

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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

**OF**

**THE AUDITOR-GENERAL**

**ON**

**SPORTS KENYA**

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





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**SPORTS KENYA**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING  
30<sup>TH</sup> JUNE 2021**

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

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## **1. KEY ENTITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

Sports Kenya is a body corporate established under the Sports Act No. 25 of 2013. The entity is domiciled in Kenya.

### **(b) Principal Activities**

The mandate of Sports Kenya as stipulated in the Sports Act 2013 is as follows:

- i). Promote, coordinate and implement grassroots, national and international sports programs for Kenyans, in liaison with the relevant sports organizations and facilitate the active participation of Kenyans in regional, continental and international sports, including in sports administration.
- ii). Manage and maintain the sports facilities specified in the First Schedule and any other facilities which the Cabinet Secretary may, by notice in the Gazette, declare to be sports facilities for the purpose of this Act.
- iii). Establish, manage, develop, plan and maintain the sports facilities, including convention centers, indoor sporting and recreational facilities for the purpose of this Act.
- iv). Adopt, develop, plan, set stadia standards and license and regularly inspect stadia for sporting and recreational use.
- v). Establish and maintain a sports museum.
- vi). Participate in the promotion of sports tourism.
- vii). Provide the necessary amenities or facilities for persons using the services or facilities provided by Sports Kenya.
- viii). Operate sports facilities on public grounds in such a manner as it may deem necessary.
- ix). Collaborate with county governments, learning institutions and other stakeholders concerned with sports and recreation, in the search, identification and development of sporting talent, provision of sports equipment, facilities and technical training.
- x). Identify and recommend talents in sports to national sports organizations.
- xi). Inculcate the sense of patriotism and national pride through sports and recreation, create awareness on matters of national interest through sporting events, create awareness on the benefits of regular participation in sports for healthy living and provide advisory and counseling services to athletes.
- xii). Determine the national colours to be used in national and international competitions, in consultation with the relevant national sports organizations.
- xiii). Facilitate the preparation and participation of Kenyan teams in various international events and the hosting of similar events in the country and recommend members of steering committees for international sports competitions, in consultation with the relevant national sports organizations.

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- xiv). Recommend to the relevant authorities' issuance of work permits and visas to foreign athletes and technical sports personnel, in consultation with the relevant national sports organization.
- xv). Approve, at the request of the respective national sports organization, the clearance of foreign sports technical personnel before engagement by national sports organization and other sporting bodies.
- xvi). Organize and coordinate training, conduct research, maintain a resource Centre and provide and engage consultancy services for sports development programmes, in consultation with the respective national sports organizations.
- xvii). With the approval of the Cabinet Secretary, prescribe: -
  - 1). Access to, or use of any of the resources or facilities of Sports Kenya.
  - 2). The provision of programs, services, information or advice by Sports Kenya, and
  - 3). The admission of persons to events and activities organized by Sports Kenya.
- xviii). Recommend, in liaison with the relevant sports organization, tax exemption for Sportspersons; and
- xix). Performs such other functions related to the implementation of this Act as may be directed by the Cabinet Secretary.

**(c) Key Management**

The Sports Kenya day-today Management is under the following key organs: -

i).	Director General	-	Pius Metto
ii).	Deputy Director Technical Services	-	Gabriel Komora
iii).	Ag. Deputy Director Corporate Services	-	Julius Mbii
iv).	Ag. Assistant Director Property Services	-	Alex Kataka
v).	Assistant Director Finance	-	Japhet Kaunyu
vi).	Assistant Director Human Resource	-	Munase Mulama
vii).	Chief Accountant	-	Loise Nderi
viii).	Chief Legal Officer	-	Lorine Shitubi

**(d) Fiduciary Management**

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

i.	Mr. Fred Muteti	-	Chairman
ii.	Mr. Pius Metto	-	Director General/Board Secretary
iii.	Mrs. Josephine A Onunga	-	Rep. Principal Secretary State Department for Sports
iv.	Dr. Hassan Duale	-	Rep. PS Ministry of Education
v.	Mr. Samwel Kaumba	-	Rep. Office of the Attorney General

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vi.	Dr. Doreen Odhiambo	-	Ag. CEO, Kenya Academy of Sports
vii.	Mrs. Leah Kaburu	-	Secretary Sports Dispute Tribunal
viii.	Mr. Mark Wambugu	-	Ag. CEO, Sports Arts & Social Development Fund
ix.	Mr. James Wang'ombe	-	Rep. Inspectorate of State Corporations
x.	Eng. Afred Baariu	-	Independent Director
xi.	Mr. Mwangi Muthee	-	Independent Director
xii.	Mr. Benson Mwangi	-	Independent Director

**(e) Fiduciary Oversight Arrangements**

These are subcommittees that provide a high-level description of the key fiduciary oversight arrangements covering: -

- i). Corporate Services Committee
- ii). Sports facilities and Infrastructure Committee
- iii). Audit Committee
- vi). The Sports Kenya Full Board

**(f) Entity Headquarters**

Sports Kenya Headquarters  
Private Bag  
Kasarani,  
Thika Road,  
Nairobi, KENYA

**(g) Entity Contacts**

Telephone: 254 (020) 2390500/2390501  
E-mail: [info@stadiumskenya.co.ke](mailto:info@stadiumskenya.co.ke)  
Website: [www.stadiumskenya.co.ke](http://www.stadiumskenya.co.ke)

**(h) Entity Bankers**

1. Standard Chartered Bank of Kenya  
Ruaraka  
P.O. Box 60000  
City Square 00200  
**Nairobi, Kenya**
2. Co-operative Bank of Kenya  
TRM Branch  
P.O. Box...  
**Nairobi Kenya**

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**(i) Independent Auditors**




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

**(j) Principal Legal Adviser**

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






## 2. THE BOARD OF DIRECTORS/COUNCIL

	<p><b>Designation:</b> Chairman, Sports Kenya Board <b>D.O.B:</b> 1976 <b>Qualification:</b> BA <b>Experience:</b> Over 20 years</p>
<p>1. Mr. Fred Muteti</p>	<p><b>Board Member:</b> Rep. PS, State Department for Sports Development <b>D.O.B :</b>1968 <b>Designation:</b> Secretary Administration, State Department for Sports Development <b>Qualification:</b> Bachelor of Arts,1<sup>st</sup> Class Division (Social Science; Political Science, Economics &amp; Public Administration) <b>Experience:</b> Over 27years in Public Administration</p>
	<p><b>Board Member: Rep.</b> Inspector General Inspectorate, State Corporations <b>DOB:</b>1963 <b>Qualification:</b> MBA, BA (Econs) <b>Experience:</b> Over 25 years in Public Service</p>
<p>3. Mr. James Wang'ombe</p>	<p><b>Board Member</b> <b>Designation:</b> Secretary Sports Disputes Tribunal, Judicial Service Commission <b>D.O.B:</b> 1972 <b>Qualification:</b> BA in Education, Masters Degree in Education (Guidance and Counselling) <b>Experience:</b> Vast experience in Management</p>
	<p><b>Board Member</b> <b>Designation:</b> Ag CEO, National Sports Art &amp; Social Development Fund <b>D.O.B:</b> 1976 <b>Qualification:</b> CPA (K), CPS (K), BCom, MBA <b>Experience:</b> Vast experience in financial analysis and Management</p>
<p>5. Mr. Mark Wambugu</p>	

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 <p><b>6. Mr. Mwangi Muthee</b></p>	<p><b>Independent Board Member</b>  <b>D.O.B 1961</b>  <b>Designation:</b> Managing Director, Businessman  <b>Qualification:</b> - MSc Toxicology, Hygiene &amp; Safety  - BSc (Hons) Bio-chemistry &amp; Botany  <b>Experience:</b> - Director in various Firms  - Former Chairman, KRU  - Former Coach – Mwamba Rugby Club  - Former Rugby Player</p>
 <p><b>7. Mr. Samuel Kaumba</b></p>	<p><b>Board Member:</b> Rep. Office of the Attorney General  <b>D.O.B</b>  <b>Designation:</b>  <b>Qualification:</b> LLB, MPPA, DIP.LAW  <b>Experience:</b> Vast Experience in legal practice at Attorney General's Office</p>
 <p><b>8. Eng. Alfred Baariu</b></p>	<p><b>Independent Board Member:</b> Chairman Sports facilities and Infrastructure Committee  <b>Designation:</b> Independent Board Member  <b>D.O.B 1977</b>  <b>Qualification:</b> BSC(Engineering)  <b>Experience:</b> Vast experience in Engineering field</p>
 <p><b>9. Dr. Doreen Odhiambo</b></p>	<p><b>Board Member</b>  <b>Designation:</b> Ag CEO Kenya Academy of Sports  <b>D.O.B: 1972</b>  <b>Qualification:</b> PhD - Hosting of Major Sports Events in Developing Countries, Executive Masters of Business Administration (Strategic Management), International Master (MA) in Management, Law &amp; Humanities of Sport (FIFA Master) Grade B  <b>Experience:</b> Over 20 years in Public Service</p>



 <p><b>10. Dr. Hassan Duale</b></p>	<p><b>Board Member:</b> Rep. PS, Ministry of Education  <b>D.O.B :</b>1977  <b>Designation:</b> Ag Director Field Co-ordination &amp; Co Curriculum Activities in the Ministry of Education  <b>Qualification:</b> Masters in Education Administration &amp; Management, Master’s in Business Administration  <b>Experience:</b> Over 20years Experience in Education Administration and Management</p>
 <p><b>11. Mr. Benson Mwangi</b></p>	<p><b>Independent Board Member:</b> Chairman Audit Committee  <b>D.O.B</b> 1957  <b>Designation:</b> Independent Board Member  <b>Qualification:</b> Bachelor of Commerce (Accounting)  <b>Experience:</b> Vast experience in public sector – Financial Management</p>
 <p><b>12.Mr. Pius Metto</b></p>	<p><b>Designation:</b> Director General Sports Kenya /Secretary to the Board</p> <p><b>Responsibility;</b> Secretary to the Board; Developing and recommending to the board the long-term strategy business plans and annual operating budgets and establishing proper internal monitoring and control system and procedures; Administration of all the resources and activities of the Board; Formulating, implementing and monitoring Board Development policy legislation and regulations; among others</p> <p><b>Qualification:</b> MBA-University of Plymouth (UK), BED (Arts)- KU, Membership KIM</p>

3. MANAGEMENT TEAM

 <p><b>1. Mr. Pius Metto</b>  <b>Qualifications:</b> MBA-University of Plymouth (UK), BED (Arts)- KU, Membership KIM</p>	<p><b>Designation:</b> Director General Sports Kenya</p> <p><b>Responsibility;</b> Secretary to the Board; Developing and recommending to the board the long-term strategy business plans and annual operating budgets and establishing proper internal monitoring and control system and procedures; Administration of all the resources and activities of the Board; Formulating, implementing and monitoring Board Development policy legislation and regulations; among others</p> <p><b>Experience:</b> Public Service Operations &amp; Management/Leadership and Senior manager with over 10yrs in policy &amp; business strategy formulation and implementing.</p>
 <p><b>2. Mr. Gabriel Komora</b>  <b>Qualifications:</b> MBA , Corporate Management</p>	<p><b>Designation:</b> Deputy Director Technical Services</p> <p><b>Responsibility;</b> Responsible to the Board to Formulate policies regarding utilization of the Board’s facilities; Ensure that the Board’s facilities are well maintained; Formulate policies for technical maintenance of mechanical and electrical works among other duties.</p> <p><b>Experience:</b> Over 25 Yrs. in Public Service of which 5yrs as an Ag CEO SSMB Board.</p>
 <p><b>3. Mr. Julius Mbii</b>  <b>Qualifications:</b> MBA – University of Nairobi, Diploma in Business Management, B.Sc.</p>	<p><b>Designation:</b> Ag Deputy Director Corporate Services</p> <p><b>Responsibility;</b> Responsible to the Board to formulate policies, procedures for Marketing all the Boards facilities; Develop and implement short- and long-range goals, objectives, policies, and operating procedures of the division; Develop and identifying new revenue generation opportunities for the Board</p> <p><b>Experience:</b> Over 20 years in Public Service of which 9 years as Assistant Director SSMB Board</p>



 <p><b>4. Mr. Munase Mulama</b>  <b>Qualifications:</b> M.A. HRM -Madurai Kamraj University, B.A Public Administration and Political Science.</p>	<p><b>Designation:</b> Assistant Director Human Resource &amp; Administration</p> <p><b>Responsibility;</b> Responsible to the Board to formulate Human Resources Policies and Procedures relevant to Recruitment, Remuneration, Development and Retention of Employees; Formulate Policies on Employees Relations, Reward Systems, Welfare, and Administrative Support</p> <p><b>Experience:</b> Over 20years in Public sector.</p>
 <p><b>5. CPA Japhet Kauny</b>  <b>Qualifications:</b> (MBA Finance) - UON, BBA (Accounting), Dip: Forensic Accounting, CPA,K, CPS,K, Member of ICPAK and ICIFA</p>	<p><b>Designation:</b> Assistant Director Finance</p> <p><b>Responsibility;</b> Responsible to the Board to develop and implement accounting systems, procedures that will enhance the quality, timeliness and availability of financial information and overseeing administrative related issues of the Board.</p> <p><b>Experience:</b> Over 20yrs experience in the public sector.</p>
 <p><b>6. Loise Wairimu Nderi</b>  <b>Qualifications:</b> Executive Masters of Business Administration - JKUAT, B.Com (Accounting) – Catholic University of Eastern Africa, ACCA UK,</p>	<p><b>Designation:</b> Chief Accountant</p> <p><b>Responsibility;</b> Responsible to Assistant Director Finance for overseeing all accounting functions, ensure accurate and timely reports are generated in adherence to the laid down government regulations, policies and procedures, ensure all expenditure of organization are in line with the PFMA (Act), prepare Financial Statement of the entity in line with the defined International Public Standard Accounting Board (IPSAS).          Coordinate and implement cash management and cash forecasting to ensure payments in accordance to critical deadlines</p> <p><b>Experience:</b> Over 15yrs experience in the public sector and 5 Five years in private sector.</p>

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**7. Shitubi Lorine Narea**

**Qualifications:** Bachelor of Law – Moi University,  
Higher Diploma – Kenya School of Law,  
Advocate of High Court of Kenya

**Designation:** Chief Legal Officer

**Responsibility;** Providing guidance to the Board and Board members individually on their duties, responsibilities and powers and how these should be exercised in the best interest of the organization; Ensuring that Board procedures are followed and reviewed regularly, and that the Board complies with the law, rules and regulations.

**Experience:** 7yrs experience in public and private sector.

#### **4. CHAIRMAN'S STATEMENT**

It is with pleasure that we present the financial results for Sports Kenya for the year ended 30<sup>th</sup> June 2021. The year's performance was slow as a result of the myriad challenges presented by the COVID – 19 pandemic encountered in the financial year.

##### **Highlights**

The construction and upgrade of a number of regional stadia to International standards continued after proposals for alternative sources of financing were approved from the Sports Arts and Social Development Fund (SASDF) in addition to the allocations from the exchequer. The Stadia under construction and renovations included (*Nyayo National Stadium – Nairobi, Kinoru - Meru, Kipchoge Keino - Uasin Gishu, Kamariny – Elgeyo Marakwet, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit, Karatu – Kiambu and Chuka – Tharaka Nithi Counties*). These are priority projects within the Jubilee Government Manifesto. The Government intervention through establishing and operationalizing the SASDF ensured resumption of funding of the sports infrastructure projects.

##### **Operating Environment**

During the year under review, COVID – 19 Pandemic affected Sports functions, events and activities severely. This global pandemic led to suspension of sporting activities worldwide. The impact led to challenges to Sports Kenya. However, we strived to implement initiatives and guidelines that have been issued and circulated by the Ministry of Health to help in the fight against this pandemic.

Key facilities mainly the Main Stadium and the Stadion Hotel within the Moi International Sports Complex and Nyayo National Stadium were closed down for renovation works in preparation of World Athletics under 20 Championship and others due to the pandemic.

The Board projects to complete the construction and upgrade works for different stadia by the 31<sup>st</sup> December 2020. Better performance by different departments of the institutions will also be prioritized after the resumption of sports activities when the Sports COVID – 19 Protocols have been launched by the Cabinet Secretary for Sports Culture & Heritage.

The Board is pleased to present the financial statements which reflect the challenges and opportunities mentioned above. I am optimistic that with the commitment of the Government of Kenya in strengthening the funding mechanisms for sports infrastructure, Sports Kenya is poised for a brighter future through emerging opportunities that will be occasioned by the upgrades of sporting facilities and particularly in Post COVID – 19 pandemics.



**Mrs. Leah Kaburu**  
**B.O.D A.g Chairman**  
**Sports Kenya**



## **5. REPORT OF THE DIRECTOR GENERAL**

### **FINANCIAL RESULTS**

#### **Revenue**

Sports Kenya revenue from exchange transaction reduced from **Kshs.238,505,849.00** to **Kshs. 208,503,247.00** from the previous year. This was attributed to partial closure of the facilities at Moi International Stadium Centre Kasarani and Nyayo National Stadium for renovations in preparation for World Athletics Under 20 Championships and also due to the effects of the COVID – 19 pandemic hence slowing down the organizational capacity to achieve more.

Rental income increased due to upward revision of commercial rental rates at Moi International Sports Centre Kasarani and Nyayo National Stadium. The Board however, streamlined rent collections at Kasarani Estate through signing of new leases and evictions of rent defaulters. This resulted in marginal increase in rent revenue.

On sponsorship and partnerships, Sports Kenya did not exhaust the potential in this area as the facilities were still closed for renovations and not completed in time to partner with the corporate world. The existing opportunities will be exploited in the near future.

Sports Kenya and the World Rally Championship partnered well and was able to host the signature event dubbed the WRC Safari Rally Championship. This culminated into Kenya being granted/ re – admitted to the World Safari Rally Circuit after many years of absence.

Debt Collection improved after the Sports Arts & Social Development Fund (SASDF) agreed to finance major federations activities and honouring to offset some of the historical pending bills owed to Sports Kenya. However, Sports Kenya has put in measures including strict adherence to credit policies to reduce the debt level.

Grants from the Exchequer continued to flow as per the budget. Sports Arts & Social Development Fund (SASDF) also supported the Board in clearing of the long outstanding pending bills.

#### **Expenditure**

Despite prudent financial management practices being applied, Sports Kenya continues to face challenges in effectively carrying out its mandate. Having assumed the added responsibility of undertaking sports programs at the grassroots, National and International level as specified in the Sports Act 2013, the responsibility comes with increased resource requirements. As such, Sports Kenya will seek to expand its resource mobilization framework including negotiating for a bigger budgetary allocation from the National Treasury.



