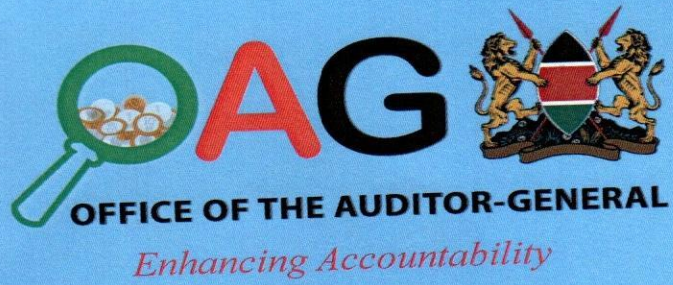


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

NATIONAL EMPLOYMENT AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2022**

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
MACHAKOS HUB.

04 APR 2023

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NATIONAL EMPLOYMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE, 2022.**

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

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1. Key Entity Information and Management

(a) Background information

The National Employment Authority (NEA) was established on 21st April, 2016 by an Act of Parliament (the National Employment Authority Act 2016) which effectively provided the legal framework and mandates for its operations. The Authority was created out of the then National Employment Bureau (NEB) which was one of the Departments in the Ministry of Labour and Social Protection. The National Employment Authority is domiciled in Kenya and has branches in various counties.

(b) Principal Activities

The principal activity of the NEA is to provide for a comprehensive institutional framework for employment management; enhancement of employment promotion interventions; and increasing access to employment by the youth, minorities and marginalized groups for connected purposes.

(c) Key Management

The Authority's day-to-day management is vested in the following:

- i. Eight (8) Board of Directors
- ii. The Ag. Director General
- iii. Four (4) Departmental Directors
- iv. Four (4) Section Managers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

Designation	Name
1. The Ag. Director General	Ms. Edith Okoki
2. Ag. Director Corporate Services	Mr. Caleb Okelo
3. Ag. Director Strategy and Quality Management	Mr. Festus Mutuse
4. Ag. Director Labour Migration	Mr. Joseph Njue
5. Ag. Head of Finance	Ms. Winfred Mwendu
6. Ag. Head of Procurement	Mr. James Mwangi

(e) Fiduciary Oversight Arrangements

The Authority has three committees in line with The Code of Governance for State Corporations (Mwongozo) guidelines namely;

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- i. Finance, Human Resource and Governance
- ii. Employment, Promotion Services and Strategy
- iii. Audit Risk and Compliance

The Board committees consider management reports ahead of the Full Board meeting. This allows for in-depth consideration of issues to enable decision-making. After scrutiny, the specific committee presents its report and recommendations to the Full Board for consideration.

(f) Entity Headquarters

P.O. Box 25780-00100
Kasarani Seasons
Nairobi, Kenya

(g) Entity Contacts

Telephone: +207855746/7
E-mail: dg.nea@nea.go.ke OR info@nea.go.ke
Website: www.nea.go.ke

(h) Entity Bankers

Kenya Commercial Bank
Milimani Branch
P.O BOX 69695-00400
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

2. The Board of Directors

<p>1. Prof. Grace Cheserek</p> <p>Chairperson of Board, National Employment Authority</p>  <p>PhD in Environmental Human Ecology from Moi University, M. Phil in Environmental Studies from Moi University, and B.A (Social Work), University of Nairobi.</p>	<p>Prof. Cheserek has vast experience in Strategic Leadership and Management having worked for over 15 years as a Head of Department in the university and with university teaching experience of 17 years</p> <p>She also has experience in National Government Assignments and Policy development.</p> <p>Currently she is an Associate Professor in Environmental Human Ecology at the University of Eldoret.</p> <p>She is also the Lead Environmental Consultant– Social Impacts & Social Safeguards in projects and programmes; environmental policy development and capacity building</p> <p>She has professional training in, Strategic Leadership and Management, Quality Management Performance Contracting, Leadership Training, Research and Strategic Management in Higher Education Institutions and <i>Project Planning and Management</i>.</p> <p>Membership to Professional Bodies</p> <ul style="list-style-type: none"> ▪ Kenya Institute of Environmental Experts (KIE) ▪ Kenya Institute of Management, (Associate member) ▪ Kenya DAAD Scholars Association (KDSA) ▪ National Environmental Management Authority (NEMA) <p>Prof. Cheserek held the position of the Chairperson of the Board up to February 2022 when she resigned to seek an elective post in the 2022 General election. During the subsequent meetings therefore, the board would choose a session chair accordingly until a substantive Chairperson is appointed.</p>
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<p>2.</p>	<p>Mrs. Jacqueline Mugo – Executive Director, Federation of Kenya Employers</p>  <p>Bachelor of Laws (LLB, Hons), University of Nairobi, and a Higher Diploma in Human Resource Management from the Institute of Personnel Management.</p>	<p>She is a lawyer by profession and has wide experience in Legal practice, human resource management and leadership. She, Advocate of the High Court of Kenya,. Other national duties include: A Commissioner at the Salaries and Remuneration Commission, a Trustee of the National Social Security Fund (NSSF) Board of Trustees, a member of the Board of the Higher Education Loans Board (HELB). At the international level she is a titular member of the Governing Body of the International Labour Organization (ILO), member of the Management Board of the International Organization of Employers (IOE).</p> <p>Mrs. Mugo was the Chairperson of the East African Employers’ Organization (EAEO) and is also currently serving as the Secretary General of Business Africa – the voice of Employers on the African Continent and represents employers on various forums in the continent including the African Union and the ACP-EU Follow-up Committee on Economic Partnership Agreements and the Joint EU-Africa Parliamentary Assembly (JPA).</p>
<p>3.</p>	<p>Mrs. Joan Adisi Machayo– Public Service Commission</p>  <p>MBA, Human Resource Management (2006) Bachelor of Arts degree from the University of Nairobi</p>	<p>Mrs. Machayo is the Alternate Director, representing the Secretary/Chief Executive Officer, Public Service Commission. She has Over 25 years’ experience in the public service in human resource management and administration. Highly detailed, motivated, process driven and proactive person who embraces the opportunity to help grow an institution where innovation, creativity and inspiration meet.</p> <p>Director Machayo started her career in 1990 as an Executive Officer, Ministry of Health. In 1999, she was Personnel and Administration Officer where she has rose through the ranks to the Director Human Resource Management and Development in 2017.</p> <p>At the PSC, she specializes in Overall Human Resource Management and development function, including the human resource strategy for the public service, Policy formulation, review, monitoring and evaluation. Developing Human Resource in the public service, including ensuring prudent management of training resources, technical support and capacity building for the public service and state agencies. Review of performance management and service improvement strategies for the public service, Development and review of</p>

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		<p>the discipline and grievance management policies for the public service and Management of labor relations.</p> <p>She is currently pursuing a PhD in Business Administration (Strategic Management). She is a full member of the Institute of Human Resource Management, Institute of Certified Public Secretaries of Kenya (ICPSK) and a member of African Association of Public Administration.</p>
<p>4.</p>	<p>Vincent C. Kigen (Mr.)- National Youth Council</p>  <p>Bachelor of Arts Public Administration, Political Science & Sociology, 2012.</p>	<p>He holds a Advanced Diploma in Business Management, 2008, and a Diploma in Business Management, 2007. He is currently pursuing a Bachelor of Arts in Leadership and Management.</p>
<p>5.</p>	<p>Nafula Wafula (Ms.) – National Youth Council</p>  <p>Bachelor of Laws (LLB, Hons) from Jomo Kenyatta University of Agriculture and Technology</p>	<p>Ms. Nafula is an advocate for gender equality and human rights and is passionate about Pan-Africanism, youth empowerment and social justice. She is currently the Vice Chairperson for Policy and Advocacy at the Commonwealth Youth Council. She is also the Programs Director at Brydges Centre, an organization that provides child rescue and protection services, education and economic empowerment to at-risk youth and out-of-school girls.</p> <p>Nafula currently leads the centre’s skills development program which has successfully trained 227 young people in vocational skills, tech, entrepreneurship, and employability skills. She is a consultant with focus on gender mainstreaming, gender-based violence prevention and intervention, advocacy and effective campaigning and meaningful youth engagement. She currently serves on the board of International Youth Foundation (IYF) and is a board member of Siasa Place, a youth serving organization focused on meaningful youth engagement and participation in political leadership, as well as the Global Network of Women’s Shelters.</p> <p>She was selected for the prestigious 2019 Future Leaders Connect program and is a Laureate Global Fellow (2015), an</p>

