



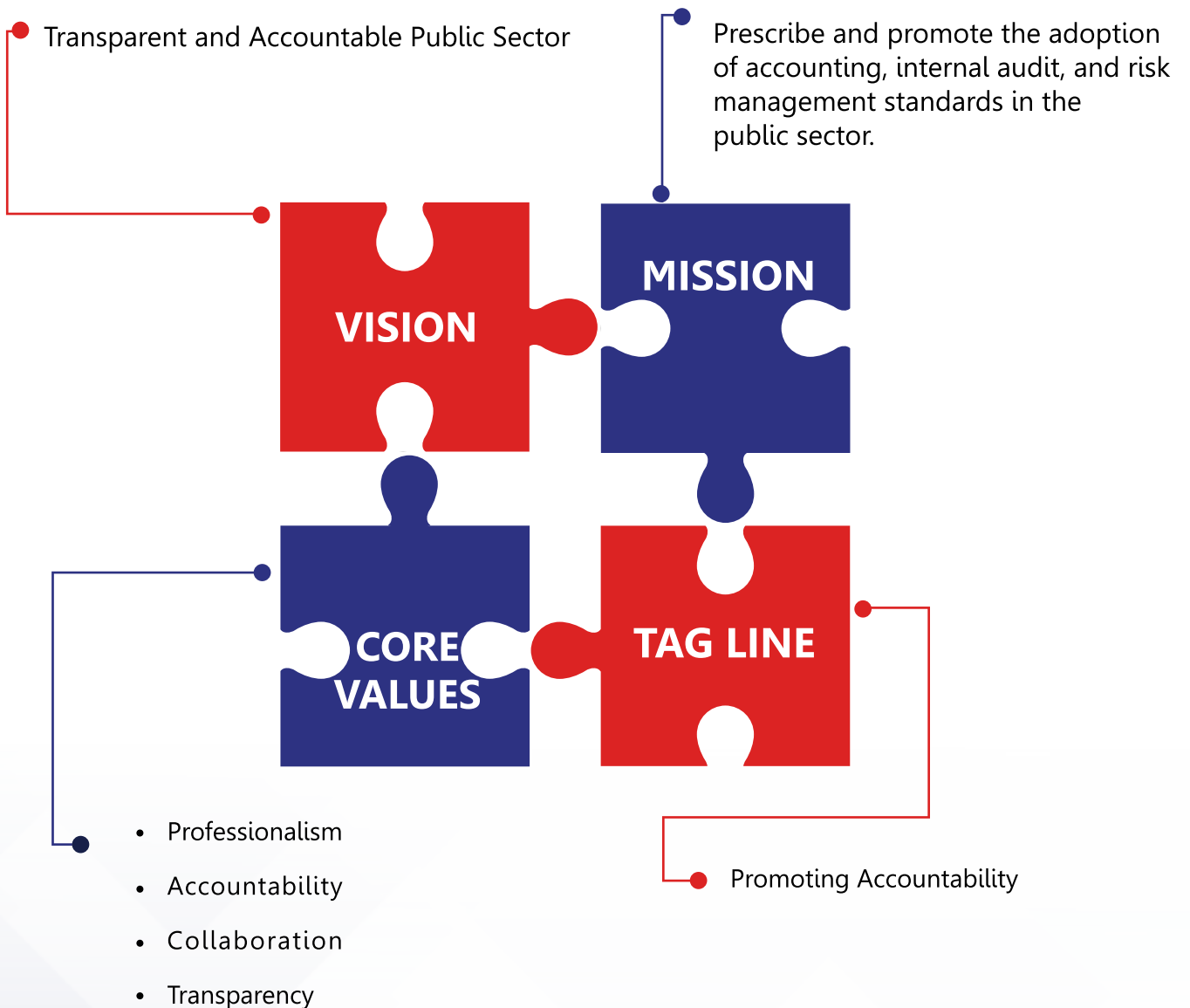
REPUBLIC OF KENYA

PSASB
PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)