Operational areas where Sports Kenya experienced high levels of expenditures included wages, water and electricity, repair and maintenance etc. We thank the National Treasury through the State Department for Sports Development for supporting us in clearing the long outstanding Staff Pension arrears.

### **Service Delivery**

Service delivery innovations realized which is customer focused include pay bill numbers for all our cash collection points. Social media platforms are also available for marketing and awareness creation.

### **Future Outlook**

Sports Kenya will endeavour to ensure effectiveness in contributing towards National aspirations under the **Kenya Vision 2030(KV2030)**, **Medium Term Plan III** and the **Big 4 Agenda**, which have provided for sports primarily in its social pillar and secondarily in its economic pillar. The Board therefore undertook a review and commenced implementation of its **Strategic Plan 2018 – 2022** after a series of stakeholder engagements and validation forums.

The Board will pursue completion and equipping of the nine Regional Stadia already ongoing and four others resulting from Presidential Directives issued in the FY 2019/2020 namely (**Jamhuri Posta Grounds – Nairobi, Wanguru – Kirinyaga, Kirigiti – Kiambu and Jomo Kenyatta Mamboleo Grounds – Kisumu Counties**) which are still on going.

Other areas of future focus will include further investment in provision of more sports and recreational facilities Nationally, Mass sports, Competitive sports, Traditional sports, and promotion of Sports Tourism and full implementation of the Sports Act 2013.



**Mr Pius Metto**  
**Director General**  
**Sports Kenya**

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

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

Sports Kenya has five key strategic pillars and objectives within its Strategic Plan for the FY 2018/19 – 2022/2023. These strategic pillars are as follows:

**Pillar 1:** Sports and Recreational Facilities and Equipment’s.

**Pillar 2:** Sports Programs and administration.

**Pillar 3:** Development and Implementation of Sustainability Programs.

**Pillar 4:** Sports Research and Adoption of Modern Technology.

**Pillar 5:** Institutional Capacities and Mainstreaming of cross cutting issues.

Sports Kenya developed its annual work plans based on the above 5 pillars. Assessment of the Board’s performance was done against its annual work plan on quarterly basis. Sports Kenya achieved its performance targets set for the FY2020/ 2021 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillars	Objectives	Key Performance Indicators	Activities	Achievements
<b>Pillar 1: Sports and Recreational Facilities and Equipment’s</b>	<ul style="list-style-type: none"> <li>• To construct and equip 9 regional Stadia</li> <li>• To construct and upgrade Nyayo National Stadium</li> <li>• Develop and operationalize Nation</li> </ul>	<ul style="list-style-type: none"> <li>• Signed MOUs</li> <li>• preliminary and final designs</li> <li>• fundraising</li> <li>• construction</li> <li>• Improved Sports facility to international standard</li> </ul>	<ul style="list-style-type: none"> <li>• Design &amp; redesign the VVIP Pavilion</li> <li>• Construct terraces</li> <li>• Undertake Pitch works and mechanical services</li> <li>• Install the athletics track</li> </ul>	<ul style="list-style-type: none"> <li>• Completion &amp; equipping of 9 stadia to international standards is ongoing at 64.7% implementation status</li> <li>• Nyayo National Stadium has been completed and handed over</li> <li>• Draft standards developed &amp; stakeholder engagements</li> </ul>

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	al standards and regulations for sports			ngoing
<b>Pillar 2: Sports Programs and administration</b>	<ul style="list-style-type: none"> <li>To implement grassroots, national and international sports programs</li> </ul>	<ul style="list-style-type: none"> <li>Championships held, number of medals won, number of athletes participated</li> </ul>	<ul style="list-style-type: none"> <li>Hosting of Regional National and international competitions</li> </ul>	<ul style="list-style-type: none"> <li>8 number regional, national and international competitions hosted</li> <li>Participated in 6 number championships</li> </ul>
<b>Pillar 3 : Development and Implementation of Sustainability Programs</b>	<ul style="list-style-type: none"> <li>To Develop fundraising and resource mobilization framework</li> </ul>	<ul style="list-style-type: none"> <li>Number of policies and framework developed</li> </ul>	<ul style="list-style-type: none"> <li>Developed funding framework, policies and guidelines for fundraising &amp; partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Funding framework, policies and guidelines developed and commenced implementation</li> </ul>
<b>Pillar 4: Sports Research and Adoption of Modern Technology</b>	<ul style="list-style-type: none"> <li>To identify and conduct sports research in technology on 3 areas over the plan period.</li> </ul>	<ul style="list-style-type: none"> <li>Research report</li> </ul>	<ul style="list-style-type: none"> <li>Conduct research on sports programs, projects/facilities to identify existing gaps</li> <li>Implement Research Findings</li> <li>Monitoring and Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the research report to be initiated in FY 2021/2022</li> </ul>

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<p><b>Pillar5: Institutional Capacities and Mainstreami ng of cross cutting issues.</b></p>	<ul style="list-style-type: none"> <li>To enhance human capital to 60% of organizational needs by 2022</li> </ul>	<ul style="list-style-type: none"> <li>Sports Kenya structure implemented</li> </ul>	<ul style="list-style-type: none"> <li>Approval of organizational structure</li> <li>Approval of Staff Establishment.</li> <li>Review Job evaluation and work load analysis</li> <li>Develop, seek approval and implement the salaries and allowance structure</li> <li>Placement of staff into the new SK structure</li> </ul>	<ul style="list-style-type: none"> <li>Sports Kenya submitted the structure and staff establishment for approval</li> <li>Job evaluation review was completed and salaries &amp; allowance structure implemented within the FY 2020/2021</li> </ul>
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## **7. CORPORATE GOVERNANCE STATEMENT**

### **Introduction**

Sports Kenya is a body Corporate established under section 3 of the Sports Act No. 25 of 2013 of the Laws of Kenya. Sports Kenya is a successor to the Sports Stadia Management Board that was established by the Sports Stadia Management Board Order (L.N. 180/2002).

Sports Kenya complies with the Spirit and the letter of the Constitution in exercising its functions as provided for under section 4 of the Sports Act of 2013. Sports Kenya also has established Policies, Institutional Frameworks and Administrative Procedures which ensure and effectively support implementation of the Constitution.

### **The Board of Sports Kenya**

#### **Appointment of Board Members and Succession Plan.**

The Management of Sports Kenya is vested in the Board constituted under section 6 of the Sports Act No. 25 of the Laws of Kenya whose function it exercises through the Management of Sports Kenya as led and supervised on its behalf by the Director General. Section 6 of the said act constitutes a Board with fourteen (14) Members.

The Board includes a Chair Person appointed by the President as provided for in Section 6(1)(a) of the Sports Act.

The Board also includes four (4) independent Board Members appointed by the Cabinet Secretary on Nomination by the Sports Organizations recognized as the National coordinating bodies for the promotion and development of high performance Olympic, Paralympic and Deaflympics sports in Kenya; and the national multi-sport sports organization that is responsible for the adherence to all the codes for sports and recreational bodies as provided for in Section 6(1)(i) of the Sports Act.

The Chairperson and members of the Board appointed under subsection 6(1) (i) shall hold office for a term of three years and are eligible for reappointment for one further term of three years. The appointment of the Chairperson and members of the Board appointed under subsection 6(1)(i) is by notice in the Kenya Gazette.

The Director-General is appointed by the Board, through a competitive recruitment process as per section 8(1) of the Sports Act. The Director-General shall hold office for a term of three years renewable only once and on such terms and conditions of employment as Sports Kenya may determine as per section 8(3) of the said Act.

The current Board of Sports Kenya consists of twelve (12) members who are named and described as below:

- |                        |   |  |
|------------------------|---|--|
| 1. Fred Muteti         | - | Chairperson  |
| 2. Josephine. A Onunga | - | Rep. Principal Secretary State Department for Sports |
| 3. Pius Metto          | - | Director General                                     |

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- |                        |   |   |
|------------------------|---|---|
| 4. Mark Wambugu        | - | CEO Sports Arts and Social Development Fund |
| 5. Samuel Kaumba       | - | Rep. Attorney General                       |
| 6. Leah Kaburu         | - | Secretary Sports Dispute Tribunal           |
| 7. Dr. Doreen Odhiambo | - | CEO Kenya Academy for Sports                |
| 8. Dr. Hassan Boru     | - | Rep. PS Ministry of Education               |
| 9. James Wang'ombe     | - | Rep. Inspectorate of State Corporations     |
| 10. Eng. Alfred Baariu | - | Independent Director                        |
| 11. Mwangi Muthee      | - | Independent Director                        |
| 12. Benson Mwangi      | - | Independent Director                        |

Sports Kenya chairman's contract ended on 18<sup>th</sup> July 2021 and it awaits the appointment of the new Chair Person of the Board by the President as provided for under Section 6(1)(a) of the Sports Act after the term of the previous Chairman ended.

The Representative to the Principal Secretary to the National Treasury has since retired and Sports Kenya has written to the National Treasury through the Ministry of Sports Culture and Heritage requesting for a replacement. In the absence of the Representative to the Principal Secretary National Treasury, the Board has still been able to exercise its functions as the necessary quorums are always achieved and the professional qualifications of the existing Board Members cover for and consultations are appropriately made as a replacement is awaited.

The Cabinet Secretary -Ministry of Sports Culture and Heritage is also in the process of appointing the fourth Nominated Board Member in consultation with the relevant Sports Organizations.

#### **Statement of Compliance with Policy on Corporate Governance**

Sports Kenya has identified, documented and ensured compliance with all laws, rules, regulations, codes and Standards applicable to its functions. These include the Sports Act No. 25 of 2013, the Leadership and Integrity Act of 2012, the Mwingozo Code, Various Presidential Circulars and the Public Officers Ethics Act of 2003 amongst others.

#### **The Board Charter**

The Board of Sports Kenya has adopted the Board Charter as provided for in Annexure I of the Mwingozo Code of Governance for State Corporations.

#### **Roles and functions of the Board**

The Sports Act at Section 7 provides the Board powers necessary for the performance of the functions of Sports Kenya under the Act and in particular: -

- (a.) Manage, control and administer the assets of Sports Kenya in such manner and for such purposes as best promotes the purposes for which Sports Kenya is established;
- (b.) Receive any gifts, grants, donations or endowments made to Sports Kenya or any other monies in respect of Sports Kenya and make disbursements therefrom in accordance with the provisions of this Act;
- (c.) Determine the provisions to be made for capital and recurrent expenditure and for reserves of Sports Kenya;
- (d.) Open a banking account or banking accounts for the funds of Sports Kenya; and
- (e.) Invest any monies of Sports Kenya not immediately required for the purposes of this Act in the manner provided in section 11 of the Act.
- (f.) Make grants or lend money, and provide scholarships to sportspersons and staff of Sports Kenya; and
- (g.) Do any other thing necessary, or expedient for the discharge of its functions under the Act.

The Board has also established four (4) Committees to discharge its duties and make recommendations to the Board.

#### **Board Meetings and Attendance**

The Board has for the period under review held eighteen (18) Full Board Meetings. During the Covid-19 pandemic and subsequent lockdown, the Board has conducted its Board meetings via video link sessions as guided by the various Government Circulars on containing spread of the virus.

#### **Conflict of Interest**

Sports Kenya maintains a Conflict of Interest Register in which Board Members and Staff are required to register any instances as provided for in the Code of Conduct and Ethics at Annexure II of the Mwongozo Code of Governance for State Corporations.

#### **Induction and Training**

The Board is currently undergoing preparations for an induction training before the end of 2021 for the benefit of the new Board Members in preparation for the commencement of the 2021/2022 financial year workings. The Board is also scheduled to undergo various other trainings necessary in exercising its functions. The outbreak of Covid-19 has however slowed down the training process as most learning institutions have since been closed to contain the spread of the said virus but arrangements have been made to carry out the trainings virtually.

#### **Board Remuneration**

Members of the Board are paid a sitting allowance for every meeting scheduled and attended. As per the code particular Members are also entitled to a base pay and other bonuses. All expenditures on Board remuneration are as provided in the Financial Statements herein.

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**Conduct and Ethics**

The Board and Members of Staff of Sports Kenya adhere to the highest standards of behavior so as to contribute to the achievement of National Development Goals. The Organization upholds Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

**Board Member Performance**

The Board of Sports Kenya is set to undergo a Performance evaluation and/or Appraisal before the end of the year 2021.



## **8. MANAGEMENT DISCUSSION AND ANALYSIS**

### **SECTION A**

#### **The entity's operational and financial performance**

The organization completed the review of its strategic plan 2018-2022 and aligned it to MTPIII 2018/2019 – 2022/2023 and National Vision 2030; Sports Kenya endeavoured to complete construction and upgrade of 9 Regional Stadia to achieve its strategic goal of developing Regional Stadia to cover the 47 Counties within the plan period. The Stadia under the entities Construction and upgrade include **Kipchoge Keino – Uasin Gishu, Kamariny – Elgeyo Marakwet, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit, Karatu – Kiambu, Chuka – Tharaka Nithi, Kinoru – Meru and Nyayo National Stadium – Nairobi**, Counties. The source of funding is GoK, SASDF and M.O.U.s which have been signed with the various Counties for the joint management of the stadia. This is to ensure the Counties are trained to professionally manage the facilities so as to manage revenue generated for sustainability. However, Nyayo National Stadium has since been completed and commissioned for Public use. Kinoru Stadium and Chuka Stadium have been completed and are awaiting commissioning.

Through this strategic plan, the organization projected revenues grew by 20% in the year. However, the outbreak of the novel Corona Virus and closure of the facilities for preparation of World Athletic U20 Championship has resulted to low revenue generation.

The actual Net - Exchequer increased by Kshs 15.95M in the FY 2020/21 over the budget due to an additional Kshs 11M for utilities awarded through supplementary budget and Kshs 4.9M for monitoring and evaluation of the projects from SASDF.

The formulation of the National regulations and Standards to guide Sports stadia and recreational development was initiated and major Stakeholders participated in the process. The draft regulations continue to be subjected to other Stakeholders for ratification and finally submitted to the Cabinet Secretary for gazette and implementation. This will oversee enhancement of safety and security and adoption of the best management practise across all stadia in the country.

Sports Kenya is set to adopt best practise in the management of the facilities through innovative use of technology and outsourcing of some services. The organization has also enhanced efforts towards increasing facility utilization through development of fun park/theme park, museums and resource centres.

## **SECTION B**

### **Entity's compliance with statutory requirements**

Sports Kenya has complied and will continue to comply with all the statutory requirements.

## **SECTION C**

### **Key projects and investment decisions the entity is planning/implementing**

Sports Kenya suffered drastic effects from the COVID-19 pandemic that led to the suspension of all sporting and recreational activities. In order to facilitate safe resumption of sports, the Cabinet Secretary, vide a technical committee, developed and launched the protocols to guide a phased approach to resume sporting activities.

The construction, upgrade and renovations of three (3) stadia namely; Nyayo, Kinoru and Chuka were completed and one of the facilities (Nyayo) was re-opened while the two are awaiting re opening. This boosted the organizations internally generated revenues from the bookings and reservations albeit slightly due the pandemic.

The upgrading of MISC Kasarani to World Athletics standards in readiness to host World Under-20 Championship was completed in time by end of June 2021 and 6 other regional stadia namely; Marsabit, Ruringu, Wote, Karatu, Kamariny and Kipchoge Keino are on-going at an average completion rate of 64.7%.

Sports Kenya successfully hosted World Rally Championships, Tokyo 2020 Olympic and Paralympic trials, Barthes Trophy Rugby Tournament among others.

The immediate future programs the organization intends to implement as per its Strategic Plan 2018 /19 – 2022/23 include but not limited to; Capital projects for equipping of regional Stadia, construction and upgrade of 10 new county stadia and city stadium which is a Presidential Directive, roofing of Nyayo National Stadium, equipping New Indoor Arena, Water harvesting and damming for reuse, installation of electronic pitch advertising board and sound system at Moi International Sports Complex & Nyayo National Stadium).

## SECTION D

### Major risks facing the entity

Sports Kenya is faced by the following risks in executing its mandate as per Sports Act 2013:-

**Financial and Liquidity Risks-** Delay in funding from exchequer has resulted in delay in completion of projects. This also results in project cost escalation due to inflation and depreciation of the uncompleted projects. The re-opening of Nyayo after renovations did not boost much of the cash flow and liquidity of the organization due to the COVID 19 pandemic. The organization hence continued to face risks in honouring its obligations in a timely manner as they fell due.

**-Security risk** because of large clientele patronizing the facilities without corresponding technological capacity to aid in surveillance and access control.

**-Compliance Risk** due to ever changing National and International rules/Standards and associated costs in conformance.

**- COVID-19 pandemic** has totally disrupted the normal business operation leading to loss of business opportunities for the Board due to closure of facilities.

## SECTION E

### Material arrears in statutory/financial obligations

Sports Kenya still has staff service gratuity arrears which did not receive any allocation hence remains outstanding. The entity will further request for funding from the National Treasury.

The historical creditors pending bills also received partial allocation from the Sports Arts and Social Development fund which was paid.

Salaries and Remuneration Commission undertook job evaluation review within the financial year. They recommended Salaries and allowance structure adjustment which was duly implemented.

## SECTION F

### The entity's financial probity and serious governance issues

Sports Kenya is in compliance with corporate governance, PFM Act, National Treasury Circulars and guidelines.

## **9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Sports Kenya exists to transform lives. This is our purpose, the driving force behind everything we do. It is what guides us to deliver our strategy, which is founded on five pillars; putting the customer first, delivering relevant facilities and services and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability

### **1. Sustainability strategy and profile**

Sports Kenya has embarked on a major program of building new stadiums and renovating the existing ones in various parts of the country. Apart from doing this as part of its mandate as envisaged in the Sports Act 2013, it is also an effort to avail quality and properly equipped sports and recreational facilities to the Kenyan athletes who depend on sports not only as their main source of employment but also as their day-to-day livelihood.

Sports Kenya has deliberately endeavored to benchmark internationally to attain the conventionally accepted standards by the world governing bodies of various sports disciplines. In effect, the facilities and services provided by Sports Kenya are up to the required international standards.

### **2. Environmental performance**

Sports Kenya has put in place a robust Health, Safety and Environment policy that provides guidance to the organization in matters to do with the environment. The policy takes into account the necessary protocols provided by the National Environment Management Authority (NEMA) and Nairobi City County administration. In fact, Sports Kenya has partnered with the Nairobi County in waste management and disposal in its facilities at Kasarani and Nyayo National Stadium. Additionally, Sports Kenya has proactively engaged in proper management of biodiversity by carrying out regular afforestation activities during the rainy seasons annually.

