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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

SPORTS KENYA

FOR THE YEAR ENDED
30 JUNE, 2022

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

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SPORTS KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30 JUNE, 2022

Sports Kenya
Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. Key Entity Information and Management

(a) Background information

Sports Kenya was incorporated/ established under the Sports Act No. 25 of 2013. The Entity is domiciled in Kenya.

(b) Principal Activities

The principal activity/mission/ mandate of Sports Kenya are to ...

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

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- xvi). Organize and coordinate training, conduct research, maintain a resource centre and provide and engage consultancy services for sports development programmes, in consultation with the respective national sports organizations.
- xvii). With the approval of the Cabinet Secretary, prescribe: -
 - 1). Access to, or use of any of the resources or facilities of Sports Kenya.
 - 2). The provision of programs, services, information or advice by Sports Kenya, and
 - 3). The admission of persons to events and activities organized by Sports Kenya.
- xviii). Recommend, in liaison with the relevant sports organization, tax exemption for Sportspersons; and
- xix). Performs such other functions related to the implementation of this Act as may be directed by the Cabinet Secretary.

(c) Key Management

The Sports Kenya day-to-day management is under the following key organs: -

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

(d) Fiduciary Management

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

- | | | | |
|-------|-------------------------|---|--|
| i. | Mr. Charles Waithaka | - | Chairman |
| ii. | Mr. Pius Metto | - | Director General/Board Secretary |
| iii. | Mrs. Josephine A Onunga | - | Rep. Principal Secretary State Department for Sports |
| iv. | Dr. Hassan Duale | - | Rep. PS Ministry of Education |
| v. | Mr. Samuel Kaumba | - | Rep. Office of the Attorney General |
| vi. | Dr. Doreen Odhiambo | - | Ag. CEO, Kenya Academy of Sports |
| vii. | Mrs. Leah Kaburu | - | Secretary Sports Dispute Tribunal |
| viii. | Mr. Mark Wambugu | - | Ag. CEO, Sports Arts & Social Development Fund |
| ix. | Mr. James Wang'ombe | - | Rep. Inspectorate of State Corporations |
| x. | Eng. Alfred Baariu | - | Independent Director |
| xi. | Mr. Mwangi Muthee | - | Independent Director |
| xii. | Mr. Benson Mwangi | - | Independent Director |

(e) Fiduciary Oversight Arrangements

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

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

(f) Entity Headquarters

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

(g) Entity Contacts

Telephone: 254 (020) 2390500/501
E-mail: info@sportskenya.org
Website: www.sportskenya.org

(h) Entity Bankers

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

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(i) Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office and Department of Justice





Harambee Avenue

P.O. Box 40112






City Square 00200

Nairobi, Kenya

2. The Board of Directors


 <p>1. Mr. Charles Waithaka</p>	<p>Designation: Chairman, Sports Kenya Board D.O.B: 1976 Qualification: Master of Business Administration in Project Management from University of Wales, United Kingdom, Bachelor of Business Administration, Entrepreneurship from SMA Swiss Management Academy, Switzerland, and a Diploma holder (IT) from JKUAT Experience: Over 18 years of experience in leadership and project management in both public and private sector, and has worked in simultaneous multi-community mobilization initiatives.</p>
 <p>2. Mrs. Josephine A. Onunga</p>	<p>Board Member: Rep. PS, State Department for Sports Development D.O.B :1968 Designation: Secretary Administration, State Department for Sports Development Qualification: Bachelor of Arts, 1st Class Division (Social Science; Political Science, Economics & Public Administration) Experience: Over 27 years in Public Administration</p>
 <p>3. Mr. James Wang'ombe</p>	<p>Board Member: Rep. Inspector General Inspectorate, State Corporations DOB:1963 Qualification: MBA, BA (Econs) Experience: Over 25 years in Public Service</p>
 <p>4. Mrs. Leah Kaburu</p>	<p>Board Member Designation: Secretary Sports Disputes Tribunal, Judicial Service Commission D.O.B: 1972 Qualification: BA in Education, Masters Degree in Education (Guidance and Counselling) Experience: Vast experience in Management</p>

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 <p>5. Mr. Mark Wambugu</p>	<p>Board Member Designation: Ag CEO, National Sports Art & Social Development Fund D.O.B: 1976 Qualification: CPA (K), CPS (K), BCom, MBA Experience: Vast experience in financial analysis and Management</p>
 <p>6. Mr. Mwangi Muthee</p>	<p>Independent Board Member D.O.B 1961 Designation: Managing Director, Businessman Qualification: - MSc Toxicology, Hygiene & Safety - BSc (Hons) Bio-chemistry & Botany Experience: - Director in various Firms - Former Chairman, KRU - Former Coach – Mwamba Rugby Club - Former Rugby Player</p>
 <p>7. Mr. Samuel Kaumba</p>	<p>Board Member: Rep. Office of the Attorney General D.O.B Designation: Qualification: LLB,MPPA,DIP.LAW Experience: Vast Experience in legal practice at Attorney General’s Office</p>
 <p>8. Eng. Alfred Baariu</p>	<p>Independent Board Member: Chairman Sports facilities and Infrastructure Committee Designation: Independent Board Member D.O.B 1977 Qualification: BSC (Engineering) Experience: Vast experience in Engineering field</p>
 <p>9. Dr. Doreen Odhiambo</p>	<p>Board Member Designation: Ag CEO Kenya Academy of Sports D.O.B: 1972 Qualification: PhD - Hosting of Major Sports Events in Developing Countries, Executive Masters of Business Administration (Strategic Management), International Master (MA) in Management, Law & Humanities of Sport (FIFA Master) Grade B Experience: Over 20 years in Public Service</p>

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

3. Management Team

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

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



7. Shitubi Lorine Narea

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

Designation: Chief Legal Officer

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

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

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4. Chairman's Statement

It is with pleasure that we present the financial results for Sports Kenya for the year ended 30th June, 2022.

Highlights

The 2021/2022 FY performance showed signs of improvement as the Country emerged from the Covid 19 pandemic. The period also saw Sports Kenya hosting a number of international championships including hosting teams as they prepare for international events. These include the WU20 Athletics Championships, the Deaf Championships, Kipkeino Classic and hosting teams in preparation for the Olympics and Commonwealth Games.

Sports Kenya continued with the development/renovation of the following Stadia: Kipchoge Keino – Uasin Gishu, Kamariny- Elgeyo Marakwet, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit and Karatu – Kiambu. Three Stadia namely Kinoru – Meru and Chuka – Tharaka Nithi and Nyayo National Stadium, Nairobi Counties were completed during this period. The others are at various stages of completion with some experiencing contractual challenges. However, we have continued to receive support from the Government through the SASDF and National Treasury for funding of the sports infrastructure projects.

Operating Environment

During the period, the Country as emerging from the Covid 19 pandemic where we saw a resumption of sports activities, albeit not fully, where we have been able to host a number of events.

Sports Kenya opened all facilities that had previously been closed for renovations. The Stadion Hotel and The Nyayo National Stadium were re-opened to enable Sports Kenya host national and international events including the World U20 Championships.

The Stadion Hotel benefited from further upgrade including furnishing as a legacy project for the World U20 Championships.

The Board is pleased to present the financial statements which reflect the challenges and opportunities mentioned above. We are confident that with Government commitment to support funding for Sports Infrastructure, Sports Kenya will continue to develop and upgrade sporting facilities for the country, to enhance accessibility.



Mr. Charles Waithaka
B.O.D Chairman
Sports Kenya

5. Report of the Director General

Financial Results

Revenue

Sports Kenya revenue from exchange transaction increased from **Kshs208,503,247.00** to **Kshs382,452,699.00** from the previous year. This was attributed to full re-opening of facilities in Moi International Sports Centre Kasarani, Nyayo National Stadium and the Stadion Hotel after renovations. The 2021/2022 FY performance showed signs of improvement as the Country emerged from the Covid 19 pandemic where we saw a resumption of sports activities, albeit not fully, where we hosted a number of sports events:- WU20 Athletics Championships, the Deaf Championships, Kipkeino Classic and hosting teams as they prepare for international events for the Olympics and Commonwealth Games.

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

Hotel income increased from hosting various events and national teams in preparation for various competitions.

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

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

Grants from the Exchequer continued to flow as per the budget. Sports Arts & Social Development Fund (SASDF) also supported the Board in financing development projects being undertaken.

Expenditure

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

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Operational areas where Sports Kenya experienced high levels of expenditures included wages, water and electricity, repair and maintenance and legal fees which emanated from garnishee order for an on-going court case. We thank the National Treasury through the State Department for Sports Development for supporting us in clearing the long outstanding Staff Pension arrears.

Service Delivery

Sports Kenya has continued to improve on service delivery by enhancing security of the facilities and events by installing CCTV in designated areas. We have also installed Wi-Fi in key areas to improved internet connectivity. At the Housing estate, we have initiated the process of installation of pre-paid electricity meters by Kenya Power.

Future Outlook

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

Sports Kenya continues with the development/renovation of the various Stadia: Kipchoge Keino – Uasin Gishu, Kamariny- Elgeyo Marakwet, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit and Karatu – Kiambu. Three Stadia namely Kinoru – Meru and Chuka – Tharaka Nithi and Nyayo National Stadium, Nairobi Counties were completed during this period. The others are at various stages of completion with some experiencing contractual challenges. However, we have continued to receive support from the Government through the SASDF and National Treasury for funding of the sports infrastructure projects.

The Board will continue to pursue completion and equipping of the on going regional stadia and four others resulting from Presidential Directives issued in the FY 2019/2020 namely (**Jamhuri Posta Grounds – Nairobi, Wanguru – Kirinyaga, Kirigiti – Kiambu and Jomo Kenyatta Mamboleo Grounds – Kisumu Counties**).

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



Mr Pius Metto
Director General
Sports Kenya

6. Statement of Performance against Predetermined Objectives for FY 2021/22

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

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

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

Pillar 2: Sports Programs and administration.

Pillar 3: Development and Implementation of Sustainability Programs.

Pillar 4: Sports Research and Adoption of Modern Technology.

