelor of Laws (LLB) degree from the University of South Africa (UNISA) and a Diploma from Kenya School of Law. In 2011 she was admitted to the Roll of Advocates of the High Court of Kenya.</p> <p>Since the year 2010 to date, she has been working as a Legal Officer in the Ministry of Interior and Coordination of National Government.</p> <p>She represents the Principal Secretary for the Ministry of Interior and Coordination of National Government in the Board.</p>

<p>6.</p>	 <p>Herman Kasili Member</p>	<p>Revered Herman Kasili is 46 years old. He holds a degree in theology and a diploma in sales and marketing as well as journalism.</p> <p>Apart from chairing Bungoma Kenya National Chambers of Commerce & Industry (KNCCI) chapter Revered Kasili has served in the national office as director in charge of human resource and administration. He represents the Chamber of Commerce and Industry in the Board.</p> <p>He currently a member of the County Budget and Economic Forum in Bungoma County. Previously he was a member of the Nzoia Water Service Board among other boards and community empowerment projects.</p> <p>Revered Kasili represents KNCCI on the Board.</p> <p>IN EXERCISE of the powers conferred by sections 7 (1) and 3 (1) (g) of the Auctioneers Act the Chief Justice appointed him to be a member of the Auctioneers Licensing Board for a period of three (3) years effective from 1st October 2017 via GAZETTE NOTICE NO. 3038 dated the 1st October 2017.</p>
<p>7.</p>	 <p>Eric Theuri Member</p>	<p>He joined the Board with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.</p> <p>He is an advocate of the High court of Kenya with over 10 years' experience. He practices law in the style of Makallah Theuri & co. Advocates.</p>
<p>8.</p>	 <p>Raimond Saya Molenje Member</p>	<p>He is an advocate of the High court of Kenya with over 10 years' experience currently working with the Kenya Bankers Association.</p> <p>Raimond is Legal and Human Resources Advisory Expertise in Legal Human Capital organization & development; Employee Relations business advisory & regulatory matters; staff training and development.</p> <p>He joined the Board with effect from 20th March 2019 for 3 years via Gazette Notice no. 3038 of 21st March 2019.</p>

9.		<p>She is an advocate of the high court of Kenya with over 10 years' experience currently working with the Mogeni & company advocates.</p> <p>On exercise of the powers conferred by section 3 (1) (d) of the Auctioneers Act, Cap. 526 of the laws of Kenya, the ag. Chief justice and president of the supreme court of Kenya, Hon. Lady Justice Philomena Mbete Mwilu appointed her to be a member of the auctioneers licensing board, for a period of three (3) years, with effect from the 22nd April, 2021 through gazette notice gazette notice. 3789 of 22rd April 2021.</p>
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3. MANAGEMENT TEAM

 <p>Hon. Peter Gesora Chairman</p>	<p>Chief Magistrate at Millimani Commercial Court. He is a holder of a degree in law and a diploma from the Kenya School of Law.</p> <p>Mr. Gesora joined the Judiciary in the year 2001 as a District Magistrate II (Prof).</p> <p>He's the A/E holder of the Board and responsible for all financial matters of the Board.</p>
 <p>Hon. Kenneth Cheruiyot Board's Secretary</p>	<p>Kenneth Cheruiyot is the Secretary at the Auctioneers Licencing Board. He is a Principal Magistrate at Millimani Criminal Magistrates' Court. He holds a degree in law and a diploma from the Kenya School of Law. His role as a secretary to the Board is as per section 3 of the Auctioneers Act.</p> <p>He is an alternate signatory to the Board's Bank account.</p>

4. CHAIRMAN'S STATEMENT

The Auctioneers Licensing Board (hereinafter referred to as the Board) is a creature of statute established by the Auctioneers Act no.5 of 1996 as a body corporate. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers.

The Board is composed of the following members;

- i. Chairman a person qualified to be a judge of the High Court or Court of Appeal.
- ii. Two Advocates representing the Law Society of Kenya.
- iii. A Chief magistrate
- iv. A representative of the Permanent Secretary in the Office of the President for the time being responsible for matters relating to National Security.
- v. Four auctioneers of not less than five years' standing.
- vi. A representative of the National Chamber of Commerce and Industry.
- vii. A representative of the Kenya Bankers Association.

