

REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
DATE: 10 NOV 2022 Thursday
Hon Kimani Ichungu, MP
Leader of Majority
Samuel Kalama

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA ACADEMY OF SPORTS

**FOR THE YEAR ENDED
30 JUNE, 2021**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100 NAIROBI
REGISTRY

18 AUG 2022



KENYA ACADEMY OF SPORTS

Beyond sporting talent

KENYA ACADEMY OF SPORTS

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

Kenya Academy of Sports
Annual Reports and Financial Statements
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1. KEY ACADEMY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya Academy of Sports is a state corporation established under Section 33 of the Sports Act No. 25 of 2013. The institution is mandated to nurture and develop sports talent, train and capacity-build technical sports personnel as well as conduct and promote sports research to revitalise the industry for socioeconomic boost. Before inception of KAS the National Youth Talent Academy (NYTA) and the Kenya National Sports Institute (KNSI), entities supported by the Department of Sports jointly with the Ministry of Education and UNICEF carried out programmes that sort to identify, nurture and develop talent among the youth as well as train sports technical personnel.

The Academy is envisaged to be a highly specialized Institution for training both athletes and technical personnel as well as conducting research in sports.

(b) Principal Activities

- i. Establish and manage sports training academies
- ii. Organize, administer and coordinate sports courses for sports personnel
- iii. Promote research and development of talent in sports
- iv. Collect, collate, store and disseminate tangible and intangible historical sports material to the public, sport organizations, researchers and institutions of learning
- v. Receive and analyze data on training requirements from sport organizations
- vi. Partner with other institutions & organizations for regular updates on the current sports trends
- vii. Perform any other functions to achieve the aforementioned

Vision

“Global excellence in sports talent development”

Mission Statement:

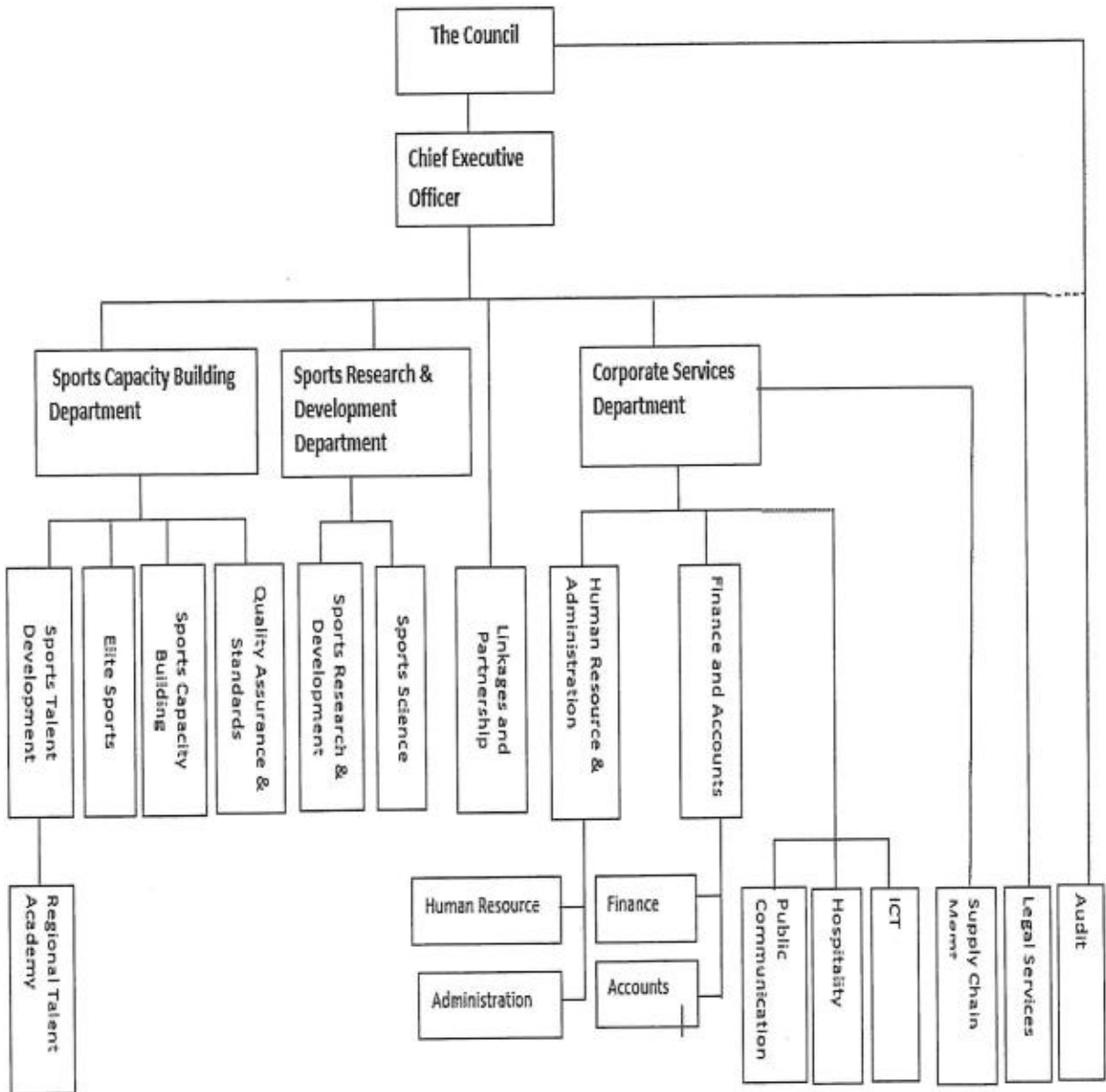
“To develop sports talents through establishment and management of sports academies, training and research for global competitiveness and sustainable socio-economic growth”

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Core Values

1. Teamwork
2. Professionalism
3. Innovation
4. Collaboration
5. Meritocracy

(c). Key Management



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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Dr Doreen Odhiambo
2.	Ag. Director, Talent Development	Douglas Ratemo
3.	Ag. Director, Corporate	Joseph K. Baimunya
4.	Ag. Senior. Manager, Talent Development	Margaret Kiragu
5.	Ag. Senior Manager, Partnerships & Linkages	John Okwemba

(e) Fiduciary Oversight Arrangements

Audit and Compliance Committee

The members include:-

- Agnes Oluoch -Chairperson
- Humphry Khayange -Independent Member
- Marcela Obaga -Treasury
- Christine Kanini -Attorney General's Rep
- Pius Metto -DG Sports Kenya

(f) Academy Headquarters

P.O. Box 9056 - 00200
Moi International Sports Centre, Kasarani
Indoor Arena
Kasarani
Nairobi, KENYA

(g) Academy Contacts

Telephone: (254) 020 2211460
E-mail: info@kas.or.ke
Website: www.kas.or.ke

(h) Academy Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

Kenya Commercial Bank
Thika Road Mall Branch
P.O Box 105514 – 0101 Jamia
Nairobi, Kenya




(i) Independent Auditors

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





(j) Principal Legal Adviser

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




2. THE BOARD OF DIRECTORS

 <p>i. Dr Paul Tergat</p>	<p>D. o. B: 17/06/1969</p> <p>Key Qualifications:</p> <p>Work Experience: In Sports Fraternity NOCK President</p> <p>Date of Appointment: 08/02/2019</p> <p>Council Chairman</p>
 <p>ii. Dr. Doreen Odhiambo</p>	<p>Date of Birth: 18th June, 1972</p> <p>Professional/Academic Qualifications: PHD in Sports Management, Post Graduate Certificate in Research:</p> <p>Chief Executive Officer</p>
 <p>iii. 3. Joan Gituma</p>	<p>D.o. B: 15/05/1969</p> <p>Independent Member</p> <p>Work Experience:</p> <p>Senior Manager KCB Group</p> <p>Chairperson, Finance Committee Member: Human Resource and Training Date of Appointment: 18/03/2019</p>