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

Sports Kenya developed its annual work plans based on the above 5 pillars. Assessment of the Board’s performance was done against its annual work plan on quarterly basis. Sports Kenya achieved its performance targets set for the FY2021/ 2022 period for its strategic pillars, as indicated in the diagram below:

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

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	ons for sports			
Pillar 2: Sports Programs and administration	<ul style="list-style-type: none"> To implement grassroots, national and international sports programs 	<ul style="list-style-type: none"> Championships held, number of medals won, number of athletes participated 	<ul style="list-style-type: none"> Hosting of Regional National and international competitions 	<ul style="list-style-type: none"> 8 number regional, national and international competitions hosted Participated in 6 number championships
Pillar 3 : Development and Implementation of Sustainability Programs	<ul style="list-style-type: none"> To Develop fundraising and resource mobilization framework 	<ul style="list-style-type: none"> Number of policies and framework developed 	<ul style="list-style-type: none"> Developed funding framework, policies and guidelines for fundraising & partnerships 	<ul style="list-style-type: none"> Funding framework, policies and guidelines developed and commenced implementation
Pillar 4: Sports Research and Adoption of Modern Technology	<ul style="list-style-type: none"> To identify and conduct sports research in technology on 3 areas over the plan period. 	<ul style="list-style-type: none"> Research report 	<ul style="list-style-type: none"> Conduct research on sports programs, projects/facilities to identify existing gaps Implement Research Findings Monitoring and Evaluation 	<ul style="list-style-type: none"> Implementation of the research report to be initiated in FY 2021/2022
Pillar5: Institutional Capacities and Mainstreami	<ul style="list-style-type: none"> To enhance human capital to 60% 	<ul style="list-style-type: none"> Sports Kenya structure implemented 	<ul style="list-style-type: none"> Approval of organizational structure Approval 	<ul style="list-style-type: none"> Sports Kenya submitted the structure and staff establishment

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<p>ng of cross cutting issues.</p>	<p>of organizational needs by 2022</p>		<p>of Staff Establishment.</p> <ul style="list-style-type: none"> • Review Job evaluation and work load analysis • Develop, seek approval and implement the salaries and allowance structure • Placement of staff into the new SK structure 	<p>for approval</p> <ul style="list-style-type: none"> • Job evaluation review was completed and salaries & allowance structure implemented within the FY 2021/2022
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7. Corporate Governance Statement

Introduction

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

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

The Board of Sports Kenya

Appointment of Board Members and Succession Plan.

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

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

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

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

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

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

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

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

Sports Kenya chairman's appointment ended on 18th July 2021 and a new chairman was appointed by the President as provided for under Section 6(1)(a) of the Sports Act on 6th October 2021. The three-year term for the independent directors lapsed in February 2022 and new directors are to be appointed by the Cabinet Secretary for Sports.

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

Statement of Compliance with Policy on Corporate Governance

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

The Board Charter

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

Roles and functions of the Board

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

- (a.) Manage, control and administer the assets of Sports Kenya in such manner and for such purposes as best promotes the purposes for which Sports Kenya is established;

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

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

Board Meetings and Attendance

The Board has for the period under review held Thirteen (13) Full Board Meetings. During the Covid-19 pandemic and subsequent lockdown, the Board has conducted its Board meetings via link sessions as guided by the various Government Circulars on containing spread of the virus.

Conflict of Interest

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

Induction and Training

The Board will conduct induction training as and when Board Members are appointed. The Board will also undergo various other trainings necessary in exercising its functions.

Board Remuneration

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

Conduct and Ethics

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

Board Member Performance

The Board of Sports Kenya was evaluated on 24th September, 2021 by State Corporation Advisory Committee.

8. Management Discussion and Analysis

SECTION A

The entity's operational and financial performance

The organization is currently undertaking the review of its strategic plan 2018-2022 to aligned it to MTPIV 202/2023 – 2027/2028 and National Vision 2030; Sports Kenya endeavours to complete construction and upgrade of 4 Regional Stadia as per the financial year target to achieve its strategic goal of developing Regional Stadia to cover the 47 Counties within the plan period. The Stadia under the entities Construction and upgrade for this period **include Kipchoge Keino – Uasin Gishu, Wote – Makueni, Ruringu – Nyeri, Marsabit – Marsabit, and** Counties. In addition Sports Kenya consolidated designs for Kamariny, Gusii Stadium(Presidential Directive) and requested for funding for the same. The contract for Karatu Stadium was terminated due to non-performance. Further the entity tendered and awarded a contract for installation of MISC Seats, floated an EOI for a new indoor arena and another for floodlights at Nyayo National Stadium. The source of funding is GoK, SASDF. Kinoru Stadium and Chuka Stadium have been completed and are awaiting commissioning. Upon resumption of sporting activities after the COVID-19 pandemic local, national and sporting events took place. Sports Kenya was able to host a number of championships including the World Athletics Championships e.g WAU20 and preparation of Team Kenya to participate in National and International championships.

Through this strategic plan, the organization projected revenues growth by 20% in the year. The opening of our sports facilities after Covid 19 pandemic led to increased revenue generation.

The formulation of the National regulations and Standards to guide Sports stadia and recreational development was initiated and major Stakeholders participated in the process. The final draft regulation was sent to the Cabinet Secretary for concurrence and gazettelement. This will oversee enhancement of safety and security and adoption of the best management practise across all stadia in the country.

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

SECTION B

Entity's compliance with statutory requirements

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

SECTION C

Key projects and investment decisions the entity is planning / implementing

The construction, upgrade and renovations of three (3) stadia namely; Kinoru and Chuka were completed and are awaiting commissioning. This has led to availability of standard sporting infrastructure in the respective counties and will enable talent development and hosting of competitions.

Other regional stadia namely; Marsabit, Ruringu, Wote, Karatu, Kamariny and Kipchoge Keino are on-going at an average completion rate of 79.4%.

Sports Kenya successfully hosted World Rally Championships, WA U20 Championships, National trials for Team Kenya selection to International Championships and events e.g World Athletics Championships in Oregon USA and XXII Commonwealth games in Birmingham UK among others.

The organization is undertaking a review of its strategic plan to align it to the Medium Term Plan IV and Medium Term Expenditure Framework 2022/23 to 2027/28 and will include but not limited to; Capital projects for equipping of regional Stadia, construction and upgrade of 10 new county stadia, a new Indoor Arena at Nyayo National Stadium, upgrading of Mavoko, Magwagwa, Gusii, Malinya stadia, roofing of Nyayo National Stadium, installation of new floodlights at Nyayo National Stadium, Water harvesting and damming for reuse, installation of electronic pitch advertising board and sound system at Moi International Sports Complex & Nyayo National Stadium as well as installation of seats at MISC

SECTION D

Major risks facing the entity

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

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

-Security risk because of large clientele patronizing the facilities without corresponding

technological capacity to aid in surveillance and access control.

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

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

SECTION E

Material arrears in statutory/financial obligations

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

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

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

SECTION F

The entity's financial probity and serious governance issues

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

9. Environmental and Sustainability Reporting

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

(i) Sustainability strategy and profile

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

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

(ii) Environmental performance

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

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

(iii) Employee Welfare

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

Sports Kenya recognizes the role of training as a management tool in improved productivity, efficiency and employee career progression. The Board's operations are of highly specialized nature, characterized by high precision skills and technical knowledge among the professional, technical and support employees. In this regard, the Board not only recruits the right caliber

personnel but also trains the incumbents for necessary skill sets. Through well trained and competent personnel, the Board undertakes to provide services to the Public efficiently and effectively.

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

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

(iv) Market Place Practices.

Below are Sports Kenya efforts to:

(a) Responsible Competition Practice.

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

(b) Responsible Supply Chain and Supplier Relations.

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

(c) Responsible Marketing and Advertising.

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

(d) Product Stewardship.

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

(v) Corporate Social Responsibility/Community Engagements.

Community social investment is one of the key pillars of Sports Kenya's Corporate Social Responsibility (CSR) policy. In the past financial year, Sports Kenya has engaged in several charitable initiatives in both cash and kind such as Mt Kenya mountain running championship, Uhuru Classic Marathon, Branded sports balls among others.

**Sports Kenya
Annual Report and Financial Statements
For the year ended June 30, 2022.**

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Sports Kenya's affairs.

i) Principal activities

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

ii) Results

The results of the Entity for the year ended June 30, 2022, are set out on page 1- 48.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi - viii. During the year 2021-2022, three independent directors and Board Chairman retired and New Board Chairman was appointed with effect from 6th October 2021.

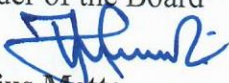
iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Entity did not make any surplus during the year (FY 2021/22 Kshs Nil) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board


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

Date.....**27/9/22**

11. Statement of Directors Responsibilities

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

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

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

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

Approval of the financial statements

The Sports Kenya's financial statements were approved by the Board on 15-09- 2022 and signed on its behalf by:



Assistant Director Finance
CPA Japhet Kaonyu
Sports Kenya
ICPAK M/NO. 15721



Director General
Mr. Pius Metto
Sports Kenya



Chairman of the Board
Mr. Charles Waithaka
Sports Kenya

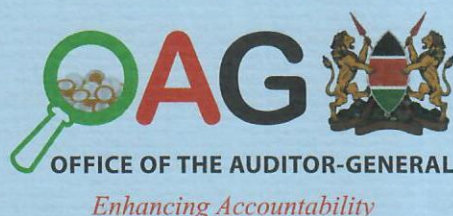
Date... 27-09-2022

Date... 27-09-2022

Date... 27/9/22

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SPORTS KENYA 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, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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

Qualified Opinion

I have audited the accompanying financial statements of Sports Kenya set out on pages 1 to 47, 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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sports Kenya as at 30 June, 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 Sports Act, 2013.

Basis for Qualified Opinion

1. Long Outstanding Accounts Receivables from Exchange Transactions

The statement of financial position reflects accounts receivables from exchange transactions balance of Kshs.297,217,284 as disclosed in Note 18 to the financial statements. The balance includes rent receivable of Kshs.62,327,932 which further includes an amount of Kshs.20,544,506 in respect of rent arrears for tenants who have since vacated the organizations premises dating as far back as 2006/2007 financial year. The Management has not made any provision for doubtful debts..

In the circumstances, the accuracy and completeness of accounts receivable from exchange transactions could not be confirmed.

2. Property and Equipment Balance

The statement of financial position and as disclosed in Note 22 to the financial statements reflects property and equipment balance of Kshs.156,984,393. However, the land on which the organization is situated has not been valued nor included in the assets register. Further, the ownership documents to the land were not provided for audit verification.

In the circumstances, the ownership, valuation and disclosure of the property and equipment balance of Kshs.156,984,393 as at 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.2,545,441,210 and Kshs.1,315,281,544 respectively resulting to an under-funding of Kshs.1,230,159,666 or 48% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on a comparable basis of Kshs.2,545,441,210 and Kshs.1,152,620,213 respectively resulting to an under-expenditure of Kshs.1,392,820,997 or 55% of the approved budget.