The functions of the Board are as follows;

- i. License and regulate the business and practice of auctioneers.
- ii. Supervise and discipline licensed auctioneers.
- iii. Develop and facilitate adequate training programs for licensed auctioneers.
- iv. Conduct routine inspections and visits to auctioneer's premises.
- v. Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya.
- vi. Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

KEY ACTIVITIES

In fulfilling its mandate the Board carries out key activities that include;- conducting disciplinary hearings on matters touching on the conduct of auctioneers; setting and administering and marking entry examinations for auctioneers; licensing the auctioneers to carry out business within the Republic of Kenya; conducting inspections of the auctioneers offices and yards within the country; facilitating workshops and trainings for the auctioneers within their regions which are divided into four namely; Nairobi Mount Kenya and Lower Eastern; Coast; Rift valley and Nyanza and Western.

SUCCESSSES

In my tenure as the Chairman Board has improved service delivery to its members in the following ways.

- i. Hearing dates. The Board has been issuing hearing and mention dates while in session. This has streamlined the hearing and conclusion of cases before the Board.
- ii. Compliance culture. The Board carried out countrywide inspections and noted that most of the auctioneers are complying with standards set by the Board.
- iii. Licensing. The Board has ensured that most of the applications received are processed within 30 days to ensure that all auctioneers are licensed on time.
- iv. Email. The Board has started using email communication to send notices to the parties. In the past, the Board only used snail mail that either was not received on time or not received at all.

CHALLENGES

Office space

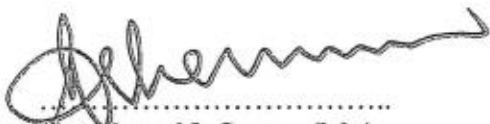
Office space is a challenge in two ways first in 2018 the Board vides an executive order number 1 of 2018 was moved from being a Board under the Judiciary to the Office of the Attorney General. The offices in which house the Board belongs to the Judiciary. The judiciary gave the Board notice to move out as they need to occupy the space.

Secondly, the Board which sits monthly to conduct disciplinary hearings uses the judiciary board room. This has become a challenge in the past few months as there have been competing meetings sometimes forcing the Board to conclude meetings prematurely. It has resulted in compromising the Board's work.

WAY FORWARD AND FUTURE OUTLOOK OF THE BOARD

In the light of the above the Board in catching up with technology and streamlining training licensing and disciplinary processes is planning to undertake two major projects;

- i. Curriculum development. The Board is in discussions with Kabete Training Institute to support the development of a curriculum for auctioneers training. This is mainly to help streamline the practice and enhance knowledge considering that this is a purely apprentice trade. This will also help the board to have a proper training framework for future auctioneers.
- ii. Automation of the licensing process. The Board would like to automate the licensing process. This will go a long way in supporting the licensing and disciplinary functions. On transparency, it will help the members of the public at the click of a button to know the status of and auctioneer jurisdiction and registered office.



.....
Hon. Peter N. Gesora (Mr.)
Chief Magistrate
Chairman Auctioneers Licensing Board.


5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Auctioneer Licensing Board is established under the Auctioneers Act to license and regulate the business and practice of auctioneers. Section 3(1) of the Act provides that the Board shall consist of the following as members: -

- a. One person qualified for appointment as a Judge of the High Court or the Court of Appeal who shall be chairman;
- b. The Permanent Secretary in the Office of the President for the time being responsible for matters relating to security;
- c. One Chief Magistrate;
- d. Two advocates of not less than 10 years standing nominated by the council of the Law Society;
- e. Four auctioneers of not less than 5 years standing nominated by the Auctioneers Association;
- f. One person nominated by the Kenya Bankers Association; and
- g. The Secretary to the Board.

The Chief Justice makes all appointments to the Board in the Kenya Gazette. The following are the current members;

1. Hon. Peter Gesora
2. Hon. Theresia Wairimu Mwirigi
3. Ms. Gladys Mutisya
4. Mr. Eric Njeru Theuri
5. Mr. Raymond Molenje
6. Ms. Judy Kirichu
7. Rev. Herman Kasili
8. Denis Kirui
9. Alfred Mdeizi
10. George Mbagu
11. Purity K. Makori
12. Hon Kenneth Cheruiyot


.....
Hon. Kenneth Cheruiyot
Secretary to the Board
Auctioneers Licensing Board

6. STATEMENT OF ALB's PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

The Board has three (3) strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2020- FY 2021. These strategic pillars/ themes/ issues are as follows:

Pillar /theme/issue 1: Ensure 100 % of cases filed against the Auctioneers are determined

Pillar/theme/issue 2: Ensure 100% of the No. of Auctioneers licensed are inspected

Pillar/theme/issue 3: Ensure 100% of Licenses are issued to qualified applicants

The Board develops its annual work plans based on the above the three (3) pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The board achieved its performance targets set for the FY 2020/2021 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1:		% of cases filed against the Auctioneers determined	Hearing and determination of cases	100%
Pillar/ theme/ issue 1:		No. of Auctioneers inspected	Inspection of cases	0%
Pillar/ theme/ issue 1:		% of Licenses issued to qualified applicants	Licensing of qualified auctioneers	100%

7. CORPORATE GOVERNANCE STATEMENT

During the period as a seamless change was taking place the Board trained its energies and resources on delivering on its mandate; to exercise general supervision and control over the business and practice of auctioneers.