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 <p>iv. Catherine Ndereba</p>	<p>D. o. B: 21/07/1972</p> <p>Work Experience: Former world marathon Champion</p> <p>Chairperson, Human Resource committee Date of Appointment: 08/02/2019</p>
 <p>v. Humphrey Khayange</p>	<p>D. o. B: 20/07/1982</p> <p>MBA Chemistry</p> <p>Former Captain Kenya Sevens Rugby Team</p> <p>Work Experience</p> <p>Member, Technical and audit and compliance committee Date of Appointment: 20/09/2018</p>
 <p>vi. Tecla Lorupe</p>	<p>D. o. B: 09/05/1973</p> <p>Member: NOCK</p> <p>Work Experience: Sports</p> <p>Committee Member: Finance and Investment : Human Resource and Training committee Date of Appointment: 20/09/2018</p>
 <p>vii. Marcela Obaga</p>	<p>D. o. B: 20/01/1963</p> <p>Treasury Rep</p> <p>Work Experience</p> <p>Member, Finance and Investment, Audit and Compliance committees</p> <p>Date of Appointment: 28/02/2018</p>

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 <p>viii. Dr. Walter Ongeti</p>	<p>D.o.B 01/05/1981</p> <p>Rep: Ministry of Sports, Culture and Arts</p> <p>Doctor of Philosophy – Business Administration</p> <p>Technical Development and Safety Committee</p> <p>Date of Appointment: 27/11/2020</p>
 <p>ix. Christin Kanini</p>	<p>Christine Kanini</p> <p>D.o.B: 14/02/1981</p> <p>Rep: AG's Office</p> <p>Committee Member: Finance and Investment,</p> <p>Human Resource and Training Committee</p> <p>Date of Appointment: 29/02/2019</p>
 <p>x. Pius Metto</p>	<p>D.o.B: 24/05/1967</p> <p>Director General: Sports Kenya</p> <p>Member: Finance And investment, Audit and compliance, Technical committees</p> <p>Date of Appointment: 07/01/2021</p>

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xi. Agnes Oluoch

D.o.B: 08/05/1972

Independent Member
President Kenya Paralympic Committee
Member: HR and Training, Audit and
compliance committees

3. MANAGEMENT TEAM

 <p>i. Name: Doreen Odhiambo</p>	<p>Chief Executive Officer</p> <p>Date of Birth: 18th June, 1972</p> <p>Professional/Academic Qualifications: PHD in Sports Management, Post Graduate Certificate in Research</p>
 <p>ii. Name: Joseph Kirima</p>	<p>Director Corporate Services</p> <p>Date of Birth : 10th October, 1962</p> <p>Professional/Academic Qualifications: Bachelor's Degree in Education, Post Graduate Diploma in Sports Management</p>
 <p>iii. Name: Douglas Ratemo</p>	<p>Director Talent Development</p> <p>Date of Birth: 9th January, 1972</p> <p>Professional/Academic Qualifications: Bachelors of Arts, Post Graduate Diploma in Sports Management</p>

4. CHAIRMAN'S STATEMENT

The Kenya Academy of Sports is a premier sports institution focused on the development of sports talent in the country. The Sports Act 2013 mandates the training and research institution to establish and manage sports Academies, train sports technical and administrative personnel as well as conduct Sports Research. The council early this year appointed a substantive Chief Executive Officer who will be entrusted with steering the Academy to great height and provide the much need leadership to explore all available opportunities for the institution to grow and impact the youth and sports fraternity positively.

I wish to thank the leadership of the Ministry of Sports Culture and Heritage for the support they have extended to the Academy to ensure its full operationalization is on course. The financial support through the Sports Social and Development Fund on the activities of the Academy have supplemented the National Treasury financing endures. As we embark on completing the hostel block and relocating our offices to the KAS complex, this will not only give us identity but also more facilities to allow the programmers of the Academy to start off immediately.

The council has been steadfast in providing strategic guidance and leadership to the management to implement activities agreed upon between the Ministry, council and management as outlined in the annual Performance Contracts. Despite the limited resources and the emerging effects of the Covid-19 pandemic we have managed to provide services to our clients. The support from our partners has been of significant impact in breaking new frontiers in the sports sector. Through UNICEF we were able to provide sports equipment educational and social support materials to the young athletes in disadvantaged informal settlements in Korogocho and Mukuru Slums.

The support of GIZ S4D has enabled us initiate a network of Sports for Development organization to work together and reduce duplicated efforts and focus on synergies to meet our mandates. Most significant has been the assistance to develop the policy in safeguarding in sport. As we undertake the establishment of regional and constituency sports academies across the country the need for more support inform of human resource and financial resources is clear. Let's all work together to accomplish our mandate and help sportsmen and sportswomen achieve their dream and take Kenya's performance in sports to a new level through diversification in sports disciplines.


For **Dr. Paul Tergat**
Chairman

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Kenya Academy of Sports was created by the Sports Act in the year 2013 and became operational in 2014 having taken over the functions of Kenya National Sports Institute (KNSI) and National Youth Talent Academy (NYTA).

The Academy's core mandate revolves around sports talent development, training of technical sports personnel and promotion of research in sports. With the assistance from UNICEF and Communications Authority (CA), KAS has supplemented government funding and managed to make positive change among the Youth from disadvantaged communities. The Mukuru UNICEF project has been progressing well and talented boys and girls have been given an opportunity to exploit their potential in Sports. Plans are underway for KAS to start a similar project in the Kibera informal settlements in Langata. In conjunction with the CA KAS has managed Talanta football and overseen its elevation to the National Super League. Talanta players also come from disadvantaged backgrounds.

The recently concluded inaugural International KAS Conference brought together Sports Professionals and Administrators from diverse backgrounds from within and outside the country. This was an opportunity for KAS to share ideas and experiences and chart a way forward for Sports in Kenya. It was also a chance for KAS to initiate partnerships and collaboration and this is expected to benefit the Academy in many ways.

Similarly, the Academy is geared towards initiating exchange visits with reputable sports institutions in Africa, Europe and Asia. Undoubtedly this will give KAS Management much needed knowledge and experience to elevate the Academy to world class status.

In order to be administratively well-grounded, KAS needed to develop policies that are essential for the operation of the institution. In this light KAS has successfully formulated eight policies which will provide guidelines for decision making and also assist in stipulating framework for setting standards and performance in the organization.

The KAS budget for financial year 2020/2021 is as follows:-operations budget Kshs. 38 Million, programmes Kshs. 8 Million, FC Talanta Kshs. 23 Million, Mukuru Project Kshs. 5 Million. It is noted that this a constrained budget and considering the ever- increasing demand for talent development KAS must expand its resource base by seeking more partners to support implementation of programmes.

In the quest to boost its programmes KAS has reached out to the Sports, Arts and Social Development Fund and made a budgetary request which will assist in completion of the Academy complex still under construction.

In the short-term KAS aims to relocate to the Academy Complex and also purchase vehicles. This will undoubtedly enhance efficiency and improve delivery of services.