The under-funding and under-expenditure affected some of the planned activities and programmes which may have impacted negatively on efficient and effective service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Management of Moi International Sports Centre

The Management entered a Memorandum of Understanding (MOU) for sharing of revenue between Sports Kenya and Nairobi Metropolitan Area Transport Authority (NAMATA) for a Bus Rapid Transit assembly facility construction on a fifteen (15) acre piece of land hived from Moi International Sports Centre – Kasarani. Construction works were on going at the time of the audit. However, the project was not approved by the relevant Cabinet Secretary as required by Section 4(s) of the Sports Act, 2013. Further, construction of a Bus Rapid Transport facility does not fall within the mandate of Sports Kenya in the manner contemplated in Section 4 of the Sports Act, 2013 which stipulates that Sports Kenya is established for the purpose of promoting sporting activities and safeguarding sporting facilities and resources.

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

2. Incomplete and Stalled Projects

The statement of financial position reflects work in progress balance of Kshs.3,570,200,008 as disclosed in Note 23 to the financial statements. Review of projects implemented by Management revealed the following unsatisfactory matters;

2.1 Construction of Kamariny Stadium

Management awarded a contract for the construction of 15,000-seater stadium complete with a standard football field, borehole and associated water storage facilities, electrical and mechanical works and eight (8) lane tracks with field events facilities at the stadium at a contract sum of Kshs.287,837,775 on 6 September, 2016. As at 30 November, 2022 Kshs.81,590,104 or 28% of the contract sum had been paid to the Contractor. However, physical verification of the Project in January, 2023 revealed that the total work done was at approximately 30% with the project having stalled since 2017 while the Contactor was not on site.

2.2 Construction of Kipchoge Keino Stadium Phase I

The Management awarded a contract for the construction works at Kipchoge Keino Stadium Phase 1 at a contract sum of Kshs.304,204,413. The scope included 15,000-seater stadium complete with a standard football field, a boundary wall with gates, a borehole and associated water storage facilities and car park area. The contract sum was revised by an amount of Kshs.65,493,560 increasing the contract sum to Kshs.369,697,973 on 16 August, 2016 with expected completion date of 30 January, 2023. As at 30 November, 2022 an amount of Kshs.326,816,952 or 88% of the contract sum had been paid to the contractor. However, physical verification of the project on 31 January, 2023 revealed that the phase I works had not been completed.

2.3 Construction of Kipchoge Keino Stadium Phase II

Management awarded a contract for construction works at Kipchoge Keino Stadium Phase II for a sum of Kshs.325,829,431 on 18 August, 2017. The scope of works included the construction of 5,000-seater pavilion, boundary wall with gates, a borehole and associated water storage facilities, lifts, car park area, installation of a generator, electrical and mechanical works. The project completion date was 30 January, 2023. Review of the Project Status Report dated 30 November, 2022 revealed that the Contractor had been paid amounts totaling to Kshs.220,382,862 or 68% of the contract sum. Further, physical verification carried out on 31 January, 2023 revealed that the Contractor had abandoned the site due to delayed payments and the Project had stalled.

2.4 Construction of Karatu Stadium

Management awarded a contract for the construction works at Karatu stadium at a contract sum of Kshs.259,604,780. The scope of works included 1,500-seater pavilion, a standard football field, a borehole and associated water storage facilities, electrical and mechanical works and a 6-lane track with field events facilities. The contract period was eight (8) months from 16 September, 2016 and amount paid to the contractor was Kshs.132,740,373 or 51% of the contract sum. However, physical verification carried out

on 2 March, 2023 revealed that the site had been abandoned by the Contractor and the project is incomplete.

2.5 Construction of Wote Stadium

Management entered into a contract for the construction works at Wote stadium at a contract sum of Kshs.299,309,555. Construction works included 1,500-seater pavilion, 8 lane tracks with field events facilities, a standard football field, boundary wall with gates and a borehole with associated water storage facilities for a period of five (5) months from 5 January, 2017 to 31 May, 2018. Extension of time was granted revising the completion date to 30 March, 2023 and amount paid to the Contractor was Kshs.162,942,629 or 54% of the contract sum.

Physical verification carried out on 6 February, 2023 revealed that there was a change of site by the County Government of Makueni which led the contractor to incur additional costs which were not in the original bill of quantities due to the need to stabilize and compact the land. Further, the project was incomplete and the Contractor was not on site.

2.6 Refurbishment of Kinoru Stadium

The Management entered into a Memorandum of Understanding with the County Government of Meru to undertake refurbishment of Kinoru Stadium at a contract sum of Kshs.282,212,086. The contract was awarded to a contractor on 1 September, 2017 with expected completion date of 31 July, 2020 and amounts totalling to Kshs.196,866,326 was paid by the State Department for Sports.

However, physical verification of the Project carried out on February, 2023 revealed that the Project was complete and awaiting commissioning but following anomalies were noted:

- (i) The tartan racing track had numerous wear and tear and pot holes. Further, the racing track could only accommodate 6 lanes instead of 8 lanes recommended by International Association of Athletics Federations.
- (ii) The grass on the football pitch had dried from failure to water it regularly. This was despite the sprinkler irrigation system being in place and availability of borehole water.
- (iii) Further, the roof ceiling on the pavilion were sagging and gaping from frequent rain water leakages from the iron roof.
- (iv) The water treatment and power generator buildings floors are already chipping away.

2.7 Construction of Kirubia Stadium

Management entered into a contract for the construction of Kirubia Stadium in Tharaka Nithi County at a contract sum of Kshs.274,208,855 on 5 January, 2017 with expected completion date of 5 August, 2017. Although available records indicated that the project had been completed but not commissioned, physical verification carried out in February, 2023 revealed that the tartan racing track had developed numerous cracks and

potholes and could only accommodate 6 lanes instead of 8 lanes recommended by International Association of Athletics Federations. Further, grass on the football pitch had dried from failure to water it regularly despite the sprinkler irrigation system being in place and availability of borehole water.

2.8 Construction of Marsabit Stadium

Management awarded a contract for the construction of Marsabit Stadium at a contract sum of Kshs.295,236,215 on 16 September, 2016 with expected completion date of 5 August, 2017. The contract was later varied by Kshs.71,767,679 or 24% of the contract sum to Kshs.367,003,894. The timeline was however not met and the completion date extended to 30 June, 2022. However, physical verification carried out in February, 2023 revealed that the Contractor was on site, but the Project had not been completed and handed over to the relevant Ministry.

2.9 Construction of Ruringu Stadium

Management entered into a contract for the construction of Ruringu Stadium in Nyeri County at a contract sum of Kshs.288,045,530 on 5 January, 2017 with expected completion date of 5 August, 2017. However, physical verification carried out in January, 2023 revealed that the Project was not complete and the Contractor was not on site five (5) years since inception.

In the circumstances, the value for money realized from the expenditure of Kshs.3,570,200,008 for work in progress could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

Those charged with governance are responsible for overseeing the Entity'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 controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls may not prevent or detect misstatements and instances of noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Entity'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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the 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 controls 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

26 April, 2023

13. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
Revenue from non-exchange transactions		Kshs	Kshs
GOK Recurrent Grants	1.0	206,500,000	217,451,184
Other Recurrent Grants	2.0	<u>23,392,140</u>	<u>49,123,120</u>
Total Revenue from non-exchange transactions		<u>229,892,140</u>	<u>266,574,304</u>
Revenue from exchange transactions			
Hire of facilities	3.0	149,334,707	63,649,081
Rental revenue	4.0	69,828,126	48,943,761
Hotel Income	5.0	156,733,171	88,411,218
Branding	6.0	360,000	-
Advertising	7.0	6,102,250	5,402,250
Other income	8.0	<u>94,445</u>	2,096,937
Total Revenue from exchange transactions		<u>382,452,699</u>	<u>208,503,247</u>
Total Revenue		<u>612,344,839</u>	<u>475,077,551</u>
Expenses			
Employee costs	9.0	195,525,268	185,503,899
Remuneration of Board	10.0	10,022,201	13,734,747
Use of Goods and Services	11.0	190,336,650	128,851,279
Contracted and professional services	12.0	59,527,066	21,642,388
Bulk Purchases of water and electricity	13.0	73,016,858	50,918,392
Repairs and Maintenance	14.0	87,872,761	52,193,874
Depreciation and amortization expense	15.0	24,736,463	33,927,402
Finance Cost	16.0	-	-

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Total Expenses		641,037,267	486.7
Net Surplus/(Deficit) for the year		(28,692,428)	(11.6)

The notes set out on pages 13 to 48 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Assistant Director Finance

CPA Japhet Kaunyu
 Sports Kenya
 ICPAK M/NO. 15721

Date... 27-09-2022



Director General

Mr. Pius Metto
 Sports Kenya

Date ... 27-09-2022



Chairman of the Board

Mr. Charles Waithaka
 Sports Kenya

Date ... 27/9/22

Sports Kenya
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For the year ended June 30, 2022.

14 Statement of Financial Position as at 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17.0	303,071,282	316,791,807
Accounts receivables from exchange transactions	18.0	297,217,284	222,248,314
Accounts receivables from non exchange transactions	19.0	125,260,041	172,547,013
Inventories	20.0	4,197,369	3,028,509
Advanced Mobilization Monies	21.0	91,480,118	105,017,573
		821,226,094	819,633,216
Non - current assets			
Property and equipment	22.0	156,984,393	178,519,395
Work in progress (WIP)	23.0	3,570,200,008	2,895,373,824
		3,727,184,401	3,073,893,219
Total assets		4,548,410,495	3,893,526,435
Liabilities			
Current liabilities			
Trade and other payable from exchange transactions	24.0	116,420,509	128,117,027
Refundable deposits from rent customers	25.0	1,126,000	1,126,000
Receipts in advance from trade customers	26.0	143,500	240,952
Provision for audit fee	27.0	522,000	522,000
Employee benefit obligation & pension	28.0	35,975,619	32,682,424
Audit fee payables	29.0	6,275,520	5,753,520
Provision for PAYE assessment	30.0	-	-
		160,463,148	168,441,923
Non - current liabilities			
Provision for KRA tax assessment	31.0	4,995,897	4,995,897
Projects 10% retention fee	32.0	80,759,170	92,140,612
		85,755,067	97,136,509
Total liabilities		246,218,215	265,578,432
Net assets		4,302,192,280	3,627,948,003
Reserves			
Accumulated surplus	33.0	305,437,046	334,129,474

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Capital Funds	34.0	3,996,755,234	3,293,818,529
Total net assets & liabilities		4,302,192,280	3,627,948,003

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Assistant Director Finance

CPA Japhet Kaunyu

Sports Kenya

ICPAK M/NO. 15721

Date... 27-09-2022



Director General

Mr. Pius Metto

Sports Kenya

Date... 27-09-22



Chairman of the Board

Mr. Charles Waithaka

Sports Kenya

Date... 27/9/22

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For the year ended June 30, 2022.