As its name suggests one of the key functions of the Auctioneers Licensing Board is to license and regulate the business and practice of auctioneers. The Board examined and licensed a total of 513 licenses were issued in 2020-2021. The details of the Licenses were 177 licenses for Class A and 336 licenses for class B.

As part of the board's role to supervise and discipline licensed auctioneers Board Seventy-two (55) disciplinary cases were heard and determined.

The Board is also tasked with ensuring routine inspections and visits of auctioneer's premises and storage yards to ensure that properties belonging to clients and third parties are safeguarded. Inspection of auctioneers' premises and storage yards could not be done due to the restriction imposed to contain spread of Covid-19

Also to set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya the Board has been receiving and evaluating various offers for a partnership to develop a suitable curriculum for training and eventual certification of auctioneers in Kenya.

First among these is Kabete National Polytechnic which has so far engaged the Board industry players and stakeholders to develop a curriculum that is now undergoing the validation process guided by relevant experts.

According to the Act the expenses of the Board shall be defrayed out of monies provided by Parliament for that purpose. The Board, as usual, has expended monies entrusted to it prudently under public finance laws policies and guidelines. All fees, fine and other monies received by the Board continued to be paid into the Consolidated Fund during the year.

The Board has continued to keep a register of licensed auctioneers as required under the law that is reliable authentic and verifiable and a record of pending and concluded disciplinary cases against auctioneers. Public and private institutions and individuals continue to be provided with information on licensed auctioneers from this record.

At the close of the financial year, the Board had albeit with the challenges of inadequate funds lack of office accommodation and staff faithfully kept and maintained an open transparent and predictable schedule of activities to score success.



Hon. Kenneth Cheruiyot
Secretary to the Board
Auctioneers Licensing Board

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Board Secretariat was initially housed on the fourth floor of the Milimani Commercial Courts. It moved out to pave way for the Employment Labour and Relations Court and occupied two rooms. Later it moved out to pave way for Judges and occupied one room at Milimani Law Courts 1st Floor which we considered inadequate. It then moved out from the Milimani Law Courts to the Podium Floor of the Re-Insurance Plaza where it was housed temporarily awaiting to move out of the same floor to pave way for the Judicial Service Commission. Currently, the Board Secretariat is housed at the Re-Insurance Plaza 4th Floor.

(ii) Lack of motor – vehicle

One of the key functions of the Board under the Act is to regulate and supervise the business and practice of Auctioneers. The Board endeavours to achieve this through inspection visits at the offices of individual Auctioneers which are spread throughout the country. The Board, however, has no motor – vehicle/van at its disposal to enable it to carry out the above mandate. It relies on the availability of the Judiciary van which also serves other sectors of the Institution.

It is recommended that the Board be assigned a motor – vehicle for ease of planning and implementing its programs.

(iii) Inadequate Funding

Over the years we have always received allocation less than our budget estimates which have forced the Board to cut down its activities. The Board has not been able to completely fund training Workshops Retreats carry out inspections for Auctioneers. It cannot even cater to Secretarial retreats team buildings or any other activity.

9. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Auctioneers Licensing Board's affairs.

i) Principal activities

The principal activities of the Board are stipulated under Section 4(2) of the Act. The object and purpose for which the Board is established are to exercise general supervision and control over the business and practice of auctioneers. Without prejudice to the generality of subsection (1) the Board shall—

- (a) License and regulate the business and practice of auctioneers;
- (b) Supervise and discipline licensed auctioneers;
- (c) Develop and facilitate adequate training programs for licensed auctioneers;
- (d) Conduct routine inspections and visits of auctioneer's premises;
- (e) Set maintain and continuously improve the standards of learning professional competence and professional conduct for the provision of auctioneering services in Kenya;
- (f) Determine maintain and enhance the standards of professional practice and ethical conduct and learning for the auctioneering profession in Kenya.

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page 1 to 26....

iii) Directors

The members of the Board of Directors who served during the year are shown on page v-x. During the year 2020-2021 two director retired/ resigned and 3 of them were appointed.