Apart from being natural water catchment areas, the budding forests create the desired biological ecosystem where the plant and animal community interact freely to refresh the environment. Generally, wastes generated by Sports Kenya's activities are disposed of in a manner not to cause any harm to the air, water, soil and the ecosystem as a whole.

### **3. Employee Welfare**

Sports Kenya has a Human resource manual that summarizes the organization's policies, regulations, procedures and other relevant administrative processes that govern the employee welfare and those responsible for overseeing the human resource functions. The recruitment and hiring process is anchored on the need to promote gender inclusion, ethnic balance and equal opportunity for all. The policies are revised from time to time as necessary to synchronize them with the organization's strategy and other emerging labour relations trends.

Sports Kenya recognizes the role of training as a management tool in improved productivity, efficiency and employee career progression. The Board's operations are of highly specialized nature, characterized by high precision skills and technical knowledge among the professional,



technical and support employees. In this regard, the Board not only recruits the right caliber personnel but also trains the incumbents for necessary skill sets. Through well trained and competent personnel, the Board undertakes to provide services to the Public efficiently and effectively.

Sports Kenya has put in place well thought out guidelines and standards for the prevention and protection of employees against accidents and occupational diseases arising at and during the course of work. It also provides procedures to be followed as a result of occurrence of such accidents and modalities for the administration and payment or compensation for work-related injuries and accidents.

In essence, the organization has demonstrated commitment to Occupational Health, Safety and Environment by providing necessary safeguards at all work stations and sites.

#### **4. Market Place Practices.**

**Below are the efforts that Sports Kenya**

##### **A) Responsible Competition Practice.**

Sports Kenya thrives on ethical management practices that are focused on provision of facilities and services that meet and even surpass the expectations of the customers. This is particularly done by ensuring proper product differentiation that naturally and fairly beats the competition. Being a corruption free organization, Sports Kenya puts fundamental emphasis on zero tolerance to corruption and any related vices.

##### **B) Responsible Supply Chain and Supplier Relations.**

Sports Kenya is committed to engage with suppliers in a responsible and responsive manner taking into account the need to comply with the government regulations while taking care of the interests of the organization at the same time. In this regard, Sports Kenya provides equal opportunity for all eligible suppliers to do business and endeavors to honor all contracts as well as payments due to the suppliers within reasonable timelines.

##### **C) Responsible Marketing and Advertising.**

Sports Kenya's marketing philosophy is based not only on the benefits to the customer but also the greater good to the community. In this connection, deliberate efforts are made to ensure that marketing and advertising initiatives are driven by honesty, trust and building of strong relationships with the customers through a set of shared values.

##### **D) Product Stewardship.**

With the vision of Global Excellence in Sports, Sports Kenya employs whatever it takes to provide high quality facilities and services that its customers can trust. That means the ingredients and the raw materials used in construction and preparation of facilities must be safe not only for the people who use them but also for the environment.

**5. Community Engagements.**

Community social investment is one of the key pillars of Sports Kenya's Corporate Social Responsibility (CSR) policy. In the past financial year, Sports Kenya has engaged in several charitable initiatives in both cash and kind.

**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 Sports Kenya's affairs.

**i) Principal activities**

The principal activity of the Board is to manage all Government-owned sports facilities effectively and efficiently, and to institute sports programs at the grassroots, national and international levels for Kenyans.

**ii) Results**

The results of the entity for the year ended June 30, 2021, are set out on page 1-86.

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page Vi to Viii. During the year one director retired (Representative to the Principal Secretary for Education) and was replaced.

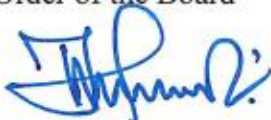
**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Sports Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2021.

By Order of the Board



**Mr. Pius Metto**  
**Director General**  
**Sports Kenya**

Date.....



**Sports Kenya**  
**Annual Reports and Financial Statements**  
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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 Sports Kenya, which give a true and fair view of the state of affairs of the Sports Kenya at the end of the financial year and the operating results of Sports Kenya for that year. The Directors are also required to ensure that Sports Kenya keeps proper accounting records which disclose with reasonable accuracy the financial position of Sports Kenya. The Directors are also responsible for safeguarding the assets of Sports Kenya.

The Directors are responsible for the preparation and presentation of the Sports Kenya's financial statements, which give a true and fair view of the state of affairs of the Sports Kenya 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 entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Sports Kenya;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

**Approval of the financial statements**

The Sports Kenya's financial statements were approved by the Board on \_\_\_\_\_ 2021 and signed on its behalf by:

  
**Assistant Director Finance**  
CPA Japhet Kaunyu  
Sports Kenya  
ICPAK M/NO. 15721  
Date... 24/5/22

  
**Director General**  
Mr. Pius Metto  
Sports Kenya  
Date... 24/5/22

  
**A.g Chairman of the Board**  
Mrs. Leah Kaburu  
Sports Kenya  
Date... 24/5/22



# REPUBLIC OF KENYA

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Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON SPORTS KENYA FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Sports Kenya set out on pages 1 to 80, 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 Sports Kenya as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Sports Act, 2013 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1.0 Variances between Financial Statements and Supporting Schedules**

The financial statements reflects balances that were at variance with the supporting schedules as detailed below:

<b>Particulars</b>	<b>Financial Statement Balance (Kshs.)</b>	<b>Supporting Schedule Balance (Kshs.)</b>	<b>Variance (Kshs.)</b>
Bulk Purchases of Water and Electricity	50,918,392	-	50,918,392
Inventories	3,028,509	-	3,028,509
Trade and other Payables from Exchange Transactions	128,117,027	138,950,456	(10,833,429)
Project 10% Retention Fee	97,136,509	92,890,683	4,245,826

The variances were not explained.

In the circumstances, the accuracy of the balances reflected in the financial statements could not be confirmed.

### **2.0 Inaccuracies in the Financial Statements**

The statement of financial performance reflects total expenses amount of Kshs.486,771,981, whereas the statement of budget and actual amounts reflects total recurrent expenditure balance of Kshs.455,645,777 resulting to an unexplained variance of Kshs.31,126,204. Further, the statement of changes in net assets reflects an increase in the capital funds balance of Kshs.1,081,409,309 during the year under review that differs with development grants in Appendix III balance of Kshs.1,111,350,793 resulting to unreconciled variance of Kshs.29,941,484.

In addition, the statement of changes in net assets reflects capital reserve additions for the year of Kshs.1,081,409,309 whereas the statement of budget and actual amounts reflects total capital expenditure balance of Kshs.1,008,084,863 resulting to an unexplained variance of Kshs.73,324,446.

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.

### **3.0 Inaccurate Bank Balance**

The statement of financial position reflects cash and cash equivalents balance of Kshs.316,791,807 and as disclosed in Note 16 to the financial statements. Included in the



balance is Co-operative project account balance of Kshs.297,555,489 that differed with its cash book balance of Kshs.290,804,859 resulting to an unreconciled variance of Kshs.6,750,630.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.316,791,807 could not be confirmed.

#### **4.0 Long Outstanding Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions balance of Kshs.222,248,314. However, the debtors movement schedule showing the opening balance, additions for the year and payments to arrive at the closing balance was not provided. Further, the balance includes rent receivable balance of Kshs.42,136,563 out of which an amount of Kshs.20,544,506 was in respect of rent arrears dating as far back as 2006/2007 and for tenants who had vacated the premises.

In the circumstances, the accuracy, completeness and recoverability of receivables from exchange transactions balance of Kshs.222,248,314 could not be confirmed.

#### **5.0 Receivables from Non - Exchange Transactions**

The statement of financial position reflects accounts receivables from non exchange transactions balance of Kshs.172,547,013. However, the balance includes an amount of Kshs.154,569,538 in respect to undisbursed government grants, out of which an amount of Kshs.117,890,843 has been outstanding for over two years. This is contrary to Section 45 of the Public Finance Management Act, 2012 which states that, an appropriation that has not been spent at the end of the financial year for which it was appropriated shall lapse immediately at the end of that financial year. Further, its classification does not comply with Section 76 of IPSAS 1, which requires an asset to be classified as a current asset, if it is to be realized in a period not exceeding twelve months after reporting the date.

In the circumstances, the accuracy, completeness and recoverability of receivables from non - exchange transactions balance of Kshs.154,569,538 could not be confirmed.

#### **6.0 Non-Recovery of Advance Mobilization Monies**

The statement of financial position reflects advanced mobilization monies balance of Kshs.105,017,573 in respect of advance payments made to contractors for construction of stadiums across the country as detailed below:

<b>Project Details</b>	<b>Total Project Cost (Kshs.)</b>	<b>Mobilization Given (Kshs.)</b>	<b>Amount Recovered (Kshs.)</b>	<b>Outstanding Mobilization (Kshs.)</b>
Chuka Stadium	274,208,855	24,678,796	24,678,796	-
Kamariny Stadium	287,837,775	25,905,399	-	25,905,399
Karatu Ndaragu Stadium	259,604,780	38,364,430	7,672,000	30,692,430
Marsabit Stadium	372,236,215	26,573,689	26,573,689	-
Ruringu Stadium	288,045,530	20,000,000	7,000,000	13,000,000
Wote Stadium	299,309,554	45,936,538	10,516,794	35,419,744
<b>Total</b>	<b>2,455,125,031</b>	<b>282,772,831</b>	<b>177,755,257</b>	<b>105,017,573</b>

However, expenditure returns, certificate of works certified and project implementation status reports in support of the advance payments of Kshs.105,017,573 were not provided for audit. Further, the construction of the Kamariny Stadium has stalled and the bank guarantee for its advance of Kshs.25,905,399 has not been recovered.

In the circumstances, the accuracy, completeness, recoverability and classification of advanced mobilization monies balance of Kshs.105,017,573 could not be confirmed.

## **7.0 Work-In-Progress**

The statement of financial position reflects work-in-progress (W.I.P) balance of Kshs.2,895,373,824 and as disclosed in Note 22 to the financial statements. However, the detailed movement schedule showing the opening W.I.P balance, works certified and payments made during the year under review to arrive at the closing balance were not provided.

In addition, the balance includes payments of Kshs.34,585,249 in respect of International Sports Academy (ISA) which falls outside the mandate of Sports Kenya.

In the circumstances, the accuracy and completeness of work in progress balance of Kshs.2,895,373,824 could not be confirmed.

## **8.0 Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.128,117,027 out of which Kshs.93,118,076 was in respect of creditors that have been outstanding for over two years. This is contrary to Section 80 of IPSAS 1, that requires a liability to be classified as current when it is due to be settled within twelve months after the reporting date.

In the circumstances, the accuracy, completeness and classification of trade and other payables balance of Kshs.128,117,027 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sports Kenya 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 were no key audit matters to report in the year under review.

## **Other Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects a total income budget of Kshs.2,921,169,000 against actual receipts of Kshs.1,542,283,925 resulting to a revenue shortfall of Kshs.1,378,885,075 or 47% of the budget. The statement also reflects total expenditure budget of Kshs.2,921,169,000 against actual expenditure of



Kshs.1,463,740,640 resulting to under-expenditure of Kshs.1,457,428,360 or 50 % of the budget.

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

## 2. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2021. Management has not provided reasons for the delay in resolving the prior year audit issues. This is contrary to the requirements of the Public Sector Accounting Standards Board reporting guidelines.

In the circumstances, Management has not compiled with the reporting 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, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### Basis for conclusion

#### 1. Non-Recovery of Excess Contract Payments

Note 22.4 to the financial statements reflects feasibility works balance of Kshs.507,617,038 in respect of provision of consultancy services for feasibility study and development of detailed designs for three stadiums at a contract sum of USD 1,071,105 (Kshs.117,821,597). However, as previously reported, the balance includes over-payments of Kshs.389,795,441 for a contract that has not been fully executed.

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

#### 2. Non-Extension of Contracts

The statement of financial position reflects work-in-progress balance of Kshs.2,895,373,824 out which, works valued at Kshs.458,989,383 were in respect of lapsed contracts as detailed below:

Particulars	Contract Sum Kshs.	Payments Kshs.	Completion Date
Marsabit Stadium	295,263,215	168,851,178	31-12-2021
Karatu Stadium	259,604,780	135,740,373	31-12-2020
Wote Stadium	299,305,555	154,397,832	31-12-2021
<b>Total</b>	<b>854,173,550</b>	<b>458,989,383</b>	

Although, the contracts completion dates in respect of the works had lapsed, Management had not renewed them.

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

### **3.0 Non-Compliance with the Reporting Template**

The annual report and financial statement as presented for audit had the following anomalies:

- (i) The financial statement pages vii and viii do not indicate the date of birth in respect of two Directors.
- (ii) The Chairman's statement on page xii is not signed and dated.
- (iii) The statement of Directors' responsibilities on page xxiv does not indicate the financial statement approval date and is not signed by the Board chairman.

Consequently, the financial statements as prepared and presented are not in the format prescribed by the Public Sector Accounting Standards Board.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the basis for conclusion on effectiveness of internal controls, risk management and overall governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

#### **Basis for Conclusion**

##### **Lack of Board Approval for Tariff Guide**

The statement of financial performance reflects revenue from exchange transactions amount of Kshs.63,649,081 in respect of hire of facilities. Records provided for audit indicate that, the Management established a pricing and reservation policy in 2019 that guides and harmonizes charges and fees for the Corporation's products and services. However, there is no evidence that a market survey was conducted and that the pricing policy guidelines have been approved by the Board.

In the circumstances, the enforceability of the tariff guide could not be confirmed in the absence of relevant Board approvals.

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

#### **Responsibilities of Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, Management is responsible for assessing the Corporation'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 liquidate the Corporation 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 manner.

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

#### **Auditor-General's Responsibilities for the Audit**

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.

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

I communicated 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 Gathungu, CBS  
AUDITOR- GENERAL

Nairobi

27 July, 2022



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

	Notes	2020-2021	2019-2020
		<u>Kshs</u>	<u>Kshs</u>
<b>Revenue from non-exchange transactions</b>			
GOK Recurrent Grants	1.0	266,574,304	303,189,312
<b>Total Revenue from non-exchange transactions</b>		<b>266,574,304</b>	<b>303,189,312</b>
<b>Revenue from exchange transactions</b>			
Hire of facilities	2.0	63,649,081	80,833,385
Rental revenue	3.0	48,943,761	40,527,120
Hotel Income	4.0	88,411,218	109,346,945
Branding	5.0	-	400,000
Advertising	6.0	5,402,250	7,315,537
Other income	7.0	2,096,937	82,862
<b>Total Revenue from exchange transactions</b>		<b>208,503,247</b>	<b>238,505,849</b>
<b>Total Revenue</b>		<b>475,077,551</b>	<b>541,695,161</b>
<b>Expenses</b>			
Employee costs	8.0	185,503,899	276,647,061
Remuneration of Board	9.0	13,734,747	16,130,274
Use of Goods and Services	10.0	128,851,279	126,830,343
Contracted and professional services	11.0	21,642,388	31,351,034
Bulk Purchases of water and electricity	12.0	50,918,392	47,394,988
Repairs and Maintenance	13.0	52,193,874	20,381,966
Depreciation and amortization expense	14.0	33,927,402	38,267,192
Finance Cost	15.0	-	-
<b>Total Expenses</b>		<b>486,771,981</b>	<b>557,002,858</b>
<b>Net Surplus/(Deficit) for the year</b>		<b>(11,694,430)</b>	<b>(15,307,697)</b>

The notes set out on pages 13 to 46 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors

by:



Assistant Director Finance  
CPA Japhet Kaunyu  
Sports Kenya  
ICPAK M/NO. 15721  
Date.....24/5/22



Director General  
Mr. Pius Metto  
Sports Kenya

Date .....24/5/22



A.g Chairman of the Board  
Mrs. Leah Kaburu  
Sports Kenya

Date .....24/5/22



14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16.0	316,791,807	180,991,025
Accounts receivables from exchange transactions	17.0	222,248,314	151,566,884
Accounts receivables from non-exchange transactions	18.0	172,547,013	238,251,114
Inventories	19.0	3,028,509	5,201,077
Advanced Mobilization Monies	20.0	105,017,573	
		<b>819,633,216</b>	<b>576,010,100</b>
<b>Non - current assets</b>			
Property and equipment	21.0	178,519,395	189,389,194
Work in progress (WIP)	22.0	2,895,373,824	2,054,853,293
		<b>3,073,893,219</b>	<b>2,244,242,487</b>
<b>Total assets</b>		<b>3,893,526,435</b>	<b>2,820,252,587</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payable from exchange transactions	23.0	128,117,027	132,285,794
Refundable deposits from rent customers	24.0	1,126,000	1,126,000
Receipts in advance from trade customers	25.0	240,952	5,436,880
Provision for audit fee	26.0	522,000	522,000
Employee benefit obligation & pension	27.0	32,682,424	23,414,891
Audit fee payables	28.0	5,753,520	5,231,520
Provision for PAYE assessment	29.0	-	-
		<b>168,441,923</b>	<b>168,017,085</b>
<b>Non - current liabilities</b>			
Provision for KRA tax assessment	30.0	4,995,897	4,995,897
Projects 10% retention fee	31.0	92,140,612	89,006,481
		<b>97,136,509</b>	<b>94,002,378</b>
<b>Total liabilities</b>		<b>265,578,432</b>	<b>262,019,463</b>
<b>Net assets</b>		<b>3,627,948,003</b>	<b>2,558,233,124</b>
<b>Reserves</b>			

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Accumulated surplus	32.0	334,129,474	345,823,904
Capital Funds	33.0	3,293,818,529	2,212,409,220
<b>Total net assets &amp; liabilities</b>		<b>3,627,948,003</b>	<b>2,558,233,124</b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



**Assistant Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
 ICPAK M/NO. 15721  
 Date.....24/5/22



**Director General**  
 Mr. Pius Metto  
 Sports Kenya  
 Date .....24/5/22



**A.g Chairman of the Board**  
 Mrs. Leah Kaburu  
 Sports Kenya  
 Date .....24/5/22



**15 STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE 2021**

	Revenue Reserve Kshs	Capital Reserve Kshs	Total Kshs
<b>As at 30 /06/2019</b>	<b>280,734,952</b>	<b>969,275,960</b>	<b>1,250,010,912</b>
GOK Subsidy - SASDF Transfers	80,396,649		80,396,649
Net surplus /(deficit) for the year	(15,307,697)		(15,307,697)
Additions for the year		1,243,133,260	1,243,133,260
Deferred Income	-	-	-
Prior year adjustment			-
<b>As at 30/06/2020</b>	<b>345,823,904</b>	<b>2,212,409,220</b>	<b>2,558,233,124</b>
As at 1/7/2020	345,823,904	2,212,409,220	2,558,233,124
GOK Subsidy - SASDF Transfers	-		-
Net surplus /(deficit) for the year	(11,694,430)		(11,694,430)
Additions for the year		1,081,409,309	1,081,409,309
<b>As at 30/06/2021</b>	<b>334,129,474</b>	<b>3,293,818,529</b>	<b>3,627,948,003</b>