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		<p>East Africa Acumen Fellow (2015), a Spark Kenya Change maker (2015), and an Associate Fellow of the Royal Commonwealth Society. She is also a founding member of the Commonwealth Youth, Gender and Equality Network (CYGEN) on which she previously served as an executive member addressing early and child marriage, and a member of the committee addressing issues affecting youth transitioning from education to employment.</p>
<p>6.</p>	<p>Maren Omondi (Mrs.) – Kenya Association of Technical Training Institution</p>  <p>Master of Education - Guidance and Counselling (Egerton University), 2006 Bachelor of Education (University of Eastern Africa – Baraton), 1987. Diploma in Business Management (Kenya Institute of Management), 2013 PhD in Educational Psychology – ongoing (Jaramogi Oginga Odinga University of Science and</p>	<p>Bachelor of Education (University of Eastern Africa – Baraton), 1987. Master of Education - Guidance and Counselling (Egerton University), 2006. Diploma in Business Management (Kenya Institute of Management), 2013 PhD in Educational Psychology – ongoing (Jaramogi Oginga Odinga University of Science and Technology)</p> <p>Maren Omondi has a wide experience in financial and human resource management having been a Principal of TVET institutions from 2009 to date:</p> <ul style="list-style-type: none"> ▪ 1992 to 2009: Trainer, Ramogi Institute of Advanced Technology ▪ 2009 to 2012: Principal, Moi Institute of Technology ▪ 2012 to 2015: Principal, Baringo Technical College ▪ 2015 to 2019: Principal, Shamberere Technical Training Institute ▪ 2019 to date: Principal, Ramogi Institute of Advanced Technology. <p>She completed Senior Leadership Development Program (Kenya School of Government) and has held key leadership positions in Kenya Association of Technical Training Institutions (KATTI).</p> <ul style="list-style-type: none"> ▪ 2016-2018: Secretary, KATTI Western Region. ▪ 2018-2019: Chairperson, KATTI Western Region ▪ 2019- Date: Secretary General KATTI. <p>Maren has participated in several workshops and seminars in auditing, financial management, procurement, governance, and management of institutions among others, and in international workshops on TVET issues. She is a Member of Kenya Guidance, Counselling and Psychological Association.</p>

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7. **Amb. Michael Oyugi** →
Ministry of Foreign Affairs



Post – Graduate Diploma in International relations and in Multilateral diplomacy from the Geneva Institute of Graduate Studies,
 BA. degree in International Relations and French language from the University of Nairobi, and

He is currently the Director for Diaspora & Consular Affairs at the Ministry of Foreign Affairs, Nairobi, Kenya. Prior to this appointment, he served as Kenya’s Ambassador to Austria, Hungary, Slovakia, and Permanent Representative to the United Nations & International Organizations based in Vienna. During this time, he chaired or co-chaired various Committees or Working Groups of the UN Organizations based in Vienna. He was also a member of The Multilateral Committee of Ambassadors of The International Peace Institute, Vienna Chapter. Ambassador Oyugi has led numerous Kenya delegations to various UN conferences and has also served in various other capacities in the Kenyan Foreign Service.

Amb. Oyugi is a career diplomat of longstanding in the Ministry of Foreign Affairs of Kenya specializing in multilateral diplomacy. He has been on posting in Kenyan Embassies/Missions in France, Switzerland, Ethiopia, and Austria.
 He also studied diplomacy and international relations at the Rio Branco Institute in Brasilia, Brazil.

8. **Mrs. Joyce Mwale –Ministry of Labour and Social Protection**





Executive Master of Administration from the Eastern and Southern Africa Management Institute (ESAMI)
 Bachelor of Arts degree from Kenyatta university.

She joined the National Employment Authority as a Board Director in October 2020 as a representative of the Principal Secretary, State Department for Labour. She is currently the Director of Administration in the State Department. Prior to the appointment, Ms. Mwale served in the National Industrial Training Authority’s Board.

Joyce has 24 years of working experience in Government in the field of Administration and leadership where she has risen through the ranks from a District Officer to the current position of Director of Administration. She has vast training in management, leadership, and human resource fields. She is a member of the African Association of Public Administration (AAPAM).

She has also worked in the Office of the president, Ministry of education and the Ministry of Defense.

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<p>9.</p>	<p>Ainea Martin Omuse - The National Treasury</p>  <p>Master's degree in Business Administration (MBA)</p> <p>Bachelor's degree in Business Management (BBM) from Masinde Muliro University.</p> <p>Certified Public Accountant (CPAK)</p>	<p>Omuse joined the National Employment Authority Board of Directors in July 2020 as a representative of the Principal Secretary -National Treasury.</p> <p>Mr. Omuse, is a Certified Public Accountant (CPAK). Other courses attended include Senior Management course -KSG Mombasa, Strategic Leadership Development Programme - KSG Baringo, and Certified Fraud Examiner Course. He is a member of professional bodies including Institute of Certified Public Accountant Kenya (ICPAK), Institute of Internal Auditors (IIA) and Kenya Institute of Management (KIM).</p> <p>He began his career in 2005 as Internal Auditor National Treasury. He worked in various National Government sub county treasury including Kakamega, Keiyo, Pokot Central and Kwanza in Trans Nzoia County. He changed from being an Auditor to an Accountant in 2017 and currently he is a Deputy Accountant General - National Treasury Nairobi.</p>
<p>10</p>	<p>Prof. Jackson K. Too</p>  <p>B.Ed., M.Phil, Ph.D from Moi University</p>	<p>He is an Associate Professor of Educational Communicational and Technology, specializing in instructional media, pedagogy and technology with a track record of teaching, research and administration. His research interest is in mediated learning. He is a member of the Commonwealth Association of Educational Administration and Management (CAEAM). Member of East and Southern African-German Centre of Excellence for Educational Research Methodologies and management (CERM-ESA). He is also a Project Leader for Partnership for Enhanced Blended Learning (PEBL) whose objective is to develop modules for online learning.</p> <p>His work experience spans over twenty years as a teacher in High School, National Polytechnic, Moi University and Commission for University Education. He is an External Examiner of the University of Dar es salaam, Nelson Mandela Metropolitan University (NMMU), (SA) and University of Eastern Africa among others. He served in the Task Force on Enhancing Access, Relevance, Transition, Equity and Quality for Effective Curriculum Reforms. Currently, Prof. Too is Director of Research & Development at the Commission for University Education (CUE).</p>
<p>11</p>	<p>Edith Okoki</p>	<p>Mrs.Okoki is the Ag. Director General, National Employment Authority.</p> <p>She has vast experience in Employment promotion and strategies, Research and data Management, Labour Migration</p>

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Ag. Director General

Management and Human Resource Management.


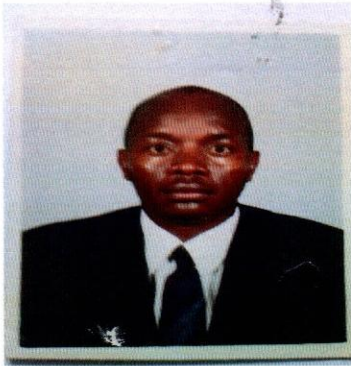


Master's degree in Business Administration, Bachelor of Law degree and a Bachelor of Arts degree in Public Administration.



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3. Management Team

This comprises the Ag. Director General and top management that is responsible for the day-to-day running of the Authority and implementation of key policies passed by the Board.