15 Statement of Changes in Net Assets for the year ended 30 June 2022

	Revenue Reserve	Capital Reserve	Total
	Kshs	Kshs	Kshs
As at 30 /06/2020	345,823,904	2,212,409,220	2,558,233,124
Net surplus /(deficit) for the year	(11,694,430)		(11,694,430)
Additions for the year		1,081,409,309	1,081,409,309
Deferred Income	-	-	-
Prior year adjustment			-
As at 30/06/2021	334,129,474	3,293,818,529	3,627,948,003
			-
As at 1/7/2021	334,129,474	3,293,818,529	3,627,948,003
Net surplus /(deficit) for the year	(28,692,428)		(28,692,428)
Additions for the year	-	702,936,705	702,936,705
As at 30/06/2022	305,437,046	3,996,755,234	4,302,192,280

16. Statement of Cash Flows for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
Revenue from non-exchange transactions		Kshs	Kshs
GOK Recurrent grants	1.0	206,500,000	217,451,184
Other Recurrent Grants	2.0	23,392,140	49,123,120
Revenue from exchange transactions			-
Hire of facilities	3.0	149,334,707	63,649,081
Rental revenue	4.0	69,828,126	48,943,761
Hotel income	5.0	156,733,171	88,411,218
Branding	6.0	360,000	-
Advertising	7.0	6,102,250	5,402,250
Other income	8.0	94,445	2,096,937
Expenses			-
Employee costs	9.0	(195,525,268)	(185,503,899)
Remuneration of Board	10.0	(10,022,201)	(13,734,747)
Use of goods and services	11.0	(190,336,650)	(128,851,279)
Contracted and professional services	12.0	(59,527,066)	(21,642,388)
Bulk Purchases of water and electricity	13.0	(73,016,858)	(50,918,392)
Repairs and maintenance	14.0	(87,872,761)	(52,193,874)
Finance cost	16.0	-	-
Working capital changes			-
Increase/decrease in receivables exchange transactions	18.0	(74,968,970)	(70,681,430)
Increase/decrease in receivables non -exchange transactions	19.0	47,286,972	65,704,101
Increase /decrease in inventories	20.0	(1,168,860)	2,172,568
Increase /decrease in advance mobilization monies	21.0	13,537,455	(105,017,573)
Increase/decrease in payables	24.0	(11,696,518)	(4,168,767)
Increase/decrease in refundable deposit for rent	25.0	-	-
Increase/decrease in receipt in advance from customers	26.0	(97,452)	(5,195,928)
Increase/decrease in pension obligation	28.0		

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		3,293,194	9,267,533
Increase/decrease in Audit fee payable	29.0	522,000	522,000
Increase/decrease in PAYE assessment	30.0	-	-
Increase/decrease in KRA tax assessment	31.0	-	-
Increase/decrease in projects 10% retention fee	32.0	(11,381,442)	3,134,131
Net cashflow from operating activities		(38,629,586)	(82,030,393)
Cashflow from investing activities			
Purchase of fixed assets	22.0	(3,201,460)	(25,114,574)
Payment of capital	23.0	(674,826,184)	(840,520,531)
Disposal of fixed assets	34.0		2,056,971
Cashflow from financing activities			
Capital funds	34.0	702,936,705	1,081,409,300
Net increase in cash and cash equivalents		(13,720,525)	135,800,788
Cash and Cash equivalents at the start of the year		316,791,807	180,991,025
Cash and Cash equivalents at the end of the year	11.0	303,071,282	316,791,807

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



Assistant Director Finance
 CPA Japhet Kaunyu
 Sports Kenya
 ICPAK M/NO. 15721

Date... 27-09-2022



Director General
 Mr. Pius Metto
 Sports Kenya

Date 27-09-2022



Chairman of the Board
 Mr. Charles Waithaka
 Sports Kenya

Date 27/9/22

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17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

ITEM DESCRIPTION	APPROVED BUDGET FY 2021/2022	ADJUSTMENTS	REVISED APPROVED BUDGET FY2021/2022	Actual YTD	Variance Analysis YTD		Explanation of material variances
					KSHS	KSHS	
INCOME							
Grants GOK - Recurrent	206,452,000	11,102,770	217,554,770	206,500,000	(11,054,770)	-5%	
Grants GOK - Development	100,000,000	(20,000,000)	80,000,000	80,000,000	-	0%	
Grants SASDF	4,409,150,000	(2,807,354,750)	1,601,795,250	622,936,705	(978,858,545)	-61%	
Kinoru Stadium Launch - SASDF Grant	-	8,000,000	8,000,000	8,000,000	-	0%	
Posta Ground - SASDF Grant	-	10,444,600	10,444,600	10,444,600	-	0%	
Renovation of NNS - Office of the President Grant	-	4,947,540	4,947,540	4,947,540	-	0%	
Rent	78,708,000		78,708,000	69,828,126	(8,879,874)	-11%	
Hire of Facilities	200,000,000	25,165,000	225,165,000	146,937,382	(78,227,618)	-35%	
Hotel Fees	250,000,000	43,000,050	293,000,050	156,733,171	(136,266,879)	-47%	
Gate Takings	10,000,000	(5,000,000)	5,000,000	1,532,325	(3,467,675)	-69%	
Advertising and TV Rights	20,624,000		20,624,000	7,327,250	(13,296,750)	-64%	
Other Income(Sale of tender, Disposal of assets & Miscellaneous)	700,000	(498,000)	202,000	94,445	(107,555)	-53%	
Partnership, Sponsorship, Naming Rights & Branding	1,000,000	(1,000,000)	-	-	-	0%	
Bus Rapid Transport/Park & Ride	150,000,000	(150,000,000)	-	-	-	0%	
Standard & Regulations of Stadia consultancy, Licenses and Levy	10,000,000	(10,000,000)	-	-	-	0%	
TOTAL INCOME	5,436,634,000	(2,891,192,790)	2,545,441,210	1,315,281,544	(1,230,159,666)	-48%	
PERSONEL&ADMINISTRATION							
Basic Salaries	182,583,000	1,671,970	184,254,970	169,328,458	14,926,512	8%	
NSSF - Employer	291,000	53,200	344,200	352,000	(7,800)	-2%	
Pension Annual Employer	18,012,000		18,012,000	14,565,832	3,446,168	19%	

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Pension Arrears			-	-	-	0%
Staff Service Gratuity /Arrears	44,500,000	(38,000,000)	6,500,000	5,340,069	1,159,931	18%
Director General Gratuity		4,231,430	4,231,430	4,231,429	1	0%
Contracted Service Gratuity	6,500,000		6,500,000	1,707,480	4,792,520	74%
Staff Medical	22,500,000		22,500,000	19,898,394	2,601,606	12%
Staff Welfare /Hospitality	9,702,000	(3,000,000)	6,702,000	6,693,472	8,528	0%
Staff Training	24,470,000	(10,000,000)	14,470,000	3,448,810	11,021,190	76%
Road safety awareness	1,000,000		1,000,000	290,000	710,000	71%
HIV /AIDS Activities	1,000,000		1,000,000	-	1,000,000	100%
Gender/Disabilities/Drug Abuse Activities	4,860,000	(3,700,000)	1,160,000	820,000	340,000	29%
Performance Contracting	2,500,000	(1,500,000)	1,000,000	254,000	746,000	75%
SUB-TOTAL	317,918,000	(50,243,400)	267,674,600	226,929,944	40,744,656	15%
BOARD EXPENSES						
Board Sitting & Mileage Allowances	52,990,000	(5,000,000)	47,990,000	10,022,201	37,967,799	79%
SUB-TOTAL	52,990,000	(5,000,000)	47,990,000	10,022,201	37,967,799	79%
EXPENSES						
OPERATIONS & MAINTENANCE						
Establishment of Sports Heritage & Documentation Center	5,000,000	(4,000,000)	1,000,000	-	1,000,000	100%
Standard Regulations of Stadia, Inspection & Licensing	2,500,000	(1,500,000)	1,000,000	-	1,000,000	100%
Hosting Mass sports in 4 Regions	15,173,000	(15,173,000)	-	-	-	0%
Policy, Strategy and Information	8,500,000	(7,500,000)	1,000,000	-	1,000,000	100%
Water & conservancy	50,200,000		50,200,000	36,242,459	13,957,541	28%
Electricity	50,040,000	(9,600,000)	40,440,000	36,774,399	3,665,601	9%
Food Purchases	60,104,000		60,104,000	49,365,271	10,738,729	18%
Stadion Expenses	30,022,000		30,022,000	4,438,621	25,583,379	85%
ICT Expenses & Accessories						18%

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	6,050,000		6,050,000	4,949,026	1,100,974		
Gas & fuel	8,040,000		8,040,000	7,181,396	858,604	11%	
Marketing & Advertising	28,503,000	(23,000,000)	5,503,000	4,371,800	1,131,200	21%	
CSR Activities	5,120,000	2,000,000	7,120,000	3,834,700	3,285,300	46%	
Stationery, Photocopying & Printing	7,162,000		7,162,000	6,344,352	817,648	11%	
Fungicides, Insecticides Sprays & Fumigation , Chemicals	7,641,000	(500,000)	7,141,000	3,904,049	3,236,951	45%	
Cleaning materials	5,148,000		5,148,000	5,283,504	(135,504)	-3%	
International Perdiem /Accommodation	10,126,000	(8,000,000)	2,126,000	-	2,126,000	100%	
International Travel	5,500,000	(4,500,000)	1,000,000	-	1,000,000	100%	
Local Perdiem/ Accommodation	15,008,000	1,000,000	16,008,000	15,685,849	322,151	2%	
Local Travel	5,032,000		5,032,000	5,000,025	31,975	1%	
Advertising	4,060,000	(3,000,000)	1,060,000	742,203	317,797	30%	
Casual Wages	16,617,000	9,000,000	25,617,000	19,717,919	5,899,081	23%	
GENERAL ADMINISTRATIVE EXPENSES			-				
Official Entertainment	2,740,000	4,000,000	6,740,000	4,568,906	2,171,094	32%	
Motor Vehicle Insurance	1,500,000	-	1,500,000	1,136,849	363,151	24%	
Transport / Motor Vehicle Operations	2,850,000	6,000,000	8,850,000	8,799,491	50,509	1%	
Office Refurbishment	6,000,000		6,000,000	1,152,156	4,847,844	81%	
Maintenance of Stadia facilities, Office Equipment, Plant & Machinery	34,148,000	47,054,770	81,202,770	80,903,961	298,809	0%	
Kinoru Stadium Launch		8,000,000	8,000,000	6,968,800	1,031,200	13%	
Telephone & Airtime Expenses	2,617,000	600,200	3,217,200	3,286,145	(68,945)	-2%	
Postage & Courier Services	185,000	(150,000)	35,000	31,808	3,192	9%	
Membership Subscriptions	1,270,000	(500,000)	770,000	225,334	544,666	71%	
Miscellaneous and other Charges, Bank Charges	1,800,000		1,800,000	1,000,199	799,801	44%	
Staff Uniforms & PPE	6,024,000	(3,000,000)	3,024,000	1,309,620	1,714,380	57%	

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For the year ended June 30, 2022.