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

	Notes	2021-2020	2019-2020
<b>Revenue from non-exchange transactions</b>		<b>Kshs</b>	<b>Kshs</b>
GOK Recurrent grants	1.0	266,574,304	303,189,312
<b>Revenue from exchange transactions</b>			
Hire of facilities	2.0	63,649,081	80,833,385
Rental revenue	3.0	48,943,761	40,527,120
Hotel income	4.0	88,411,218	109,346,945
Branding	5.0	-	400,000
Advertising	6.0	5,402,250	7,315,537
Other income	7.0	2,096,937	82,862
<b>Expenses</b>			
Employee costs	8.0	(185,503,899)	(276,647,061)
Remuneration of Board	9.0	(13,734,747)	(16,130,274)
Use of goods and services	10.0	(128,851,279)	(126,830,343)
Contracted and professional services	11.0	(21,642,388)	(31,351,034)
Bulk Purchases of water and electricity	12.0	(50,918,392)	(47,394,988)
Repairs and maintenance	13.0	(52,193,874)	(20,381,966)
Finance cost	15.0	-	-
<b>Working capital changes</b>			
Increase/decrease in receivables exchange transactions	17.0	(70,681,430)	49,130,631
Increase/decrease in receivables non -exchange transactions	18.0	65,704,101	(93,961,727)
Increase /decrease in inventories	19.0	2,172,568	(1,266,860)
Increase /decrease in advance mobilization monies	20.0	(105,017,573)	-
Increase/decrease in payables	23.0	(4,168,767)	(75,731,925)
Increase/decrease in refundable deposit for rent	24.0	-	-
Increase/decrease in receipt in advance from customers	25.0	(5,195,928)	5,436,880



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Increase/decrease in pension obligation	27.0	9,267,533	23,414,891
Increase/decrease in Audit fee payable	28.0	522,000	5,231,520
Increase/decrease in PAYE assessment	29.0	-	-
Increase/decrease in KRA tax assessment	30.0	-	(0)
Increase/decrease in projects 10% retention fee	31.0	3,134,131	89,006,481
<b>Net cash flow from operating activities</b>		<b>(82,030,393)</b>	<b>24,219,386</b>
<b>Cash flow from investing activities</b>			
Purchase of fixed assets	21.0	(25,114,574)	(95,224,932)
Payment of capital	22.0	(840,520,531)	(1,081,126,193)
Disposal of fixed assets	34.0	2,056,971	-
<b>Cash flow from financing activities</b>			
SASDF Funds	32.0	-	80,396,649
Capital funds	33.0	1,081,409,309	1,243,133,260
<b>Net increase in cash and cash equivalents</b>		<b>135,800,782</b>	<b>171,398,170</b>
Cash and Cash equivalents at the start of the year		180,991,025	9,592,855
<b>Cash and Cash equivalents at the end of the year</b>	11.0	<b>316,791,807</b>	<b>180,991,025</b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
**Assistant Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
 ICPAK M/NO. 15721  
 Date... 24/5/22

  
**Director General**  
 Mr Pius Metto  
 Sports Kenya  
 Date 24/5/22

  
**A.g Chairman of the Board**  
 Mrs. Leah Kaburu  
 Sports Kenya  
 Date 24/5/22

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

ITEM DESCRIPTION	Approved Budget FY2020/2021	Adjustments	Revised Budget Estimates FY 2020/2021	Actual YTD	Variance Analysis YTD		Explanation of material variances
					KSHS	%	
<b>INCOME</b>							
Grants GOK	309,970,000	(92,510,000)	217,460,000	222,429,884	4,969,884	2%	
Grants SASDF	2,972,900,000	(618,651,000)	2,354,249,000	1,111,350,794	(1,242,898,206)	-53%	
Rent	52,000,000	-	52,000,000	48,943,761	(3,056,239)	-6%	
Hire of Facilities	187,680,000	(47,800,000)	139,880,000	63,649,081	(76,230,919)	-54%	
Hotel Fees	220,000,000	(70,928,000)	149,072,000	88,411,218	(60,660,782)	-41%	
Gate Takings	12,000,000	(12,000,000)	-	-	-	0%	
Advertising and TV Rights	20,401,000	(14,000,000)	6,401,000	5,402,250	(998,750)	-16%	
Sale of Tenders	-	30,000	30,000	21,000	(9,000)	-30%	
Partnership, Sponsorship, Naming Rights & Branding	110,000,000	(110,000,000)	-	-	-	0%	
Bus Rapid Transport/Park & Ride	18,920,000	(18,920,000)	-	-	-	0%	
Standard & Regulations of Stadia consultancy, Licenses and Levy	16,100,000	(16,100,000)	-	-	-	0%	
Disposal of Assets	250,000	1,807,000	2,057,000	2,056,971	(29)	0%	
Miscellaneous	150,000	(130,000)	20,000	18,965	(1,034)	-5%	
<b>TOTAL INCOME</b>	<b>3,920,371,000</b>	<b>(999,202,000)</b>	<b>2,921,169,000</b>	<b>1,542,283,925</b>	<b>(1,378,885,075)</b>	<b>-47%</b>	
<b>PERSONEL&amp;ADMINISTRATION</b>							
Basic Salaries	131,953,000	-	131,953,000	121,766,300	(10,186,701)	-8%	
House Allowance	39,745,000	(500,000)	39,245,000	39,039,000	(206,000)	-1%	



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Special Duty Allowances	1,025,000		1,025,000	1,135,228	110,228	11%
Acting Allowances	1,015,000	300,000	1,315,000	1,348,236	33,236	3%
Telephone Allowances	1,042,000		1,042,000	938,000	(104,000)	-10%
NSSF - Employer	288,000	200,000	488,000	344,200	(143,800)	-29%
Pension Annual Employer	15,723,418		15,723,418	14,500,712	(1,222,706)	-8%
Leave Allowance	3,456,000		3,456,000	2,820,000	(636,000)	-18%
Pension Arrears	49,500,000	(49,500,000)	-	-	-	100%
Staff Service Gratuity /Arrears	44,500,000	(23,200,000)	21,300,000	2,146,544	(19,153,456)	-90%
Staff Medical	22,500,000	(5,300,000)	17,200,000	17,128,054	(71,946)	0%
Contracted Service Gratuity/ Arrears	4,600,000	(2,588,000)	2,012,000	1,465,680	(546,320)	-27%
Staff Welfare/ Hospitality expenses	8,000,000	2,000,000	10,000,000	4,950,863	(5,049,137)	-50%
Staff Training	12,120,000	(8,000,000)	4,120,000	2,218,258	(1,901,742)	-46%
HIV /AIDS Activities	1,000,000		1,000,000	-	(1,000,000)	-100%
Gender/Disabilities/Drug Abuse Activities	1,000,000		1,000,000	-	(1,000,000)	-100%
Performance Contracting	2,500,000	(1,490,000)	1,010,000	-	(1,010,000)	-100%
<b>SUB-TOTAL</b>	<b>339,967,418</b>	<b>(88,078,000)</b>	<b>251,889,418</b>	<b>209,801,074</b>	<b>(42,088,344)</b>	<b>-17%</b>
<b>BOARD EXPENSES</b>						
Chairperson Honoraria	960,000		960,000	960,000	-	0%
Board Sitting & Mileage Allowances	13,840,000	-	13,840,000	8,507,150	5,332,850	39%
International Perdiem/Accommodation	5,000,000	(5,000,000)	-	-	-	0%
International Travel	3,500,000	(3,500,000)	-	-	-	0%
Local Perdiem/Accommodation	6,000,000	-	6,000,000	3,699,600	2,300,400	38%
Local Travel	500,000	-	500,000	567,997	(67,997)	-14%
Training	1,500,000	(1,500,000)	-	-	-	0%
Board hospitality/Conference expenses	1,500,000	(1,500,000)	-	-	-	0%

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	32,800,000	(11,500,000)	21,300,000	13,734,747	7,565,253	36%
<b>SUB-TOTAL</b>						
<b>EXPENSES</b>						
<b>OPERATIONS &amp; MAINTENANCE</b>						
Establishment of Sports Heritage & Documentation Centre	4,000,000	(2,000,000)	2,000,000	-	2,000,000	100%
Standard Regulations of Stadia, Inspection & Licensing	2,500,000	(2,500,000)	-		-	0%
Hosting Mass sports in 4 Regions	13,600,000	(13,600,000)	-		-	0%
Policy, Strategy and Information	7,000,000	(4,000,000)	3,000,000		3,000,000	100%
Water & conservancy	33,000,000	10,000,000	43,000,000	27,373,588	15,626,412	36%
Electricity	36,000,000	-	36,000,000	23,544,804	12,455,196	35%
Food Purchases	40,000,000	(15,000,000)	25,000,000	18,177,464	6,822,536	27%
Stadium Expenses	10,000,000	(8,000,000)	2,000,000	1,249,287	750,713	38%
ICT Expenses & Accessories	2,455,000	600,000	3,055,000	3,150,800	(95,800)	-3%
Gas & fuel	5,000,000	(3,500,000)	1,500,000	782,370	717,630	48%
Marketing & Advertising	30,120,000	(25,000,000)	5,120,000	772,271	4,347,729	85%
CSR Activities	5,000,000	(1,000,000)	4,000,000	3,254,360	745,640	19%
Stationery, Photocopying & Printing	6,981,000	(2,000,000)	4,981,000	3,219,171	1,761,829	35%
Fungicides, Insecticides Sprays & Fumigation, Pool chemicals	8,000,000	(4,000,000)	4,000,000	2,590,079	1,409,921	35%
Covid 19 Expenses		4,200,000	4,200,000	3,594,329	605,671	14%
Office Cleaning Materials		8,000,000	8,000,000	7,072,042	927,958	12%
International Perdiem /Accommodation	8,000,000	(8,000,000)	-		-	0%
International Travel	5,500,000	(5,500,000)	-		-	0%
Local Perdiem/ Accommodation	11,489,000	2,000,000	13,489,000	12,757,650	731,350	5%
Local Travel	4,500,000		4,500,000	3,692,461	807,539	18%
Advertising	4,000,000	(3,000,000)	1,000,000	-	1,000,000	100%



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Casual Wages	15,600,000	9,000,000	24,600,000	20,433,244	4,166,756	17%
<b>GENERAL ADMINISTRATIVE EXPENSES</b>						
Official Entertainment	2,500,000	1,500,000	4,000,000	4,797,789	(797,789)	-20%
Motor Vehicle Insurance	1,500,000	(300,000)	1,200,000	1,062,130	137,870	11%
Transport / Motor Vehicle Operations	2,400,000	4,600,000	7,000,000	6,867,461	132,539	2%
Office Refurbishment	6,000,000	(6,000,000)	-	-	-	0%
Maintenance of Stadia facilities, Plant & Machinery & Office Equipments	17,000,000	14,500,000	31,500,000	22,252,389	9,247,611	29%
Telephone & Airtime Expenses	2,617,200	700,000	3,317,200	3,129,473	187,727	6%
Postage & Courier Services	185,000	(180,000)	5,000	3,500	1,500	30%
Membership Subscriptions	1,000,000	(600,000)	400,000	234,344	165,656	41%
Miscellaneous and other Charges, Bank Charges	1,500,000	-	1,500,000	-	1,500,000	100%
Staff Uniforms & PPE	5,000,000	(4,800,000)	200,000	-	200,000	100%
Provision for Depreciation & Amortization	5,000,000	-	5,000,000	33,927,402	(28,927,402)	-579%
<b>SUB-TOTAL</b>	<b>297,447,200</b>	<b>(53,880,000)</b>	<b>243,567,200</b>	<b>203,938,408</b>	<b>39,628,792</b>	<b>16%</b>
<b>CONTRACTED SERVICES</b>						
Legal Services	8,320,000	2,000,000	10,320,000	2,355,188	7,964,812	77%
Consultancy Services	3,000,000	(3,000,000)	-	-	-	0%
Cleaning Services	9,100,000	(9,100,000)	-	-	-	0%
Security Services	25,000,000	(6,000,000)	19,000,000	19,287,200	(287,200)	-2%
Audit Services	522,000	-	522,000	522,000	-	0%
General Insurance	22,000,000	(18,600,000)	3,400,000	3,320,260	79,740	2%
Budget Preparations workshops, monitoring & Evaluations	3,500,000	-	3,500,000	2,686,900	813,100	23%
<b>SUB-TOTAL</b>	<b>71,442,000</b>	<b>(34,700,000)</b>	<b>36,742,000</b>	<b>28,171,548</b>	<b>8,570,452</b>	<b>23%</b>
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>741,656,618</b>	<b>(188,158,000)</b>	<b>553,498,618</b>	<b>455,645,777</b>	<b>13,676,153</b>	<b>2%</b>

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CAPITAL									
Purchase of Motor Vehicle	21,000,000	(10,023,000)	10,977,000	10,977,414	-	(414)	0%		
Parking Area at New Indoor Arena	10,000,000	(10,000,000)	-	-	-	-	0%		
Office Computers & Accessories	15,845,000	(15,000,000)	845,000	549,300	295,700		35%		
ERP System	25,000,000	(25,000,000)	-	-	-	-	0%		
Plant & Equipment	500,000	100,000	600,000	581,000	19,000		3%		
Furniture & Cabinets	4,100,000	(3,100,000)	1,000,000	430,000	570,000		57%		
Bulk Filling	4,000,000	(4,000,000)	-	-	-	-	0%		
Hotel Fittings & Furnishing	133,000,000	(74,382,000)	58,618,000	7,500,700	51,117,300		87%		
Modern Fitness Upgrade	104,000,000	(104,000,000)	-	-	-	-	0%		
Develop a Roller - Skating Rink	107,500,000	(107,500,000)	-	-	-	-	0%		
Aquatic Stadium Upgrade	83,450,000	(83,450,000)	-	-	-	-	0%		
Recreation, theme and Amusement Park	110,000,000	(110,000,000)	-	-	-	-	0%		
Water Harvesting system and damming for reuse	125,000,000	(125,000,000)	-	-	-	-	0%		
Equipping the New Indoor Arena for Indoor Games	105,000,000	(105,000,000)	-	-	-	-	0%		
Green Technology (Solar panels Installation at the hotel & Aquatic	151,200,000	(151,200,000)	-	-	-	-	0%		
Furnishing VIP Suites at Nyayo National Stadium	98,500,000	(98,500,000)	-	-	-	-	0%		
<b>7 REGIONAL STADIA:</b>									
Kipchoge Keino Phase I	73,474,000	64,956,000	138,430,000	62,578,346	75,851,654		55%		
Kamariny	158,899,000	47,351,000	206,250,000	3,293,466	202,956,534		98%		
Wote	152,399,722	33,040,000	185,439,722	40,552,733	144,886,989		78%		
Karatu	150,391,578	7,038,000	157,429,578	33,191,743	124,237,835		79%		
Ruringu	153,690,248	50,030,000	203,720,248	88,844,746	114,875,502		56%		
Marsabit	136,480,220	103,730,000	240,210,220	168,851,178	71,359,042		30%		



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Chuka	85,090,209	29,720,000	114,810,209	65,580,957	49,229,252	43%
Regional Stadia Consultancy	170,194,406		170,194,406		170,194,406	100%
Nyayo National Stadium		252,020,000	252,020,000	148,341,565	103,678,435	41%
Kinoru Stadium & Additional Works		155,739,000	155,739,000	113,615,272	42,123,728	27%
Kipchoge Keino Phase II		263,610,000	263,610,000	70,706,233	192,903,767	73%
Kisumu Stadium		25,232,000	25,232,000	22,000,000	3,232,000	13%
World Under20 Projects		182,545,000	182,545,000	170,500,210	12,044,790	7%
County Sports Infrastructure	1,000,000,000	(1,000,000,000)	-		-	0%
<b>SUB-TOTAL</b>	<b>3,178,714,382</b>	<b>(811,044,000)</b>	<b>2,367,670,382</b>	<b>1,008,094,863</b>	<b>1,359,575,519</b>	<b>57%</b>
<b>TOTAL EXPENDITURE</b>	<b>3,920,371,000</b>	<b>(999,202,000)</b>	<b>2,921,169,000</b>	<b>1,463,740,640</b>	<b>1,457,428,360</b>	<b>50%</b>
<b>SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>			

## **18. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Sports Kenya is established by and derives its authority and accountability from Sports Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote co-ordinate and implement national and international sports programs, establish, manage, develop and maintain the sports facilities including convention centers, indoor sporting and recreational facilities in the country and participate in the promotion of sports tourism among others. Sports Kenya is expected to develop modern sports facilities as well as improve the existing ones.

### **2. Statement of Compliance and Basis of Preparation**

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of Sports Kenya.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. *Early adoption of standards*

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

**Fees, taxes and fines**

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

**Transfers from other government entities**

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

**Rendering of services**

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



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

**Sale of goods**

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

**Interest income**

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

**ii) Revenue from exchange transactions**

**Dividends**

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

**Rental income**

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

**b) Budget information**

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs 15.9M on the 2020-2021 budget following the governing body's approval.

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The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

***Sales tax***

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



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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major

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inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on reducing balance basis to write down the cost of each asset to their reducing balance over their estimated useful life as follows:

Motor vehicle	-	25%
Plant & Equipment	-	37.5%
Office Equipment	-	30%
Computers	-	30%
Furniture	-	12.5%
Building	-	2%

Equipment, furniture and fittings are periodically reviewed for impairment where the carrying amount of an asset is greater than estimated recoverable amount it is written down immediately to its carrying amount. New assets are charged depreciation fully in the year of acquisition.

Gains and losses on disposal of equipment furniture and fittings are determined by reference to their carrying amount and are taken into account in determining the surplus or deficit for the year.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

**g) Intangible assets**

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

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

**h) Research and development costs**

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

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

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



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**i) Financial instruments**

**a) 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 Entity determines the classification of its financial assets at 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 recognized in the surplus or deficit.

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are 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. The losses arising from impairment are recognized in surplus or deficit.

**Impairment of financial assets**

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets 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 or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

**b) 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 Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized 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 recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. 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.

**j) Inventories**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

**k) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**l) Contingent liabilities**

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

**m) Contingent assets**

The Entity 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



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events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**n) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements.