<p>1.</p>	<p>Edith Okoki Ag. Director General</p>  <p>Master's degree in Business Administration, Bachelor of Law degree and a Bachelor of Arts degree in Public Administration.</p>	<p>Mrs.Okoki is the Ag. Director General, National Employment Authority. She has vast experience in Employment promotion and strategies, Research and data Management, Labour Migration Management and Human Resource Management.</p>
<p>2.</p>	<p>Festus Mutuse Ag. Strategy and Quality Assurance</p>  <p>Master of Business Administration, BA in Business and Economics</p>	<p>Mr.Mutuse joined the National Employment Authority in April 2018. He is the Acting Director Strataegy and Quality Assurance. He has vast experience in planning, employment promotion and strategies, Research and data Management, Labour Migration Management and Human Resource Management. He is a full member of the Institute of Human Resource Management</p>
<p>3.</p>	<p>CPA. Winfred Mwende Ag. Head of Finance</p>	<p>She has worked as a Finane Officer at the State Department for Labour for close to 5 years, thus gaining the necessary experience inPublic Finance management in terms of Budget Preparation, monitoring and reporting.</p>

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		<p>She is a member of the Institute for Certified Public Accountants of Kenya (ICPAK) Other courses attended include Public Finance Management and Public Sector Productivity both at the Kenya School of Government (KSG).</p>
	<p>Bachelor of Arts (Economic & Business Studies) Certified Public Accountant (CPAK)</p>	
<p>4.</p>	<p>CPA Ernest Lukayu Head of Accounting Unit</p>  <p>MBA Finance and BBA accounting from Kenya Methodist University Certified Public Accountant (CPAK)</p>	<p>He is currently the head Accounting Unit at the State Department of Labour.</p> <p>Courses attended include Senior management, Strategic Leadership Development, Program Based Budgeting and Finance Management all from Kenya School of Government.</p> <p>He has worked as Head of Treasury Accounting Vihiga and Uasin Gishu – 2012-2019 and District Accountant, Kilifi 2010-2013, as well as Chief Accountant, Public Service Commission 2009-2010</p>

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4. Chairperson's Statement

The Board, through its three Board Committees, continued to exercise its oversight role and providing strategic direction to the Authority in line with the NEA Act 2016, State Corporations Act, and Mwongozo guidelines. During the financial year 2021/2022, the Authority accomplished various milestones using the financial resources that were availed. During the period, a National Labour Migration Policy was developed to provide a framework for promotion of inclusive and sustainable development of the country through safe, orderly and productive labour migration. The Policy was forwarded to Cabinet Secretary, Ministry of Labour for onward transmission to the Cabinet. A draft Labour Migration Management Bill, 2022 was developed to enhance the protection of our migrant workers. The Bill was validated and is awaiting enactment by the National Assembly.

In ensuring development and implementation of mechanisms for internship placement in the Country, the National Internship Policy and Guidelines were finalized and are awaiting Cabinet approval to pave way for the rolling out of the National Internship Programme. Implementation of the Programme will help to enhance employability of the young graduates leaving universities and tertiary institutions thus assisting to reduce unemployment among young Kenyan graduates.

The Board remains focused on its mandate regarding addressing the country's employment challenge. To this end implementation of the strategies and activities in the National Employment Policy and Strategy for Kenya are on course for purposes of exploring job opportunities for Kenyans, particularly the youth, minorities and marginalized. During the period under review, equipping of two Job Centres was completed in Embakasi and Kasarani and jobseekers can now access information on-line from the centres. The overall goal is to promote full employment and access to employment opportunities for all. The Authority continues to seek partnership and collaboration with stakeholders for purposes of tackling unemployment in the country. In this regard, the Authority liaises closely with the mother Ministry and other organizations/institutions at local and international levels for the realization of this noble cause.

The greatest challenge the Authority faces in executing its mandate is lack of adequate staff, with all staff being seconded from the Ministry of labour, a majority nearing retirement age. This has continued to hamper effective service delivery and fulfilment of the Authority's mandate. Our success as an Authority is pegged on how we resolve these challenges in the next few years to come.

I take this opportunity to acknowledge the commitment and contribution of my fellow Board members during the year under review and thank our Ag. Director General Mrs. Edith Okoki and her Management team for their continued excellent work. I also extend my appreciation to the Cabinet Secretary for the Ministry of Labour Hon Simon Chelungui and the Principal Secretary Mr. Peter Tum, for their continued leadership and guidance.



Joyce Mwale (Mrs)

CHAIRPERSON

5. Report of the Director General

The Authority's mandate and core activities are anchored in the National Employment Authority Act 2016 and guided by the State Corporations Act, and Mwongozo guidelines. The Authority's functions implementation of employment policies, strategies and programmes in order to increase access to employment opportunities to Kenyans, particularly the youth, minorities and marginalized. Further, the Authority advises the government on the development and implementation of policies and programmes for employment promotion locally and abroad.

Achievements

Under the able strategic leadership and guidance of our Board, the Management and staff of the Authority managed to accomplish various targets that were set in the financial year 2021/2022.

The Authority facilitated the placement of a total of 103,428 job seekers in employment locally and abroad (27,431 locally and 75,997 abroad), in both non-skilled or semi-skilled (domestic workers, cleaners, security & protective and in construction industry), and skilled/professional cadre (Hospitality, Aviation, Engineering and Technicians, Sales and marketing, High level, and middle management)

The Authority vetted and registered 767 Private Recruitment Agencies involved in registration and placement of job seekers locally and abroad through the Inter-ministerial vetting committee. Most of the registered recruitment agencies are engaged in recruitment of labour to foreign countries majority being in the GCC.

Towards streamlining the operations of the Private Employment Agencies (PEA), NEA with the support of International Organization for Migration (IOM) established and launched an Oversight Mechanism and a Community Feedback Mechanism. These mechanisms seek to enable continuous and rigorous monitoring of Private Employment Agencies in Kenya, ensure greater transparency in auditing these agencies and oversight accountability in cases of human trafficking. The mechanisms also seek to give the migrant workers returning to Kenya a voice as well as ensure communities where these migrants workers are coming from can pro-actively identify and mitigate operations of unscrupulous agencies or agencies that are involved in trafficking. NEA also teamed up with the IOM to promote ethical recruitment and build the capacity of private recruitment agencies through the International Recruitment Integrity System (IRIS) capacity building program. Through this initiative, a total of 143 PEAs were trained on introductory International Recruitment Integrity, 23 PEAs enrolled in the International Recruitment Integrity System (IRIS) capacity building programme and two (2) PEAs audited for compliance with international standards.

In order to address the plight of migrant workers in distress, A distress reporting mechanism was also established through a Web Portal under NEAIMS and a Toll-Free Line 0800222223 to report on distress cases.

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During the period under review, the equipping of two Job Centres was completed in Embakasi and Kasarani and jobseekers can now access information on-line from the centres.

In enhancing the delivery of its services, the Authority developed an Integrated Information Management System (<http://neaims.go.ke>) to facilitate provision of employment services, collection, storage and retrieval of labour market data. The system can support registration of job seekers, matching and placement; registration of employers and submission of returns; registration of recruitment agencies and internship). All the National Employment Authority external processes have been automated. An On-line portal to enable registration and placement of graduates in internship programme has also been developed.

Challenges

Staff shortage remained acute, in some instances, several county employment offices being manned by one Officer. In addition, several Officers are due to retire or are retiring in the next one year. The Board is closely pursuing the issue of recruitment with the relevant authorities.

Collaborations

The Authority continues to collaborate with the mother Ministry, National Industrial Training Authority, the PSC, the Youth Fund, and other Government agencies to streamline employment, internship and labour migration management in the Country. Internationally and regionally, the Authority collaborates with ILO, IOM, WAPES, AAPES, EAC Secretariat, and Northern Corridor Integration Projects in the development, implementation and monitoring of conventions, Laws and Policies related to employment issues. The Authority intends to reach out to other institutions and stakeholders in its quest for continuous development and modernization of the labour market information.

Appreciation

I am grateful to the leadership of the Ministry of Labour and Social Protection and all stakeholders for the support given to the Authority in the financial year 2021/2022. My profound thanks also go to the Chair of the Board and Board Members for the support and guidance provided during the year; and to the staff at the Authority for their collective effort made in ensuring that the Authority fulfilled its mandate. This report is a testimony to the great work put in to ensure compliance with the law and value for money to the citizens of our great country.