Covid-19 Expenses	10,000,000	(7,000,000)	3,000,000	1,582,000	1,418,000	47%
Provision for Depreciation & Amortization	10,560,000	14,773,390	25,333,390	24,736,463	596,927	2%
SUB-TOTAL	425,240,000	5,005,360	430,245,360	339,537,305	90,708,055	21%
CONTRACTED SERVICES					-	
Legal Services	6,200,000	18,200,000	24,400,000	22,726,610	1,673,390	7%
Consultancy Services	3,000,000	3,700,000	6,700,000	1,965,000	4,735,000	71%
Cleaning Services	13,500,000		13,500,000	11,914,656	1,585,344	12%
Security Services	25,000,000		25,000,000	22,920,800	2,079,200	8%
Audit Services	522,000		522,000	522,000	-	0%
General Insurance	15,000,000	(11,000,000)	4,000,000	3,100,351	899,649	22%
Budget Preparations workshops, monitoring & Evaluations	4,132,000	(2,000,000)	2,132,000	1,398,400	733,600	34%
SUB-TOTAL	67,354,000	8,900,000	76,254,000	64,547,817	11,706,183	15%
TOTAL RECURRENT EXPENDITURE	863,502,000	(41,338,040)	822,163,960	641,037,267	181,126,693	22%
CAPITAL						
Purchase of Motor Vehicle	11,000,000		11,000,000	-	11,000,000	100%
Office Computers & Accessories	7,035,000	(4,000,000)	3,035,000	3,126,460	(91,460)	-3%
ERP System	25,000,000		25,000,000	-	25,000,000	100%
Specialized Tools	952,000	(500,000)	452,000	-	452,000	100%
Plant & Equipment	2,350,000	(2,000,000)	350,000	-	350,000	100%
Furniture & Cabinets	13,645,000	(12,000,000)	1,645,000	75,000	1,570,000	95%
Bulk Filing	4,000,000	(4,000,000)	-	-	-	0%
Gymnasium Upgrade	104,000,000	(104,000,000)	-	-	-	0%
Develop a Roller - Skating Rink	107,500,000	(107,500,000)	-	-	-	0%
Aquatic Stadium Upgrade	83,450,000	(83,450,000)	-	-	-	0%
Pool Heating System at Aquatic	151,200,000	(151,200,000)	-	-	-	0%

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For the year ended June 30, 2022.

Recreation, theme and Amusement Park	110,000,000	(110,000,000)	-	-	-	0%	
Water Harvesting system and damming for reuse	125,000,000	(125,000,000)	-	-	-	0%	
Equipping the New Indoor Arena for Indoor Games	105,000,000	(105,000,000)	-	-	-	0%	
Furnishing VIP Suites at Nyayo National Stadium	100,000,000	(100,000,000)	-	-	-	0%	
County Stadia(10)	1,100,000,000	(1,100,000,000)	-	-	-	0%	
NNS Roofing	800,000,000	(800,000,000)	-	-	-	0%	
NNS Swimming & Basketball court	400,000,000	(400,000,000)	-	-	-	0%	
Electronic Advertising Board	250,000,000	(250,000,000)	-	-	-	0%	
Sound System at NNS	80,000,000	(80,000,000)	-	-	-	0%	
Installation of Seats at Kasarani/Hotel Fitting	333,000,000	(197,373,410)	135,626,590	116,066,146	19,560,444	14%	
7 REGIONAL STADIA:	100,000,000	1,033,557,340	1,133,557,340	236,402,468	897,154,872	79%	
City Stadium Upgrade	350,000,000	(350,000,000)	-	-	-	0%	
Equipping 8 Regional Stadia	210,000,000	(210,000,000)	-	-	-	0%	
Nyayo N.Stadium/Kip phase II & Kinoru Stadium		412,611,320	412,611,320	155,912,872	256,698,448	62%	
SUB-TOTAL	4,573,132,000	(2,849,854,750)	1,723,277,250	511,582,946	1,211,694,304	70%	
				-	-		
TOTAL EXPENDITURE	5,436,634,000	(2,891,192,790)	2,545,441,210	1,152,620,213	1,392,820,997	55%	

18. Notes to the Financial Statements

1. General Information

Sports Kenya is established by and derives its authority and accountability from Sports Act No 2013. The Entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to promote co –ordinate and implement national and international sports programs, establish, manage, develop and maintain the sports facilities including convention centers, indoor sporting and recreational facilities in the country and participate in the promotion of sports tourism among others. Sports Kenya is expected to develop modern sports facilities as well us improve the existing ones.

2. Statement of Compliance and Basis of Preparation

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

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

- iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2021-2022 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional development appropriations of Kshs 20,000,000.00 on the 2021-2022 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

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

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

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

c) Taxes

Current income tax

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

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

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

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an *xx*-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of *SportsKenya*.

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

r) Borrowing costs

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

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

t) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Notes to the Financial Statements (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

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

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021-22	Prior year
					2020-2021
	KShs	KShs			KShs
Ministry of Sports Culture & Heritage	229,892,140		702,936,700	932,828,840	1,347,983,613
Total	229,892,140		702,936,700	932,828,840	1,347,983,613

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Notes to the Financial Statements (Continued)

NO	NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30TH JUNE 2022	2021-2022	2020-2021
	Income from Non-Exchange Transactions		
1.0	GOK Grants	Kshs	Kshs
	Recurrent grant - SK	173,000,000	173,000,000
	GOK Utility Grants - Water & Electricity	33,500,000	44,451,184
	Total	206,500,000	217,451,184

		2021-2022	2020-2021
2.0	Other Recurrent Grants	Kshs	Kshs
	Kinoru Stadium SASDF Grant	8,000,000	
	Posta Ground - SASDF Grant	10,444,600	
	Office of the President - NNS Repair Grant	4,947,540	
	Monitoring & Evaluation SASDF Grant		4,978,700
	Continental Tour - SASDF Grant		14,202,935
	Recurrent grant - U20 Project		29,941,485
	Total	23,392,140	49,123,120

		2021-2022	2020-2021
3.0	Hire of facilities	Kshs	Kshs
	Hire of Hospitality	373,604	-
	Hire of main stadium & equipment	130,648,950	63,017,502
	Hire of aquatic stadium	4,386,104	-
	Hire of indoor courts	11,168,724	-
	Gate takings	1,532,325	-
	Hire of flood light	-	-
	Live coverage income	1,225,000	631,579
	Hire of barriers	-	-
	Total	149,334,707	63,649,081

		2021-2022	2020-2021

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4.0	Rental Income	Kshs	Kshs
	Residential housing	33,088,000	33,156,000
	Commercial space	36,740,126	15,787,761
	Total	69,828,126	48,943,761

		2021-2022	2020-2021
5.0	Hotel Income	Kshs	Kshs
	Hotel income , Cyber café, Bar sales	156,733,171	88,411,218
	Total	156,733,171	88,411,218

		2021-2022	2020-2021
6.0	Branding Income	Kshs	Kshs
	Nyayo stadium	360,000	-
	Moi International Sports Centre	-	-
	Total	360,000	-

		2021-2022	2020-2021
7.0	Advertising Income	Kshs	Kshs
	Nyayo National Stadium/ MISC	6,102,250	5,402,250
	Total	6,102,250	5,402,250

		2021-2022	2020-2021
8.0	Other Income	Kshs	Kshs
	Miscellaneous	91,445	18,966
	Sale of tenders	3,000	21,000
	Disposal of assets	-	2,056,971
	Total other Income	94,445	2,096,937

		2021-2022	2020-2021
9.0	Employee Costs	Kshs	Kshs
	Employee related costs salaries and wages	124,090,227	121,766,300
	Employee related cost contribution to pension	14,565,832	14,500,712
	Pension arrears	-	-
	Gratuity contracted	1,707,480	1,465,680
	Director General Gratuity	4,231,429	
	Gratuity arrears	5,340,069	2,146,544

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	NSSF	352,000	344,200
	Acting allowance	1,711,301	1,348,236
	Special duty allowance	762,930	1,135,228
	Residential telephone line	936,000	938,000
	Housing allowance	38,365,000	39,039,000
	Leave allowance	3,463,000	2,820,000
	Total Employee cost	195,525,268	185,503,899

		2021-2022	2020-2021
10.0	Board of Directors allowances	Kshs	Kshs
	Chairman's honoraria	766,451	960,000
	Chairman's Telephone Allowance	50,000	60,000
	Chairman's Mobile Allowance	50,000	60,000
	Board of Directors sitting allowances	7,783,350	8,387,150
	International perdiem	-	-
	International travel	-	-
	Local travel	61,600	567,997
	Local perdiem	800,800	3,699,600
	Training	510,000	-
	Total Cost	10,022,201	13,734,747

		2021-2022	2020-2021
11.0	Use of goods and services	Kshs	Kshs
	Marketing and Advertisement	5,114,003	772,271
	Transport operating	8,799,491	6,867,461
	Local travel & perdiem	20,685,874	16,450,111
	International travel & perdiem	-	-
	Stationery	6,344,352	3,219,171
	Telephone and Airtime	3,286,145	4,126,880
	ICT expenses	4,949,026	2,153,393
	Gas and fuel	7,181,396	782,370
	Food purchase	49,365,271	18,177,464

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	Hotel expenses	4,438,621	1,249,287
	Medical insurance	19,898,394	17,128,054
	Subscriptions	225,334	234,344
	Office refurbishment	1,152,156	-
	Office cleaning materials	5,283,504	7,072,042
	Insecticides sprays and chemicals	3,904,049	2,590,079
	Motor vehicle insurance	1,136,849	1,062,130
	General insurance	3,100,351	3,320,260
	Casual Wages	19,717,919	20,433,244
	Staff Uniforms	1,309,620	-
	Training expenses	3,448,810	2,218,258
	Gender/Disability & Drug Abuse	820,000	
	Road Safety & Mainstreaming	290,000	
	Staff Welfare/ Staff Hospitality	6,693,472	4,950,863
	Performance Contracting	254,000	
	Official entertainment	4,568,906	4,797,789
	Sponsorship fees/CSR Activities	3,834,700	3,254,360
	Postage & Courier Services	31,808	8,862
	Monitoring and Evaluation	1,398,400	2,686,900
	Covid - 19 Expenses	1,582,000	3,594,329
	Audit fee	522,000	522,000
	Bank charges	986,557	1,179,357
	Mpesa Charges	13,642	-
	Total cost	190,336,650	128,851,278