**o) Changes in accounting policies and estimates**

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

**p) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

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**q) Foreign currency transactions**

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

**r) Borrowing costs**

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

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

**s) Related parties**

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

**t) Service concession arrangements**

The Entity 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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**u) 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)**

**v) Comparative figures**

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

**w) 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 Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made: 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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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 Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. Transfers from Other Government Entities**

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

<b>Name of the Entity sending the grant</b>	<b>Amount recognized to Statement of Financial performance KShs</b>	<b>Amount deferred under deferred income KShs</b>	<b>Amount recognised in capital fund. KShs</b>	<b>Total transfers 2020/21 KShs</b>	<b>Prior year 2019/2020 KShs</b>
Ministry of Sports Culture & Heritage	266,574,304		1,081,409,309	1,347,983,613	1,546,322,572
<b>Total</b>	266,574,304		1,081,409,309	1,347,983,613	1,546,322,572

*Note*

- 1. Kshs266,574,304.00 recognized in the Statement of Financial Performance is as per Note N0.1 in financial Statement.*
- 2. Kshs 1,081,409,309.00 recognized in financial position is as per Note N0.32 in financial Statement.*



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

NO	NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2021	2020-2021	2019-2020
	<b>Income from Non-Exchange Transactions</b>		
1.0	<b>GOK Grants</b>	<b>Kshs</b>	<b>Kshs</b>
	Recurrent grant - SK	173,000,000	161,580,000
	Recurrent- pension & salaries arrears grant	-	127,400,000
	GOK Utility Grants - Water & Electricity	44,451,184	14,209,312
	Monitoring & Evaluation SASDF Grant	4,978,700	
	Continental Tour - SASDF Grant	14,202,935	
	Recurrent grant - U20 Project	29,941,485	
	<b>Total</b>	<b>266,574,304</b>	<b>303,189,312</b>

		2020-2021	2019-2020
2.0	<b>Hire of facilities</b>	<b>Kshs</b>	<b>Kshs</b>
	Hire of Hospitality	-	300,000
	Hire of main stadium & equipment	63,017,502	35,455,260
	Hire of aquatic stadium	-	8,627,578
	Hire of indoor courts	-	27,185,207
	Gate takings	-	2,984,155
	Hire of flood light	-	5,791,185
	Live coverage income	631,579	490,000
	Hire of barriers	-	-
	<b>Total</b>	<b>63,649,081</b>	<b>80,833,385</b>

		2020-2021	2019-2020
3.0	<b>Rental Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Residential housing	33,156,000	33,156,000
	Commercial space	15,787,761	7,371,120
	<b>Total</b>	<b>48,943,761</b>	<b>40,527,120</b>

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		<b>2020-2021</b>	<b>2019-2020</b>
4.0	<b>Hotel Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Hotel income , Cyber café, Bar sales	88,411,218	109,346,945
	<b>Total</b>	<b>88,411,218</b>	<b>109,346,945</b>

		<b>2020-2021</b>	<b>2019-2020</b>
5.0	<b>Branding Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Nyayo stadium	-	-
	Moi International Sports Centre	-	400,000
	<b>Total</b>	<b>-</b>	<b>400,000</b>

		<b>2020-2021</b>	<b>2019-2020</b>
6.0	<b>Advertising Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Nyayo National Stadium/ MISC	5,402,250	7,315,537
	<b>Total</b>	<b>5,402,250</b>	<b>7,315,537</b>

		<b>2020-2021</b>	<b>2019-2020</b>
7.0	<b>Other Income</b>	<b>Kshs</b>	<b>Kshs</b>
	Miscellaneous	18,966	62,862
	Sale of tenders	21,000	20,000
	Disposal of assets	2,056,971	-
	<b>Total other Income</b>	<b>2,096,937</b>	<b>82,862</b>

		<b>2020-2021</b>	<b>2019-2020</b>
8.0	<b>Employee Costs</b>	<b>Kshs</b>	<b>Kshs</b>
	Employee related costs salaries and wages	121,766,300	116,604,441
	Employee related cost contribution to pension	14,500,712	12,768,586
	Pension arrears	-	95,585,109
	Gratuity contracted	1,465,680	1,070,120
	Gratuity arrears	2,146,544	5,357,218
	NSSF	344,200	339,200



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	Acting allowance	1,348,236	728,986
	Special duty allowance	1,135,228	1,321,951
	Residential telephone line	938,000	892,000
	Housing allowance	39,039,000	38,286,000
	Leave allowance	2,820,000	3,693,450
	<b>Total Employee cost</b>	<b>185,503,899</b>	<b>276,647,061</b>

		<b>2020-2021</b>	<b>2019-2020</b>
9.0	<b>Board of Directors allowances</b>	<b>Kshs</b>	<b>Kshs</b>
	Chairman's honoraria	960,000	1,060,000
	Chairman's Telephone Allowance	60,000	60,000
	Chairman's Mobile Allowance	60,000	70,000
	Board of Directors sitting allowances	8,387,150	9,985,801
	International perdiem	-	334,502
	International travel	-	732,539
	Local travel	567,997	1,022,077
	Local perdiem	3,699,600	2,865,355
	Training	-	-
	<b>Total Cost</b>	<b>13,734,747</b>	<b>16,130,274</b>

		<b>2020-2021</b>	<b>2019-2020</b>
10.0	<b>Use of goods and services</b>	<b>Kshs</b>	<b>Kshs</b>
	Marketing and Advertisement	772,271	3,150,590
	Transport operating	6,867,461	3,862,393
	Local travel & perdiem	16,450,111	11,806,945
	International travel & perdiem	-	1,523,816
	Stationery	3,219,171	4,450,840
	Telephone and internet	4,126,880	3,789,035
	ICT expenses	2,153,393	6,305,955

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	Gas and fuel	782,370	3,166,070
	Food purchase	18,177,464	28,870,137
	Hotel expenses	1,249,287	12,265,934
	Medical insurance	17,128,054	11,258,021
	Subscriptions	234,344	1,040,534
	Office refurbishment	-	1,527,430
	Office cleaning materials	7,072,042	6,769,204
	Insecticides sprays and chemicals	2,590,079	4,552,117
	Motor vehicle insurance	1,062,130	235,053
	General insurance	3,320,260	922,294
	Casuals	20,433,244	10,526,121
	Uniforms	-	-
	Training expenses	2,218,258	971,875
	Staff welfare	4,950,863	3,876,362
	Official entertainment	4,797,789	2,726,857
	CSR activities	3,254,360	1,760,120
	Postage & Courier Services	8,862	
	Monitoring and Evaluation	2,686,900	
	Covid - 19 Expenses	3,594,329	
	Audit fee	522,000	522,000
	Bank charges	1,179,357	950,640
	<b>Total cost</b>	<b>128,851,279</b>	<b>126,830,343</b>

		<b>2020-2021</b>	<b>2019-2020</b>
11.0	<b>Contracted and Professional services</b>	<b>Kshs</b>	<b>Kshs</b>
	Cleaning services	-	8,770,510
	Consultancy services	-	-
	Security services		



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		19,287,200	18,902,524
	Legal fees	2,355,188	3,678,000
	<b>Total cost</b>	<b>21,642,388</b>	<b>31,351,034</b>

		<b>2020-2021</b>	<b>2019-2020</b>
12.0	<b>Total Bulk purchases</b>	<b>Kshs</b>	<b>Kshs</b>
	Electricity	23,544,804	21,928,895
	Water	27,373,588	25,466,093
	<b>Total Cost</b>	<b>50,918,392</b>	<b>47,394,988</b>

		<b>2020-2021</b>	<b>2019-2020</b>
13.0	<b>Repair and Maintenance</b>	<b>Kshs</b>	<b>Kshs</b>
	Repair and maintenance of Stadia -SK	22,252,389	20,381,966
	Repair and maintenance of Stadia - U20 Project	29,941,485	
	<b>Total Cost</b>	<b>52,193,874</b>	<b>20,381,966</b>

		<b>2020-2021</b>	<b>2019-2020</b>
14.0	<b>Depreciation &amp; amortization</b>	<b>Kshs</b>	<b>Kshs</b>
	Land & Buildings	2,076,257	2,118,629
	Motor vehicles	4,829,890	2,780,715
	Plant & Machinery	15,090,232	16,866,747
	Office Equipment	9,937,372	14,225,300
	Furniture	1,993,651	2,275,800
	<b>Total</b>	<b>33,927,402.00</b>	<b>38,267,192</b>

		<b>2020-2021</b>	<b>2019-2020</b>
15.0	<b>Bank Interest/Overdraft</b>	<b>Kshs</b>	<b>Kshs</b>
	Bank Interest/Overdraft	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>

		<b>2020-2021</b>	<b>2019-2020</b>
16.0	<b>Cash and Cash Equivalents</b>	<b>Kshs</b>	<b>Kshs</b>
	Standard Chartered main bank		

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		-	4,961,282
	Fund Account	31,456	338,423
	Project Account	19,171,318	22,380,331
	Rent Account	27,080	957,893
	Co-operative Project Account	297,555,489	152,353,096
	Cash in Hand	-	-
	Mobile Money in Account (Mpesa Account)	6,465	
	<b>Total</b>	<b>316,791,807</b>	<b>180,991,025</b>

		2020-2021	2019-2020
17.0	<b>Accounts receivables from -exchange transactions</b>	<b>Kshs</b>	<b>Kshs</b>
	Rent	42,136,563	30,506,404
	Trade debtors	180,111,751	121,060,480
	<b>Total</b>	<b>222,248,314</b>	<b>151,566,884</b>

18.0	<b>Accounts receivables from non - exchange transactions</b>	2020-2021	2019-2020
		<b>Kshs</b>	<b>Kshs</b>
	Deaflympics	500,000	500,000
	Ministry of Sports, Culture and the Arts	107,390,843	107,390,843
	KAS	-	1,364,288
	NYTA	3,045,084	15,590,653
	Fc Talanta	-	4,482,232
	Kenya Football Federation -Loan	10,000,000	10,000,000
	Salary advance	1,946,167	2,527,228
	Imprest outstanding	2,486,224	2,226,940
	Kipchoge Stadium phase II grants	19,453,103	53,773,930
	Recurrent grant quarter 4	27,725,592	40,395,000
	<b>Total</b>		



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		<b>172,547,013</b>	<b>238,251,114</b>
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		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
19.0	<b>Inventory</b>		
	Moi international Sports Centre main stores	2,109,553	4,544,081
	Food Stores	672,395	309,652
	Nyayo National stadium stores	246,561	347,344
	<b>Total</b>	<b>3,028,509</b>	<b>5,201,077</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
20.0	<b>Advanced Mobilization Monies</b>	105,017,573	
	<b>Total</b>	<b>105,017,573</b>	<b>-</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
21.0	<b>Property Plant and Equipment</b>		
	Land & Buildings	101,736,569	103,812,826
	Motor vehicles	14,489,670	8,342,146
	Plant & Machinery	25,150,387	28,111,245
	Office Equipment	23,187,202	33,192,366
	Furniture	13,955,566	15,930,611
	<b>Total</b>	<b>178,519,395</b>	<b>189,389,194</b>

22.0	<b>Work In Progress</b>	<b>2020-2021</b>	<b>2019-2020</b>
22.1	<b>International Sports Academy (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	34,585,249	34,585,249
	Expenditure	-	-
	<b>Total</b>	<b>34,585,249</b>	<b>34,585,249</b>
		<b>2020-2021</b>	<b>2019-2020</b>
22.2	<b>Rehabilitation Works (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	1,474,640,289	394,214,095
	Advance Mobilization Monies	(105,017,574)	



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	Kipchoge Keino Stadium Phase I	62,578,346	15,111,500
	Ruringu Stadium	88,844,746	37,799,576
	Marsabit Stadium	168,851,178	8,373,162
	Wote Stadium	40,552,733	32,271,885
	Karatu Stadium	33,191,743	53,975,386
	Chuka Stadium	65,580,957	53,947,675
	Kamariny Stadium	3,293,466	38,313,290
	Nyayo National Stadium	148,341,565	337,389,122
	Kinoru Stadium	113,615,272	428,398,899
	Kipchoge Keino Stadium Phase II	70,706,233	38,360,249
	Stadion Hotel	-	-
	Rehabilitation works - Kisumu (WIP)	22,000,000	-
	World U 20 Project	127,981,866	36,485,450
	Less Advance Mobilization Monies		
	<b>Total</b>	<b>2,315,160,820</b>	<b>1,474,640,289</b>
		<b>2020-2021</b>	<b>2019-2020</b>
22.3	<b>Indoor Court Complex (WIP)</b>	<b>Kshs</b>	<b>Kshs</b>
	Opening bal	38,010,717	37,310,717
	Expenditure	-	700,000
	<b>Total</b>	<b>38,010,717</b>	<b>38,010,717</b>
22.4	<b>National Stadia</b>	<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
	Feasibility Works -PKF	507,617,038	507,617,038
	<b>Total</b>	<b>507,617,038</b>	<b>507,617,038</b>
	<b>TOTAL WIP</b>	<b>2,895,373,824</b>	<b>2,054,853,293</b>

		<b>2020-2021</b>	<b>2019-2020</b>
23.0	<b>Trade and other payables from exchange transactions</b>	<b>Kshs</b>	<b>Kshs</b>
	Trade and other payables from Exchange transactions	128,117,027	132,285,794

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	<b>Total</b>	<b>128,117,027</b>	<b>132,285,794</b>
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		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
24.0	<b>Refundable rent deposits</b>	<b>1,126,000</b>	<b>1,126,000</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
25.0	<b>Receipts in advance from customers</b>	<b>Kshs</b>	<b>Kshs</b>
	Rent received in advance	<b>240,952</b>	<b>507,130</b>
	Receipts in advance from trade customers	-	<b>4,929,750</b>
	<b>Total</b>	<b>240,952</b>	<b>5,436,880</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
26.0	<b>Provision for audit fee</b>	522,000	522,000
	<b>Total</b>	<b>522,000</b>	<b>522,000</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
27.0	<b>Employee benefit obligation &amp; pension</b>	<b>Kshs</b>	<b>Kshs</b>
	Bal b/f	23,414,891	23,414,891
	Pension for the year	21,751,071	
	<b>Pension Paid</b>	(12,483,538)	
	<b>Total</b>	<b>32,682,424</b>	<b>23,414,891</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
28.0	<b>Audit Fee Payable</b>	5,753,520	5,231,520
	<b>Total</b>	<b>5,753,520</b>	<b>5,231,520</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
29.0	<b>Provision for PAYE assessment</b>		
	Provision for PAYE assessment	-	-



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		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
30.0	<b>Provision for KRA tax assessment</b>	<b>4,995,897</b>	<b>4,995,897</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
31.0	<b>Projects 10% retention fee</b>	<b>92,140,612</b>	<b>89,006,481</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
32.0	<b>Accumulated surplus</b>		
	Opening bal	345,823,904	280,734,952
	SASDF Reserve	-	80,396,649
	Net surplus for the year	(11,694,430)	(15,307,697)
	<b>Total</b>	<b>334,129,474</b>	<b>345,823,904</b>

		<b>2020-2021</b>	<b>2019-2020</b>
		<b>Kshs</b>	<b>Kshs</b>
33.0	<b>Capital funds</b>		
	Opening bal	2,212,409,220	969,275,960
	Grants for the year-Kinoru,NNS & Kipchoge II (CHAN)	332,410,088	843,133,260
	Grants for the year-Regional Stadia	530,861,737	250,000,000
	Grants for the year-World U 20 Project	218,137,484	150,000,000
	<b>Total</b>	<b>3,293,818,529</b>	<b>2,212,409,220</b>



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34.0 Property, Plant and Equipment

Cost/Valuation	Land (Kshs.)	Buildings (Kshs.)	Motor Vehicles (Kshs.)	Plant & Machinery (Kshs.)	Office Equipment (Kshs.)	Furniture (Kshs.)	Total (Kshs.)
<b>At 1st July 2019</b>		111,117,454	11,011,934	48,022,399	32,837,509	40,140,277	243,129,573
Additions	-	-	10,977,414	2,210,280	7,552,958	-	20,740,652
Additions WU20	4,794,628	-	-	36,134,039	33,555,613	-	74,484,280
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>115,912,082</b>	<b>21,989,348</b>	<b>21,989,348</b>	<b>86,366,718</b>	<b>73,946,080</b>	<b>40,140,277</b>	<b>338,354,505</b>
<b>Cost/Valuation</b>							
<b>At 1st July 2020</b>		115,912,082	21,989,348	86,366,718	73,946,080	40,140,277	338,354,505
Additions	-	-	10,977,414	581,000	549,300	430,000	12,537,714
Additions WU20	-	-	-	12,576,860	-	-	12,576,860
Disposals	-	-	-	(1,028,486)	(617,091)	(411,394)	(2,056,971)
Transfer/adjustments	-	-	-	-	-	-	-

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<b>At 30 June 2021</b>	<b>115,912,082</b>	<b>32,966,762</b>	<b>98,496,093</b>	<b>73,878,289</b>	<b>40,158,883</b>	<b>361,412,108</b>
<b>Depreciation and impairment</b>						
At 1 July 2019	9,980,627	10,866,486	41,388,726	26,528,415	21,933,865	110,698,119
Depreciation(Charge for the yr)	2,118,629.10	2,780,715.47	16,866,747.02	14,225,299.64	2,275,800.46	38,267,191.68
Impairment	-	-	-	-	-	-
<b>At 30 June 2020</b>	<b>12,099,256</b>	<b>13,647,202</b>	<b>58,255,473</b>	<b>40,753,714</b>	<b>24,209,666</b>	<b>148,965,311</b>
<b>Depreciation and impairment</b>						
At 1 July 2020	12,099,256	13,647,202	58,255,473	40,753,714	24,209,666	148,965,311
Depreciation(Charge for the yr)	2,076,257	4,829,890	15,090,232	9,937,372	1,993,651	33,927,402
Impairment	-	-	-	-	-	-
<b>At 30 June 2021</b>	<b>14,175,513</b>	<b>18,477,092</b>	<b>73,345,705</b>	<b>50,691,087</b>	<b>26,203,317</b>	<b>182,892,713</b>
<b>Net book values</b>						
At 30 June 2021	101,736,569	14,489,670	25,150,387	23,187,202	13,955,566	178,519,395
At 30 June 2020	103,812,826	8,342,146	28,111,245	33,192,366	15,930,611	189,389,194

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**34. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity'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 entity 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 entity's financial risk management objectives and policies are detailed below:

**i) Credit risk**

The entity 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 entity's management based on prior experience and their assessment of the current economic environment.



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

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

**ii) Liquidity risk management**

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

**iii) Market risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant.

**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.

Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**iv) Capital Risk Management**

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

**35. Related Party Disclosures**

**Nature of related party relationships**

Entities and other parties related to the entity 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 Sports Kenya holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

**Other related parties include:**

- i) National Government;
- ii) The Parent Ministry;
- iii) County Governments
- iv) Sports, Arts and Social Development Fund(SASDF)
- v) Key management;
- vi) Board of directors;



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**36. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the entity did not make any surplus during the year (FY 2020 Nil) and hence no remittance to the Consolidated Fund.