Mrs. Edith Okoki

Ag. DIRECTOR GENERAL

6. Statement of NEA Performance Against Predetermined Objectives for FY 2021/22 **Formulation and Implementation of Employment Policies and Strategies**

The National Employment Authority is mandated to formulate employment policies and strategies. This is consistent with the conviction that promotion of adequate, productive and sustainable employment opportunities can best be achieved on the basis of an integrated policy agenda that brings together the goals of rights at work, employment, social protection and social dialogue in a coherent, development-oriented and gender-equitable manner.

The National Employment Authority continues to implement the Employment Policy and Strategy for Kenya which was approved by Parliament in August 2015. The Policy is anchored on the understanding that Kenya has to achieve her national goals and international commitments to realize meaningful progress in socio-economic development. This largely depends on the extent to which the country is able to create and nurture a competitive and adaptive human resource base to meet the requirements of a rapidly industrializing and globalizing economy. In this respect, this policy seeks to promote: productivity, national competitiveness and economic growth; creation of decent employment opportunities; creation of green jobs; building of a pool of skilled, adaptive, self-reliant and enterprising labour force; and pursuit of short, medium and long-term employment creation and poverty reduction strategies. It also aims at improving labour market efficiency, strengthening the labour administration system and social dialogue, and promoting public-private partnership in employment creation.

Provision of Public Employment Services

An effective employment service is important in facilitating job search, job matching and reducing unemployment spells. In Kenya, public employment services are offered by this Authority and accredited private employment agencies. The private employment agencies are mostly concentrated in the main urban centers leaving many parts of the country without such services. This limits the effectiveness of their complementary services in providing labour market information and facilitating matching of job seekers with employers.

The ILO Convention No. 88 on Employment Services requires each Member State to maintain and ensure a free Public Employment Service. The Convention also requires that a Public Employment Service consists of a national system of employment offices under the direction of a national authority and a network of local and, where appropriate, regional offices, sufficient in number to serve each geographical area of the country and conveniently located for employers and workers. The National Employment Authority (NEA) is mandated to undertake public employment services in Kenya. It has a network of 30 Employment Officers in 28 counties across the country.

The functions of the Employment Offices include: promotion and monitoring employment creation programmes in the regions; collection and provision of Labour Market Information; registration and placement of job seekers; provision of vocational information, guidance and employment counseling; and registration of private employment agencies. In order to enhance public employment services, the Authority intends to re-engineer and transform the existing Employment Offices into Employment Centres. During the period under review, two Job Centres were completed in Embakasi and Kasarani and jobseekers can now access

information from the centres on-line. The Authority intends to continue establishing new Employment Centres, with the goal of having one in every county. The Centres will be one-stop shops for employment services which will be expanded to cover pre-departure training for migrant Kenyan workers, empowerment of jobseekers especially the youth, and development and implementation of special employment programmes for vulnerable groups

Administration of Foreign Employment

More Kenyans continue to seek for employment opportunities abroad due to high levels of unemployment in the country hence the need to regulate foreign employment. However, a number of Kenyan migrant workers face numerous challenges in their countries of destination. This creates the need for proper administration of foreign employment mainly to promote employment of Kenyans abroad and ensure fair terms and conditions of employment for them. The role of the Authority in foreign employment administration involves: licensing and accreditation of private employment agencies; regulation of the activities of private employment agencies; collection, analysis and dissemination of labour market information; and building the capacities of private employment agencies

The government intends to harmonize and place all the foreign employment functions and activities under the National Employment Authority in order to enhance coordination in foreign employment administration.

The National Employment Authority continued to implement foreign employment orientation and re-entry programmes to prepare and sensitize Kenyans on the nature of jobs abroad, their terms and conditions, the rights, obligations and remedies of the workers in case of violations, and pre-departure preparations for the job seekers. The Authority also continued to enforce the regulations on private employment agencies in order to ensure orderly migration and enhance the protection of our citizens from exploitation. The Authority will further pursue the strategies in the Diaspora Policy in order to mainstream Kenyan Diaspora in the country's development agenda.

7. Corporate Governance Statement

Introduction

The Board of the National Employment Authority regards corporate governance as pivotal to the attainment of the Board's core mandates and ensuring that the Authority is managed to facilitate employment and internship to the youth, marginalized groups, and minority effectively.

Board Composition and Appointment

The National Employment Authority comprises of a chairperson and nine (9) non-executives board members, one (1) represent the private sector institutions and eight (8) members represents the public sector. Each member is eligible to serve for a maximum of two terms of three (3) years each. The Chairperson of the Board is appointed by the Cabinet Secretary responsible for labour.

Board Roles and Responsibilities

The Board members are independent of management, they appoint the Director General and establish a framework for the delegation of authority and ensure succession planning for the Director General and senior management is in place. Their role is to advise, constructively challenge and monitor the success of the management in delivering the agreed performance targets set out by the Board.

The roles and responsibilities of the Chairperson of the Board, the board members and Director General remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment.

The Chairperson provides overall leadership to the Board without limiting the principles of collective responsibility for Board's decisions. The Chairperson builds an effective board and sets the board agenda in consultation with the /Director General and ensures effective communication to stakeholders.

The Director General is responsible to the Board and takes the overall responsibility for the management of the National Employment Authority for effective and efficient day-to-day running of its affairs. The Director General recommends the strategy to the Board, implements it, and makes operational decisions. Noting that the position also doubles as the secretary to the Board, the Director General ensures appropriate and timely information flows within the Board, its committees and management.

Other roles include:

- (a) Determine the organization's mission, vision, purpose and core values.
- (b) Set and oversee the overall strategy and approve significant policies of the organization.
- (c) Ensure the strategy is aligned with the purpose of the organization and the legitimate interests and expectations of its shareholders and other stakeholders.

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- (d) Ensure that the strategy of the organization is aligned to the long-term goals of the organization on sustainability so as not to compromise the ability of future generations to meet their own needs.
- (e) Ensure availability of adequate resources for the achievement of the organization's objectives.

Board Meetings Attendance

The National Employment Authority Act provides that the Board shall meet at least four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting. The chairperson may, and upon requisition in writing by at least five members, convene a special meeting of the Board at any time for the transaction of the business of the Board.

The table below details board membership and attendance at scheduled board meetings during the year: -

Board Membership and Attendance of Meetings.

Board Member	Classification	Sector	Organization	Attendance
Prof. Grace Cheserek	Chairperson	Public	University of Eldoret	3/4
Mrs. Joyce Mwale	Member	Public	Ministry of, Labour and Social Protection, State Department for Labour.	9/9
Marren Omondi	Member	Public	Kenya Association of Technical Training Institutions	8/9
Mr. Vincent C. Kigen	Member	Private	National Youth Council	9/9
Mr. Michael Oyugi	Member	Public	Ministry of Foreign affairs and International Trade	1/9
Mrs. Harriet Nduma	Member	Public	Ministry of Foreign Affairs	2/9
Ms Nafula Wafula	Member	Private	National Youth Council	6/9
Mrs. Jacqueline Mugo	Member	Private	Federation of Kenya Employers	9/9
Mrs. Joan Machayo	Member	Public	Public Service Commission	8/9
Mr. Martin Omuse	Member	Public	National Treasury	9/9
Mrs. Edith Okoki	Ag. Director General	Public	National Employment Authority	9/9

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers and authorities. Terms of Reference guide each Committee,

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which outlines its responsibilities as mandated by the Board. The Committees are appropriately constituted drawing membership from amongst the board members with appropriate skills and experience. The Board may co-opt into the membership of the committees established any person whose knowledge and expertise may be required.

The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the board. Matters deliberated by the Committees are presented to the board by the respective chairperson during the next board meeting. The Board Committees and their TOR's are as below:

1. Finance, Human Resource and Governance committee

The Finance, Human Resource and Governance committee assists the Board in fulfilling its oversight responsibilities for funds collection, sourcing of funds, allocation and disbursements, review of budgets and implementation of reports.