REPUBLIC OF KENYA





ANNUAL
REPORT
AND FINANCIAL STATEMENTS

For The Financial Year Ended 30 June 2024

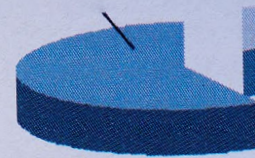
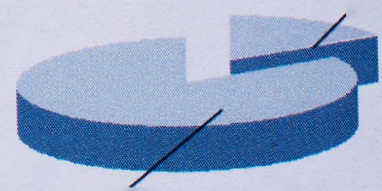
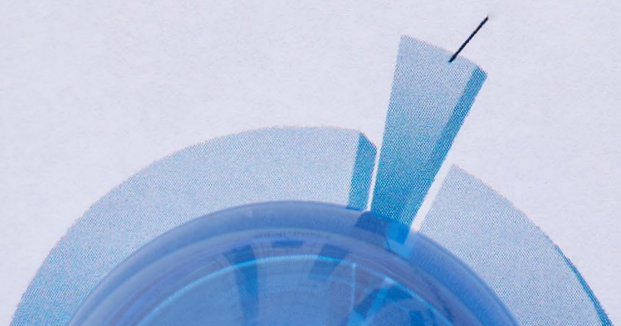
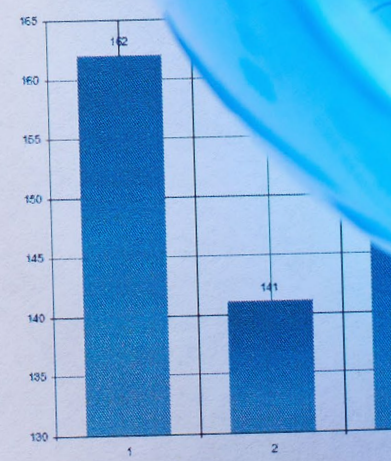
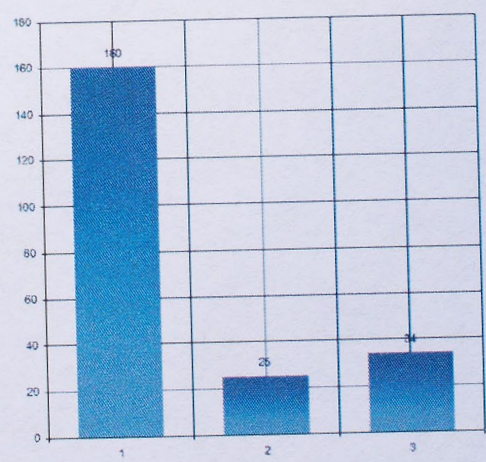
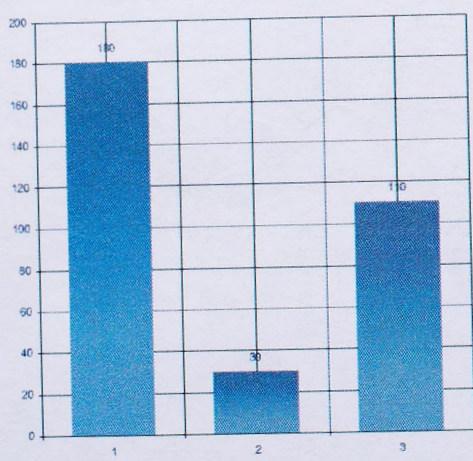
*Prepared in accordance with the Accrual Basis of Accounting Method under the International
Public Sector Accounting Standards (IPSAS)*



Table of Contents

Pages

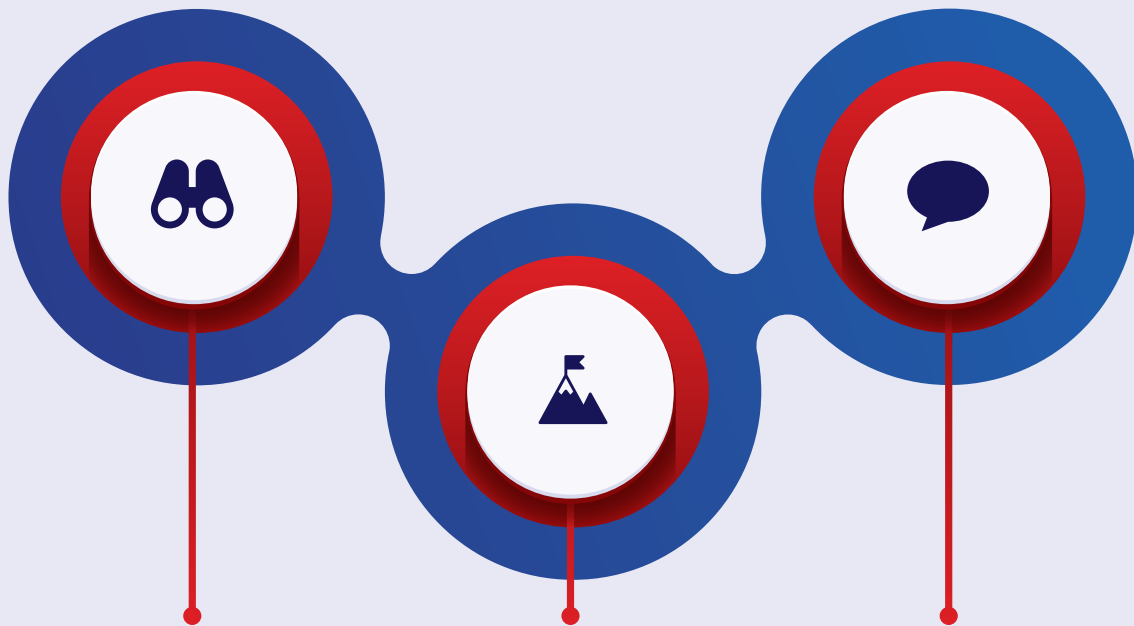
1. Acronyms and Definition of Key Terms	1
2. Key Board Information and Management	2
3. The Board of Directors	7
4. Key Management Team	15
5. Report of the Board Chairman	19
6. Report of the Chief Executive Officer / Board Secretary	22
7. Statement of the Board's Performance Against Predetermined Objectives FY2023/24	24
8. Corporate Governance Statement	30
9. Management Discussion and Analysis	41
10. Environmental and Sustainability Reporting	63
11. The Report of the Board of Directors	66
12. Statement of Directors' Responsibility	67
13. Report of the Auditor General for the Financial Statements of Public Sector Accounting and Standards Board	68
14. Statement of Financial Performance for The Year Ended 30 June 2024	74
15. Statement of Financial Position as at 30 June 2024	75
16. Statement of Changes in Net Assets for the Year Ended 30 June 2024	76
17. Statement of Cash Flows for the Year Ended 30 June 2024	77
18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2024	78
19. Notes to the Financial Statements	81
20. Appendix	115