**37. Events after the Reporting Period**

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

**38. Ultimate and Holding Entity**

The entity 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.

**39. Currency**

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

**40. Mobilization fee**

The board has mobilization outstanding of **Kshs105,017,573.00/=** to contractors which were given at the beginning of the projects. The amount is included in the cumulative work in progress expenditure and will be recovered from the contractor's certificates before the completion of the projects.

**41. Service Gratuity-Ksh 77,000,000**

This relates to Service Gratuity Payments owed to staff before Sports Kenya engaged a fund Administrator (Jubilee Insurance) for defined contributory scheme between 2005 to June 2011. Reconciliation is on-going to establish the correct amount for inclusion on the face of the Financials.

**42.** During the financial year 2020/2021, **Kshs25,576,650/=** was received from SASDF to clear part of various outstanding bills related to various federations that were being sponsored by Ministry of Sports, Culture and Heritage.

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**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 as per the attached document (Appendix I).

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1.0	<p><b>1.0 Revenue from exchange transaction- Commercial Space Revenue</b></p> <p>Note 3 to the Financial Statements reflect rental income of Kshs.40, 527,120 that includes Kshs. 7,371,120 in respect to commercial space rent income. A scrutiny of commercial space rental income records revealed that an amount of Kshs. 4,092,957.54 was not supported by valid contracts. Further, this rental income exclude unknown amount of income from IAAF World under 20 Championship who occupied Sports Kenya offices without any contract since 1<sup>st</sup> July 2018.</p> <p>In the circumstances, the accuracy and correctness of rental income from commercial space of Kshs. 7,371,120 could not be confirmed.</p>	<p>In relation to rental space, the Board directed that before letting out/ leasing the spaces a valuation be carried out with assistance from the State Department of Housing and Urban Development. The management subsequently wrote to State Department of Housing and Urban Development vide letter Ref: SK/HG/12 VOL. VII (521). The valuation for the rental spaces was carried out and submitted to Sports Kenya on 4<sup>th</sup> November 2020 vide letter Ref: PW/L/1/1/VOLXX/250.</p> <p>The management presented to the Board the proposed charges for the lettable space as advised by the State Department of Housing and Urban Development. The Board adopted and approved for implementation. The management has since initiated the process of formalizing the leases with the respective tenants among them WU20.</p>	Not Resolved	FY2021/22
1.1	<p><b>1.1 Inaccuracy in revenue from Hire of Facilities</b></p> <p>Note 2 to financial statement disclosed revenue from hire of facilities of Kshs.80,833,385. A</p>	<p>The sample of contract of hire taken entails income amounting to Kshs 9,026,332 was treated as revenue for the period and reported in the statement of financial performance as it meets the criteria for recognition as the services were offered.</p>	Not Resolved	FY2021/22

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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)
	<p>Scrutiny of sampled contracts of hire of facilities revealed the following anomalies;</p> <p>i) An amount of Kshs 9,026,332 recorded as received vide EFT from various clients could not not be traced in the bank statements and no official receipts were issued for the money received. In addition, the contracts are not supported by LSOs.</p> <p>ii) Examination of Contract of Hire books revealed that revenue amounting Kshs.3,415,400 was not posted in the ledger.</p> <p>Consequently, accuracy of revenue from hire of facilities of Kshs.80,833,385 could not be confirmed.</p>	<p>Consequently, any outstanding payments have been recognized in the statement of financial position as accounts receivables since at the time of audit there were outstanding balances. We have therefore attached the schedule supporting revenues and payments and financial statements adjusted accordingly.</p> <p>As per audit findings the revenue of Kshs3,415,400 could not have been recognized in the financial statements as the conditions of hire changed necessitating revision of contract of hire to accommodate new changes as attached.</p>		
2.0	<p><b>2.0 Employee Cost- Pension and gratuity arrears</b></p> <p>Included in the Employee costs of Kshs.276,877,061 is Kshs.95,585,109 in respect to Pension arrears and Kshs.5,357,218</p>	<p>The basis for the request of ksh 119,000,000 and ksh 8,400,000 has been availed for Ksh 119M for Pension Arrears and Ksh 10.4M for Salary Shortfall (What the National Treasury provided was Ksh 8.4M). Management has availed for audit verification staff pension records for period 1<sup>st</sup> July 2011 to June 2020. This record excludes interest charges.</p>	Not Resolved	FY2021/22



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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)								
	<p>gratuity arrears respectively. A scrutiny of the records availed revealed that Sports Kenya had been allocated an approved budget of Kshs.171,500 to defray pensions, gratuity and salary arrears out of which only Kshs.127,400,000 was received. However, it was noted that these arrears had not been disclosed in the previous years and therefore the basis for the request and approval of this budget could not be ascertained.</p> <p>Further, it was established that only Kshs.108,059,394 of received funds was spent for intended purposes resulting to outstanding pension arrears of Kshs.19,340,606. No plausible explanation was availed as to why fund availed were deviated.</p> <p>In the circumstances, authenticity of Kshs.108,059,394 paid could not be ascertained.</p>	<p>The breakdown of Ksh 127,400,000 is as follows: -</p> <table border="1" data-bbox="671 613 979 741"> <tr> <td>Staff Pension</td> <td>Arrears</td> </tr> <tr> <td>119M</td> <td></td> </tr> <tr> <td>Salary Arrears</td> <td>8.4M</td> </tr> <tr> <td><b>Total</b></td> <td><b>127.4M</b></td> </tr> </table> <p>Sports Kenya Made a part Payment for pension arrears since this amount was received late towards end of June 2020 and there was no time to do reconciliation before full payments. Out of the 2018 Audited Financial Year for Jubilee Insurance (Fund administrator) that indicated that we owe them 119m, we had made substantial payments on individual staff who had exited service. It was important for us to make the part payment and do a reconciliation thereafter to avoid overpayment. Prudence concept demands that you better underpay than overpay. The amount still outstanding will be established on conclusion of the reconciliation.</p> <p>As at the time of the audit, reconciliation was ongoing between the management of Sports Kenya and the fund administrator to ascertain the actual balance to date</p> <p>The management has initiated reconciliation for service gratuity to establish the correct position and the same will be disclosed on the face of financials Statement however it has been disclosed as a note to the Financial Statements for the period under Audit.</p>	Staff Pension	Arrears	119M		Salary Arrears	8.4M	<b>Total</b>	<b>127.4M</b>		
Staff Pension	Arrears											
119M												
Salary Arrears	8.4M											
<b>Total</b>	<b>127.4M</b>											
4.0	<p><b>4.0 Contracted Professional Services- Legal advisor of Government entities</b></p> <p>Note 6 of the financial</p>	<p>During the period Sports Kenya did not have a legal officer and hence relied on services of a private advocate firm. Going forward management will comply with the law when engaging private advocates.</p>	Not Resolved	FY2021/22								

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	statements include Legal fees of Kshs 3,678,000. It was observed that Jamal Bake & Associates Advocates and Bake Hassan Hisham & Associates Advocates represented sports Kenya various court cases in 2019/2020. No explanation was availed as to why Sports Kenya did not seek for consent from the Attorney General to engage private legal firms as provided under section 5 Subsection 1(a) of the Office of the Attorney General Cap 49 of the laws of Kenya.			
5.0	<p><b>5.0 Repairs and Maintenance – cash purchases</b></p> <p>Note 13 to the financial statement reflect Kshs. 20,381,966 in respect to repair and maintenance. Examination of payment vouchers revealed repairs and work worth Kshs. 3,197,628 were done cash/impressts contrary to the provision of the public legal notice no.69 of 2020.</p>	The use of Imprest was necessitated by the urgency to prepare the Stadium for viewing of the body of the Late Former President of the Republic of Kenya Daniel Moi and First Lady Marathon which were to be held at the venue. Majority of the impressts were used to pay Casual wages and minor works which were not part of the contractor scope of works.	Not Resolved	FY2021/22
6.0	<p><b>6.0 Accounts Receivable from Exchange Transactions – Long outstanding receivables</b></p> <p>Note 17 to the financial statement reflects Kshs. 151,566,884 in respect to account receivable from exchange transactions.</p>	Management takes notes of the recommendation and is in discussion with the Board on the matter. Provisions for bad and doubtful debts will be provided going forward.	Not Resolved	FY2021/22

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>Examination of accounts receivable records revealed long outstanding rent arrears of Kshs. 20,544,506 that has been outstanding since 2006/2007 financial year.</p> <p>In addition, accounts receivable from exchange transaction include Kshs 121,060,480 being other trade debtors of which Kshs. 118,915,486 has remained outstanding for more than 180 days and some dating back to financial year 2015/2016. Further opening balance amounting to Kshs. 78,599,078.91 was not analyzed.</p> <p>In the circumstances the accuracy and completeness of the accounts' receivables from exchange transactions balance of Kshs 151,566,884 as at 30<sup>th</sup> June 2020 could not be confirmed and the management has not made [provision for doubtful debt in the financial statement.</p>			
7.0	<p><b>7.0 Accounts Receivables from non-exchange transaction -Un-surrendered Imprest</b></p>	<p>As at the time of the Audit, there were outstanding loans and advances to Ministry of Sports Culture and the Art, Kenya Academy of Sports and federations. In the financial yr 2020/21, Kenya Academy of Sports had paid Kshs.1,364,288 for KAS, Kshs.4,482,232 for FC Talanta and Kshs. 12M for NYTA. However, advances from</p>		
7.1	<p><b>7.1 Long Outstanding Loans Advances</b></p> <p>As earlier reported Note 18 to the financial</p>			



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	<p>statements for the year ended 30th June 2020 reflected accounts receivables from non-exchange transactions balance of Kshs. 283,251,114. Include in the account receivables from non-exchange transactions was Kshs. 139,328,016. Being loan advances made to Deaf Olympics Kshs. 500,000, Ministry of Youth Kshs. 107,390,843, Kenya Academy of sports Kshs. 1,364,288, NYTA Kshs, 15,590,653, FC Talanta Kshs. 4,482,232 and Kenya football Federation Kshs. 10,000,000. However, no documentary evidence was availed to confirm how the stated amounts were transferred to the bank accounts of the respective Entities in order to qualify as debt. Further, the terms and purpose for the loan advances have not been provided and no effort appears to have been made to pursue these debts for the last over five (5) years.</p>	<p>the ministry are still outstanding.</p>		
7.2	<p><b>7.2 Long Outstanding Imprest</b> Included in receivables from Non-Exchange Transactions of Kshs.238,251,114 is Kshs. 2,226,940 relating to outstanding imprests that was supported by an imprest register. Further, imprest</p>	<p>As at the time of, there were imprests which were unreturned but have since been surrendered as provided in the management letter. The management is in the process of recovering the surrendered imprests from the staff as provided for in the regulation of imprests administration. On the observation of the absence of the Standard Imprest</p>	Not Resolved	FY2021/22

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>amounting to kshs.448,100 has been outstanding for more than ten months and cases of staff holding multiple imprest were noted in contravention to legal notice no.34 of the public Financial Management Act 2012.</p> <p>In the circumstances, the validity of the stated debts totaling Kshs.139,328,016 as at 30 June, 2020 could not be confirmed.</p>	<p>Register, Sports Kenya have requisitioned from the Government Printers which is out of stock to date. Once available the management will maintain an up-to-date imprest register.</p>		
<p>8.0</p> <p>8.1</p>	<p><b>8.0 Property, plant and Equipment</b></p> <p><b>8.1 Property, plant and Equipment</b></p> <p>As reported earlier the statement of financial position as at 30 June,2020 reflected property, plant and equipment (PPE) balance of Kshs.189,380 which excluded undetermined values of land on which International Sports Centre, Kasarani and Nyayo National Stadium ae built as Sports Kenya does not have ownership documents.</p> <p>Information available indicated that Sports Kenya wrote a letter Ref:SK/CON/LA/15(2 17) dated 14 February, 2019 through the Cabinet Secretary Sports, Culture &amp; Heritage to the Cabinet Secretary of Lands and Physical Planning requested the office to issue title deeds for L.R. No. 22596 at</p>	<p>The process of establishing an Asset register had started but due to COVID-19 pandemic it could not go on since there was a reduction in A.I.A that could be used to enable completion of the process. However, an updated asset register (PPE) is maintained though lack of asset valuation report has hampered its completeness and accuracy. The management has noted the recommendation from the Auditors and will implement.</p> <p>As noted, it is true that land ownership documents were requested by the Director General for Sports Kenya on 14<sup>th</sup> February 2019 requesting for the issuance of the title deeds for 948.42 acres. There has been little progress to date.</p> <p>We agreed that ownership documents for land under sports Kenya should be pursued and the board will continue engaging the relevant authorities.</p>	<p>Not Resolved</p>	<p>FY2021/22</p>

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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)
	<p>Kasarani and LR No.209/16884 at Nyayo National Stadium in the name of Sports Kenya. However, as at the time of audit, no response had been received from the Ministry.</p> <p>In addition, the assets register availed for audit revealed that it was last posted in the year 2014 hence not updated.</p> <p>In view of the foregoing, the ownership, completeness, security and carrying values of the property, plant and equipment balance of Kshs.189,389,194 reflected in the statement of financial position as at 30 June,2020 could not be confirmed.</p>			
8.2	<p><b>8.2 Work in progress</b></p> <p>Note 21.1 reflects KSHS. 34,585,249 in respect to Work in progress that relate International Sports Academy. However, the project has since been transferred to Kenya Academy of Sports and therefore the amount of Kshs.34,585,249 is erroneously recognized under Sports Kenya.</p> <p>In the foregoing, the financial statements do not represent a true and fair view as regards work in progress</p>	Sports Kenya is in the process of handing over the building to Kenya Academy of Sports and once this is done the balance of the 34,585,249 will be transferred to the books of Kenya Academy of Sports.	Not Resolved	FY2021/2022



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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)
	amount Kshs.34,585,249.			
9.0	<p><b>9.0 Long Outstanding Trade and Other Payables</b></p> <p>As earlier reported, the statement of financial position as at 30 June, 2020 reflected current liabilities balance of Kshs. 214,661,616 which included trade and other payables from exchange transaction amounting to Kshs.242,529,216. Included in this amount is Kshs.1,126,000 being refundable deposits from tenants held by Sports Kenya as a security against the tenant's non-compliance with the terms of agreement. Examination of the schedule supporting the reported amount revalued a block figure of opening balance of Kshs.755,700 from 1<sup>st</sup> July 2018 which was not analyzed nor explained.</p> <p>In addition, the employee obligation and pension amount of Kshs.23,414,891 was not analyzed/supported.</p> <p>In foregoing, the accuracy of the reported current liabilities of Kshs.242,529,216 could not be ascertained.</p>	<p>In the year under review, trade payables include Kshs.1,126,000 which was refundable deposits from tenants and it included opening balance of Kshs 755,700 as at 1<sup>st</sup> July 2018. The break down of the figure is as per the attached schedule (Appendix 27 of management letter response)</p> <p>Kshs.23,414,891 relate to employee obligation and pension. As at the time of audit, the reconciliation was on going between the fund administrator (Jubilee insurance) and Sports Kenya to ascertain the balances to date; this will ensure the appropriate balances have been recorded in the financial statements.</p>	Not Resolved	FY2021/22

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
10.0	<p><b>10.0 Use of Goods and Services</b></p> <p>Examination of Financial Statement reflects Kshs.126,755,333 against Goods and Services and Note 5 reflects expenditure on casual wages as Kshs.10,526,121 while examined accounting records made available for audit reveals that total expenditure on casuals is Kshs. 19,296,631. No reasons have been given for failure to disclose Kshs. 8,770,510.</p>	<p>In the year under review, Kshs.19,296,631 was spent on casual wages by the board. However, Kshs.10,526,121 was posted as casual wages while Kshs.8,770,510 was posted under contracted services as cleaning services since they related to general cleaning that the board intended to outsource.</p>	Not Resolved	FY2021/22
11.0	<p><b>11.0 Rent Debtors</b></p> <p>Note 12 on Accounts Receivable from Exchange Transaction of Ksh.151,566,884 which excludes Ksh.14,583,506 receivables from runaway tenants and debt from Line Ministry's tenants totaling Ksh.5,961,000 some dating back to Financial Year 2006/2007.No reason have been given for failure to collect outstanding debts.</p>	<p>Strict measures have been put in place to ensure that tenants pay rent in time and promptly. To support this Sports Kenya through the Board of Directors gave a directive to stop immediately the line ministries check off payment so that they can be making their payments directly through the bank (<i>Appendix 16 of the management letter response</i>). In addition to that we have also been clamping houses with rent arrears (<i>Appendix 17 of the management letter response</i>), finally we have been issuing notices and taking some to court for eviction purposes (<i>Appendix 18 of the management letter response</i>). Management is in discussion with the Board to make provisions for these long outstanding receivables.</p>	Not Resolved	FY2021/22
12.0 12.1	<p><b>12.0 Prior Year Unresolved issues</b></p> <p><b>12.1 Long</b></p>	<p>Sports Kenya has been experiencing financial challenges in the past in paying creditors on time because of low cash inflow due to closure of some of its</p>	Not Resolved	FY2021/22

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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)
	<p><b>Outstanding Trade and Other Payables</b></p> <p>As earlier reported, the statement of financial position as at 30 June ,2019 reflected current liabilities balance of kshs.214,661,616 which include trade and other payables from exchange transaction amounting to Kshs.208,017,719.Areview of the aging analysis in support of trade and other payables balance revealed that creditors totaling Kshs.178,880,552 or 86% of the total balance had been outstanding for between two(2) years and ten(10) years respectively as at 30 June 2019.Further it was noted that sports Kenya did not accrue the outstanding certificated works despite having received certificates totaling Ksh.2,392,909,269.</p> <p>No satisfactory reason was given for failure to settle above stated long outstanding creditors.</p>	<p>facilities, inadequate funding from exchequer and low patronage of sporting activities due to Covid-19 pandemic. However, in the year under review Sports Kenya requested and received financial assistance of Kshs. 80M to offset part of the historical pending bills which were subsequently paid.</p> <p>The projects are reported on cash basis hence the outstanding certificates are not included in the account payables reported. The certified works are treated as pending bills which are budgeted for in the subsequent financial year for payment.</p>		
12.2	<p><b>12.2 Bulk Purchases of Water and Electricity-Related Party transactions</b></p> <p>As Previously reported, note 7 to the financial statements disclosed purchase of water and electricity balance of Kshs.51,872,504.</p>	<p>The matter has since been resolved between Sports Kenya and State Department of Sports and the utility grants are normally transferred to Sports Kenya for them to pay for their utility bills as they fall due.</p>	Not Resolved	FY2021/2022