The responsibilities of the committee are as follows: -

- 1) To approve and maintain budgetary systems of the Authority.
- 2) Monitor the financial reporting process to ensure compliance with all regulatory returns and reports as required to be filed.
- 3) Review, approve or recommend to the Board as appropriate all matters pertaining to investments.
- 4) Review the annual procurement plan.
- 5) To receive a quarterly report on the actual expenditure compared to budget
- 6) To approve recommendations on Terms of Conditions of Employment in the Authority, recruitment functions and staff appraisals.
- 7) To ensure that effective management succession planning and management development plans are in place.
- 8) To approve programmes and policies involving the overall compensation of employees and Authority's collective bargaining agreement.
- 9) To review and monitor corporate performance against approved targets.
- 10) Review the Authority's corporate governance policies and practices.
- 11) Implement a system for the regular assessment of the Board and its committees with respect to their respective mandates and charters and carry out an annual assessment of individual directors.
- 12) Establish and oversee internal procedures and monitoring systems to promote compliance with applicable laws, regulations, and standards.
- 13) Ensure a Comprehensive and independent Legal Audit is carried out at least once every two years.

Committee Membership

Name	
Mr. Vincent Cheruiyot Kigen	Chairman
Mrs. Joan Machayo	Member
Mrs. Marren Omondi	Member

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Mr. Ainea Omuse	Member
Mrs. Joyce Mwale	Member
Mrs. Jacqueline Mugo	Member
Mrs. Edith Okoki	Ag. Director General

Board Members Induction and Training

During the year, the new board members were inducted on 'Mwongozo' at a workshop held in Mombasa. Board members were also trained in corporate governance.

2. Employment Promotion Services and Strategy committee

The responsibilities of the committee are as follows: -

1. To ensure the implementation of national policies on employment.
2. To approve strategies on formulation of Employment policies and strategies national and county governments
3. Develop regulations to facilitate effective labour migration management.
4. Monitor Employment and placement of job seekers in formal and informal or any other form of employment locally and internationally.
5. Advice on Employment policy reviews.

Committee Membership

Name	Position
Mrs. Jacqueline Mugo	Chairman
Mr. Michael Oyugi	Member
Mrs Joan Machayo	Member
Ms Nafula Wafula	Member
Mrs. Marren Omondi	Member
Mr. Vincent C. Kigen	Member
Mrs. Joyce Mwale	Member
Mrs. Edith Okoki	Ag. Director General

3. Audit & Risk Management committee

The Audit & Risk Management committee reviews the annual financial statements of the Authority, focusing particularly on; Compliance with Government Financial Regulations, International Accounting Standards, other legal requirements and best practice.

The responsibilities of the committee are as follows: -

1. Discuss and review the management letter and any other communications between the external auditor(s) and management.
2. Consider the major findings of internal investigations and management's response.
3. To approve and monitor compliance with significant policies and procedures which have a material impact on the operations of the Authority.
4. Review of the adequacy, scope, functions and resources of the internal audit function, and ensure that it has the necessary authority to carry out its work.

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5. Review the compliance and effectiveness of the Authority's accounting and internal control systems.
6. Review and make recommendations on management programs established to monitor compliance issues.
7. Ensure the careful and responsible management of resources entrusted upon the Authority.
8. Promote and enhance corporate accountability- ensuring effectiveness, efficiency, accountability, transparency and integrity of people, structures and processes among others.
9. Establish a NEA risk management policy.
10. To understand and monitor the principal risks of the environment under which the Authority operates and to oversee appropriate risk management.
11. Review guidelines, policies from Management with respect to risk assessment, risk management and major financial risk exposures.
12. Review the implementation of the Risk management framework on a quarterly basis.
13. Appoint and evaluate a committee responsible for risk management in the Authority

Committee Membership

Name	Position
Maren Omondi	Chairman
Ms Nafula Wafula	Member
Mr. Michael Oyugi	Member
Mr. Ainea Martin Omuse	Member

Conflict of Interest, Code of Conduct and Ethics

During the year, board members and employees demonstrated their commitment to the public service through professionalism, integrity, moral and ethical requirements with no conflict of interest. They also showed political neutrality through compliance with relevant laws.

Appointment and Removal of Directors

The NEA Act provides for the Cabinet Secretary responsible for Labour to appoint the Chairperson.

The Board of Directors are nominated by the organizations of representation from both the public and private sector, appointed, and gazetted by the Cabinet Secretary.

The appointed Directors serve for a term of three (3) years and are eligible for re-appointment for one further and final term of three years.

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8. Management Discussion and Analysis

The National Employment Authority management team oversees development and implementation of annual budget approved by the National Employment Authority Board. NEA management therefore monitors the implementation of approved budget in line with the PFM Act 2012, Public Procurement and Assets Disposal Act 2015, Corporate Work Plan and the Performance Contract during the Financial Year.

The Management gives advice to the Board of Directors on issues related to budget implementation and prepares quarterly, semi-annual, and annual reports to The National Treasury. This promotes accountability and transparency in the use of public financial resources.

The approved budget for 2021/22 FY for the National Employment Authority was KShs.509 million comprising of a government grant of KShs.265 million and Internally Generated Revenue (AIA) of KShs.50 million and carry over from the previous period of Kshs.194 million. The Authority received KShs.265 million from the parent State Department for Labour as budgeted. On the other hand, in terms of revenue generated through fees charged for registration of Private Employment Agencies, the target set, of Kenya shillings, 50 million in AIA was exceeded. The Authority collected a total of KShs.220.5 million thus surpassing the target by KShs.170.5 million. It is expected that the Authority will seek approval to utilise the excess AIA to finance part of its activities in following financial year of 2022/2023.

- Other key achievements during the FY 2021/2022 include the following: development of an Integrated Information Management System (<http://neaims.go.ke>) to facilitate provision of employment services, collection, storage and retrieval of labour market data. The system can support registration of job seekers, matching and placement; registration of employers and submission of returns; registration of recruitment agencies and internship). All the National Employment Processes have been automated; Facilitated placement of 103,428 job seekers in employment locally and abroad (27,431 locally and 75,997 abroad); Vetted and licensed 767 Private Recruitment Agencies involved in registration and placement of job seekers locally and abroad

9. Environmental and Sustainability Reporting

NEA exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the Citizen first, delivering relevant goods and services, and improving operational excellence.

The Authority plays a vital role in the realization of full economic potential and living standard of an individual and the general welfare of society, thereby providing the opportunity for people to build better lives. At NEA, we are fully committed to playing our part in helping our country achieve sustainable growth through our Corporate Social Responsibility (CSR) programmes. Our CSR programmes focused the Authority's commitment to economic, environmental, and social issues. NEA invested in initiatives geared towards supporting communities in the areas of education and training, environment, water, and health as part of its contribution to the sustainable development of the youth, minority, and marginalized members of the Kenyan society. Through our CSR programmes, we support sustainable, long-term initiatives that contribute to positive change to the communities by empowering and availing them new opportunities.

NEA seeks to work with various communities across Kenya to improve access to training opportunities for the youth, minority and marginalized. This is because a well-grounded skills development is a strong foundation that will ensure that these groups of underprivileged people are appropriately skilled for the demanding job market. Our initiatives aim at delivering sustainable training programs that support communities from the grassroots.

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10. Report of the Directors

The Directors submitted their report together with the audited financial statements for the year ending June 30, 2022, which show the state of the Authority's affairs.

i. Principal activities

The National Employment Authority (NEA) was established in April 2016 by the National Employment Authority Act, 2016. The Authority was created to: provide a framework and facilitation of employment of Kenyans in the private sector; develop a framework to facilitate increased employment of Kenyans in the national government, county governments, state organs, and national and county government entities; promote foreign employment to absorb excess labour force; maintain a database of all Kenyans seeking employment; facilitate and promote equity and diversity, and eliminate discrimination in employment of Kenyans; give effect to the constitutional values and principles in matters of employment and give effect to provisions to Articles 55(c) and 56(c) of the Constitution; and facilitate and track employment creation. National Employment Policy and Strategy for Kenya provides the policy framework for employment creation in the country. The Act provides for a comprehensive institutional framework for employment management; enhancement of employment promotion interventions; and increasing access to employment by the youth, minorities, and marginalized groups.

ii. Results

Employment Promotion

1. Implementation of the National Employment Policy and Strategy

The National Employment Policy and Strategy for Kenya was passed by the National Assembly in July 2015. The overall objective of the policy is to promote full employment as a priority in national, economic, and social policy and to enable the economically active population to attain and secure sustainable livelihood through productive and freely chosen employment. The policy proposes several strategies aimed at accelerating employment creation within the country and enhance its sustainability.