1. Acronyms and Definition of Key Terms

Acronyms

ACCA	Association of Chartered Certified Accountants
APSEA	Association of Professional Societies in East Africa
CCIOs	Constitutional Commissions and Independent Offices
CEO	Chief Executive Officer
CMA	Capital Markets Authority
CPA	Certified Public Accountant
CS	Certified Secretary
FCPA	Fellow Certified Public Accountant
FCS	Fellow Certified Secretary
FiRe	Financial Reporting
GBE	Government Business Enterprises
GIAS	Global Internal Audit Standards
IBEC	Intergovernmental Budget and Economic Council
ICIFA	Institute of Certified Investment and Financial Analysts
ICPAK	Institute of Certified Public Accountants
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IPPF	International Professional Practice Framework
IPSAS	International Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
KASNEB	Kenya Accountants & Secretaries National Examination Board
MDACs	Ministries, Departments, Agencies and Counties
MDAs	Ministries, Departments and Agencies
OAG	Office of the Auditor General
OCOB	Office of the Controller of Budget
PFM	Public Finance Management
PFMR	Public Finance Management Reforms
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
UNICEF	United Nations International Children’s Emergency Fund
WEF	With Effect From



VISION

Transparent and Accountable Public Sector.

MISSION

Prescribe and promote the adoption of accounting, internal audit and risk management standards in the public sector.

TAG LINE

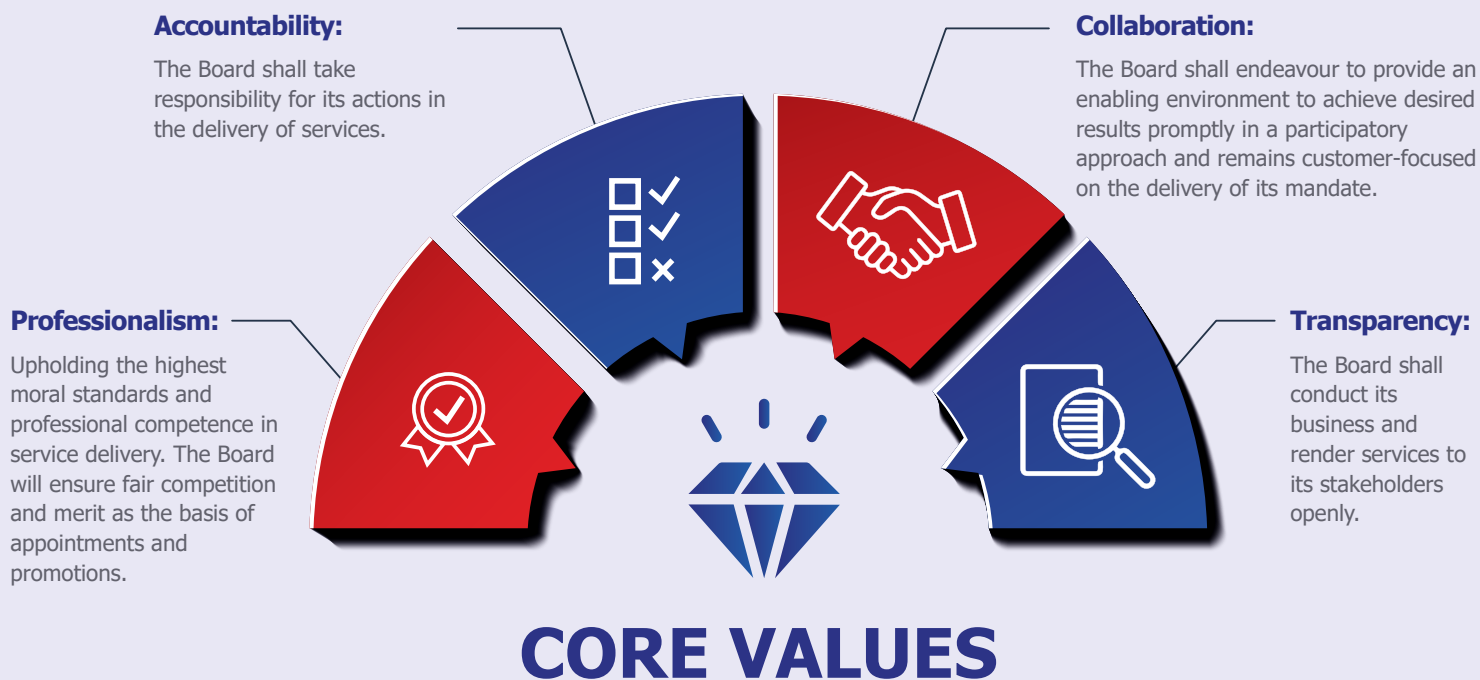
Promoting Accountability.