Dr. Doreen Odhiambo, PhD
Chief Executive Officer

**6. STATEMENT OF KENYA ACADEMY OF SPORTS PERFORMANCE AGAINST
 PREDETERMINED OBJECTIVES FOR FY 2020/2021**

The Kenya Academy of Sports (KAS) has five Thematic Areas which constitute the foundation and pillars of growth. Against the thematic areas, five strategic issues (SI's) are stated to underscore the state of affairs associated therewith and warranting change. The strategic issues have goals and strategic objectives (SO's) themselves being expressions of the multiple levels of desired results. The Academy's Strategic Plan for the FY 2018 – 2023 has the following strategic model:

Thematic Area/ Strategic Pillar	Strategic Issue	Strategic Objective	Key Performance Indicator
Sports Academies	Inadequate sports infrastructure and qualified staff to undertake talent administration and management	To establish the headquarters, 15 academies and 10 branch offices over the plan period	<ul style="list-style-type: none"> • Established headquarters and branch offices • Number of academies established
		To fully operationalize the headquarters, academies and branch offices over the plan period	<ul style="list-style-type: none"> • Adequate equipment and instruments of administration and management in place • Hire competent staff
Sports Personnel	Inadequate and semi-skilled sport technical personnel	To increase the number of qualified sports technical personnel by 50% over the plan period	Number of qualified sports personnel
		To increase the number of programs/courses for sports technical personnel by 50% by 2022	Number of programmes/courses conducted
Sports Athlete	Inadequate number of professionally trained and high performing athletes	To Increase the number of high performing athletes by 50% over the plan period	<ul style="list-style-type: none"> • Increased number of high performing athletes trained • Increased number of mentorship programmes • Effective talent identification mechanisms

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		To increase competitive sports talent disciplines from by 20 over the plan period	<ul style="list-style-type: none"> Increased number of competitive sports disciplines
		To increase the number of medals and awards accrued over the plan period by Strategic Plan 2016-2022 65 50%	<ul style="list-style-type: none"> Increased number of medals and awards
Sports Research and Knowledge	Inadequate research, knowledge and linkages in sport talent development	To increase research findings for sports talent development in at least seven disciplines by 2018	The number of research findings realized
		To increase knowledge and information accessible for sports talent development	<ul style="list-style-type: none"> Increased information and knowledge accessible on sports talent development Increased number of research linkages and collaboration actualized
Institutional Capacity	Inadequate institutional capacity	To fully enhance effective and efficient financial management by 2022	<ul style="list-style-type: none"> Enhanced financial management Adequate financing of KAS programmes
		To enhance Human Capital up to 70% of organizational needs by 2022	<ul style="list-style-type: none"> Increased KAS' human resource capacity
		To increase infrastructural capacity over the next seven years	<ul style="list-style-type: none"> Adequate office space for staff Increased infrastructural facilities
		To enhance collaboration, liaison and consultation with stakeholders by 80% in seven years	<ul style="list-style-type: none"> Increased collaboration, consultation and communication with stakeholders

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The Kenya Academy of Sports develops its annual work plans based on the above thematic areas/strategic pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The Academy continued to perform relatively poor due to the effects of corona virus (Covid-19) which necessitated suspension of all sporting activities across the country. Likewise, the Academy continues to experience serious underfunding especially for its core mandate programmes. In the year under review, the Academy expected enhanced funding from the Sports, Arts and Social Development (SASDF). However, the funding did not materialise which affected the performance of set targets for the FY 2020/2021 period as per the 5 thematic areas/strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Sports Academies	<ul style="list-style-type: none"> i. To complete Phase I construction of the Academy Complex; ii. To establish 20 Sports Training Academies 	<ul style="list-style-type: none"> i. 100% complete hostel building ii. Five usable playgrounds iii. 20 sports training academies established 	<ul style="list-style-type: none"> i. Supervision and monitoring of construction works; ii. Regular site visits & inspection; iii. Preparation of progress reports 	<ul style="list-style-type: none"> • Phase One construction attained practical completion. Certificate of Practical Completion issued. • Establishment of 20 sports training academies stalled due to lack of funds.
Sports Personnel	<ul style="list-style-type: none"> i. To train 250 coaches and referees in different sports disciplines 	<ul style="list-style-type: none"> i. Number of coaches & referees trained 	<ul style="list-style-type: none"> i. Organisation ii. Advertisement, selection and admission iii. Training of students iv. Certification and accreditation 	259 coaches & referees trained
Sports Athlete	To recruit and train 2,500 talented children and youth in various	Number of trained athletes	<ul style="list-style-type: none"> • Conducting recruitment exercises • Admission of recruits into respective cohorts • Conducting training 	2,875 talents trained in 7 sports disciplines

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	sports disciplines.			
Sports Research and Development	<ul style="list-style-type: none"> i. Conduct 2 research surveys ii. Host a research conference 	<ul style="list-style-type: none"> i. Number of surveys conducted ii. Number of research findings 	<ul style="list-style-type: none"> i. Conducting research surveys ii. Organisation and coordination of conference logistics 	<ul style="list-style-type: none"> • 2 research surveys conducted • The annual research conference 2020/21 was cancelled due to the corona virus pandemic
Institutional Capacity	<ul style="list-style-type: none"> i. To increase KAS funding ii. To increase KAS staffing levels 	<ul style="list-style-type: none"> i. Amount of funds mobilized ii. Number of new staff competitively recruited 	<ul style="list-style-type: none"> i. Develop proposals and seek partnerships; ii. Seek necessary approvals for recruitment; iii. Seek additional funding for recruitment of staff 	<ul style="list-style-type: none"> • Managed to secure Kshs 69M from Communication Authority as sponsorship for FC Talanta; • Secured Kshs 5.2 million from UNICEF for sports talent development programme

7. CORPORATE GOVERNANCE STATEMENT

Kenya Academy of Sports is governed by a Council comprising of 11 members. The Directors are appointed in a transparent and formal process which takes into consideration the mix of skills and competencies required for the achievement of KAS long term goals. The Chairperson is appointed by the President while the Council members are appointed by the CS in charge of Sports. The members of the Council are appointed for a term of 3 years. However, the Council may recommend the removal of a member based on non-performance, non-attendance of meetings, unethical conduct or as set out in any constitutive documents or applicable law.

THE COUNCIL

The KAS Council exercises its mandate independently and objectively. It is headed by a Chairman, five independent members and five other members representing various offices i.e. Principal Secretary for Sports, Inspectorate of State Corporation, The Treasury, Sports Kenya and Attorney Generals Chambers.

BOARD CHARTER

To enable the Council carry out its strategic oversight function effectively, a Board Charter has been developed. This key document provides members with an opportunity to think creatively and critically about their strategic and operational plans. The charter also defines the Council's roles, responsibilities and functions. Further the charter defines the separation of roles, functions, responsibilities and powers of the Council in its relation with individual members. In order to move in tandem with the changing times, the Council reviews the charter annually or as the need arises and makes the document available.

ROLE OF THE COUNCIL

The Council performs several tasks including:

- Determining the organisations mission, vision and core values.
- Setting and overseeing the overall strategy and approving significant policies of KAS.
- Ensuring that the Strategy is aligned with the purpose of KAS and the legitimate interests and expectations of its stakeholders
- Approving the organisational structure and annual budgets
- Monitoring KAS performance and ensuring sustainability,
- Enhancing KAS corporate image

- Ensuring availability of adequate resources for the achievement of KAS objectives.
- Ensuring effective communication

MEETINGS

Council meetings are held at least four times a year and not more than four months' elapse between the date of one meeting and the date of the next meeting. A schedule of the dates of meetings are agreed upon by the council members and set out in the council work plan.