		2021-2022	2020-2021
12.0	Contracted and Professional services	Kshs	Kshs
	Cleaning services	11,914,656	-
	Consultancy services	1,965,000	-

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	Security services	22,920,800	19,287,200
	Legal fees	22,726,610	2,355,188
	Total cost	59,527,066	21,642,388

		2021-2022	2020-2021
13.0	Total Bulk purchases	Kshs	Kshs
	Electricity	36,774,399	23,544,804
	Water	36,242,459	27,373,588
	Total Cost	73,016,858	50,918,392

		2021-2022	2020-2021
14.0	Repair and Maintenance	Kshs	Kshs
	Repair and maintenance of Stadia -SK	70,289,948	22,252,389
	Repair and maintenance of Stadia - U20 Project	-	29,941,485
	Repair and maintenance of Kinoru Stadia	6,968,800	-
	Repair and maintenance of Posta Ground	10,614,013	-
	Total Cost	87,872,761	52,193,874

		2021-2022	2020-2021
15.0	Depreciation & amortization	Kshs	Kshs
	Land & Buildings	2,034,731	2,076,257
	Motor vehicles	3,622,418	4,829,890
	Plant & Machinery	9,431,395	15,090,232
	Office Equipment	7,894,099	9,937,372
	Furniture	1,753,820	1,993,651
	Total	24,736,463	33,927,402

		2021-2022	2020-2021
16.0	Bank Interest/Overdraft	Kshs	Kshs
	Bank Interest/Overdraft	-	-
	Total	-	-

		2021-2022	2020-2021
17.0	Cash and Cash Equivalents	Kshs	Kshs
	Standard Chartered main bank		-

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		3,920,082	
	Fund Account	50,112,931	31,455
	Project Account	29,998,379	19,171,318
	Rent Account	208,834	27,080
	Co-operative Project Account	218,441,543	297,555,489
	Cash in Hand	-	-
	Mobile Money in Account (Mpesa Account)	389,513	6,465
	Total	303,071,282	316,791,807

		2021-2022	2020-2021
18.0	Accounts receivables from -exchange transactions	Kshs	Kshs
	Rent	62,327,932	42,136,563
	Trade debtors	234,889,352	180,111,751
	Total	297,217,284	222,248,314

19.0	Accounts receivables from non -exchange transactions	2021-2022	2020-2021
		Kshs	Kshs
	Deaflympics	500,000	500,000
	Ministry of Sports, Culture and the Arts	107,390,843	107,390,843
	KAS	-	-
	NYTA	3,045,084	3,045,084
	Fc Talanta	-	-
	Kenya Football Federation -Loan	10,000,000	10,000,000
	Salary advance	2,268,383	1,946,167
	Imprest outstanding	2,055,731	2,486,224
	Kipchoge Stadium phase II grants		19,453,103
	Recurrent grant quarter 4	-	27,725,592
	Development grant	-	
	Total	125,260,041	172,547,013

		2021-2022	2020-2021
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20.0	Inventory	Kshs	Kshs
	Moi international Sports Centre main stores	3,137,292	2,109,553
	Food Stores	934,544	672,395
	Nyayo National stadium stores	125,533	246,561
	Total	4,197,369	3,028,509

		2021-2022	2020-2021
		Kshs	Kshs
21.0	Advanced Mobilization Monies	91,480,118	105,017,573
	Total	91,480,118	105,017,573

		2021-2022	2020-2021
22.0	Property Plant and Equipment	Kshs	Kshs
	Land & Buildings	99,701,838	101,736,569
	Motor vehicles	10,867,253	14,489,670
	Plant & Machinery	15,718,992	25,150,387
	Office Equipment	18,419,564	23,187,202
	Furniture	12,276,746	13,955,566
	Total	156,984,393	178,519,395

23.0	Work In Progress	2021-2022	2020-2021
23.1	International Sports Academy (WIP)	Kshs	Kshs
	Opening bal	34,585,249	34,585,249
	Expenditure	-	-
	Total	34,585,249	34,585,249
		2021-2022	2020-2021
23.2	Rehabilitation Works (WIP)	Kshs	Kshs
	Opening bal	2,315,160,820	1,474,640,289
	Advance Mobilization Monies		(105,017,574)
	Kipchoge Keino Stadium Phase I	72,645,826	62,578,346
	Ruringu Stadium	60,088,941	88,844,746
	Marsabit Stadium	70,039,781	168,851,178
	Wote Stadium	17,701,628	40,552,733

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	Karatu Stadium	829,274	33,191,743
	Chuka Stadium	13,426,580	65,580,957
	Kamariny Stadium	-	3,293,466
	Nyayo National Stadium	51,837,493	148,341,565
	Kinoru Stadium	14,100,908	113,615,272
	Kinoru Stadium PHASE II	31,441,903	
	Kipchoge Keino Stadium Phase II	58,532,568	70,706,233
	Stadion Hotel	74,203,100	-
	Rehabilitation works - Kisumu (WIP)	1,670,438	22,000,000
	World U 20 Project	41,863,046	127,981,866
	Tartan Installation - Regional Stadia	166,003,038	
	Total	2,989,545,344	2,315,160,820
		2021-2022	2020-2021
23.3	Indoor Court Complex (WIP)	Kshs	Kshs
	Opening bal	38,010,717	38,010,717
	Expenditure	441,660	-
	Total	38,452,377	38,010,717
23.4	National Stadia	2021-2022	2020-2021
		Kshs	Kshs
	Feasibility Works -PKF	507,617,038	507,617,038
	Total	507,617,038	507,617,038
	TOTAL WIP	3,570,200,008	2,895,373,824

		2021-2022	2020-2021
24.0	Trade and other payables from exchange transactions	Kshs	Kshs
	Trade and other payables from Exchange transactions	116,420,509	128,117,027
	Total	116,420,509	128,117,027

		2021-2022	2020-2021
		Kshs	Kshs
25.0	Refundable rent deposits	1,126,000	1,126,000

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		2021-2022	2020-2021
26.0	Receipts in advance from customers	Kshs	Kshs
	Rent received in advance	143,500	240,952
	Receipts in advance from trade customers	-	-
	Total	143,500	240,952

		2021-2022	2020-2021
		Kshs	Kshs
27.0	Provision for audit fee	522,000	522,000
	Total	522,000	522,000

		2020-2021	2019-2020
28.0	Employee benefit obligation & pension	Kshs	Kshs
	Bal b/f	32,682,424	23,414,891
	Pension for the year	21,840,876	21,751,071
	Pension Paid	(18,547,681)	(12,483,538)
	Total	35,975,619	32,682,424

		2021-2022	2020-2021
		Kshs	Kshs
29.0	Audit Fee Payable	6,275,520	5,753,520
	Total	6,275,520	5,753,520

		2020-2021	2019-2020
	Provision for PAYE assessment	Kshs	Kshs
30.0	Provision for PAYE assessment	-	-

		2021-2022	2020-2021
		Kshs	Kshs
31.0	Provision for KRA tax assessment	4,995,897	4,995,897

		2020-2021	2019-2020
		Kshs	Kshs
32.0	Projects 10% retention fee	80,759,170	92,140,612

		2021-2022	2020-2021
33.0	Accumulated surplus	Kshs	Kshs
	Opening bal	334,129,474	345,823,904

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	Net surplus for the year	(28,692,428)	(11,694,430)
	Total	305,437,046	334,129,474

		2021-2022	2020-2021
34.0	Capital funds	Kshs	Kshs
	Opening bal	3,293,818,529	2,212,409,220
	Grants for the year-Kinoru,NNS & Kipchoge II (CHAN)	125,226,191	332,410,088
	Capital Grants- Kinoru PHASE II	46,519,120	
	Grants for the year-Regional Stadia	300,536,609	530,861,737
	Grants for the year-World U 20 Project	-	218,137,484
	Capital Grants- Kasarani Seats Installation	115,654,785	
	Capital Project Grants- Tartan Installation	115,000,000	
	Total	3,996,755,234	3,293,818,529

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35.0 PROPERTY, PLANT AND EQUIPMENTS MOVEMENT SCHEDULE:

	Land	Buildings	Motor Vehicles	Plant & Machinery	Office Equipment	Furniture	Total
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Cost/Valuation							-
At 1st July 2020		115,912,082	21,989,348	86,366,718	73,946,080	40,140,277	338,354,505
Additions	-	-	10,977,414	581,000	549,300	430,000	12,537,714
Additions WU20	-	-	-	12,576,860	-	-	12,576,860
Disposals	-	-	-	(1,028,486)	(617,091)	(411,394)	(2,056,971)
Transfer/adjustments	-	-	-	-	-	-	-
At 30 June 2021		115,912,082	32,966,762	98,496,093	73,878,289	40,158,883	361,412,108
	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)	(Kshs.)
Cost/Valuation							
At 1st July 2021		115,912,082	32,966,762	98,496,093	73,878,289	40,158,883	361,412,108
Additions	-	-	-	-	3,126,460	75,000	3,201,460
Additions WU20	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-
At 30 June 2022		115,912,082	32,966,762	98,496,093	77,004,749	40,233,883	364,613,568
Depreciation and impairment							
At 1 July 2020		12,099,256	13,647,202				

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			58,255,473	40,753,714	24,209,666	148,965,311
Depreciation(Charge for the yr)	2,076,257	4,829,890	15,090,232	9,937,372	1,993,651	33,927,402
Impairment	-	-	-	-	-	-
At 30 June 2021	14,175,513	18,477,092	73,345,705	50,691,087	26,203,317	182,892,713
Depreciation and impairment						
At 1 July 2021	14,175,513	18,477,092	73,345,705	50,691,087	26,203,317	182,892,713
Depreciation(Charge for the yr)	2,034,731	3,622,418	9,431,395	7,894,099	1,753,820	24,736,463
Impairment	-	-	-	-	-	-
At 30 June 2022	16,210,244	22,099,509	82,777,100	58,585,185	27,957,137	207,629,176
Net book values						
At 30 June 2022	99,701,838	10,867,253	15,718,992	18,419,564	12,276,746	156,984,392
At 30 June 2021	101,736,569	14,489,670	25,150,387	23,187,202	13,955,566	178,519,395

Notes to the Financial Statements (Continued)

36. Financial Risk Management

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

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

i) Credit risk

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

Financial Risk Management

The carrying amount of financial assets recorded in the financial statements representing the Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

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

iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions.

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

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern.

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Notes to the Financial Statements (Continued)

37. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Sports, Arts and Social Development Fund(SASDF)
- v) Key management.
- vi) Board of directors.