2. Key Board Information and Management

a) Background information

The Public Sector Accounting Standards Board (PSASB) was established on 28th February 2014 and constituted in accordance with sections 192 and 193 of the PFM Act, 2012. PSASB is a Semi-Autonomous Government Agency (SAGA) under the National Treasury. The Board is constituted by the representative nominees from the following institutions:

1. The National Treasury
2. Office of the Controller of Budget
3. Intergovernmental Budget and Economic Council
4. Office of the Auditor-General
5. Institute of Certified Public Accountants of Kenya
6. Association of Professional Societies of East Africa
7. Capital Markets Authority
8. Institute of Internal Auditors
9. Institute of Certified Public Secretaries of Kenya



Principal Activities

The principal activities of the Board as provided by PFM Act section 194 (1) are to:

- a) Set generally accepted accounting and financial standards.
- b) Prescribe the minimum standards of maintenance of proper books of account for all levels of Government.
- c) Prescribe internal audit procedures which comply with the Act.
- d) Prescribe format for financial statements and reporting by all state organs and public entities.
- e) Publish and publicize the accounting and financial standards and any directives and guidelines prescribed by the Board.
- f) In consultation with the Cabinet Secretary on the effective dates of implementation of the standards, Gazette the dates for application of the standards and guidelines; and
- g) Perform any other functions related to advancing financial and accounting systems management and reporting in the public sector.

b) Key Management

The Board is supported in its functions by a Secretariat, which provides administrative and technical support to the Board and its committees in executing its mandate and functions. The key management personnel who served in the Secretariat during the year are as follows:

No.	Name of the Staff	Responsibility
1	Fredrick Riaga	Chief Executive Officer - <i>Up to 31.01.2024</i>
2	Georgina Muchai	Ag. Chief Executive Officer/Secretary & Director, Accounting Standards - <i>Wef: 01.02.2024</i>
3	Edwin Tito	Director, Internal Audit Standards
4	Jabes Kotieno	Director, Training and Corporate Services
5	Linda Nyageng'o	Manager, Internal Audit Standards
6	Stanley Igati	Manager, Accounting Standards
7	Njeri Chege	Manager, Legal & Board Secretary
8	Vincent Ayaya	Manager, Finance and Accounts

c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	FCPA Fredrick Riaga <i>up to 31.01.2024</i>
2.	Ag. Chief Executive Officer/Secretary & Director, Accounting Standards	CPA Georgina Muchai <i>Wef: 01.02.2024</i>
3.	Director, Internal Audit Standards	CPA Edwin Tito
4.	Director, Training and Corporate Services	CPA Jabes Kotieno
5	Manager, Internal Audit Standards	CPA Linda Nyageng'o
6	Manager, Accounting Standards	CPA Stanley Igati
7	Manager, Legal & Board Secretary	CPA/CS Njeri Chege
8	Manager, Finance and Accounts	CPA Vincent Ayaya
9	Head, Internal Audit	CPA/CIA Rose Sambu
10	Head, Supply Chain Management	Dr. Mary Kariuki, MCIPS

d) Fiduciary Oversight Arrangements

The Board of Directors is responsible for ensuring the achievement of the strategic objectives, mandate of the organization, and financial accountability as set out under the PFM Act, 2012. This responsibility is achieved through the various committees of the Board, which are given specific terms of reference to carry out the Board's mandate. The Board also ensures that strategic direction is given to management, who are responsible for the day-to-day operations of the organization to achieve commonality of purpose. The Board has constituted the following committees to assist in the discharge of the mandate of the Board:

- i. **Governance and Strategy Committee**
- ii. **Accounting Standards Committee**
- iii. **Internal Audit Standards Committee**
- iv. **Audit and Risk Assurance Committee**

The Board is accountable to various parliamentary committees through the National Treasury.

e) Other Board's Key details

i. **Headquarters**

CPA Centre 8th Floor
Ruaraka, Thika Road
P.O. Box 38831-00100
Nairobi, KENYA

ii. **Contacts**

Telephone: (254) 020 251 1557
E-mail: info@PSASB.go.ke.
Website: www.PSASB.go.ke.
Facebook: <https://www.facebook.com/PSASB/254/>.
LinkedIn: <https://www.linkedin.com/company/PSASBkenya>.
X: <https://x.com/PSASBKe>.

iii. **Banker**

Co-operative Bank of Kenya
Parliament Road branch
P.O. Box 5772
City Square 00200
Nairobi, Kenya

iv. **Independent Auditor**

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

v. **Principal Legal Adviser**

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

3. The Board of Directors

The Board of Directors of the Public Sector Accounting Standards Board as constituted are as highlighted below:

FCPA Pius Nduatih was appointed to the Board on 22nd of April 2022 in line with Section 1931 (a) of the PFM Act and represents the National Treasury. He holds a Bachelor of Commerce degree from the University of Nairobi and an MBA degree from the University of Leeds (UK) and is a Corporate Governance Trainer, Board Evaluator and accredited Governance Auditor. He is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Secretaries of Kenya (ICS) and the Institute of Certified Investment and Financial Analysts (ICIFA) and a member of the Kenya Institute of Management (KIM).