In the financial year ending 30th June, 2021 the Council held 3 committee meetings and 13 full Council meetings.

COUNCIL RENUMERATION

KAS follows a formal, and transparent, fair and ethical remuneration system which stipulates the elements of each Director's fees and attendance allowances.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Management of Kenya consists of the Chief Executive Officer, the Director Talent Development, The Director Sports Research and the Director Corporate Services. There is also a Senior Manager in charge of Linkages and Partnership Division which falls directly under the CEO's Office.

The Chief Executive Officer provides leadership and oversees the day to day running. Additionally, the CEO is responsible for the execution and communication of the Board's strategies, decisions and policies. Being the link between the Academy and the Council, the CEO is charged with the achievements of the objectives of KAS.

The Directorate of Talent Development is charged with the responsibility of developing norms and standards for talent identification, development and nurturing to meet international standards. Under this directorate the capacity building of sports technical personnel is carried out in liaison with sports federations/associations so as to produce coaches/referees/umpires and sports administrators of global calibre. To actualize its goals this directorate establishes partnerships and collaborations with institution of higher learning, corporate institutions and government agencies.

Among the recent important activities of KAS is the development of constituency academies a goal which is expected to realize the sporting potential of the youth and thereby empower them economically. For the last five years the directorate has achieved the following:

1. Trained 6,640 athletes
2. Trained 1,000 sports technical personnel and sports administrators
3. Initiated a draft training curriculum for athletes
4. Developed draft training manuals for 5 disciplines
5. Issued over 4000 chessboards since 2016 to counties and schools

Other development programs within the sector include the Phase one construction of Kenya Academy of Sports Head Quarters which contains Hostel blocks to 2nd Floor, two football pitches, two basketball courts and one rugby pitch. The Academy plans to engage a contractor for phase two construction works which includes; completion of internal works for hostel building from 2nd floor to 7th floor, elevated water tanks, Connection Bridge, and perimeter wall & gate around KAS Complex. The Academy further plans to establish regional academies in 10 regions.

The Directorate of Corporate Services plays the key role of offering support services in the areas of finance, accounts, human resource and administration, public communication, information

technology and hospitality. The directorate is therefore charged with the responsibility of developing, formulating and advising on all policy issued on the areas mentioned above.

The Directorate has to put requisite structures in place through development of the following policy documents.

1. Human Resource Manual
2. Career progression guidelines
3. Organizational structure and staff establishment
4. The strategic plan 2018-2022
5. Customer Service Charter
6. Project Management
7. Safeguarding in Sports
8. Gender Mainstreaming
9. Disability Mainstreaming
10. Performance Appraisal Tools

The Sports Research Directorate pursues to enhance sports performance through well guided and scientifically approved methods. It therefore gives coaches and athletes a way to gain solid information and apply it to sports performance which includes data collection and analysis. This Directorate is still in its early stages of development and requires immense resource both physical and technical to actualise.

That notwithstanding considerable work has been done in the area of collaboration and research. In 2017 the Directorate partnered with Kenyatta University to conduct a fore-games symposium in which international sports personalities attended and exchanged useful information. Additionally, the Directorate has conducted research and surveys in the following areas:

1. Needs assessment on safeguarding in sports
2. Baseline survey on safeguarding in sports

Linkages and partnership is a division which plays a vital role in connecting KAS to like-minded organizations in the corporate and academic circles. Quite a lot has been done in this area where partnerships and collaborations have been forged i.e. there has been a long fruitful working relationship between KAS and the following:

1. UNICEF
2. GIZ
3. Kenyatta University

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4. University of Nairobi
5. Ministry of Education
6. Communication Authority
7. County Governments
8. UNESCO

Under this division many MOU's have been signed all aimed at enhancing the academy's capacity to develop the sporting potential of the Kenyan youth.

The biggest hindrance to the Academy's realization of its goals is financial resources but fruitful deliberations have been initiated with various agencies – including the Sports, Arts & Social Development Fund with the aim of solving the recurrent financial hurdles.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KAS exists to transform lives through identification, nurturing and development of sports talent. Our driving force is to enhance sports performance and promote social economic growth through sports. The organisation promotes sustainability through the following:

i) Sustainability strategy and profile

KAS recognises that partnerships with like-minded organisations is a key strategy for creating sustainability which aligns with the Government's PPP policy. KAS strives to attract both domestic and international private sector investment to help address the deficit in infrastructure and service delivery

ii) Environmental performance

KAS ensures compliance to all Government's regulations on environmental protection while carrying out its infrastructure development projects. Further the Academy promotes biodiversity conservation by intentionally planting indigenous tree species in KAS open spaces, planting and maintaining ground cover species to prevent soil erosion and protect river banks.

iii) Employee welfare

To ensure employee welfare, KAS has developed several policies which includes; human resource manual, gender mainstreaming, disability mainstreaming and HIV/AIDs policies. The Academy has developed Human Resource Career guidelines to guide in hiring and career progression.

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

Identification and selection of athletes to the Academy's talent development programs is done transparently and fairly. Beneficiaries of sports technical development courses are also identified fairly.

The organization ensures responsible competition practices are achieved through the following;

- **Award Criteria:** Stating in the tender document or notice all the criteria the institution intends to apply to award the contract. The procedures used, the specifications chosen, and the selection and award criteria applied can all be monitored through this transparency requirements.

- **Awarding to the reserved groups and promotion of local content:** This involves allocating at least 30% of the procurement budget in every financial year to Youth, Women and PWD.

To ensure sustainable promotion of local industries, the Kenya Academy of Sports allocates at least 40% of the procurement budget to the locally made products.

- **Publicity:** Advertising procurement procedure on the available channels e.g using Public Procurement Information Portal (PPIP) to ensure that the institution is not able simply to contact those tenderers with whom they would prefer to deal.
- **Providing Avenues for challenging procurement process:** This involves putting in place channels for challenging the bidding process. This ensures bidders have the right to challenge the bidding process whenever they feel that they were unfairly treated. Such challenges are based on the procurement legal framework.
- **Ethics:** These are the moral principles that govern the conducting of an activity. Competitive procurement ensures fair and ethical treatment of Bids from suppliers. The Academy allows parties to submit a bid for a job, complete with all required documentations to compete fairly for jobs to avoid conflicts i.e selecting suppliers from prequalified list to compete for a tender.
- **Privacy of Information:** One of the fundamentals of any procurement process is confidentiality of information exchanged between a bidder and a contracting authority. The Kenya Academy of Sports ensures protection of commercially sensitive information which is disclosed to the public. This also ensures that none of the bidders abuse the system by knowing contents of the bids submitted by others and thus compromising the competitive process.

b) Responsible Supply chain and supplier relations

Supplier relations help to determine the value each supplier provides and which ones are most critical to organizational continuity and performance. The supply chain and supplier relations enable the organization to cultivate better relationship with suppliers based on each supplier importance.

- **Promoting Clear, Consistent Communication.**

Clear and consistent communication is foundational in business relationships. To build effective and long-term relationships with suppliers, buyers/procuring Academy must

communicate with the suppliers on the basis of an equal partnership. The Kenya Academy of Sports provides proper channels for communication and feedbacks from the stakeholders.

- **Leverage Technology for Mutual Benefit.**

Effective technological platform that supports and promotes efficiency and transparency e.g. self-service portal that enables the vendor to view purchased orders, update contact information, submit invoice and respond to request for quotation.