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	<p>Included in the balance is kshs.33,354,287 being payment effected on behalf of sports Kenya by the State Department of Sports from the Boards recurrent grants retained by the parent Department.</p> <p>No plausible explanation was provided as to why the Parent State Department retained the grants and continued paying bills on behalf of the Board.</p>			
<p>12.3</p> <p>12.3.1</p>	<p><b>12.3 Delayed Completion of Major Stadiums and Expiry of Performance Bonds</b></p> <p><b>12.3.1 Construction Works-Nyayo National Stadium</b></p> <p>As previously reported, Sports Kenya on 18 August,2017 signed two (2) contracts with M/s Lexis International Ltd in respect of civil works and builders works in preparation for the CHAN football tournament that was to be held in Kenya in January,2018.The Tenders No.Sk/004B/2017-2018 for civil works of kshs.206,690,139 and Tender No.Sk/004A/2017-2018 for builders works of Kshs.325,829,431 among other nine(9) minor tenders of Kshs.623,851,572 were awarded through a competitive process</p>	<p>Works at Nyayo National Stadium were completed and the stadium was officially opened by the president of the Republic Of Kenya in September 2020. However, there are pending certificates which have been forwarded to SASDF for consideration and release of funds to pay the contactors thus there will be no further cost escalation on the project.</p>	<p>Not Resolved</p>	<p>FY2021/22</p>

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	<p>and works were expected to be completed within a period of 14 weeks. The project carried a total contract sum of Kshs.1,156,371,172.</p> <p>The works were to commence on 24August,2017 with an expected completion date of 24 January 2018.As at the time of audit in January 2020 the contractor's equipment were still on despite the expiry of the project performance period by over 22 months and the project had stalled as no works were ongoing. As at 30June,2019 an amount of Kshs.276,455,214 or 24% of the total contract sum had been paid.</p> <p>No proper explanation was given as to why the building and civil works at Nyayo National Stadium had not been completed and the delays are likely to lead to cost escalation.</p>			
12.3.2	<p><b>12.3.2 Moi Stadium-Kisumu County</b></p> <p>As earlier reported, the project was a partnership between Sports Kenya and County government of Kisumu. The project was due to be completed in the financial year 2015/2016. However, the project has not been</p>	<p>It is true that the contractor presented a certificate amounting to Kshs. 23,218,560. The total contract sum was Kshs. 30,470,880.00. According to the understanding between Sports Kenya and the County Government of Kisumu, the cost of undertaking the works was to be shared equally between the two entities. (Refer to letter of Commitment from County Government of Kisumu dated 15th July 2015) (<i>Appendix 15 of management letter response</i>).</p>	Not Resolved	FY2021/22

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	<p>completed to date. Sports Kenya was to install the floodlights and the county government of Kisumu was to connect power. The total sum paid to contractor to date is Kshs.15,000,000. As at the time of field inspection in September 2019, the bulbs had not been installed and the project had stalled.</p> <p>Consequently, the delay in completion of the contractual works within the stipulated period was likely to lead to escalation of the total cost of the project.</p>	<p>Sports Kenya could therefore only pay up to Kshs. 15 Million which was allocated by the National Treasury. Sports Kenya paid the Kshs. 15 Million through advance payment of Kshs. 6 Million and Kshs. 9 Million as part payment of interim Certificate No. 1.</p> <p>The contractor indeed went to court in spite of not having completed the works when Sports Kenya was unable to honor the balance of payments.</p> <p>In as much as Sports Kenya is bound by the court ruling it is going to appeal and negotiate with the contractor to conclude the works that were under his scope before any payments are made.</p> <p>Further to this, Sports Kenya will continue pursuing the Kisumu County Government to honor their part of the commitment.</p>		
12.3.3	<p><b>12.3.3 Construction of Eight (8) County Stadia</b></p> <p>As previously reported, Sports Kenya awarded tenders for construction of eight County Stadia at a combined cost of Kshs.2,450,611,652. However, tender documents relating to the procurement of contractors for the eight (8) County Stadia Projects which include original tender documents, tender opening minutes, evaluation committee reports and procurement professional opinions were not provided for audit verification. The documents were reported to have been</p>	<p>The Board has since been funded by Sports, Arts and Social Development Fund (SASDF) based on certificates presented.</p>	Not Resolved	FY2021/22



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12.3.4	<p>taken away by the Ethics and Anti-Corruption Commission (EACC) Officers to assist in investigations of alleged irregularities in the award of the tenders. A review of the matter during the 2017/2018 audit in April, 2019 revealed that the documents were still not available for audit review.</p> <p>Under the circumstances, it has not been possible to confirm whether the tenders were awarded competitively the efficiency, competition and whether the public will obtain value for money on the amount already paid totaling Kshs.830,770,246 as at 30 June, 2019.A Review of implementation status during 2018/2019 audit revealed that there was delay in completion of various stadia while some contractors had abandoned sites as follows:</p> <p><b>12.3.4 Kamariny Stadium in Elgeyo Marakwet County</b></p> <p>Sports Kenya awarded contract No. SK/RT/003/2016-2017 for the construction of Kamariny Stadium to M/s Funan construction Company Limited at a contract sum of Kshs. 287,837,775. The works commenced on 5 January, 2017 and was expected to have been</p>			

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	<p>completed by 31 May, 2018. The scope of works involved construction of Kerio Valley View Point, VIP Pavilion, changing rooms, reference rooms, medical rooms, anti-doping room, office for stadium management, pitch works, and track lanes. An audit inspection at the stadium on 9 March, 2019 revealed that there was no noticeable pitch and track works and the site had been abandoned. It was noted that as at 30 June, 2019 the Contractor had been paid a total of Kshs.160,729,949 or 56% of the total contract cost while the contract performance period had expired. No satisfactory explanation was given as to why the contractor had abandoned the site before completing the works and no evidence was seen on any measures being taken to ensure the works are completed.</p>			
12.3.5	<p><b>12.3.5 Ruringu Stadium- Nyeri County</b></p> <p>As previously reported, an audit inspection of the Stadium on 14 March, 2019 revealed that the Contractor was not on site and no works seemed to have been undertaken</p>	<p>The Board has since been funded by Sports, Arts and Social Development Fund (SASDF) based on certificates presented.</p>	Not Resolved	FY 2021/22

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	<p>despite payments totaling Kshs.71,191,675.35. It was also noted that the initial contract period expired on 5 September, 2017 and no evidence of extension of time was availed for audit verification. As at the time of audit inspection in September, 2019, the field track had already grown weeds. There were no materials or machinery on site an indication that the project had stalled.</p> <p>In the circumstances, the propriety of the payment of Kshs.71,191,675.35 or 25% of the contract sum could not be confirmed.</p>			
12.3.6	<p><b>12.3.6 Kinoru Stadium- Meru County</b></p> <p>As it has been reported earlier, a Contract No. D113/EN/1602 for the construction of Kinoru Stadium was awarded to M/s Toddy Construction Company Limited at contract sum of Kshs.442,137,530. The works commenced on 5 January, 2017 and were expected to be completed on 24 August, 2017. The scope involved pitch works, sub base for tartan track, VIP pavilion, water system, ablution blocks, terraces, parking and perimeter wall. An audit inspection of the Stadium in September, 2019</p>	<p>Currently, Sports Kenya has completed the works at Kinoru Stadium as per the scope of works which were to be done by the contractors. Sports Kenya is in the process of handing over the stadium to the county government of Meru for management.</p>	Not Resolved	FY 2021/22



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	<p>revealed that substantial work had been done with an overall progress of 90% realized. However, the contractor had issued a notice to stop works due to non-payments of certified works totaling Kshs.244,842,180 for certificate No.3 and 4 of Kshs.139,590,571.60 and Kshs.105,251,608.80 respectively.</p> <p>The failure to settle certified works is likely to lead to delay in completion and escalation of the total cost of the project.</p>			
12.3.7	<p><b>12.3.7 Kirubia Stadium - Tharaka Nithi County</b>  As earlier reported, a Contract No.SK/RT/009/2016-2017 for the construction of Kirubia Stadium was awarded to M/s Toddy Construction Co Ltd at a cost of Kshs. 274,300,000. The works commenced on 5 January, 2017 and were expected to be completed on 5 September 2017(31 May 2018 rev.). The scope involved pitch works, 6 lack track, VIP pavilion, water system and ablution blocks. An audit inspection of the Stadium in September, 2019 revealed that substantial progress had been made with an</p>	<p>The Board has since been funded by Sports, Arts and Social Development Fund (SASDF) based on certificates presented.</p>	Not Resolved	FY 2021/22

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	overall progress of 85% realized. It is not clear why the remaining works had not been completed by the end of contract extension in May, 2018.			
12.3.8	<p><b>12.3.8 Wote Stadium - Makueni County</b></p> <p>As reported earlier, Sports Kenya awarded contract no. SK/RT/006/2016-2017 for the construction of Wote Stadium to Taphes and Nitram at a cost of Kshs 299,309,554. The works commenced on 5 January, 2017 and was expected to have been completed on 31 May, 2018. The scope of works involved pitch works, 8 lane track, VIP Pavilion, Water System which included borehole drilling, 2 tank installation and electrical installation and construction of ablution blocks and perimeter wall.</p> <p>An audit inspection at Wote Stadium in September, 2019 revealed that there was no noticeable pitch and track works, the underground excavation was partially done and the perimeter wall had not been constructed. The construction site was looking so disorganized with building materials including sand, ballast and stones scattered all over and the contractor had abandoned the site. It was noted that as at</p>	The Board has since been funded by Sports, Arts and Social Development Fund (SASDF) based on certificates presented.	Not Resolved	FY2021/22

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	<p>30 June, 2019 the contractor had been paid a total of Kshs.104,655,419 or 35% of the total contract cost and the contract performance period had expired.</p> <p>No explanation was given as to why the contractor had abandoned the site before completing the works casting doubt on the value for money of the already incurred expenditure.</p>			
12.3.9	<p><b>12.3.9 Karatu Ndarugu Stadium – Gatundu</b></p> <p>As earlier reported, a Contract No.SK/RT/005/2016-2017 for the construction of Karatu Ndarugu Stadium in Kiambu County was awarded to M/s Smith and Gold Productions Ltd at a contract sum of Kshs.259,604,780. The works commenced on 3 February, 2017 and was expected to have been completed on 31 May, 2018. The scope of works involved pitch works, 6 lane track, VIP pavilion, parking, construction of ablution blocks and a perimeter wall.</p> <p>An audit inspection at Karatu Ndarugu Stadium on 9 May, 2019 revealed that the contractor had abandoned the site due to failure by Sports Kenya to pay for certificates of</p>	<p>The Board has since been funded by Sports, Arts and Social Development Fund (SASDF) based on certificates presented.</p>	Not Resolved	FY 2021/22



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	<p>completed works. The works already done included excavation of the pitch, the installation of drainage pipes and backfilling of the main football pitch. The VIP pavilion was still at foundation level and works on the six-lane athletic track, ablution blocks and parking were yet to start. The perimeter wall had been constructed even though the gate had not been done. As at 30 June, 2018 the contractor had been paid a total of Kshs. 69,580,372 or 27% of the total contract sum while the contract performance period had expired. No progress was reported in the 2018/2019 audit.</p> <p>Consequently, the delay in completion of the contractual works within the stipulated period was likely to lead to escalation of the total cost of the project.</p>			
<p>12.3.10</p> <p>12.3.10.1</p>	<p><b>12.3.10 Consultancy Services for Construction of Three Stadiums</b></p> <p><b>12.3.10.1 Legal Consultancy for Public Private Partnership (PPP)</b></p> <p>As previously reported, Sports Kenya on 9 September, 2015 entered into a contract with M/s S.S Malonza and Co. Advocates Ref: RFP/SK/001/20115-2016 under Request for</p>	<p>Sports Kenya engaged legal consultancy to assist in exploring the financing models that would work for the proposed construction of the three (3) National Stadia. This was because the construction would not have been accommodated within the exchequer allocation but through Public Private Partnership. The financing models were provided by the consultant to the Board as per the terms of the contract. This is still work in progress and once approval for tendering of the EOI is given the Board will proceed to the next stage of identifying and</p>	<p>Not Resolved</p>	

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	<p>Proposals for Public Private Partnership legal advisory services for construction of three (3) stadiums at a contract sum of Kshs.47 million to be undertaken on the basis of Public Private Partnership (PPP). According to the contract document, the consultant was to perform the services commencing on 9 September, 2015 and through to 30 June, 2015.</p> <p>During the year under review, the consultant had been paid Kshs.54,520,000 an amount above the initial contract sum but it was noted that, no private partnership has so far been entered into and no stadium has been developed or initiated using Public Private Partnership. Approval of the excess contact sum of Kshs.7.5 Million was not availed for audit verification.</p> <p>In the circumstances, Sports Kenya and the Kenyan Public have so far not obtained value for money from the legal consultancy payments made so far totaling Kshs.54,520,000 as at 30 June, 2019.</p>	<p>engaging the investors.</p>		
12.3.10.2	<p><b>12.3.10.2. Consultancy Services for Feasibility Study and Development of Detailed Designs for Three (3) Stadia</b></p>	<p>Sports Kenya contracted a consortium to conduct feasibility study and develop concept designs for three (3) national stadia at Nairobi, Mombasa and Eldoret. This was in line with the</p>	Not Resolved	

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	<p>As earlier reported, Sports Kenya on 8 January, 2015 entered into a contract with a consortium of local and international firms to offer consultancy services for feasibility study and development of detailed designs for three (3) national/international stadiums in Nairobi, Mombasa and Eldoret Counties at a contract price of US\$1,071,105.43 or approximately Kshs.110,323,860. Further, the entire project including feasibility study was estimated at a cost of US\$320,000,000 which was used as a basis for payment to the other consultants in the consortium.</p> <p>A review of the position in the year under review indicates that the feasibility studies were completed in 2016 while the project was stated to be at the detailed design stage. As at 30 June, 2019, the consortium had received payments totaling to Kshs.537,297,227. However, there was no evidence of the feasibility study and designs being put into use four and a half (4½) years later.</p> <p>In addition, although the sites for the construction of three (3) stadiums had been identified in Nairobi, Mombasa and Eldoret Counties,</p>	<p>National Vision 2030 and government manifesto. Elaborate designs have been provided to the auditors before showing the designs that the consortium came up with. The government therefore received value for money based on terms of reference of the contract.</p>		



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	<p>according to the management, only one formal agreement inform of Memorandum of Understanding (MoU) had been signed to initiate the process of acquiring the Land. It is therefore not clear if and when the construction of the stadiums would be started and the feasibility study put into use.</p> <p>In view of the foregoing, Sports Kenya and the Kenyan public have not received value for money from the Kshs.537,297,227 expenditure on feasibility study as at 30 June, 2019</p>			
12.3.10.3	<p><b>12.3.10.3 Supply and Installation of Three Tracks at Kasarani Stadium and Kenyatta University Sports Field</b></p> <p>As previously reported the Local Organizing Committee (LOC) for the IAAF World Under 18 Championships on 1 March, 2017 entered into a contract with M/S Mondo Iberica S.A through direct procurement for the supply and installation of three running tracks at Kasarani stadium and Kenyatta University sports field at a contract sum of Euros 3,018,739.89 (approximately Kshs.344,037,488.76). The works were to commence on 1 March, 2017 with a completion period of 18 weeks.</p>	<p>We wish to state that:</p> <p>a) The 50% advance payments of Kshs-. 169,200,370 were done as per the contract agreement and this was meant to facilitate the manufacture, shipping, delivery and installation of the artificial turf for timely delivery of the contract. It was necessary and stipulated within the negotiated contract for 50% advance to be paid to enable timely delivery of the turf.</p> <p>b) The payment of Euros 98,604.24 (Approximately Kshs. 11,237,654.24) in excess of the contract sum was occasioned by fluctuations in the exchange rate between the Euros and the Kenya shillings. This resulted in change of values from the time of signing and actual payment. Further the installation of track at Kenyatta University was part of the legacy project for the event. This has however been adversely affected by bad weather which has occasioned the delay in its</p>	Not Resolved	

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	<p>Further examination of records availed for audit revealed the following:</p> <p>a) M/s Mondo Iberica SA was paid an advance payment of 50% of the contract sum which amounted to Euros 1,509,369.94 (approximately Kshs.169,200,370). This payment was not secured with a bank guarantee and exceeded the 20% allowable limit contrary to Section 147(1) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>b) Available records indicated M/s Mondo Iberica S.A had so far been paid a total of Euros 3,117,344.13 (approximately Kshs.355,275,143) which was Euros 98,604.24 (approximately Kshs.11,237,654.24) in excess of the contract sum. In addition, an audit inspection of the installation of the tartan track at Kenyatta University revealed that the works had not been completed by the 10<sup>th</sup> of July, 2017 or by 54 weeks after signing the contract.</p>	<p>completion.</p> <p>c) The copies of bills of quantities and completion certificates were not available as at time of audit. The documents have been traced and are available. I would like to state that the performance bond of 5% was given in view of the same.</p> <p>d) On requirement that the contractor should pay liquidated damages for delays in completing of the works, I wish to state that delays were occasioned by:</p> <ul style="list-style-type: none"> <li>- Adverse weather characterized by heavy rain</li> <li>- Prevailing political situation that made expatriates relocate to their home country for the period.</li> </ul> <p>Therefore, the delay was not at the contractor's default, the laying of the track has since progressed to about 80% completion level.</p> <p>The full completion is delayed as Kenyatta University is contemplating expanding the track from the earlier designed six (6) lanes to eight (8) lanes</p>		

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	<p>c) Bills of Quantities and completion certificates were also not availed for audit verification to confirm that works were done to specifications. In addition, retention fee of 5% was not deducted from the contractor's payments in accordance with clause 26 of the contract to cover for defects liability period.</p> <p>d) Clause 27.1 of the contract requires the contractor to pay the Local Organizing Committee liquidated damages of Euros 136 (approximately Kshs.15,499.50) per week for delays in completing of the works. No evidence has been produced to show that a claim had been lodged against the contractor.</p> <p>A review of the matter in the year under review revealed that the works were still incomplete while the contractor had abandoned the site.</p>			
	<b>Basis for conclusion</b>			
1.0	<b>1.0 Contract between Sports Kenya and PKF Kenya.</b>	The title of the contract signed on the 8th January 2015 between Sports Kenya and PKF was 'Contract for Consultancy Service for Feasibility Study and	Not Resolved	