**FCPA Pius M. Nduatih, OGW
Board Chairman**

FCPA Pius previously served as the Chief Executive Officer (CEO) of KASNEB where he had earlier joined as Chief Officer Finance. Prior to that, he had served as Head of Finance with the Commission for Higher Education (now Commission for University Education), Finance Officer, Kenya Science Teachers College and as Accountant, Kenya Railways Corporation. FCPA Pius was a member of the team that developed Mwongozo: The Code of Governance for State Corporations. He has also served on various Boards, including Kenya National Examinations Council (KNEC), Kenya Education Management Institute (KEMI), ICPAK, ICS, ICIFA, RCPSB and the Academic Board of Kenya Institute of Curriculum Development (KICD).

Currently, Pius is a Consultant with Dorion Associates LLP and a facilitator for Women on Boards Network. He is the Chairperson of the Audit Committee of the Ministry of Public Service, Gender, Senior Citizens Affairs and Special Programmes. In recognition of his contribution to Nation building, FCPA Pius was conferred with the Order of the Grand Warrior of Kenya (OGW) by His Excellency, The President of Kenya, in 2013.



**FCPA Prof. Nicholas Letting',
PhD
Board Member**

FCPA Prof. Nicholas K. Letting', EBS, HSC,

FCPA Prof. Nicholas K. Letting was appointed to the Board on 22nd April 2022 in accordance with Section 193 1 (f) and represents the Association of Professional Societies of Eastern Africa (APSEA). He is an Adjunct Associate Professor at KCA University, and he holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and Bachelor of Commerce Degrees from the University of Nairobi. He is a holder Final Certificates from KASNEB as follows: Certified Public Accountant (CPA); Certified Public Secretary (CPS) and Certified Investments and Financial Analyst (CIFA). He holds several short – term Certificates from Kenya School of Government and Strathmore Business School.

He has over twenty-six (26) years' experience in industry and academia in both private and public sector organizations having worked with KASNEB, MUA, KIM and BAT Kenya. As an industry practitioner, he has been a CEO for over ten (10) years. As a scholar, he has taught in several Universities in Kenya and has facilitated in several international conferences, published widely in refereed Journals and supervised several PhD and Masters Students in both public and private Universities. He is External Examiner at the University of Nairobi and Chairman at APSEA. In 2020 he was awarded the Elder of the Order of the Burning Spear (EBS) and the Head of State of Commendation (HSC) in 2012. He is an active contributor in Governance, Education and Training sectors in Universities and Technical Training Institutions and occasionally presents on emerging issues on academia and corporate governance in both electronic and print media. He has been a Board/Council Member of several private and public sector organizations including the Kenya Institute of Curriculum Development (KICD) and the National Commission for Science Technology Innovations (NACOSTI). He was Chairman of the Institute of Certified Public Secretaries of Kenya (ICPSK) in 2014-2016.

He is a Fellow of ICPAK, ICS and KIM and a Member in good standing of Institute of Certified Investments and Financial Analysts (ICIFA), Institute of Directors (IoD) and Institute of Human Resource Management (IHRM). He is a member of Council in ICPAK, ICS and ICIFA and chairs Audit, Risk and Compliance Committees. Currently, Prof. Letting' serves as the Kenya Accountants and Secretaries National Examination Board (KASNEB) Secretary/Chief Executive Officer and is the immediate past Vice – Chancellor/Chief Executive Officer of the Management University of Africa (MUA). He joined KASNEB on 2nd May 2019. He is responsible for providing strategic leadership to KASNEB fraternity. At the Board, FCPA Letting Chairs the Audit and Risk Assurance Committee and is a member of Internal Audit Standards Committee.

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

CPA Leonard Okoth was appointed to the Board on 22nd April 2022 in accordance with the Public Finance Management Act Section 193 1(h) and represents the Institute of Internal Auditors of Kenya (IIA). CPA Leonard chairs the Internal Audit Standards Committee and is a member of the Audit, Risk & Compliance Committee at the Board. He holds a Bachelor of Business Administration degree in Accounting from Maseno University and a Master of Business Administration in Strategic Management from United States International University. He is a Certified Internal Auditor (CIA), Certified Public Accountant (CPA-K), Certified Information Systems Auditor (CISA) and Certified Fraud Examiner (CFE). He holds a certificate in Senior Management Leadership from Strathmore University and Nanyang Business School, Singapore.