- **Regularly Review Deliverable and Performance.**

Regularly reviewing the performance of the suppliers promoting vendor accountability and helps to reduce the cost and improve customer participation. By outlining supplier expectations, and sharing the results with the team, the Academy provides the vendor with regular feedback this can be used to exceed expectations and deliver additional value.

- **Paying Suppliers on Time.**

The Academy ensures that suppliers are paid on time. This has proven that the institution is reliable to the customers and that they are able and easy to work with. Suppliers like timely payment just like the institution, like timely action on their side.

- **Clear Plan for Issue Resolution.**

Outlining plan for issue resolution ahead of time to provide timely resolution with minimum disruption to the operations.

- **Using detailed Agreements.**

Writing down everything that both parties expect from the partnership such as item/service description, delivery terms, payment terms and communication reduces the possibility of confusion or possible disputes.

- **Evaluating the Risks**

Evaluating the risk of dealing with a supplier especially for complex goods and services. Asking for references /years in business, areas of expertise and how they deal with crisis. By evaluating the suppliers, the Academy can mitigate the risks and be ready to deal with any emergencies in partnership with the suppliers, which can help minimize interruptions to the institution's operations.

c) Responsible marketing and advertisement

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Organisation can promote ethical marketing practices by promoting fairness, social responsibility, empathy and honest by following ethical standards. Efforts to maintain ethical marketing practices include;

1. Transparency

This is a marketing concept that refers to the degree to which an organisation shares its leader, employees, values, culture, strategy, business process and the results of those process with its public/stakeholders. Kenya Academy of Sports showcase transparency in terms of sharing information which is verified and true in its media platforms. Sharing with the public, the history and operations product output to the last detail without hiding anything. Transparency is also achieved when the Academy address issues resulting from their operations which come as complaints from its consumers/stakeholders. A complaint register and suggestion box has been put in place for such purposes.

2. Integrity

This is a practice of being honest and showing consistent and uncompromising adherence to strong moral and ethical principles and values.

The Kenya Academy upholds integrity in its operations as a sports institutions by keeping employees adequately informed about issues in the institution. This can also be traced where the Academy upholds its promises and commitments especially to stakeholders' e.g suppliers by paying their dues after completion of a job.

The Academy follows up on misconduct and holds accountable those who violate standards and guidelines in the workplace.

3. Corporate Social Responsibility

Corporate social responsibility is a tool that can be used in marketing. The Kenya Academy of Sports uses its resources and grants by helping those in need. This can be seen through the donation made by KAS to their satellite Academies e.g Mukuru Kwa Njenga. Students at Mukuru have a lunch programme fully sponsored by the KAS hygiene kits and educational materials that were bought for students as a result of partnership with INICEF.

4. Protecting Consumer Data and Privacy.

Consumers are becoming increasingly concerned about entrusting their data with organisations. The Academy has put in place measures that protects endpoints against external threats by using

capabilities of cutting edge security technology that can protect against ransom ware, data breaches and malware.

5. Responding meaningfully to consumer concerns.

Customer response is very important aspect for all organisations to create good working relationship satisfaction and loyalty. Kenya Academy of Sports through inquiry emails, social media handles and accessible website is able to do follow up and respond to customers/stakeholders needs accordingly. Complain books and suggestion books within the institution has facilitated the exchange of information and knowledge, and develop relationship with others.

d) Product stewardship

The Kenya Academy of Sports as a State Department is mandated to identify, nurture and develop Sports Talent among Youth in Kenya as well as train Sports Technical Personnel.

The Kenya Academy of Sports has consumers that benefit from its operations. These Consumers include:

1. Athletes,
2. Sports Technical Personnel(i.e. coaches, managers)

These listed consumers are the major consumers of the Kenya Academy of Sports and as such have rights and interests that apply to them. In our capacity as the Kenya Academy of Sports, we have an obligation to safeguard those interests and rights. The rights of our consumers include:

- i. Right of access to information
 - ii. Right to safety
 - iii. Right to clean and healthy environment
 - iv. Right to service
- **Right of access to Information-** The Kenya Academy of Sports ensures this is met by making information pertaining to the institution and its operations available on the websites and social media handles. This is achieved through procurement of competent web hosting services that enable the organization display in detail all the information that is relevant to the institution and the public.
 - **Right to safety** – Safety is an important aspect in operations of an organization. The Kenya Academy of sports contracts services of skilled and well organized security service providers to provide security around the premises. In ensuring that sports equipment and resources for daily

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operations are stored properly, the Academy has put in place burglar proofed windows and doors to curb theft.

- **Right to Clean and healthy environment** – The Kenya Academy of Sports has engaged services of cleaning companies to keep the work environment clean and suitable for operations as well as enforcing Covid 19 protocols and guidelines as instructed by the government.
- **Right to Service-** The Kenya Academy of Sports is tasked with identifying, nurturing and developing sports talent among youth as well as train and capacity build technical sports personnel. The Academy therefore sources for services of competent trainers qualified and certified by the Kenya National Qualification Authority to facilitate training of technical sports personnel who in turn train athletes and potential athletes in a bid to achieve our mandate. The service charter clearly expresses guidelines, responsibilities of consumers and the responsibilities of the Academy in offering services.

The Kenya Academy of Sports in its capacity to deliver, ensures quality and standard Services, goods and works that meet required levels fit for consumption to safeguard consumer rights and interests.

v) **Corporate Social Responsibility / Community Engagements**

The Academy has distributed hygiene kits to 200 pupils from Mukuru kwa Njenga informal settlement. The Academy supplied hygiene products and food stuffs to the Little sisters of the poor that serves both the elderly and the minors.

10. 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 Kenya Academy of Sports affairs.

Principal activities

The principal activities of the Kenya Academy of Sports are -:

- a) Establish and manage sport's training academies;
- b) Organize, administer and co-ordinate sports courses for technical and sports administration personnel;
- c) Promote research and development of talent in sports, in collaboration with institutions of higher learning, national sports organizations and other stakeholders;
- d) Collect, collate, store and disseminate tangible and intangible historical sports material to the public, sports organizations, researchers and institutions of learning;
- e) Receive and analyse data on training requirements from sports organizations;
- f) Link with other institutions and organizations for regular updates on the current sports trends; and
- g) Perform any other function that may directly or indirectly contribute to the attainment of the foregoing.

Vision

Global excellence in sports talent development.

Mission

To develop talent through establishment and management of sports academies, training and research for global competitiveness and sustainable socio-economic growth.

Results

The results of the Kenya Academy of Sports for the year ended June 30, 2021 are set out on pages 1-31

Directors

The members of the Board of Directors who served during the year are shown on page vii. During the year/period ended June 30, 2021 no director has retired or resigned.