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	<p>The contract was entered into on 8<sup>th</sup> January 2015 between Sports Kenya and PKF Kenya for provision of consultancy services for feasibility study and development of detailed designs for a sum of USD 1,071,105.43 approximately Kshs 117,821,597 at the current dollar exchange rate.</p> <p>Examination of the financial statement reveals that Kshs 507,617,038 has so far been paid which is Kshs 388,795,441 above the contract sum. No reasons have been given for excess payments to consultant whose contract is still on going while the whole purpose for design was terminated when the construction of stadia was called off.</p> <p>In the circumstance, it is not possible to confirm that the value for money has been obtained in payment of Kshs 507,617,038.</p>	<p>Development of Detailed Designs For 3 Stadia'. The contract had two components – That of feasibility studies and development of detailed designs. The cost of the feasibility study alone was USD 1,071,105.43(Ksh 117,821,597) where payment modalities were defined under clause 6.6.1 and 6.6.2 of the contract. This comprised of a fixed amount.</p> <p>The design work, was to be paid differently as specified under clause 6.6.3 (in accordance with 'mode of payment and scale of fees for professional service for building and civil engineering works 1987 edition' and subsequent revisions as published by Ministry of Works). This provides a method of calculation of the consultancy cost based on project value.</p> <p>This is why there was an additional payment of Ksh 388,795,441 over and above the amount for feasibility study. Attached herewith are concept designs (soft copy) (<i>Appendix 21 of the management letter response</i>) and project estimates of the 3 national stadia. This is therefore to confirm that there was no overpayment to PKF because terms of the contract were adhered to as stipulated in the relevant clause.</p> <p>The Management will seek guidance from Attorney General on termination of the contract.</p>		
2.0	<p><b>2.0 Irregular Contract at Kipchoge Keino Stadium</b></p> <p>Examination of available contract documents indicate that contract was awarded to M/s WEITC at a</p>	<p>The standard tender document for Building and associated civil engineering works provided by PPRA in the conditions of contract provides for subcontracting and assignment. <i>7.1 The Contractor may subcontract with the approval of the Project Manager, but may not</i></p>	Not Resolved	FY 2021/22

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	<p>contract sum of Kshs.304,204,413 on January 2016, however in the absent of bid documents and technical evaluation, it is not possible to confirm that the award was competitive.</p> <p>Further, the contract period is not clearly documented to know when the contractor was supposed to start and end works. The management has also explained verbally that the contractor suspended the works on 14<sup>th</sup> September 2020, however, a copy of suspension letter has not been availed to established the justification of that suspension and how the matter was resolved.</p> <p>In addition, approved extension of the contract period accompanied by revised and approved program of works has not been availed for audit reveal contrary to Section 9 Public Audit Act (2015).</p> <p><b>2.1 Scope of Works</b> The scope of works under this contract is recorded as follows:</p> <p>i) Construction of Eastern Stand concrete terrace; Northern and Southern Stand terraces with different specifications</p> <p>ii) Fencing;</p>	<p><i>assign the Contract without the approval of the Employer in writing. Subcontracting shall not alter the Contractor's obligations.</i></p> <p>The public Procurement and Assets Disposal Act 2015 provides for subcontracting in section 149.</p> <p><i>149. (1) If the tender documents do not prohibit subcontracting, the successful tenderer may subcontract part of the tender but only if the person to be subcontracted has not been debarred from procurement proceedings in accordance with this Act or has participated in the procurement of goods, works or services related to that contract.</i></p> <p><i>(2) The successful tenderer shall be responsible towards the procuring entity for the obligations of the subcontractor</i></p> <p>In Sports Kenya and WEITEC contract agreement states clearly that the Main Contractor can subcontract or assign part of the contract to another contractor in clause 26.</p> <p><i>26.1 Neither the Employer nor the Contractor shall, without the written consent of the other, assign this contract. Provided that the approval of assignment shall not relieve either party of his obligations for the part of the contract already performed or the part not assigned.</i></p> <p><i>26.2 It shall be a condition of any assignment that the employment of any assigns shall terminate immediately upon the termination (for whatever reason) of the Contractor's employment under the contract.</i></p> <p>Public works are still engaged in appraising certificates for work done and certifying outstanding works and hence the basis of the Certificate amounting to Kshs</p>		



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	<p>Sewerage System and motor vehicle Parking</p> <p>iii) Generator House and floodlights</p> <p>iv) Under ground and overhead tanks</p> <p><b>2.2 Payments</b></p> <p>Although final accounts for M/s WEITC contract have not been made available for audit review, records indicate that M/s WEITC has submitted certificates under the contract which includes payment of Kshs.206,571,778.62 and a pending certificate amounting to Kshs.97,632,634.38</p> <p>However, in unexplained circumstances the main contractor, M/s WEITC entered into a Contract Assignment Agreement (MOU) with Golbo Construction Ltd to complete the outstanding works whose entire certificates have been submitted for payment. Although, the agreement has not been made available for audit review, the basis upon which M/s Golbo Construction Ltd is submitting a certificate for Kshs25,000,000 which the consultant</p>	25m.		



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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)
	has so far certified has not been explained.			
3.0	<p><b>3.0 Award of Phase II Contract</b></p> <p>The contract was awarded to M/s Shiv Construction Ltd at a contract sum of Kshs.325,829,431 however, in the absence of bid documents and their technical evaluation, it is not possible to confirm that the award was competitive and the contract period is not clearly recorded in terms of start and end date.</p> <p><b>3.1 Scope of Works</b></p> <p>The scope of works includes and not limited to:</p> <ul style="list-style-type: none"> <li>• Construction of Substructure of VIP Stand</li> <li>• Form-Works; Steel-fixing; Electrical; Plumbing and casting of the first slab including curing to achieve instructed technical specifications</li> <li>• Similar specifications for First; Second and third terraces</li> </ul> <p><b>3.2 Audit</b></p>	The bid documents and evaluation report are available for your perusal.	Not Resolved	FY 2021/22

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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)
	<p><b>Inspection of Construction Site</b></p> <p>An audit Inspection undertaken on 11<sup>th</sup> February 2021 confirms that:</p> <ul style="list-style-type: none"> <li>• Sub-structure of VIP Stand is complete</li> <li>• Formwork is estimated at 80%</li> <li>• Steel-Fixing is estimated at 65%</li> <li>• Electrical works is estimated at 40%</li> <li>• Plumbing of four (4) points is estimated at 90%</li> <li>• Works and terraces have not Commenced</li> </ul> <p><b>3.3 Payment</b></p> <p>The contractor has so far been paid certificates from number 1 to 9 totaling to Kshs.120,183,363 while other pending</p>			

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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)
	certificates amounts to Kshs.205,646,068			
4.0	<p><b>4.0 Interest on delayed payments</b></p> <p>Examination of payment Voucher Number 20345 for Certificate N0.8 dated 01/04/2020 totaling Kshs.67,155,749.67 show that the contractor was paid Kshs.9,474,987 for interest on delayed payments. No reasons have been given for delay in payments that has resulted in payment of huge interest for the delay.</p>	<p>Delayed payment of Certificate no.8 of Kshs 67,155,749.67 resulted to an interest charge of Kshs 9,474,987 which was occasioned by delay of release of funds from the National Treasury.</p>	Not Resolved	FY 2021/22
5.0	<p><b>5.0 Stalled works at Kamariny</b></p> <p>During the audit field inspection, it was established that the contractor was not on site. The Contract sum is Kshs 287,837,775 Contract being SK/RT/00/2016-2017 Elgeyo Marakwet County. It was further established that the work certified amounted to Kshs 55,684,705.16. It was further established that the total amount paid to the contractor amounted to Kshs 81,590,104.86 including a mobilization fee of Kshs 25,905,399.70.</p> <p>The contract may end up being costly to the</p>	<p>As at the time of Audit, the Management had read and taken note of the advice from the office of the Attorney General. Sports Kenya is in the process of implementing the advice as provided.</p>	Not Resolved	FY 2021/22



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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)
	<p>Government simply because as the dispute remains unsettled the contract is not terminated and as such the Contractor is within his legal means to seek redress against Sports Kenya.</p>			
6.0	<p><b>6.0 Proposed variations at WOTE Stadium</b></p> <p>The delay in completing the project is alluded to change in the original site by Makueni County Government as the new site has topographical/geological challenges necessitating variation to stabilize the ground. However, no document has been made available regarding the change from original site to current site.</p> <p>Examination of a letter Ref: (A3r)/DKN/em dated 28<sup>th</sup> July 2020 together with minutes for the vsite meeting held on 27<sup>th</sup> July 2020, the consultant Mutiso Menezes International explained need for variation of the foundation designs due to soil conditions at the pavillion which necessitates a foundation change. The top ground has hard marrum but too soft to bear foundations at an excavation depth of 4.5m.</p> <p>The design options were for</p>	<p>The competition surfaces i.e., the pitch and track comply with international standards as specified in the designs. Further to that consultants together with Athletics Kenya Officials confirmed the same during the site visits as per the report provided in (Appendix 24) of the management letter. The component of the pavilion is also compliant subject to the additional works to stabilize the ground. Therefore, Wote stadium meets the international standards within the proposed variations. Minutes for site change have been provided in (Appendix 25) of the management letter and confirms availability EIA.</p>	Not Resolved	FY 2021/22

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>1. Western pavilion cost estimated at Kshs 48,878,786.00 (16% variation of original contract sum)</p> <p>2. Eastern pavilion cost estimated at Kshs 35,499,466 (12% variation of original contract sum)</p> <p>Although additional costs are being proposed, there are risk that Wote Stadium will not meet set international standards and has such does not suite the purpose for which the project was intended; a clear indication that feasibility study was not undertaken.</p>			

**Mr. Pius Metto  
Director General  
Sports Kenya**

**Date.....**

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**

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

**Status of Projects completion**

N0	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Rehabilitation of Nyayo National Stadia	1,156,371,142.20	1,047,425,440.72	100.00%	252,020,000.00	148,341,564.95	SASDF Grant
2	Rehabilitation of Kinoru Stadium	869,121,216.80	832,620,930.52	99.00%	131,000,000.00	88,875,841.11	SASDF Grant
3	Rehabilitation of Kinoru Stadium-Additional	24,739,431.00	24,739,431.00	100.00%	24,739,000.00	24,739,431.00	SASDF Grant
4	Kipchoge Keino Phase 1	304,204,413.00	228,386,429.08	84.00%	138,430,000.00	62,578,346.04	SASDF Grant
5	Kamariny Stadium	287,837,775.00	84,883,571.46	21.00%	206,250,000.00	3,293,466.60	SASDF Grant
6	Ruringu Stadium	288,045,530.00	173,234,630.20	54.00%	203,720,248.00	88,844,746.12	SASDF Grant
7	Wote Stadium	299,309,554.00	154,397,831.52	39.00%	185,439,722.00	40,522,733.10	SASDF Grant
8	Marsabit Stadium	372,236,215.00	294,849,764.08	77.00%	240,210,220.00	168,851,178.41	SASDF Grant
9	Karatu Ndaragu Stadium	259,604,780.00	135,371,949.54	39.00%	157,429,578.00	33,191,743.57	SASDF Grant
10	Chuka Stadium	274,208,855.00	224,961,334.98	81.00%	114,810,209.00	65,580,957.31	SASDF Grant
11	Kipchoge Keino Phase 11	325,829,431.00	166,127,824.90	52.00%	263,610,000.00	70,706,232.90	SASDF Grant
12	World Under 20 Project	332,544,952.06	306,246,971.75	92.09%	182,545,000.00	195,277,241.75	SASDF Grant
13	Furnishing of Stadion Hotel	60,367,300.00	7,500,700.00	12%	58,618,000.00	7,500,700.00	SASDF Grant
14	Kisumu Floodlights	25,232,000.00	22,000,000.00	87%	25,232,000.00	22,000,000.00	SASDF Grant
		<b>4,879,652,595.06</b>	<b>3,634,023,269.70</b>		<b>2,184,053,977.00</b>	<b>1,020,304,182.86</b>	

NB: Actual Expenditure of Ksh 1,020,304,182 includes expenditure for Consultancy Services Amounting to Ksh 51,747,577.79 against a budget of Ksh 170,194,406



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		SPORTS KENYA		
<b>Break down of Transfers from the State Department of Sports Development and Sports Arts &amp; Social Development Fund (SASDF)</b>				
<b>FY 2020/2021</b>				
<b>a. Recurrent Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Recurrent Grants Q1	18.09.2020	43,250,000.00	<b>FY 2020/2021</b>
	Utilities Grants Q1		8,362,796.00	
	Recurrent Grants Q2	30.12.2020	43,250,000.00	
	Utilities Grants Q2		8,362,796.00	
	Recurrent Grants Q3	13.05.2021	86,500,000.00	
	Recurrent Grants Q4			
	Monitoring & Evaluation	24.12.2020	4,978,700.00	
	Utilities Grants Q3& Q4	07.07.2021	27,725,592.00	
	<b>Total</b>		<b>222,429,884.00</b>	
<b>b. Development Grants</b>				
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Development Grants	01.07.2020	29,106,560.85	<b>FY 2020/2021</b>
		09.07.2020	19,316,368.65	
		14.10.2020	17,989,872.60	
		14.10.2020	8,742,203.50	
		16.10.2020	182,544,952.00	
		16.10.2020	21,333,185.95	
		30.10.2020	100,360,472.00	
		16.11.2020	6,410,000.00	
		25.11.2020	22,351,335.50	
		02.12.2020	44,958,904.00	
		29.12.2020	29,399,560.90	
		08.01.2021	45,979,288.95	
		21.01.2021	16,939,951.50	
		21.01.2021	32,324,922.75	
		29.01.2021	17,600,573.90	
		04.02.2021	69,041,777.30	
		18.02.2021	56,000,530.90	
		11.03.2021	5,614,653.30	

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	18.03.2021	7,464,176.00
	23.03.2021	28,640,620.75
	23.03.2021	58,618,209.00
	16.04.2021	69,433,029.90
	27.04.2021	7,900,529.00
	13.05.2021	22,103,212.30
	24.05.2021	6,956,920.00
	14.06.2021	24,713,425.85
	25.06.2021	20,894,742.40
	25.06.2021	98,779,433.15
	29.06.2021	20,378,277.50
	30.06.2021	19,453,103.00
	<b>Total</b>	<b>1,111,350,793.40</b>

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



**Assist Director Finance**  
 CPA Japhet Kaunyu  
 Sports Kenya  
 ICPAK M/N0:15721

**Head of Accounting Unit**  
 Ministry of Sports, Culture & Heritage  
 State Department of Sports

Date: 24/5/22 .....

Date: .....

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Sports Culture and Heritage	18.09.2020	Recurrent Grants Q1	43,250,000	43,250,000					43,250,000
Ministry of Sports Culture and Heritage	18.09.2020	Utilities Grants Q1	8,362,796	8,362,796					8,362,796
Ministry of Sports Culture and Heritage	30.12.2020	Recurrent Grants Q2	43,250,000	43,250,000					43,250,000
Ministry of Sports Culture and Heritage	30.12.2020	Utilities Grants Q2	8,362,796	8,362,796					8,362,796
Ministry of Sports Culture and Heritage	13.05.2021	Recurrent Grants Q3	86,500,000	86,500,000					86,500,000
Ministry of Sports Culture and Heritage		Recurrent Grants Q4							
Sports, Arts And Social Development Fund	24.12.2020	Monitoring & Evaluation	4,978,700	4,978,700					4,978,700
Ministry of Sports Culture and Heritage	Jul-21	Utilities Grants Q3 & Q4	27,725,592	27,725,592					27,725,592
Sports, Arts And Social Development Fund	01.07.2020	Development Grants	29,106,561		29,106,561				29,106,561
Sports, Arts And Social Development Fund	09.07.2020	Development Grants	19,316,369		19,316,369				19,316,369
Sports, Arts And Social Development Fund	14.10.2020	Development Grants	17,989,873		17,989,873				17,989,873
Sports, Arts And Social Development Fund	14.10.2020	Development Grants	8,742,204		8,742,204				8,742,204
Sports, Arts And Social Development Fund	16.10.2020	Development Grants	182,544,952		182,544,952				182,544,952
Sports, Arts And Social Development Fund	16.10.2020	Development Grants	21,333,186		21,333,186				21,333,186



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Sports , Arts And Social Development Fund	30.10.2020	Development Grants	100,360,472				100,360,472
Sports , Arts And Social Development Fund	16.11.2020	Development Grants	6,410,000				6,410,000
Sports , Arts And Social Development Fund	25.11.2020	Development Grants	22,351,336				22,351,336
Sports , Arts And Social Development Fund	02.12.2020	Development Grants	44,958,904				44,958,904
Sports , Arts And Social Development Fund	29.12.2020	Development Grants	29,399,561				29,399,561
Sports , Arts And Social Development Fund	08.01.2021	Development Grants	45,979,289				45,979,289
Sports , Arts And Social Development Fund	21.01.2021	Development Grants	16,939,952				16,939,952
Sports , Arts And Social Development Fund	21.01.2021	Development Grants	32,324,923				32,324,923
Sports , Arts And Social Development Fund	29.01.2021	Development Grants	17,600,574				17,600,574
Sports , Arts And Social Development Fund	04.02.2021	Development Grants	69,041,777				69,041,777
Sports , Arts And Social Development Fund	18.02.2021	Development Grants	56,000,531				56,000,531
Sports , Arts And Social Development Fund	11.03.2021	Development Grants	5,614,653				5,614,653
Sports , Arts And Social Development Fund	18.03.2021	Development Grants	7,464,176				7,464,176
Sports , Arts And Social Development Fund	23.03.2021	Development Grants	28,640,621				28,640,621
Sports , Arts And Social Development Fund	23.03.2021	Development Grants	58,618,209				58,618,209
Sports , Arts And Social Development Fund	16.04.2021	Development Grants	69,433,030				69,433,030
Sports , Arts And Social Development Fund	27.04.2021	Development Grants	7,900,529				7,900,529
Sports , Arts And Social Development Fund	13.05.2021	Development Grants	22,103,212				22,103,212
Sports , Arts And Social Development Fund	24.05.2021	Development Grants	6,956,920				6,956,920
Sports , Arts And Social Development Fund	14.06.2021	Development Grants	24,713,426				24,713,426

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Sports , Arts And Social Development Fund	25.06.2021	Development Grants	20,894,742					20,894,742				20,894,742
Sports , Arts And Social Development Fund	25.06.2021	Development Grants	98,779,433					98,779,433				98,779,433
Sports , Arts And Social Development Fund	29.06.2021	Development Grants	20,378,278					20,378,278				20,378,278
Sports , Arts And Social Development Fund	05.07.2021	Development Grants	19,453,103					19,453,103				19,453,103
		<b>Total</b>	<b>1,333,780,677</b>	<b>222,429,884</b>	<b>1,111,350,793</b>	<b>0</b>	<b>0</b>	<b>1,333,780,677</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,333,780,677</b>