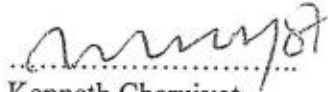
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus during the year FY 2020-2021 and hence no remittance to the Consolidated Fund.

v) **Auditors**

The Auditor-General is responsible for the statutory audit of the *Auctioneers Licensing Board* under Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2021.

By Order of the Board



.....
Kenneth Cheruiyot
Board's Secretary
Nairobi

Date: 30th September 2021

10. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Auctioneers Licensing Board's financial statements which give a true and fair view of the state of affairs of the Auctioneers Licensing Board for and as at the end of the financial year (period) ended on June 30, 2021. 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 Auctioneers Licensing Board; (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 Auctioneers Licensing Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Auctioneers Licensing Board's financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Public Sector Accounting Standards (IPSAS) and the manner required by the PFM Act 2012 and the Auctioneers Act Cap 1996. The Directors believe that the Auctioneers Licensing Board's financial statements give a true and fair view of the state of Auctioneers Licensing Board's transactions during the financial year ended June 30, 2021, and of the Auctioneers Licensing Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Auctioneers Licensing Board which have been relied upon in the preparation of the Auctioneers Licensing Board's financial statements as well as the adequacy of the systems of internal financial control.

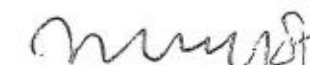
Nothing has come to the attention of the Directors to indicate that the Auctioneers Licensing Board will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Auctioneers Licensing Board's financial statements were approved by the Board on 30th September 2021

and signed on its behalf by:


Chairman


Secretary to the Board

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON AUCTIONEERS LICENSING BOARD FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the Auctioneers Licensing Board set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2021, 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 Auctioneers Licensing Board as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Auctioneers Act, Cap 1996.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Late Submission of Financial Statements

The financial statements for the year ended 30 June, 2021 were submitted for audit on 22 October, 2021 contrary to Section 68(2)(k) of the Public Finance Management Act, 2012 which requires the Accounting Officer to prepare and submit the annual financial statements for each financial year to the Auditor-General within three months after the end of the financial year for audit.

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

2. Non-Preparation of Itemized Budget

Review of the annual work plan and procurement plan provided for audit review revealed that the plans contained aggregated amounts for various activities and projects. However, details of specific activities and their cost estimates were not provided for audit contrary to Regulation 41(2) of the Public Finance Management (National Government) Regulation, 2015 which requires that as much as practicable, classifications of budget estimates shall be designed to support financial and economic reporting requirements in the Act and generally accepted international standards.

Further, budget proposals and sector work plans prepared and submitted by Management to the line Ministry - Office of the Attorney General and Department of Justice were not approved by the Solicitor General. This is contrary to Section 68(2)(j) of the Public Finance Management Act, 2012 that requires an Accounting officer of a public entity that is a state corporation to submit their estimates to the Cabinet Secretary responsible for the state corporation who after approving is shall forward the Cabinet Secretary.

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

3. Irregular Appointment of a Board Member's Alternate Representative

The statement of financial performance for the year ended 30 June, 2021 and the corresponding Note 10 to the financial statements, reflects remuneration of Directors amount of Kshs.15,701,274. Included in this amount is Directors emoluments expenditure of Kshs.12,598,000 whose supporting records provided for audit revealed that a Member of the Board was appointed as a second alternate Director to the Principal Secretary - State Department of Interior on 8 November, 2016 to 8 December, 2019. However, the Gazette notice extending the appointment to the second term beginning 9 December, 2019 was not provided for audit. This is contrary to circular number OP/SCA.9/73A (48) of 4 May, 2015 which requires that all Board appointments including representatives to be evidenced by a Gazette Notice. Management has indicated that it is engaging the Appointing Authority to regularize the appointment through a Gazette Notice.

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, except for the matter 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

Lack of Segregation of Duties

As reported previously, the Board had four (4) staff members seconded from the Judiciary. Among the four (4) was an accountant managing the finance unit and performing all the duties including vote book control (budget), voucher preparation, examination and authorization, cash book maintenance and bank reconciliations. This posed a risk of errors and misstatements in the accounting records and was contrary Regulation 23(1)(c) of the Public Finance Management (National Government) Regulation, 2015 which requires an Accounting Officer to maintain effective systems of internal controls and put measures to ensure that they are effective.