Auditors

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

By Order of the Board

By Order of the Board

Name *Joyce Owidi*
Corporate Secretary/Secretary to the Board


Signature

Date

19/05/2022

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11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Kenya Academy of Sports' financial statements, which give a true and fair view of the state of affairs of the Academy for and as at the end of the financial year ended on June 30, 2021. This responsibility includes:

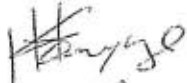
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Academy;
- (iii) Designing, implementing 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 Kenya Academy of Sports;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for Kenya Academy of Sports' financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that Kenya Academy of Sports' financial statements give a true and fair view of the state of Kenya Academy of Sports' transactions during the financial year ended June 30, 2021, and of Kenya Academy of Sports' financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for Kenya Academy of Sports, which have been relied upon in the preparation of the Academy'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 Kenya Academy of Sports will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statement

The Academy's financial statements were approved by the Board on 19/05/ 2022 and signed on its behalf by:

Signature 
Name HUMPHREY KAYANGE
Chairperson of the Council

Signature 
Name Doreen Odhumb
Accounting Officer

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KENYA ACADEMY OF SPORTS 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 the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such Clubs 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 by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Academy of Sports set out on pages 1 to 32, which comprise of 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Academy of Sports 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 Sports Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Stale Cheques in Bank Reconciliation Statements

The statement of financial position reflects a balance of Kshs.154,865,033 in respect of cash and cash equivalents which includes an amount of Kshs.154,850,089 held in a local bank account. The bank reconciliation statements in support of the balance includes bounced cheques totalling to Kshs.3,924,678 issued on diverse dates between 2017 and 2020 and are stale and have not been reversed in the cash book.

In the circumstances, the accuracy of the cash and cash equivalents balance of Kshs.154,865,033 as at 30 June, 2021 could not be confirmed.

2. Anomalies in Work-In-Progress Expenditure

The statement of financial position reflects non-current assets balance of Kshs.1,193,095,157 which includes an amount of Kshs.61,503,085 paid during the year under review for work in progress in respect of the International Sports Academy bringing the total amount paid to Kshs.1,193,095,157 as at 30 June 2021. In 2008/2009, the Sports Department, under the Ministry of Sports and Youth Affairs conceived the idea to establish a specialized Centre for Sports talent development and research in sports. Sports Kenya, then Sports Stadia Management Board was charged with overseeing the implementation of the project. The entire master plan of the project estimated at Kshs.4,900,000,000, envisages the construction of state-of-the-art multi-sport facilities.

The project was to be implemented in phases starting with Phase 1, that involved hostel building with internal finishes of basement, ground and first floors, 5 playgrounds (one rugby pitch, 2 football pitches and 2 basketball courts); access road and parking; and partial landscaping around the hostel building. The contract for the construction of Phase 1 was signed on 28 July, 2018 between Sports Kenya and the contractor at a contract sum of Kshs.859,814,770. The lead consultant (architects) cumulatively has been paid Kshs.195,627,118.

A review of the project records revealed the following anomalies:

- i. Total architectural fee of Kshs.195,627,118 was calculated based on the total estimated cost of Kshs.4,900,000,000 instead of Kshs.859,814,770 the contract

sum for Phase 1. Further, the services of a consultant were outsourced instead of technical officers from the State Department for Public Works. Had the Board engaged officers from Public Works, Kshs.195,627,118 paid to the consultants would have been saved on the cost of the project.

- ii. Drawings (architectural and structural); tender documents or Bills of Quantities (building works and sub-contracts) and the original signed contracts were not provided for audit review.
- iii. No evidence was provided to confirm the recovery of retention monies, withholding tax vat (2%), and withholding tax consultancy (5%). Further, no retention register and KRA payments for the same were provided for audit. Phase 1 of the project had a revised completion date of 30 March, 2020 although the project is yet to be completed and the contractor was not on site at the time of inspection on 15 February, 2022. In addition, no extension of the contract period was provided for audit.
- iv. Poor workmanship was also observed during the site inspection in February, 2022, with gabions done but not fully completed and others falling out; the common washers (dhobi) in the basement had cracks which would have to be redone, for the ground and first floor; painting on walls were peeling off; and some toilets were broken and not functioning.
- v. As at a 30 June, 2021, payments totalling to Kshs.1,193,095,157 had been made towards the project exceeding the contract sum of Kshs.859,814,770 by Kshs.333,280,387 or 39% of the contract price.

Consequently, the validity and accuracy of work-in-progress balance of Kshs.61,503,085 incurred on the project during the year under review could not be confirmed.

3. Unapproved Expenditure

The statement of financial performance and as disclosed in Note 5 under use of goods and services reflects an amount of Kshs.62,522,675. Included in the amount is Kshs.898,200 incurred in linkages and partnerships, establishment of satellite academies amount of Kshs.2,086,400 and consultancy services of Kshs.3,030,000 all totalling to Kshs.6,014,600. However, the Academy did not have an approved budget allocation for these expenditures.

In the circumstances, the validity and accuracy of the expenditure of Kshs.6,014,600 could not be confirmed for the year ended 30 June, 2021.

4. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 8 to the financial statements reflects building work-in-progress balance of Kshs.1,193,095,157 as at 30 June, 2021. However, Note 11 on property plant and equipment movement schedule is not disclosed in the statement of financial position. Further Note 11 does not disclose the value of land, motor vehicles, plant and machinery, office equipment and furniture. In

addition, Management did not provide for audit, ownership documents such as title deeds, motor vehicles log books and an assets register.

In the circumstances, the accuracy, ownership, completeness and validity of the property, plant and equipment balance of Kshs.1,193,095,157 as at 30 June, 2021 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Academy of Sports Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 are no key audit matters to report in the year under review.

Other Matter

Prior Year Audit Matters

In the audit report of the previous year, a number of issues were raised under the report on financial statements. However, Management has not resolved the issues or disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board template.

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for the Conclusion

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

Responsibilities of Management and the Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Academy'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 Academy'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 Academy to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Academy to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathunga, CBS
AUDITOR-GENERAL

Nairobi

29 July, 2022

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

	Notes	2020-2021	2019-2020
Income from Non-Exchange Transactions		Kshs	Kshs
GOK Grants	1.(a)	92,288,588	51,134,724
Unicef Grant	1.(b)	5,201,750	3,947,934
		97,490,338	55,082,658
Income from exchange transactions			
Conference fee	2.(a)	982,748.00	90,000
Other Income	2.(b)		
Sale of Tender Docs		-	2,000
		982,748	92,000
Total revenue		98,473,086	55,174,658
Expenditures			
Employee costs	3.0	34,262,497	33,542,977
Remuneration of Board	4.0	4,737,142	5,248,040
Use of goods and services	5.0	62,522,675	26,264,309
		101,522,314	65,055,326
Surplus/(Deficit) for the period		(3,049,228)	(9,880,668)

The notes set out on pages 9 to 31 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

Accounting Officer

Name: *Doreen Odhiambo*

Date: *19/5/2022*

Head of Finance

Name: *Richard Abonyo*

ICPAK Member Number:

Date: *19/5/2022*

Chairman of the Board

Name: *Humphrey Kinyua*

Date: *19/5/2022*

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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalents	6.0	154,865,033	(2,539,539)
Accounts Receivables	7.0	6,545,376	8,453,579
Total Current Assets		161,410,409	5,914,040
Non Current Assets			
WIP(International Sports Academy)	8.0	1,193,095,157	1,131,592,072
Total Non Current Assets		1,193,095,157	1,131,592,072
Total Assets		1,354,505,566	1,137,506,112
Liabilities			
Current liabilities			
Accounts payables from Non -exchange transactions	9.0	1,358,128	962,531
Total Liabilities		1,358,128	962,531
Net Assets			
Surplus / (Deficit) for the year	10.0	1,902,281	4,951,509
Capital Reserve	1.(c)	1,351,245,157	1,131,592,072
Total Net Assets		1,353,147,438	1,136,543,581
Total Liabilities & Net Assets		1,354,505,566	1,137,506,112

The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

Accounting Officer

Name:

Doreen Ojwang
19/5/2022

Head of Finance

Name:

ICPAK Member Number:

Date:

Raphael Abonyo
19/05/2022

Chairman of the Board

Name:

Date:

Humphrey KAYAMU
19/5/2022

Kenya Academy of Sports
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**15. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2021**

	Attributable to the Kenya Academy of Sports				TOTAL
	Self insurance reserve	Reserves	Revaluation Reserves	Accumulated surplus	
	Kshs	Capital replacement development reserve/Capital Reserve	Kshs	Kshs	Kshs
Balance as at 1 July 2019	0	1,036,445,457	0	14,832,177	1,051,277,634
Surplus/(deficit) for the period	0	0	0		-
Transfers to/from accumulated capital	-	-	-	(9,880,668)	(9,880,668)
Transfer of excess depreciation on revaluation	-	-	-	-	-
Grants received during the year	-	95,146,615	-	-	95,146,615
Revaluation gain	-	-	-	-	-
Balance as at 30 JUNE 2020	-	1,131,592,072	-	4,951,509	1,136,543,581
Balance as at 1 July 2020	-	1,131,592,072	-	4,951,509	1,136,543,581
Surplus/Deficit for the period	-	-	-	(3,049,228)	(3,049,228)
Transfers to/from accumulated surplus	-	-	-	-	-

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Transfer of excess depreciation on revaluation	-	-	-	-	-
Grants received during the year	-	219,653,085	-	-	219,653,085
Revaluation gain	-	-	-	-	-
Balance at 30 JUNE 2021	-	1,351,245,157	-	1,902,281	1,353,147,438

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

		2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	1.(a)	92,288,588	51,134,724
Unicef Grant	1.(b)	5,201,750	3,947,934
Government Grants for Development	1.(c)	219,653,085	95,146,615
Rendering of services	2.(a)	982,748	92,000
Total Receipts		318,126,171	150,321,273
Payments			
Compensation of employees	3	34,262,497	33,542,977
Council Expenses and Honoraria	4	4,737,142	5,248,040
Goods and services	5	62,522,675	26,264,309
Total Payments		101,522,314	65,055,326
Net cash flows from operating activities		216,603,857	85,265,947
Cash flows from investing activities			
Construction of KAS Complex	8	(61,503,085)	(95,146,615)
Decrease in non-current receivables	7	1,908,203	1,460,948
Decrease in accounts payables		395,597	(1,901,423)
Net cash flows used in investing activities		(59,199,285)	(95,587,090)
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		157,404,572	(10,321,143)
Cash and cash equivalents at 1 JULY		(2,539,539)	7,781,604
Cash and cash equivalents at 30 JUNE		154,865,033	(2,539,539)

**Kenya Academy of Sports
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The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

Accounting Officer 	Head of Finance	Chairman of the Board
Name: <u>Doreen Odhiambo</u>	Name: <u>Raphael Abonyo</u>	Name: <u>Humphrey KAYAWA</u>
	ICPAK Member Number:	
Date: <u>19/5/2022</u>	Date: <u>19/05/2022</u>	Date: <u>19/5/2022</u>

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

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization %	
	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	Kshs	2020-2021	
Revenue												
Government grants and subsidies- Recurrent	44,650,000		47,638,588		92,288,588		92,288,588	-				100
Government grants and subsidies- Development	77,785,000		(16,281,915)		61,503,085		61,503,085	-				100
Rendering of services						982,748			(982,748)			
UNICEF GRANTS	5,201,750				5,201,750		5,201,750	-				100
Sale of goods												
Finance Income												
Gains on disposal, rental income and agency fees												
Total income	127,636,750		31,356,673		158,993,423		159,976,171		(982,748)			100.618106
Expenses												
Compensation of employees	24,442,000		7,000,000		31,442,000		34,262,497		(2,820,497)			108.970476
Board remuneration	4,597,499				4,597,499		4,737,142		(139,643)			103.037369
Goods and services	17,795,934		43,438,588		61,234,522		62,522,675		(1,288,153)			102.103638
Rent paid												
Taxation paid												
International Academy of Sports	77,785,000		(16,281,915)		61,503,085		61,503,085	-				100
Grants and subsidies paid												

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Total expenditure	124,620,433	34,156,673	158,777,106	163,025,399	(4,248,293)	102,675,633
Surplus for the period				(3,049,228)		

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Kenya Academy of Sports is established by and derives its authority and accountability from the Sports Act No 25 of 2013. The Academy is wholly owned by the Government of Kenya and is domiciled in Kenya. The Academy's principal activity is to nurture and develop sports talent, train and capacity-build technical sports personnel as well as conduct and promote sports research to revitalize the industry for socioeconomic boost.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The academy's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) The financial statements are presented in Kenya shillings, which is the function and reporting currency of the academy and all values are rounded to the nearest thousands (Kshs 000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS

i. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i. Revenue from non-exchange transactions – IPSAS 23

Fees, taxes, and fines

The Academy 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 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 academy and the fair 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 recognised on obtaining control of the asset (cash, goods, service 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 academy and can be measured reliably.

ii. Revenue from exchange transactions – IPSAS 9

Rendering of services

The academy recognized revenue from rendering of services y reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours in incurred to date as a percentage of total estimated labour hours.

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

Sales of services

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

Interest income

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

b) Budget information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Academy. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis or timing differences that would require reconciliation between the actual comparable amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes - IAS 12

The Kenya Academy of Sports is exempt from income tax under the First schedule, paragraph 10 of the Kenyan Income Tax Act (Cap 470).

Sales Tax

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

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

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

d) Property, Plant and equipment – IPSAS 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. Where an asset is acquired in a non-exchange transaction for nil or normal consideration the asset is initially measured at its fair value. The annual depreciation in use are:

- a. Furniture and Fittings 12.5%
- b. Plant and Equipment 12.5%
- c. Electronic Data Processing Equipment 30%
- d. Motor Vehicles 25%

e) Intangible assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised

and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite.

f) Financial instruments – IPSA 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Impairment of financial assets

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

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

i) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

IPSAS 29.65

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

ii) Research and Development costs

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

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

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

g) Provisions-IPSAS 19

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

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement. The centre makes a provision for gratuity for its employees on contract at the rate of 31% of the basic salary. The amount is charged against income in the year in which it is earned.

Contingent Liabilities

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

Contingent Assets

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

h) Nature and Purpose of Reserves

The Academy maintains reserves in terms of specific requirements.

i) Foreign currency transactions-IPSAS 5

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

j) Borrowing costs –IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Related parties

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

l) Service concession arrangements

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

m) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

Useful lives and residual values

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Transfers from Other Government Entities

1.(a)	Income from Non-Exchange Transactions	2020-2021	2019-2020
	GOK GRANTS	Kshs	Kshs
	Recurrent	44,650,000	42,887,499
	Development	16,281,915	4,853,385
	Grant from SASDF	31,356,673	3,393,840
		92,288,588	51,134,724

Donor Grants

1.(b)		2020-2021	2019-2020
	UNICEF Grant	5,201,750	3,947,934
		5,201,750	3,947,934

1.(c)		2020-2021	2019-2020
	CAPITAL Reserve	Kshs	Kshs
	Capital b/f	1,131,592,072	1,036,445,457
	Capital Grants received for the year	219,653,085	95,146,615
		1,351,245,157	1,131,592,072

NB* Capital approach as been applied to recognize the part of the development grant that was used for construction work for International Sports Academy building amounting to **ksh 61,503,085** by debiting work in progress account and Crediting Capital Reserve account with the same amount.