CPA Leonard Okoth Ouma
Board Member

He is an audit leader with over Eighteen (18) years' experience in Assurance, Governance and Risk Management. He has extensive assurance and governance experience serving in various Boards and organizations across several sectors namely Telecommunication, Financial Services, Professional Audit Service and Public Sector. He is a member of the Institute of Internal Auditors Kenya (IIA), Institute of Certified Public Accountants of Kenya (ICPAK), Information Systems Audit and Control Association (ISACA), Association of Certified Fraud Examiners (ACFE) and Institute of Directors (IoD) Kenya. Currently, he works at the Central Bank of Kenya as the Ag. Director, Internal Audit and Risk. Previously, Leonard was an Internal Audit Leader at Safaricom PLC. Leonard is the President of the Institute of Internal Auditors of Kenya, Vice President in the Africa Federation of the Institute of Internal Auditors (AFIIA) and a member of the IIA Global Nominations Committee.

FCS CPA Rosemary Njogu was appointed to the Board on 8th October 2021 in accordance with the Public Finance Management Act Section 193 1(i) and represents the Institute of Certified Secretaries (ICS). She is a member of the Governance & Strategy and Internal Audit Standards Committees at the Board. She is a Certified Public Accountant-Kenya, Certified Public Secretary-Kenya, Chartered Global Management Accountant and Associates of Cost and Management Accountants (UK) professional. She is a managing partner at Njogu Professional Consultants.



FCS CPA Rosemary Njogu
Board Member



FCPA Edwin Njamura
Board Member

FCPA Edwin Njamura was appointed to the Board on 8th October 2021 in accordance with the Public Finance Management Act Section 193 1(g) and represents the Capital Markets Authority. He Chairs the Governance and Strategy Committee and is a member of the Accounting Standards Committee of the Board. He holds an Executive MBA from Moi University and a Bachelor of Commerce degree from the University of Nairobi. He joined the Capital Markets Authority in July 2012 as Director, Corporate Services. He has been instrumental in the development of the institutional capacity of CMA by leading transformational programs and maintaining high standards around Accounting & Finance, Human Capital & Administration, Information Technology, and Procurement operations.

Prior to this he was the Chief Finance Officer of Deloitte East Africa and Finance Manager of Deloitte Africa Board. His career spanning over twenty-seven (27) years has included working for other major brands such as Lonrho, Mitchell Cotts and Exxon (locally Esso). FCPA Edwin sits on the ICIFA Council and is a pioneering committee member of the AIRC – Africa Integrated Reporting Council. He is also a Fellow of the Institute of Certified Public Accountants of Kenya.



CPA Sylvester Kiini
Board Member

CPA Sylvester Ngei Kiini was appointed to the Board on 22nd April 2022 in accordance with the Public Finance Management Act Section 193 1(d) and represents the Office of the Auditor General. CPA Sylvester is a member of the Accounting Standards and Internal Audit Committees of the Board. He holds a Master of Business Administration and Bachelor of Commerce degree in Accounting from the University of Nairobi and currently pursuing a PhD from the same university. He's a member of the Institute of Certified Public Accountants and often facilitates ICPAK workshops and seminars. He boasts of thirty-two (32) solid years' experience in audit of which fifteen (15) years have been in private audit firms and seventeen (17) years at the Office of the Auditor General.

He's currently serving as the Deputy Auditor General; Financial Audit Services at the OAG, a position he has held for the last ten (10) years. He also serves as a member of the Professional Standards Committee of Certified Public Accountants of Kenya, where he has served for eight (8) years since 2017.

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

CPA Risper Olick was appointed on 8th October 2021 in accordance with the Public Finance Management Act Section 193 1(e) and represents the Institute of Certified Public Accountants of Kenya (ICPAK). CPA Risper chairs the Accounting Standards Committee and is a member of Audit and Risk Assurance Committee of the Board. She holds a Master of Business Administration (Finance) from the University of Nairobi and a Bachelor of Commerce degree from the same the University. CPA Risper is currently pursuing a Doctor of Philosophy in Business Administration (DBA) at USIU-A specializing in Leadership and organization change. She is a Certified Public Accountant of Kenya, Certified Secretary and Certified Grants Accountant.



CPA Risper Olick
Board Member

She is a member of the Certified Public Accountants of Kenya, Institute of Certified Secretaries and the Association of Women Accountants of Kenya (AWAK). She is a resourceful and accomplished professional with over fifteen (15) years' work experience in financial management, administration, operations, compliance checks, and project management. Currently she is a consultant in finance and tax matters. Until December 2020, she was the Finance and Administration Manager at Amnesty International Kenya where she worked for ten (10) years and was able to among other things set up an efficient accounting system for the organization and rolled out an e-system that enabled staff to work smoothly from home in the Covid-19 pandemic period. She was also the coordinator of the Wapi Nduru program that trained over 400 accountants on Safe whistle blowing in partnership with UNDP, Amnesty International Kenya and ICPAK among other partners. Previously she has also worked with World Vision Kenya in charge of Finance and Supply Chain in Nyanza, Western and parts of the Rift Valley. She has also served in the Board of Young Women Leadership Institute (YWLI) as a trustee and treasurer. CPA Risper currently serves ICPAK as a Council member and is the Chairperson of the Finance and Strategy Committee, a member of the Member Services Committee which she previously chaired, and also a member of Devolution work stream. She is the deputy chairperson Siaya County Assembly Audit committee.