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

Responsibilities of Management and the Board Members

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

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

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

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

The Board Members are responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 July, 2022

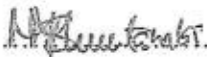
**12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2021**

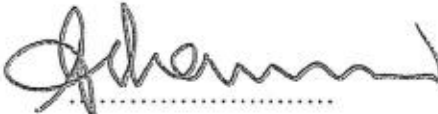
	Notes	2020-2021 Kshs	2019-2020 Kshs
Revenue from non-exchange transactions			
Transfers from other governments –	9	22,521,524	24,700,000
		22,521,524	24,700,000
Revenue from exchange transactions			
Total revenue		22,521,524	24,700,000
Expenses			
Remuneration for Directors	10	15,701,274	15,355,736
Employee Costs	11	3,190,100	6,544,750
General Expenses	12	3,624,500	2,751,706
Depreciation	14	5,625	5,625
Provision for Audit Fees	15	100,000	100,000
Total expenses		22,621,499	24,757,817
Surplus/(deficit) for the period/year		(99,975.00)	(57,817.00)

The notes set out on pages 6 to 25 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 18 were signed on behalf of the Board of Directors by:


 Name: Hon. Kenneth Cheruiyot
 Secretary to the Board
 Date 30/09/2021

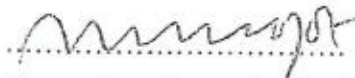

 Name: CPA Malanga Isaiah
 ICPAK Member Number:28388
 Date: 30/09/2021


 Name: Hon. Peter Gesora
 Chairman of the Board
 Date: 30/09/2021

13 STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	9,559	3,909
Non-current assets			
Property, plant and equipment	14	33,750	39,375
Total current and Non-Current Assets		43,309	43,284
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	15	200,000	100,000
Total Liabilities		200,000	100,000
Net Assets		(156,691)	(56,716)
Accumulated Surplus		(56,716)	1,101
Surplus for the year		(99,975)	(57,817)
Total net assets and liabilities		(156,691)	(56,716)

The Financial Statements set out on pages 1 to 25 were signed on behalf of the Board by:



Name: Hon. Kenneth Cheruiyot

Secretary to the Board

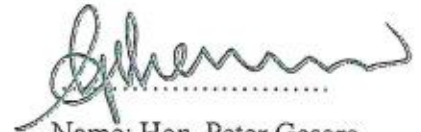
Date 30/09/2021



Name: CPA Malanga Isaiah

ICPAK Member Number:28388

Date: 30/09/2021



Name: Hon. Peter Gesora

Chairman of the Board

Date: 30/09/2021

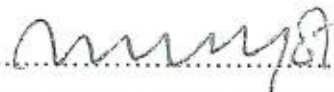
**14. STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**


	Capital reserves KSh	Accumulated surplus KSh	Total KSh
Changes in Equity for the year 2019/2020			
At 1st July 2019	-	1,101	<u>1101</u>
Surplus/(deficit) for period	-	(57,817)	<u>(57,817)</u>
Transfer to/from Accumulated surplus	-	-	=
Balance as at 30 June 2020	-	(56,716)	<u>(56,716)</u>
Changes in Equity for the year 2020/2021			
At 1st July 2020	-	(56,716)	(56,716)
Surplus/(deficit) for period	-	(99,975)	(99,975)
Transfer to/from Accumulated surplus	-	-	=
Balance as at 30 June 2021	-	(156,691)	(156,691)

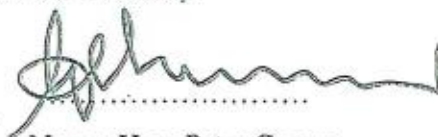
15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2020 2021	2019 2020
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	22,521,524.00	24,700,000.00
Total Receipts	22,521,524.00	24,700,000.00
Payments		
Use of goods and services	3,624,500.00	2,751,706.00
Employee costs	3,190,100.00	6,544,750.00
Remuneration of directors	15,701,274.00	15,355,736.00
Depreciation and amortization expense		
Total Payments	22,515,874.00	24,652,192.00
Net cash flows from/(used in) operating activities	5,650.00	47,808.00
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	-	(45,000.00)
Net cash flows from/(used in) investing activities	-	(45,000.00)
Cash flows from financing activities		
Proceeds from borrowings	-	-
Net cash flows from/(used in) financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	5,650.00	2,808.00
Cash and cash equivalents at 1 JULY	3,909.00	1,101.00
Cash and cash equivalents at 30 JUNE	9,559.00	3,909.00

The Financial Statements set out on pages 1 to 18 were signed on behalf of the Board by:


 Name: Hon. Kenneth Cheruiyot
 Secretary to the Board
 Date 30/09/2021


 Name: CPA Malanga Isaiah
 ICPAK Member Number:28388
 Date: 30/09/2021


 Name: Hon. Peter Gesora
 Chairman of the Board
 Date: 30/09/2021

16. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original Budget 2020/2021	Adjustments 2020/2021	Final Budget 2020/2021	Actual on comparable basis 2020/2021	Variance	Explanation
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Government grants and subsidies	22,521,524		22,521,524	22,521,524	100%	
Total income	22,521,524	0	22,521,524	22,521,524	100%	
Expenses						
Remuneration for Directors	15,701,274	-	15,701,274	15,701,274	100%	
Employee Costs	3,195,750	-	3,195,750	3,190,100	100%	
General Expenses	3,624,500	-	3,624,500	3,624,500	100%	
Total expenditure	22,521,524	0	22,521,524	22,515,874		
Surplus for the period	0	0	0	5,650		

Reconciliation	
Details	Amount (Ksh)
Provision for Audit fees	100,000
Depreciation for the Year	5,625
Surplus for the Year	(99,975)
Total	<u>5,650</u>

The difference between the surplus as presented in the statement of comparison and the surplus for the year as presented in the statement of performance arose from depreciation of Ksh. 5,625 /- & provision for Audit fees of Ksh 100,000/- for the year 2020-2021.

17. NOTES TO THE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Auctioneers Licensing Board is established by and derives its authority and accountability under Section 3(1) of the Auctioneers Act Cap 1996 of the Laws of Kenya. The Auctioneers Licensing Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Auctioneers Licensing Board's principal activity is to exercise general supervision and control over the business and practice of Auctioneers.

2) STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis. The preparation of financial statements conforms with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the *Auctioneers Licensing Board's* accounting policies. The areas involving a higher degree of judgment or complexity or where assumptions and estimates are significant to the financial statements are disclosed in Note 1 to 19.

The financial statements have been prepared and presented in Kenya Shillings which is the functional and reporting currency of the *Auctioneers Licensing Board*.

The financial statements have been prepared under the PFM Act the Auctioneers Act Cap 1996 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3) ADOPTION OF NEW AND REVISED STANDARDS

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p data-bbox="488 192 847 226">Applicable: 1st January 2021:</p> <p data-bbox="533 241 1300 421">a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p data-bbox="533 495 1300 770">b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p data-bbox="533 844 1300 1070">c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p data-bbox="533 1144 1300 1368">d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard and has no impact on the financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. This standard does not affect the entity's presentation of the financial statements.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. This standard does not affect the entity's presentation of the financial statements.</p>

iii. *Early adoption of standards*

The Auctioneers Licensing Board did not early – adopt any new or amended standards in the year 2020-2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions IPSAS 23

Fees taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash goods services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that have been acquired using such funds

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions IPSAS 9

Rendering of services

The Board recognizes revenue from rendering of services by license fees fines on completion of cases and penalties imposed on auctioneers in the process of disciplining when the event occurs or by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Where the contract outcome cannot be measured reliably revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

The Board operates one (1) current bank account with the Kenya Commercial Bank (KCB). The Board does not expect to receive any future cash receipts from the current account.

b) Budget information IPSAS 24

The original budget for FY 2019-2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget following specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Auctioneers Licensing Board recorded additional appropriations on the 2019-2020 budget following the governing body's approval.

The Board'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 an 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Taxes

Sales tax

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

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

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

d) Property plant and equipment IPSA 17

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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life. Full depreciation is charged on the year of acquisition. It is included in general expenses.

The Annual depreciation rates in use are;

Computer Equipment	33.33%
Software	33.33%
Officer Equipment	20.0%
Motor Vehicles	20%
Furniture & Fittings	12.5%

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Nature and purpose of reserves

The Auctioneers Licensing Board creates and maintains reserves in terms of specific requirements.

f) Changes in accounting policies and estimates

The Auctioneers Licensing Board 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) Employee benefits

Retirement benefit plans

The Auctioneers Licensing Board did not provide retirement benefits for its employees and directors. This is because directors are only entitled to sitting allowances whereas its employees are drawn and paid from the Judiciary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Related parties

The Auctioneers Licensing Board regards a related party as a person or an entity with the ability to exert control individually or jointly or to exercise significant influence over the Auctioneers Licensing Board or vice versa. Members of key management are regarded as related parties and comprise the directors of 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 an insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and various commercial banks at the end of the financial year. For these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and/or institutions that were not surrendered or accounted for at the end of the financial year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 after the financial year-end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY IPSAS 1

The preparation of the Auctioneers Licensing Board'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

i) 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 Auctioneers Licensing Board 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 Auctioneers Licensing Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

ii) Useful lives and residual values

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

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

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

iii) 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.