The Authority developed a plan of action for the National Employment Policy and Strategy for Kenya and a framework that will monitor employment creation. The framework will enable the Authority to monitor the number and quality of jobs being created in all new and ongoing projects in Kenya.

Towards this, the Authority developed an Integrated Information Management System (<http://neaims.go.ke>) to facilitate provision of employment services, collection, storage and retrieval of labour market data. The system can support registration of job seekers, matching and placement; registration of employers and submission of returns; registration of recruitment agencies and internship). Thus, all the National Employment Processes have been automated

2. Development and implementation of mechanisms for internship placement in the Country

Section 36 of the National Employment Authority Act, 2016 requires the Authority to facilitate placement of graduates at tertiary institutions in positions of internship. The Act

also mandates the Authority to monitor all placements to ensure that persons on internship are not exploited or their rights are not violated by any employer or institutions in which they are undertaking internship.

Kenya lacks an adequate legal framework or guidelines to guide internship in the country. This has led to uncoordinated implementation of internship interventions. In addition, there is no framework for monitoring internship programmes in the country even though internship offers benefits to both the employers and the interns.

To address this challenge, the Authority has developed a Draft National Internship Policy and guidelines.

3. Foreign Employment Administration and Labour Migration Management

Labour migration and foreign employment provides employment opportunities for increased foreign remittances, skills transfer and source of livelihood to thousands of Kenyan migrant workers.

During the financial year under review, the Authority undertook the following measures to enhance protection of our migrant workers: Kenya concluded a Bilateral Labour Agreement (BLA) with the United Kingdom of Great Britain and Northern Ireland on recruitment of Health Care Worker. In addition, guidelines to operationalize the BLA and a web portal for recruitment of Nursing professional was established at NEAIMS. By June 2022 a total of 2,295 nurses had expressed interest for employment in the UK; The BLAs with the Government of Kingdom of Saudi Arabia and Government of State of Kuwait were developed and approved by the Office of Attorney General and forwarded to Host Countries for concurrence. Other draft BLAs awaiting negotiations include: UK, Oman, Jordan, Australia, Poland and Bahrain

4. Re-engineering Public Employment Services

The National Employment Authority's outreach of public employment services in the country is currently restricted to 28 counties due to, mainly, lack of human resource. There is need to cover the rest of the 19 counties in the country. Towards this end, the Authority undertook a re-engineering of public employment Services countrywide which will include the following activities: establishment of 19 more county employment offices; purchase of equipment for all county employment offices; and recruitment of staff. Enhancing and Modernization of Public Employment Services. The existing public employment offices will be modernized mainly through expansion, adoption of Information and Communications Technology (ICT), establishment of Resource Centres and capacity building for officers. The Authority targets to establish new Public Employment Offices, staffed with qualified officers and equipped to handle activities of a modern employment office. The employment offices will primarily serve the functions of placement of registered jobseekers in employment and collection of Labour Market Information. Special programmes for supporting new graduates to find employment will be developed alongside guidance and counselling services to enable jobseekers develop their occupational awareness and make the right choice of their jobs. The employment offices will also be used in implementing internship programmes for introducing trainees to the world of work.

iii. Directors

The members of the Board of Directors who served during the year are shown on page xx. During the year one (1) director, the Chairperson, resigned.

iv. Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act to carry out the audit of the Authority for the year/period ended June 30, 2022.

By Order of the Board.



Mrs. Edith Okoki

Ag. DIRECTOR GENERAL

11. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act*), requires the Directors to prepare financial statements in respect of the Authority, which gives a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for the financial year ended on June 30, 2022. 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 Authority, (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date. The Directors further confirm completeness of the accounting records maintained by the Authority which have been relied upon in the preparation of the Authority's financial statements, as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 27/3/2023 2022 and signed on its behalf by:

Signed: 

Name: Joyce M. Mwiru

Chairperson of the Board

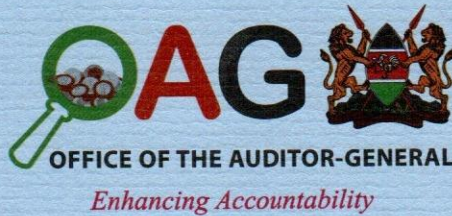
Signed: 

Name: EDITH OKOKI

Accounting Officer

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL EMPLOYMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2022

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, gazetted 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 the 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

Opinion

I have audited the accompanying financial statements of National Employment Authority set out on pages 1 to 19, which comprise of the statement of financial position as at

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of National Employment Authority as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the National Employment Authority Act, 2016.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.509,177,588 and Kshs.681,153,238 respectively resulting to positive performance of Kshs.171,975,650 (or 34%). Out of the realized budget of Kshs.681,153,238, the Authority expended only Kshs.393,742,726 resulting in under absorption of Kshs.287,410,513 (or 42%) of the budget.

In the circumstances, the positive budget performance implies conservative forecasts for revenue while the under absorption implies that some of the planned activities were not implemented and may have negatively impacted on service delivery to the public.

2. Prior Year Matters

In the audit report of the previous year, several paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public

Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance.

In the circumstances, the issues remain unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Failure to Implement Approved Staff Establishment

The Authority's Board responsibilities includes among others; to competitively appoint suitably qualified staff as may be necessary for the efficient performance of the functions of the Authority. It was however noted that the approved staff establishment had not been implemented despite the Management being granted necessary approvals. The career guidelines and organizational structure, grading and staff establishment were done and approved in August, 2019, while the Salaries and Remuneration Commission did job evaluation, grading and had the salary structure approved in August, 2020. Further, the Authority had the requisite budget for staff recruitment in the year under review but continues to engage skeleton staff deployed from the National Government.

In the circumstances, the current staff levels may undermine the Authority's effectiveness and its ability to deliver on its mandate.

2. IT Internal Control Weakness

Review of the Authority's systems revealed the following Information Technology internal control weaknesses:

- i. Lack of Information Technology strategic committee.
- ii. Lack of Information Technology strategic plan that supports business requirements.
- iii. Lack of formally approved process to manage upgrades made to all systems.
- iv. External programmers have access to the test and live environment.
- v. Lack of policies in place to cover physical access to IT environment.
- vi. No policies in place to cover environmental controls.
- vii. No humidity and temperature control system in the IT environment.
- viii. There is no Information Technology continuity plan and disaster recovery plan.
- ix. A backup and retention strategy has not been implemented.
- x. There is no Enterprise Resource Planning System in the operational environment.

In the circumstances, the effectiveness of the IT internal control systems could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Authority'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 going 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 Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 May, 2023

NATIONAL EMPLOYMENT AUTHORITY
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13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED JUNE 30, 2022

Description	Note	2021-2022	2020-2021
		Kshs.	Kshs
Revenue			
Licenses, permits and other incomes	4	221,975,650	150,832,350
Grants Transfers from Ministry	5	265,000,000	245,000,000
Total		486,975,650	395,832,350
Expenses			
Use of goods and services	6	7,639,893	4,669,179
Employee costs	7	2,903,250	11,540,824
Remuneration of directors	8	28,186,726	23,555,993
Depreciation and amortization expense	9	19,221,786	34,547,984
Repairs and maintenance	10	5,276,169	6,746,720
General expenses	11	324,608,152	273,000,468
Finance costs/Bank Charges	12	35,200	51,951
Total		387,871,175	354,113,119
Other gains/(losses)		-	-
Surplus before tax		99,104,475	41,719,231
Taxation		-	-
Surplus/(deficit)for the period		99,104,475	41,719,231
Surplus Carried Forward		99,104,475	41,719,231

The notes set out on pages 7 to 16 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:




Sign EDITH OROK for Sign James W. Atoka Sign Mwale
Name EDITH OROK Name JAMES W. Atoka Name Joyce M. Mwale
Ag. Director General Head of Finance Chairperson of the Board
ICPAK Member No. 18593
Date 27/3/23 Date 27/03/23 Date 27/3/2023

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14. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