2.(a)		2020-2021	2019-2020
	Income from the Exchange Transactions	Kshs	Kshs
	Conference fee	-	90,000
		982,748	-
	Sale of Tender Documents		2,000
		982,748	92,000

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	2020-2021	2019-2020
2.(b) Other income	Kshs	Kshs
Insurance claim	-	-
	-	-

	2020-2021	2019-2020
3.0 Employee Costs	Kshs	Kshs
Contracted and seconded staff	28,425,935.10	28,063,144
Statutory Deductions	5,836,562	5,479,833
Total Employee Cost	34,262,497	33,542,977

	2020-2021	2019-2020
4.0 Board Remunerations	Kshs	Kshs
Board sitting allowances and Honoraria	4,737,142	5,248,040
	4,737,142	5,248,040

	2020-2021	2019-2020
5.0 Use of goods and services	Kshs	Kshs
Personell Training and Development	238,000.00	
Sports Talent Identification and Development	6,120,635	3,024,140
Foreign Travel Accomodation	-	63,300
Prevention of HIV/AIDS	23,000	-
Purchase of Sports equipments	270,000	50,503
Capacity Building of Sports Technical Personnel	5,725,020	302,400
Sports Research and Development	2,100,440	1,139,700
Travel & Accommodations	26,909,442	7,561,675
Telephone & Internet	862,343	843,671
Establishment of Satellite Academies	2,086,400	3,277,627
Review of KAS strategic plan	1,000,000	-

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Validations of regulations and standards	-	-
Development of key Institution policies	2,187,400	1,336,100
Hospitality	1,236,777	1,153,691
Postage	9,450	37,070
Office Equipment and Computers	1,669,970	
Stationaries & Printing	1,066,257	653,016
Maintenance of Plant and equipment	-	29,500
Office Cleaning & Materials	-	56,280
Contribution to International Organizations	-	10,000
Consultancy Services	3,030,000	1,600,000
Conducting of Holiday sports camp	-	1,008,000
Hosting of International Sports conference	-	-
Bank charges	18,575	48,413
Review of KAS organisational structure	781,600	554,900
Marketing /Branding/PR	5,061,684	2,558,823
Development of Curriclum for KAS	-	-
Linkages and Partnerships	898,200	955,500
Audit fee	300,000	-
Relocation to KAS offices	24,000	-
Mitigation of Covid 19 Pandemic	903,482	-
	62,522,675	26,264,309

	2020-2021	2019-2020
6.0 Cash and Cash Equivalents	Kshs	Kshs
KAS Recurrent Account - KCB	154,850,089	2,539,539
KAS Donor Account - KCB	1,144	
KAS SASDF - KCB	5,000	

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KAS Development Acc -KCB	5,000	
Cash in Hand	3,800	
	154,865,033	2,539,539

	2020-2021	2019-2020
7.0 Account Receivables	Kshs	Kshs
Advances to Fc Talanta & Sports Kenya	6,545,376.04	5,772,985
Outstanding Imprests	-	2,680,594
	6,545,376.04	8,453,579

	2020-2021	2019-2020
8.0 International Sports Academy (Work In Progress)	Kshs	Kshs
Opening Bal	1,131,592,072.00	1,036,445,457
Expenditure	61,503,085.00	95,146,615
International Sports Academy	1,193,095,157.00	1,131,592,072

	2020-2021	2019-2020
9.0 Accounts Payables from Non- Exchange transactions	Kshs	Kshs
Pending bills from purchase of good and services	1,358,128.00	962,530.54
Accrued Employees benefit obligation & PAYE	-	-
	1,358,128.00	962,530.54

	2020-2021	2019-2020
	Kshs	Kshs
10.0 Surplus/ (Deficit) for the year	4,951,509	14,832,177
Surplus/ (Deficit) for the year	(3,049,228)	(9,880,668)
	1,902,281	4,951,509

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11.0

PROPERTY, PLANT AND EQUIPMENTS MOVEMENT SCHEDULE:

	Building WIP	Motor Vehicles	Plant & Machinery	Office Equipment	Furniture	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Cost/Valuation		-	-	-	-	-
NBV- 1 July 2019	1,036,445,457	-	-	-	-	1,036,445,457
Additions	95,146,615	-	-	-	-	95,146,615
Disposals	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-
At 30 June 2020	1,131,592,072	-	-	-	-	1,131,592,072
At 30 June 2020	1,131,592,072	-	-	-	-	1,131,592,072
NBV- 1 July 2020	1,131,592,072					1,131,592,072
Depreciation and impairment						
Additions	61,503,085					61,503,085
Disposals						-
Transfer/adjustments						-
At 30 June 2021	1,193,095,157	-	-	-	-	1,193,095,157

12.0 **Transfers from Ministries, Departments and Agencies**

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred income	Amount recognised in capital fund.	Total grant income during the year
	KShs	KShs	KShs	KShs
Ministry of Sports Culture and arts/State Department sports development	76,006,673	-	-	76,006,673
	16,281,915	-	61,503,085	77,785,000
TOTAL	92,288,588	-	61,503,085	153,791,673

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. FINANCIAL RISK MANAGEMENT

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

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

i) Credit risk

The Academy has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Academy's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions				
Receivables from non exchange transactions	6,545,376.	6,545,376.	-	-
Bank balances				
Total	6,545,376.	6,545,376.	-	-
As at 30 June 2020				
Receivables from exchange transactions				
Receivables from non exchange transactions	8,453,579.00	8,453,579.00		
Bank balances				
Total	8,453,579.00	8,453,579.00		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Academy has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Academy has significant concentration of credit risk on amounts due from Kenya Academy of Sports

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	-	1,358,128		1,358,128
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	-	1,358,128		1,358,128
As at 30 June 2020				
Trade payables	-	962,530.54		962,530.54
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	-	962,530.54		962,530.54

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

iii) Market risk

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

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

The Academy's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Academy's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry;
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) UNICEF Kenya

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Events after the Reporting Period

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

9. Ultimate And Holding Academy

The Academy is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Sports Culture and Heritage. Its ultimate parent is the Government of Kenya.

10. Currency

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

APPENDIX

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.

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

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Academy responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

C.E. O

Doreen Odhiambo

Date.....

19/5/2022

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ACADEMY

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Continuity of learning, Physical Activities and Sports in Schools		UNICEF Kenya	3 Months	5,201,750	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Continuity of learning, Physical Activities and Sports in Schools	5,201,750	5,201,750	100%	5,201,750	5,201,750	<u>UNICEF</u>
2	Phase 1 Completion of Kenya Academy	1,332,318,521	1,193,095,157	98%	77,785,000	61,503,085.00	GoK

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APPENDIX III: INTER-ACADEMY TRANSFERS

ACADEMY NAME:				
Break down of Transfers from the State Department of Sports				
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>
		01/07/2020	2,800,000	2020/2021
		18/09/2020	11,712,500	2020/2021
		30/12/2020	11,712,500	2020/2021
		13/05/2021	18,425,000	2020/2021
	Grant from SASDF	09/07/2020	31,356,673	
		Total	76,006,673	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18/09/2020	77,785,000	2020/2021
	Grant from SASDF	29/06/2021	158,150,000	2020/2021
		Total	235,935,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		15/12/2020	3,958,560.00	
		17/12/2020	1,243,190.00	
		Total	5,201,750.00	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

Kenya Academy of Sports

Sign

Head of Accounting Unit

Ministry of Sports Culture and Heritage

Sign