6. NATURE OF RELATED PARTY RELATIONSHIPS

Entities and other parties related to the Auctioneers Licensing Board include those parties who can exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel their associates and close family members.

i) Government of Kenya

The Government of Kenya is the principal shareholder of the *Auctioneers Licensing Board* holding 100% of the *Auctioneers Licensing Board's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Auctioneers Licensing Board both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Office of the attorney general department of justice and
- iii) The Judiciary

7. ULTIMATE AND HOLDING ENTITY

The Auctioneers Licensing Board is a Semi-Autonomous Government Agency under the Office of the Attorney General Department of Justice. Its ultimate parent is the Government of Kenya.

8. Currency

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

9. TRANSFERS FROM MINISTRIES DEPARTMENTS AND AGENCIES

Name of the entity sending the grant	Amount recognized to Statement of Comprehensive Income	The amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs	KShs
Office of the Attorney General Department of Justice	22,521,525	-	-	22,521,525	24,700,000	26,950,000
Total	22,521,525	-	-	22,521,525	24,700,000	26,950,000

GOK recurrent grants were operational grant from the Government through the Office of the Attorney General and Department of Justice disbursed as follows:

Quarters	Date	Amount
1st Quarter	24/08/2020	5,630,381.25
2nd Quarter	01/11/2020	5,630,381.25
3rd Quarter	19/02/2021	2,630,381.25
4th Quarter	28/06/2021	8,630,381.25
Total		22,521,525

Name of the entity sending the grant	Amount recognized to Statement of Comprehensive Income	The amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2020-2021	2020-2021
	KShs	KShs	KShs	KShs	KShs	KShs
Office of the Attorney General Department of Justice	22,521,525	-	-	22,521,525	22,521,525	22,521,525
Revenues from Exchange Transactions						
Total	22,521,525	-	-	22,521,525	22,521,525	22,521,525

ALB fees and fines are paid to the consolidated funds and accounted for by the Milimani Commercial Courts through the Chief Registrar of the Judiciary (CRJ). This is because we are not designated collectors of revenue.

10. REMUNERATION OF DIRECTORS

Description	2020-2021	2019-2020
	KShs	KShs
Directors emoluments	12,598,000.00	12,479,725.00
Judicial officers' allowances	1,290,000.00	770,000.00
Daily subsistence Allowances & Travel costs	1,693,700.00	1,910,000.00
Mileage Allowances	119,574.00	196,011.00
Total director emoluments	15,701,274.00	15,355,736.00

11. EMPLOYEE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Secretariat allowances	444,500.00	2,435,850.00
Daily Subsistence & Travel Costs	2,745,600.00	4,108,900.00
Total	3,190,100.00	6,544,750.00

12. GENERAL EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
office Expenses	2,114,940.00	1,639,204.00
Air tickets costs	0.00	810,326.00
Conference costs	45,000.00	300,000.00
Bank Charges	6,253.00	2,176.00
Rent & Rates	1,458,307.00	0.00
Total	3,624,500	2,751,706.00

13. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	9,559.00	3,909.00
On-call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Total cash and cash equivalents	9,559.00	3,909.00

14. PROPERTY PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Total
Cost	Shs	Shs	Shs	Shs
As at 1 July 2019	-	-	-	-
Additions	-	-	45,000.00	45,000.00
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
As at 30th June 2020	-	-	45,000.00	45,000.00
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
As at 30th June 2021	-	-	-	-
Depreciation and impairment				
At 1 July 2019	-	-	-	-
Depreciation	-	-	(5,625.00)	(5,625.00)
Impairment	-	-	-	-
Transfers/ Adjustments	-	-	-	-
As at 30 June 2020	-	-	(5,625.00)	(5,625.00)
Depreciation	-	-	(5,625.00)	(5,625.00)
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
As at 30th June 2021	-	-	(11,250.00)	(11,250.00)
Net book values				
As at 30th June 2021	-	-	33,750.00	33,750.00
As at 30th June 2020	-	-	39,375.00	39,375.00

15. Provision for Audit fees

Details	Amount(Ksh)
As at 1st July 2020	100,000
Provision for the year	100,000
As at 30th June 2021	<u>200,000</u>