Description	Note	2021-2022	2020-2021
		Kshs.	Kshs
Assets			
Current assets			
Cash and cash equivalents	13a	284,784,057	171,251,134
Accounts receivables and prepayments	14	2,235,872	23,078,641
Total		287,019,929	194,329,775
Non-current assets			
Property, Plant & Equipment	9	52,016,128	45,163,807
Total Non-current assets		52,016,128	45,163,807
Total Assets		339,036,057	239,493,582
Liabilities			
Current liabilities			
Provision for audit fee	15	300,000	300,000
Total Current liabilities		300,000	300,000
Non-current liabilities			
Non-current liabilities		-	-
Total Non-current liabilities		-	-
Total Liabilities		300,000	300,000
Net assets		338,736,057	239,193,582
Financed By;			
Surplus for the year		99,104,475	41,719,231
Surplus Brought Forward		239,631,582	197,912,351
Total		338,736,057	239,631,582

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

Sign..... 	Sign..... 	Sign..... 
Name... EDRIH OKOKI	Name... JAMES W. AGOLA	Name... Joyce M. Mwisile
Ag. Director General	Head of Finance ICPAK Member No. 18593	Chairperson of the Board
Date... 27/3/23	Date... 27/03/2023	Date... 27/3/2023

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15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2022

	Surplus	Accumulated surplus
Balance as at 30 JUNE 2017	-	154,869,738
Surplus/(deficit) for the period	44,396,651	44,396,651
Transfers to/from accumulated surplus	-	-
Balance as at 30 JUNE 2018		199,266,389
Surplus/(deficit) for the period	-52,063,909	-52,063,909
Transfers to/from accumulated surplus	-	-
Balance as at 30 JUNE 2019	-	147,202,480
Surplus/(deficit) for the period	50,709,871	50,709,871
Transfers to/from accumulated surplus	-	-
Balance as at 30 JUNE 2020		197,912,351
Surplus/(deficit) for the period	41,719,231	41,719,231
Transfers to/from accumulated surplus	-	-
Balance as at 30 JUNE 2021	-	239,631,582
Surplus/(deficit) for the period	99,104,475	99,104,475
Transfers to/from accumulated surplus	-	-
Balance as at 30 JUNE 2022	-	338,736,057

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

Sign. 

Name. EDITH AKONG
 Ag. Director General

Date. 27/3/23

for Sign. 

Name. JAMES W. AGOLA
 Head of Finance
 ICPAK Member No. 18593

Date. 27/3/2023

Sign. 

Name. Joy M. Mwale
 Chairperson of the Board

Date. 27/3/2023

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

Description	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Licenses, permits and other incomes	4	221,975,650	150,832,350
Government grants and subsidies	5	265,000,000	225,000,000
Total		486,975,650	375,832,350
Payments			
Compensation of employees	7	2,903,250	11,540,824
Remuneration of Directors	8	28,186,726	22,837,716
Repairs and Maintenance	10	5,276,169	6,746,720
Use of goods and services	6	7,639,893	4,669,179
General expenses	11	324,308,152	275,835,385
Finance cost	12	35,200	51,951
Taxation paid		-	-
Total		368,349,389	321,681,776
Net cash flows from operating activities before working capital changes		118,626,262	54,150,574
Changes in working capital			
Increase or (Decrease) in payables	15	-	100,000
Increase or (Decrease) in receivables	14	20,000,000	2,350,000
Net cash flows from operating activities		138,626,262	56,600,574
Cash flows from investing activities			
Purchase of property, equipment and intangible assets	9	-25,093,337	-19,703,586
Proceeds from sale of property, plant and Equipment			
Net cash flows used in investing activities			-19,703,586
Cash flows from financing activities			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		113,532,925	36,896,988
Cash and cash equivalent as at 1 July 2021		171,251,132	134,354,144
Cash and cash equivalents at 30 JUNE 2022	13	284,784,057	171,251,132

NATIONAL EMPLOYMENT AUTHORITY
Reports and Financial Statements
For the Year Ended June 30, 2022

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

Sign. .....

Name EDRIH OKORA
Ag. Director General

Date 27/3/23.....

for Sign. .....

Name JAMES W. AGOLA
Head of Finance

ICPAK Member No. 18593
Date 27/03/2023.....

Sign. .....

Name Joyce M. Mwak
Chairperson of the Board

Date 27/3/2023.....

NATIONAL EMPLOYMENT AUTHORITY
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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Licenses, permits and other incomes	50,000,000	0	50,000,000	221,975,650	-171,975,650	-444
Government grants and subsidies	265,000,000	0	265,000,000	265,000,000	-	100
Unutilized cash balances B/F	194,177,588	0	194,177,588	194,177,588	-	100
Total	509,177,588	0	509,177,588	681,153,238	-171,975,650	134%
Expenses						
Compensation of employees	41,600,000	-28,500,000	13,100,000	2,903,250	10,196,750	22%
Goods and services	319,958,588	57,800,000	377,758,588	294,707,169	83,251,420	78%
Remuneration of directors	26,404,000	3,000,000	29,404,000	28,186,725	1,217,275	96%
Repairs and maintenance	16,015,000	-6,000,000	10,015,000	5,276,169	4,738,831	53%
Contracted Services	52,100,000	-13,800,000	38,300,000	37,576,076	723,924	98%
Asset Additions	53,100,000	-12,500,000	40,600,000	25,093,337	15,506,663	62%
Total expenditure	509,177,588	0	509,177,588	393,742,726	116,764,832	77%
Surplus for the period	0	0		287,410,513	-287,410,513	

18. NOTES TO THE FINANCIAL STATEMENTS

1) General Information

The National Employment Authority is established by an Act of Parliament and derives its authority and accountability from The National Employment Act No. 3 of 2016. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. Its principal activity is to provide for a comprehensive institutional framework for employment management; enhance employment promotion interventions; enhance access to employment for youth, minorities, and marginalized groups and for connected purposes.

2) Statement of Compliance and Basis of Preparation

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity. The financial statements are prepared on accrual basis.

3) 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.

ii). 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.

iii). Revenue from exchange transactions- 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. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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a). *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.

b). *Budget information*

The National Treasury approved the original budget for FY 2021-2022. The budget was revised and additional appropriation made to the approved budget. 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. 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.

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

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

d. *Property, plant, and equipment*

Depreciation is calculated on a straight-line basis annually regardless of the date of purchase and carrying amount written-off. After the useful life of the assets.

The annual depreciation rates are as follows:-

Furniture, Fixtures and fittings	12.5%
Plant and Equipment	12.5%
Electronic Data processing equipment	33.0%
Motor Vehicles	25.0%
Software	20.0%

All property, plant and equipment are stated at NBV since they were acquired during the year under review and delivered in the same period. Hence, depreciation was provided for. 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

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

e). Cash and Cash Equivalent

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.

f). Related Parties

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

The following transactions were carried out with related parties;

Description	2021/2022	2020/2021
	KShs	KShs
(i) Key management compensation		
(ii) Board remuneration		
Allowances paid to board members	28,186,725	23,555,993
(iii) Grant from GOK	265,000,000	245,000,000

a). Contingent Liabilities

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

Contingent Assets

The Authority 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

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future events not wholly within the control of the Authority 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.

b) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority 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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Authority.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset.

ii). Financial Risk Management Objectives and Policies

An entity's activity exposes it to a variety of financial risks, including credit risk, liquidity risk and interest rates. The company's overall risk management programme focuses on the

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unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The authority regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the supervision of the Board of Directors. The Board provides policies for overall risk management, as well as policies covering specific areas such as liquidity risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity.

a). Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from bank balances, trade receivables and amounts due from related parties. The company's 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 ratings in accordance with limits set by the Board. The utilization of credit limits is regularly monitored.

NOTES ON BUDGET PERFORMANCE VARIANCES

The over collection of and under absorption was due to: -

- An amount of Kenya shillings 171,975,650 was over collection of licences and permits, and other incomes comprising of Kshs.170,500,000 from licenses and permits due to increased registration of private recruitment agencies, and Kshs.1,475,650 funds received from ILO to support a Migrant Resource Centre in collaboration with the Authority.
- The actual government grant received from the State Department for Labour was per the budget.