CPA Mary Koki Kimanzi
Board Member

CPA Mary Koki Kimanzi was appointed to the Board on 22nd April 2022 in accordance with the Public Finance Management Act Section 193 1(c) and represents the Inter- Governmental Budget and Economic Council (IBEC). CPA Mary is a member of the Governance & Strategy Committee and Accounting Standards Committee of the Board. She holds a Master of Business Administration in Finance from the University of Nairobi and a Bachelor of Business Administration (Finance and Accounting) from Kenya Methodist University. She is currently pursuing a master's degree in public policy and management at the Strathmore Business School.

CPA Mary is a Certified Public Accountant, CPA (K) and a Member of the Institute of Certified Public Accountants in Kenya (ICPAK). She is a former County Executive Committee Member (CECM) for Finance and Socio-Economic Planning and Head of County Treasury at the Government of Makueni County. Mary has over twenty (20) years' experience in public finance management.



FCPA Stephen Masha, EBS,
Board Member

FCPA Stephen Masha, EBS, was appointed to the Board on 8th October 2021 in accordance with the Public Finance Management Act Section 193 1(b) and represents the Office of the Controller of Budget. FCPA Masha is a member of the Accounting Standards Committee and Audit and Risk Assurance Committee of the Board. He holds a Master of Science in Finance from Leicester University, a Bachelor's Degree in Education from Kenyatta University and is a Certified Public Accountant. He is a Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), where he recently served as the convener of Public Finance Sub-committee and a member of the Devolution and Branches Work stream and the Public Policy and Governance Committee.

FCPA Masha has over twenty-five (25) years of experience in the finance and accounting sector, having worked as the Director, County Fiscal Affairs at the Commission on Revenue Allocation (CRA) before joining the Office of the Controller of Budget. Prior to joining CRA, he worked as the Regional Chief Fiscal Analyst at USAID, Audit Manager at Action Aid Kenya, Internal Auditor at Family Health Options Kenya (FHOK) and Auditor at Price Waterhouse, now Price Waterhouse Coopers. FCPA Masha is a member of the Geneva-based UNAIDS Advisory Group (UAG) on AIDS Response Financing. He has also served as an expert at the UN Expert Group Meeting on budgeting and planning to support effective institutions for the Sustainable Development Goals (SDGs) in 2019. Currently, he serves as the Deputy Controller of Budget.

PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

FCPA Fredrick Riaga served as the Chief Executive Officer of the Public Sector Accounting Standards Board and Secretary to the Board from 1st August 2019 to 31st January 2024. He maintains a keen interest in institutional sustainability by promoting good governance practices and work ethos founded on integrity and ethical behaviour. Prior to joining the Board, Fredrick was part of the leadership team at the Institute of Certified Public Accountants of Kenya. He was also the long-serving Head of the Secretariat of the East Africa Community Institute of Accountants, a platform for the regional Professional Accountancy Organizations to engage with the East Africa Community on policy matters touching on the general practice of accountancy in the region. Fredrick also worked at PricewaterhouseCoopers, and NIC Bank Limited.



FCPA Fredrick Riaga
Secretary of the Board

Fredrick is a contributor to the standard setting agenda of the International Public Sector Accounting Standards Board – Toronto Canada. He is also currently serving as the Chairman of the Finance Committee of Newlife SDA Church and previously, the Church Treasurer. He served for six years, a member of the County Executive Audit Committee for the County Government of Makueni up to February 2023, the first general government institution to have obtained an unmodified audit opinion. He also chairs the Nominations Committee of Ufanisi SACCO Limited.

Fredrick previously advised the top tier-one deposit-taking savings and credit cooperative societies in Kenya - Mwalimu National SACCO Limited and Stima SACCO Limited, the leading SACCOs in Kenya with a joint asset base of about KES 100 billion on governance specifically in relation to board elections.

FCPA Fredrick Riaga holds an MBA in Finance and a Bachelor of Commerce in Accounting both from the School of Business of the University of Nairobi and a Certificate in IPSAS by ACCA. He is a fellow of the Institute of Certified Public Accountants of Kenya and an accountant of good standing. He is also a member of the Institute of Internal Auditors of Kenya and Institute of Certified Investments and Financial Analysts of Kenya.