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Notes to the Financial Statements (Continued)

38. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the Entity did not make any surplus during the year (FY 2021 Nil) and hence no remittance to the Consolidated Fund.

39. Events after the Reporting Period

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

40. Ultimate And Holding Entity

The Entity is a Semi- Autonomous Government Agency under the Ministry of Sports Culture and Heritage. Its ultimate parent is the Government of Kenya.

41. Currency

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

42. Mobilization fee

The board has mobilization outstanding of **Kshs 91,480,118.00/=** to contractors which were given at the beginning of the projects. The amount is included in the cumulative work in progress expenditure and will be recovered from the contractor's certificates before the completion of the projects.

43. Service Gratuity-Ksh 67,464,782.00

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

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19. Appendix

Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.0	<p>Variations between Financial Statements and Supporting Schedules</p> <p>The variances were not explained.</p> <p>In the circumstances, the accuracy of the balances reflected in the financial statements could not be confirmed.</p>	<p>The variance was in Trade and other Payables from Exchange Transaction which had included pension arrears of 10,833,429 and adjusted financial statement was done and submitted. Also the variance in Project 10% Retention fee was supporting document was provided.</p>	Resolved	FY2020/2021
2.0	<p>Inaccuracies in the Financial Statements</p> <p>The statement of financial performance reflects total expenses amount of Kshs. 486,771,981, whereas the statement of budget and actual amounts reflects total recurrent expenditure balance of Kshs. 455,645,777 resulting to an unexplained variance of Kshs. 31,126,204. Further, the statement of changes in net assets reflects an increase in the capital funds balance of Kshs. 1,081,409,309 during the year under review that differs with the</p>	<p>The financial statements for the year ended 30 June, 2021 were amended and submitted for audit review</p>	Resolved	FY2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>developments grants in Apendix III balance of Kshs.1,111,350,793 resulting to unreconciled variance of Kshs. 29,941,484.</p> <p>In addition, the statement of changes in net assets reflects capital reserve additions for the year of Kshs.1,081,409,309 whereas the statement of budget and actual amounts reflects total capital expenditure balance of Kshs.1,008,084,863 resulting to an unexplained variance of Kshs. 73,324,446.</p> <p>In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2021 could not be confirmed.</p>			
3.0	<p>Inaccurate Bank Balance</p> <p>The Statement of financial position reflects cash and cash equivalents balance of Kshs. 316,791,807 and as disclosed in Note 16 to the financial statements. Included in the balance is Co-operative project account balance of Kshs. 297,555,489 that differed with its cash book balance of Kshs. 6,750,630.</p> <p>In the circumstances, the</p>	<p>The difference was for a reconciling item which was addressed on Cash and Cash Equivalent and Financial position statement amended accordingly and submitted for audit review.</p>	Resolved	FY2020/2021

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	accuracy and completeness of the cash and cash equivalents balances of Kshs. 316,791,807 could not be confirmed.			
4.0	<p>Long Outstanding Receivables from Exchange Transactions</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs. 222,248,314. However, the debtors movement schedule showing the opening balance, additions for the year and payments to arrive at the closing balance was not provided. Further, the balance includes rent receivable balance of Kshs. 42,136,563 out of which an amount of Kshs. 20,544,506 was in respect of rent arrears dating as far back as 2006/2007 and for tenants who have vacated the premises.</p> <p>In the circumstances, the accuracy, completeness and recoverability of receivables from the exchange transactions balance of Kshs.222,248,314 could not be confirmed.</p>	<p>It is true that our accounts receivable moved from Kshs. 151,566,884 in the year ended 30 June 2020 to Kshs.222,248,314. The increase was majorly occasioned by preparation and hosting international Sports events namely; World U20 Athletics Championships, the World Rally Championships (Safari Rally) on rent, Team Kenya to Tokyo Olympic Games and inter agency collaboration with Kenya Film School which were hosted in our premises within the financial year.</p> <p>Majority of these receivables averagely 60% are from Government Agencies and others relates to sports federations which cites lack of exchequer releases and therefore becoming difficult for us to enforce collection with 180 days. In the current</p>	Not Resolved	FY2022/2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>financial year, Sports Kenya has received Kshs. 50M out of the pending receivables as at 30 June 2021. Discussions are ongoing to have the remaining receivables settled in future before providing for debtors and the option of write off.</p> <p>On rent receivables, management has engaged the services of CRB to aid in debt recovery of rent arrears of Kshs. 20,544,506. Management is also “clamping” houses whose tenants rent is in three months in arrears.</p>		
5.0	<p>Receivables from Non-Exchange Transactions</p> <p>The statement of financial position reflects accounts receivables from non exchange transactions balance of Kshs. 172,547,013. However, the balance includes an amount of Kshs.117,890,843 has been outstanding for over two years. This is contrary to Section 45 of the Public Finance Management Act, 2012 which states that, an appropriation that has not been spent at the end of the</p>	<p>Sports Kenya was the host Institution of NYTA upon which it provided support by way of receiving financial facilitation on behalf from UNICEF and GOK. During the year under review, Sports Kenya received Kshs.12,545,569 reimbursements of NYTA advance leaving a balance of Kshs. 3,045,084. This amount is being pursued. Kshs.10,000,000 receivable relates to an</p>	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial year for which it was appropriated shall lapse immediately at the end of that financial year. Further, its classification does not comply with Section 76 of IPSAS 1, which requires an asset to be classified as a current asset, it is to be realized in a period not exceeding twelve months after reporting the date.</p> <p>In the circumstances, the accuracy completeness and recoverables from non-exchange transactions balance of Kshs. 154,569,538 could not be confirmed.</p>	<p>advance to Kenya Football Federation to support an international football event Kenya Vs Inter Milan. Management will continue to pursue this matter with the respective successors of football management.</p> <p>Kshs. 500,000 was advance made to the distressed Deaflympic team who had been thrown out on account of accommodation arrears that the Department of Sports was unable to settle due to lack of exchequer.</p> <p>Kshs 107,390,843 relates to monies advanced to the State Department for Sports for various sports events which was to be refunded back.</p> <p>Management proposes to pursue write off.</p>		
6.0	<p>Non-recovery of Advance Mobilization Monies</p> <p>The statement of financial position reflects advanced mobilization monies balance of Kshs. 105,017,573 in respect of advance payments made to contractors for construction of stadiums across the country. However,</p>	<p>Sports Kenya has initiated recovery of performance guarantee by writing to the Insurance firm that provided the guarantee to encash the payment which had been advanced to the contractor. The process is ongoing with</p>	Not Resolved	FY2022/2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>expenditure returns, certificate of works certified and project implementation status reports in support of the advance payments of Kshs. 105,017,573 were not provided for audit. Further, the construction of the Kamariny Stadium has stalled and the bank guarantee for its advance of Kshs. 25,905,399 has not been recovered. In the circumstances, the accuracy, completeness, recoverability and classification of advance mobilization monies balance of Kshs. 105,017,573 could not be confirmed.</p>	<p>responses received from AMACO Assurance Co. Ltd acknowledging receipt of the claim recovery and subsequently requesting for relevant documentation.</p> <p>Further to the above, there are still some Kshs.5,568,470.50 retention monies which will also be recovered from the account to offset any outstanding money owing. Section 136 (3) of the Public Procurement & Asset Disposal Regulations (PPADR 2020) states that, "where the advance payment has not been fully paid and the contract is terminated or frustrated, the outstanding advance payment shall be paid by the contractor". The advance payment made was less than 20% of the contract sum. The contractor has been out of site for the last 1 (one) year.</p>		
7.0	<p>Work in Progress</p> <p>The statement of financial position reflects work-in-progress (W.I.P) balance of Kshs.,2,895,373,824 and as disclosed in Note 22 to the</p>	<p>The amount of Ksh.34,585,249 relates to payments made for International Sports Academy project that was taken over by the</p>	Not Resolved	FY2022/2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements. However, the detailed movement schedule showing the opening WIP balance, works certified and payments made during the year under review to arrive at the closing balance were not provided.</p> <p>In addition, the balance includes payments of Kshs. 34,585,249 in re respect of International Sports Academy (ISA) which falls outside the mandate of Sports Kenya.</p> <p>In the circumstances, the accuracy and completeness of work in progress balance of Kshs.2,895,373,824 could not be confirmed.</p>	<p>Kenya Academy of Sports in the FY 2018/19. International Sports Academy is the title of the project being undertaken by Kenya Academy of Sports and not an entity on its own. Kenya Academy of Sports has since moved their office and operations to the project.</p> <p>The Management is working towards finalizing the official handover of the project and thereafter transfers the asset and the expenditure to the Kenya Academy of Sports.</p>		
8.0	<p>Trade and Other payables From Exchange Transactions</p> <p>The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.128,117,027 out of which Kshs.93,118,076 was in respect of creditors that have been outstanding for over two years. This is contrary to Section 80 of IPSAS 1, that requires liability to be classified as current when it is due to be settled within twelve</p>	<p>Sports Kenya has receivables figure of Kshs. 222,248,314 and a payables figure of Kshs. 128,117,027 resulting to a positive figure of Kshs. 94,131,287 as at 30 June 2021. In overall, this is a favorable position that indicates that if all our receivables from exchange transactions are made good then we can comfortably offset our pending payables. It is also true that</p>	Not Resolved	FY2022/23 and FY2023/2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>months after the reporting date.</p> <p>In the circumstances, the accuracy, completeness and classification of trade and other payables balance of Kshs. 128,117,027 could not be confirmed.</p>	<p>management has been able to reduce the accounts payables figure by Kshs. 4,168,767 from Kshs.132,285,794 as at 30 June, 2020 to Kshs. 128,117,027 as at 30 June, 2021. This indicates a good progress on the side of management in ensuring that we have minimal payables.</p> <p>It is also not true that “there is continued increase in trade and other payables from exchange transactions” as stated above.</p> <p>Management also notes that, out of the total payable figure of Kshs.128,117,027, Kshs 93,118,076 (or 73%) relates to payables which are between two and eleven years leaving a balance of Kshs 34,498,951 which is the accumulated payables figure for the last two financial years. This implies that Sports Kenya is able to meet its obligation as and when they fall due</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		bearing in mind at which the accounts payables figure is reducing.		