APPENDIXES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Basis for Qualified Opinion					
1. Cash and Cash Equivalents	The statement of financial position reflects cash and cash equivalent balance of Kshs.1,101.80 for the Kenya Commercial Bank (KCB) current account cashbook. The reconciliation statement for this account reflects balance as per bank statement of Kshs.910,351.80 as at 30 June 2019. However, management did not avail bank confirmation	<i>We have a bank certificate as at 30th June 2019 as requested. The delay was so because the bank required both signatories to sign the request. This was availed to the Auditor.</i>	Chairman , Hon. Peter Gesora/Secretary Hon. Kenneth Cheruiyot	Resolved	Immediately

<p>certificate for the balance of Kshs.910,351.80 reflected in the bank reconciliation statement.</p> <p>In the circumstances, the accuracy and validity of cash and cash equivalent balance of Kshs.1,101.80 as at 30 June 2019 could not be confirmed.</p>	<p>Article 159 of the Constitution of Kenya 2010 avers that every person has the right to a fair hearing. The Auctioneers Licensing Board is required to deliver justice to all irrespective of status without delay. The right to speedy trial and delivery of justice is one of the major facets of the general right to a fair hearing, however, today's case backlog is one of the greatest challenges facing the Auctioneers Licensing Board. In Auctioneers Licensing Board, case backlog and delays in delivery of justice have been one of the main indictments against the Auctioneers Licensing Board because cases keep on piling up between the time of filing and the time of determination of the cases. The Auctioneers Licensing Board is a Quasi-judicial entity created under the Auctioneers Act. It falls under the same structure as any other tribunal. Decisions made at the Board are appealed at the High court. Due to such structure, the Board has a case backlog that has resulted from non-representation of parties, adjournment and straining orders from superior courts.</p>	<p>As highlighted in the management discussion and analysis report at page xvii of the annual report, the Board had a total of 123 cases pending determination as at 30 June 2019, out of which 72 were brought forward from 2017/2018 and earlier years. Since these cases involve members of the Public, Auctioneers and Businesses, delay in resolving the cases may result in economic consequences to the parties involved. No adequate action seems to have been taken to clear the backlog of the cases</p>	<p>Chairman , Hon. Peter Gesora/Secretary Hon. Kenneth Cheruiyot</p> <p>Resolved</p> <p>July 2022</p>

<p>3. Lack of Segregation of Duties</p>	<p>The Board has four (4) staff seconded from the Judiciary. Among the four (4) is an Accountant who manages the finance unit in a sole capacity and performs all the duties including vote book control (budget) voucher preparation, examination and authorization, cashbook maintenance and bank reconciliations. This poses risk of errors and misstatements in the accounting records and contravenes Section 23 (1) (c) of the Public Financial Management (National Government) Regulation 2015 which require the Accounting Officer to maintain effective systems of internal controls and put measures to ensure that they are effective.</p>	<p>The executive order 1 of 2018 transferred the Board from the Judiciary where it was treated as a court station/ tribunal/an office within Milimani Commercial. Upon transfer, we expected the State Law Office to provide their staff who would take charge of various responsibilities within the board. This did not materialize as we were advised that they didn't have the staff to be deployed to the Board. We are in the process of finding more staff from the mother ministry or possibly employ staff for the Board since the current ones are from the Judiciary and few others from State Law office.</p>	<p>Chairman , Hon. Peter Gesora/Secretary Hon. Kenneth Cheruiyot</p> <p>Not Resolved</p>	<p>July 2022</p>
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Hon. Peter Gesora

Chairman of the Board

Date..... 22.12.2021

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APPENDIX II: INTER-ENTITY TRANSFERS

AUCTIONEERS LICENSING BOARD			
Break down of Transfers from the State Department of Justice Office of the Attorney General			
FY 2020/2021			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	24/08/2020	5,630,381.25	2020/2021
	01/11/2020	5,630,381.25	2020/2021
	09/03/2021	3,130,381.25	2020/2021
	24/06/2021	8,130,381.25	2020/2021
	Total	22,521,525.00	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0000	
		0000	
		0000	
	Total	00	
c. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0000	
		0000	
		0000	
	Total	00	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		0000	
		0000	
		0000	
	Total	00	

The above amounts have been communicated to and reconciled with the Office of the Attorney General.

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized	
	as per bank statement			Statement of Financial Performance	Capital Fund
State Law Office of the Attorney General	24/08/2020	Recurrent	5,630,381.25	5,630,381.25	-
	01/11/2020	Recurrent	5,630,381.25	5,630,381.25	-
	09/03/2021	Recurrent	3,130,381.25	3,130,381.25	-
	24/06/2021	Recurrent	8,130,381.25	8,130,381.25	-
		Development	-	-	-
Total			22,521,525.00	22,521,525.00	-