The Authority had budgeted for payment of top up allowances for staff seconded from the ministry but this was not actualized by the closure of the Financial Year hence causing 22% budget utilization on compensation of employees.

The Authority had planned to acquire computers and IT equipment to facilitate a planned relocation to a new office block. However, construction of the new office block had not been completed by the end of the Financial Year hence the 62% utilization on Acquisition of Assets.

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4. Licences & Permits

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Sale of Goods and Services-AIA	220,500,000	149,625,000
ILO Funds	1,475,650	1,207,350
Total	221,975,650	150,832,350

5. Grants Transfers from Ministry

Name of the Entity sending the grant	2021-2022	2020-2021
	Kshs.	Kshs.
Ministry of Labour& Social Protection	22,083,333	50,000,000
Ministry of Labour& Social Protection	22,083,334	60,000,000
Ministry of Labour& Social Protection	22,083,333	1,250,000
Ministry of Labour& Social Protection	56,250,000	11,250,000
Ministry of Labour& Social Protection	10,000,000	61,250,000
Ministry of Labour& Social Protection	66,250,000	41,250,000
	66,250,000	-
Sub-Total	265,000,000	225,000,000
Ministry of Labour& Social Protection received on 9th July, 2021	-	20,000,000
Total	265,000,000	245,000,000

6. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Electricity	766,903	572,236
Water	37,056	80,406
Security	1,344,000	3,945,146
Cleaning Services	5,334,576	
Postage Services	30,000	71,391
Subscriptions to membership bodies	127,360	-
Total	7,639,893	4,669,179

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7. Employee Costs

Description	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	-	-
Top-up allowance	-	10,208,634
Intern Salary	2,903,250	1,332,190
Total	2,903,250	11,540,824

8. Board Expenses

Description	2021-2022	2020-2021
	Kshs.	KShs
Chairman's Honoraria	800,000	960,000
Directors Sitting Allowance & Per diem	19,061,888	20,253,716
Insurance for Board	1,550,542	718,277
Other allowances	6,774,295	1,624,000
Total	28,186,725	23,555,993

9. Property, Plant and Equipment

Description	Motor vehicles (25%)	Furniture and fittings (12.5%)	Computers (33%)	Office Equipmen t's (12.5%)	Software (20%)	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As At 1st July 2020	76,482,400	25,882,675	39,634,894	6,199,700	980,000	149,179,669
Additions		11,231,250	570,380	5,678,956	2,223,000	19,703,586
Disposals	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	0
As At 30th June 2021	76,482,400	37,113,925	40,205,274	11,878,656	3,203,000	168,883,255
Additions		8,856,200	5,445,450	4,601,300	6,190,387	25,093,337
Disposals	-	-	-	-	-	0
Transfers/adjustments	-	-	-	-	-	0

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As At 30th June 2022	76,482,400	45,970,125	45,650,724	16,479,956	9,393,387	193,976,592
Depreciation and impairment						
As At 1 July 2020	49,621,950	5,939,863	31,542,563	1,675,088	392,000	89,171,464
Depreciation	19,120,600	4,639,241	8,662,711	1,484,832	640,600	34,547,984
As At 30 th June 2021	68,742,550	10,579,104	40,205,274	3,159,920	1,032,600	123,719,448
Depreciation	7,739,850	5,746,266	1,796,999	2,059,995	1,878,677	19,221,786
As At 30 th June 2022	76,482,400	16,254,719	42,002,273	4,754,395	2,466,677	141,960,464
Net Book Values						
As At 30 th June 2022	-	29,715,406	3,648,451	11,725,562	6,926,710	52,016,128
As At 30 th June 2021	7,739,850	26,534,821	-	8,718,736	2,170,400	45,163,807

10. Repairs and maintenance

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Maintenance of buildings and stations-non-residential	2,527,900	4,543,711
Maintenance of plants, machinery & equipment	131,000	9,500
Vehicles	2,604,769	2,193,509
Computers and accessories	12,500	-
Total	5,276,169	6,746,720

11. General Expenses

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Advertising	12,138,278	808,782
Audit fees	300,000	300,000

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Catering services, Conferences & delegations	35,822,937	96,873,183
Consumables	-	2,000,000
Subscriptions to Newspapers	400,000	360,000
Fuel and oil	5,842,036	3,760,325
Motor vehicle insurance	-	1,331,853
Rent & Rates-Non-residential	-	1,879,200
Contracted Professional services	30,897,500	3,967,500
Travel & Subsistence Costs	144,790,642	123,199,535
Office & general Supplies	11,706,408	16,298,037
Printing and stationery	11,930,910	8,000,000
Telecommunication	3,432,000	3,408,500
Training	5,268,379	8,170,352
Research	58,264,272	-
Other (Sanitary & cleaning materials, Supplies & services)	2,075,110	1,838,300
Ilo Funds Expenditure	1,739,680	804,900
Total	324,608,152	273,000,468

Note: The Ilo Funds Expenditure item of Kshs.1,739,680 included in the General expenses tabulation had not been included in the itemised budget for the period. These are funds from the International Labour Organization (ILO) deposited into the authority's bank account to facilitate a short-term programme financed independently by them, with a desk provided by the Authority at its Headquarters.

12. Finance costs

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Bank Charges	35,200	51,951
Total	35,200	51,951

13. (a) Cash and Cash Equivalent

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Current account	284,784,057	171,251,134
Cash book posting	-	-

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Others (Cash in Hand)	-	-
Total	284,784,057	171,251,134

13 (b). Detailed analysis of the cash and cash equivalents

Description		2021-2022	2020-2021
Financial institution	Account number	Kshs.	Kshs.
a) Current account			
Kenya Commercial bank	1205120793	284,784,057	171,251,134
Sub- total		284,784,057	171,251,134
b) Others(specify)		-	-
cash in hand		-	-
Sub- total		-	-
Grand total		284,784,057	171,251,134

14. Accounts Receivables

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Sale of Goods and services	1,400,000	1,400,000
Insurance Prepayment	835,872	1,678,641
Transfers Receivable	-	20,000,000
Total	2,235,872	23,078,641

15. Accounts Payables

Description	2021-2022	2020-2021
	Kshs.	Kshs.
Provision for audit fees	300,000	300,000
Total	300,000	300,000

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19. 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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
2020/2021	<p>Other Matter Budgetary Control and Performance</p> <p>The Statement comparison of budget and actual amount showed a budget of Kshs.33,600,000 under assets additions whereas only an amount of Kshs.19,703,586 was actually incurred resulting to an under performance of 41.4%. The under performance means that the Agency may not meet its intended objectives to improve service delivery to the public.</p>	Concurred with observation	Board	Not Resolved	
2020/2021	<p>Effectiveness of Internal Controls, risk Management and Governance</p> <p>Basis for Conclusion 1. Failure to implement approved staff establishment</p> <p>It was noted that there had been failure to implement the approved staff establishment despite the granting of necessary approvals. The career guidelines and organizational</p>	Concurred with observations	Board	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>structure, grading and staff establishment were done in August 2019. While the Salaries and Remuneration Commission did job evaluation, grading and had the salary structure approved in August 2020. The Authority had the requisite budget for staff recruitment in year under review but continues to engage skeleton staff deployed from the National Government whom they pay top-up allowances and special duty allowances instead of doing recruitment of their own staff.</p>				
2020/2021	<p>2. Failure to Update the Fixed Assets Register</p> <p>The fixed assets register provided for audit review was not updated resulting in variance between the cost value of assets recorded as Kshs.134,381,019 and Kshs.162,370,895 relating to fixed assets register and property, plant and equipment schedule respectively.</p> <p>In addition, the management had not tagged the assets by providing details of responsible officers who are custodians of specific assets contravening Regulation 143 of the public Finance Management Regulations, 2015 and the National Treasury Guidelines disclosed in Circular No. 5/2020 dated 25 February, 2020, which required all public entities to keep a comprehensive register to protect public assets</p>	Concurred with observations	Management	Not Resolved	

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

Ag. Director General

Name Edith Okoy

Sign [Signature]

Date 27/3/23

Chairperson of the Board

Name Joyce M. Mwale

Sign [Signature]

Date 27/3/2023