**Mr Pius Metto
Director General
Sports Kenya**

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Appendix II: Projects implemented by Sports Kenya

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

Status of Projects completion

Project	Total Project Cost	Total Expenditure	Completion % to date	Budget	Actual	Source of Fund
Rehabilitation of Nyayo National Stadium	1,178,558,851.20	1,033,401,397.88	87.68%	131,131,740.00	51,837,493.22	SASDF Grant
Rehabilitation of Kinoru Stadium	869,121,216.80	843,859,834.17	97.09%	36,500,290.00	14,100,907.64	SASDF Grant
Kipchoge Keino Phase 1	304,204,413.00	301,032,255.30	98.96%	142,829,550.00	72,645,826.22	SASDF Grant
Kamariny Stadium	287,837,775.00	81,590,104.86	28.35%	292,153,070.00	-	GOK/SASDF Grant
Ruringu Stadium	248,045,530.00	222,118,170.76	89.55%	101,748,990.00	48,883,540.56	SASDF Grant
Wote Stadium	259,309,554.00	171,075,220.83	65.97%	107,806,860.00	16,677,389.31	SASDF Grant
Marsabit Stadium	327,003,894.18	319,984,698.57	97.85%	40,509,870.00	61,743,012.12	SASDF Grant
Karatu Ndaragu Stadium	229,604,780.00	135,371,949.54	58.96%	96,864,410.00	-	SASDF Grant
Chuka Stadium	244,208,855.00	235,780,722.98	96.55%	22,109,880.00	10,819,388.00	SASDF Grant
Kipchoge Keino Phase 11	325,829,431.00	224,660,393.24	68.95%	198,460,170.00	58,532,568.34	SASDF Grant
World Under 20 Project	332,544,952.06	323,332,807.57	97.23%	-	41,863,045.96	SASDF Grant
Furnishing of Stadion Hotel	79,244,590.00	74,203,100.00	94%	20,626,590.00	74,203,100.00	SASDF Grant
kisumu Floodlights	25,232,000.00	23,670,438.00	94%	-	1,670,438.00	SASDF Grant
Regional Tartan	224,983,500.00	166,003,038.37	73.78%	224,983,500.00	166,003,038.37	SASDF Grant
MISC Seats	115,654,784.85	-	0.00%	115,000,000.00	-	SASDF Grant
Malinya Stadium	20,000,000.00	-	0.00%	20,000,000.00	-	GOK Grant

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Indoor Court	38,452,377.00	38,452,377.00	100.00 %	-	441,660.00	A I /
Consultancy Services	245,080,000.00	175,286,055.95	71.52%	84,551,210.00	23,962,867.68	SAS Grar
Kinoru Phase 2	46,519,120.00	31,441,903.00	67.59%	46,519,120.00	31,441,903.00	SAS Grar
	5,401,435,624.09	4,401,264,468.02		1,681,795,250.00	674,826,178.42	

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Other	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Total Transfers during the Year
					Capital Fund	Deferred Income	Others - to be specified	
Ministry of Sports, Culture and Heritage	14.09.2021	Recurrent	51,625,000.00	51,625,000.00			51,625,000.00	
Ministry of Sports, Culture and Heritage	24.11.2021	Recurrent	51,625,000.00	51,625,000.00			51,625,000.00	
Ministry of Sports, Culture and Heritage	01.03.2022	Recurrent	51,625,000.00	51,625,000.00			51,625,000.00	
Ministry of Sports, Culture and Heritage	09.06.2022	Recurrent	51,625,000.00	51,625,000.00			51,625,000.00	
Launch Of Kinoru Stadium	25.04.2022	Recurrent	8,000,000.00	8,000,000.00			8,000,000.00	
OP-NNS repairs	28.04.2022	Recurrent	4,947,540.00	4,947,540.00			4,947,540.00	
Posta Grounds	09.11.2021	Recurrent	10,444,600.00	10,444,600.00			10,444,600.00	
Sports , Arts and Social Development Funds	5/7/2021	Development	115,654,784.50		115,654,784.50		115,654,784.50	
Sports , Arts and Social Development Funds	4/8/2021	Development	26,794,121.25		26,794,121.25		26,794,121.25	
Sports , Arts and Social Development Funds	6/8/2021	Development	516,356.70		516,356.70		516,356.70	
Sports , Arts and Social Development Funds	6/8/2021	Development	115,000,000.00		115,000,000.00		115,000,000.00	
Sports , Arts and Social Development Funds	17/8/2021	Development	4,973,241.35		4,973,241.35		4,973,241.35	
Sports , Arts and Social Development Funds	17/8/2021	Development	11,763,665.25		11,763,665.25		11,763,665.25	

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Sports , Arts and Social Development Funds	17/8/2021	Development	36,138,126.15	36,138,126.15				36,138,126.15
Sports , Arts and Social Development Funds	10/9/2021	Development	938,479.40	938,479.40				938,479.40
Ministry of Sports, Culture and Heritage	16/9/2021	Development	30,000,000.00	30,000,000.00				30,000,000.00
Sports , Arts and Social Development Funds	22/9/2021	Development	5,743,558.05	5,743,558.05				5,743,558.05
Sports , Arts and Social Development Funds	4/10/2021	Development	66,454,981.15	66,454,981.15				66,454,981.15
Sports , Arts and Social Development Funds	31/10/2021	Development	1,364,790.00	1,364,790.00				1,364,790.00
Sports , Arts and Social Development Funds	15/11/2021	Development	23,029,147.35	23,029,147.35				23,029,147.35
Sports , Arts and Social Development Funds	24/11/2021	Development	1,970,864.15	1,970,864.15				1,970,864.15
Sports , Arts and Social Development Funds	17/12/2021	Development	54,200,144.20	54,200,144.20				54,200,144.20
Sports , Arts and Social Development Funds	20/01/2022	Development	10,426,206.50	10,426,206.50				10,426,206.50
Sports , Arts and Social Development Funds	3/2/2022	Development	42,282,275.25	42,282,275.25				42,282,275.25
Sports , Arts and Social Development Funds	6/4/2022	Development	2,471,080.50	2,471,080.50				2,471,080.50
Sports , Arts and Social Development Funds	8/4/2022	Development	33,824,713.60	33,824,713.60				33,824,713.60
Sports , Arts and Social Development Funds	28/4/2022	Development	46,519,120.00	46,519,120.00				46,519,120.00
Sports , Arts and Social Development Funds	6/5/2022	Development	823,266.60	823,266.60				823,266.60
Sports , Arts and Social Development Funds	16/05/2022	Development	307,775.95	307,775.95				307,775.95
Sports , Arts and Social Development Funds	16/05/2022	Development	2,533,258.90	2,533,258.90				2,533,258.90

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Sports , Arts and Social Development Funds	20/05/2022	Development	19,206,747.70					19,206,747.70
Ministry of Sports, Culture and Heritage	30/06/2022	Development	50,000,000.00					50,000,000.00
Total			932,828,844.50	229,892,140.00			702,936,704.50	932,828,844.50

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Appendix V- Inter-Entity Confirmation Letter

Sports Kenya

The Ministry of Sports, Culture and Heritage, SASDF wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Sports Kenya as at 30th June 2022

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022				Total (D)=(A+B+C)	Amount Received by Sports Kenya (KShs) as at 30 th June 2022 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial ©				
Ministry of Sports, Culture and Heritage	14.09.2021	51,625,000.00				51,625,000.00	51,625,000.00	-
Ministry of Sports, Culture and Heritage	24.11.2021	51,625,000.00				51,625,000.00	51,625,000.00	-
Ministry of Sports, Culture and Heritage	01.03.2022	51,625,000.00				51,625,000.00	51,625,000.00	-
Ministry of Sports, Culture and Heritage	09.06.2022	51,625,000.00				51,625,000.00	51,625,000.00	-
Launch Of Kinoru Stadium	25.04.2022	8,000,000.00				8,000,000.00	8,000,000.00	-
OP-NNS repairs	28.04.2022	4,947,540.00				4,947,540.00	4,947,540.00	-
Posta Graounds	09.11.2021	10,444,600.00				10,444,600.00	10,444,600.00	-
Sports , Arts and Social Development Funds	5/7/2021		115,654,784.50			115,654,784.50	115,654,784.50	-

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Sports, Arts and Social Development Funds	4/8/2021	26,794,121.25	26,794,121.25	26,794,121.25	-
Sports, Arts and Social Development Funds	6/8/2021	516,356.70	516,356.70	516,356.70	-
Sports, Arts and Social Development Funds	6/8/2021	115,000,000.00	115,000,000.00	115,000,000.00	-
Sports, Arts and Social Development Funds	17/8/2021	4,973,241.35	4,973,241.35	4,973,241.35	-
Sports, Arts and Social Development Funds	17/8/2021	11,763,665.25	11,763,665.25	11,763,665.25	-
Sports, Arts and Social Development Funds	17/8/2021	36,138,126.15	36,138,126.15	36,138,126.15	-
Sports, Arts and Social Development Funds	10/9/2021	938,479.40	938,479.40	938,479.40	-
Ministry of Sports, Culture and Heritage	16/9/2021	30,000,000.00	30,000,000.00	30,000,000.00	-
Sports, Arts and Social Development Funds	22/9/2021	5,743,558.05	5,743,558.05	5,743,558.05	-
Sports, Arts and Social Development Funds	4/10/2021	66,454,981.15	66,454,981.15	66,454,981.15	-
Sports, Arts and Social Development Funds	31/10/2021	1,364,790.00	1,364,790.00	1,364,790.00	-
Sports, Arts and Social Development Funds	15/11/2021	23,029,147.35	23,029,147.35	23,029,147.35	-
Sports, Arts and Social Development Funds	24/11/2021	1,970,864.15	1,970,864.15	1,970,864.15	-
Sports, Arts and Social Development Funds	17/12/2021	54,200,144.20	54,200,144.20	54,200,144.20	-

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Sports , Arts and Social Development Funds	20/01/2022		10,426,206.50		10,426,206.50		10,426,206.50	-
Sports , Arts and Social Development Funds	3/2/2022		42,282,275.25		42,282,275.25		42,282,275.25	-
Sports , Arts and Social Development Funds	6/4/2022		2,471,080.50		2,471,080.50		2,471,080.50	-
Sports , Arts and Social Development Funds	8/4/2022		33,824,713.60		33,824,713.60		33,824,713.60	-
Sports , Arts and Social Development Funds	28/4/2022		46,519,120.00		46,519,120.00		46,519,120.00	-
Sports , Arts and Social Development Funds	6/5/2022		823,266.60		823,266.60		823,266.60	-
Sports , Arts and Social Development Funds	16/05/2022		307,775.95		307,775.95		307,775.95	-
Sports , Arts and Social Development Funds	16/05/2022		2,533,258.90		2,533,258.90		2,533,258.90	-
Sports , Arts and Social Development Funds	20/05/2022		19,206,747.70		19,206,747.70		19,206,747.70	-
Ministry of Sports, Culture and Heritage	30/06/2022		50,000,000.00		50,000,000.00		50,000,000.00	-
Total		229,892,140.00	702,936,704.50		932,828,844.50		932,828,844.50	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name CPA Japhet Kauny Sign
 Date
 27-09-2022