CPA Georgina Muchai
Ag. Chief Executive Officer
and Secretary of the Board

CPA Georgina Muchai was appointed the Ag. Chief Executive Officer of the Public Sector Accounting Standards Board and Secretary to the Board with effect from 1st February 2024. She holds a Master of Science Degree in Finance from the University of Nairobi and a Bachelor of Commerce Degree from Kenyatta University. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Institute of Internal Auditors (IIA). She holds a certificate in IPSAS and IFRS from ACCA and Public Finance Management Certificate from the IMF Institute of Capacity Building. She joined PSASB in 2016 as a technical services advisor and was appointed as Director Accounting Standards in June 2019.

Prior to joining the PSASB, she worked as an external auditor with Deloitte and Touche, PKF East Africa and KK & CO. She has over sixteen (16) years of experience in audit, finance, accounting, financial reporting and public finance management. She is a contributor to the setting of international public sector accounting standards and serves the International Public Sector Accounting Standards Board (IPSASB) as a technical advisor.



4. Key Management Team

FCPA Fredrick Riaga served as the Chief Executive Officer of the Public Sector Accounting Standards Board and Secretary to the Board as from 1st August 2019 to 31st January 2024. He maintains a keen interest in institutional sustainability by promoting good governance practices and work ethos founded on integrity and ethical behaviour. Fredrick creates and enables teams by entrenching the culture of collaboration and cooperation. By this, he has succeeded in creating a highly attractive working environment at the PSASB.



CPA Georgina Muchai was appointed the Ag. Chief Executive Officer of the Public Sector Accounting Standards Board and Secretary to the Board with effect from 1st February 2024. She holds a Master of Science Degree in Finance from the University of Nairobi and a Bachelor of Commerce Degree from Kenyatta University. She is a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). She is also a member of the Institute of Internal Auditors (IIA). She holds a certificate in IPSAS and IFRS from ACCA and Public Finance Management Certificate from the IMF Institute of Capacity Building.



She joined PSASB in 2016 as a technical services advisor and was appointed as Director Accounting Standards in June 2019. Prior to joining the PSASB, she worked as an external auditor with Deloitte and Touche, PKF East Africa and KK & CO. She has over sixteen (16) years of experience in audit, finance, accounting, financial reporting and public finance management. She is a contributor to the setting of international public sector accounting standards and serves the International Public Sector Accounting Standards Board (IPSASB) as a technical advisor



CPA Jabes Kotieno- Director, Training and Corporate Services

CPA Jabes is a Chartered Certified Accountant (ACCA) and a Certified Public Accountant (CPA) with a Masters Degree in Business Administration (Finance) from the University of Nairobi. He has over sixteen (16) years accounting and finance experience having worked with different corporate firms and organizations including Oshwal Education and Relief Board, Kapa Oil Refinery, Shankar Investment Ltd among others.

He has experience in Financial and Management Accounting, Taxation, Investment and Risk evaluation. He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and Association of Chartered Certified Accountant (ACCA).



CPA Linda Nyageng'o – Manager, Internal Auditing Standards

CPA Linda holds MBA – Financial Management from University of Nairobi and B. Com (Accounting Option) from Kenyatta University. She also holds IPSAS Certification from ACCA. She is a Certified Public Accountant, Certified Public Secretary and is currently pursuing certification of internal audit (CIA). Previously, she has worked with the County Government of Kisii as the Head of Internal Audit.

She is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), Institute of Internal Auditors (IIA) and the Institute of Certified Secretaries of Kenya (ICS).

CPA Edwin Tito – Director, Internal Audit Standards

CPA Tito is a member of the Institute of Internal Auditors (IIA) and Institute of Certified Public Accountants Kenya (ICPAK). He serves as a 2nd Vice Chair for the Institute of Internal Auditors Kenya whose role is to professionalize the internal audit function by promoting adoption of IPPF and growing the numbers of Certified Internal Auditors in the country. He holds a Master of Science in Project Management and a Bachelor of Commerce (Finance).



He is a Certified Internal Auditor (CIA), Certified Public Accountant (CPA), An accredited Corporate Governance Trainer, Accredited Internal Audit Quality Assessor, and a Quality Management Systems Auditor. He has over 16 years’ experience in Internal Audit, Risk Management, Compliance, and Quality Assurance obtained from a variety of international and local organizations drawn from the Private, Charity and Public Sectors.

CPA Stanley Igati – Manager, Accounting Standards

CPA Stanley holds an MBA (Finance) from Kenyatta University and a Bachelor of Education (Arts) from the University of Nairobi. He is a Certified Public Accountant and is a member of the Institute of Certified Public Accountant of Kenya (ICPAK).

Stanley also holds an IPSAS certification from ACCA. Stanley previously worked at the National Treasury and has over thirteen (13) years in experience in the public sector.





CPA Vincent Ayaya – Manager, Finance and Accounts

CPA Ayaya holds a Master of Science (Finance) from University of Nairobi and Bachelor of Commerce (Finance Option) from the same university. He is a Certified Public Accountant and is currently pursuing PhD in Business Administration. Previously, he worked with the Kenya Film Classification Board as Head of Finance and Accounts. He has fourteen (14) years of experience in Public Finance management, Public Procurement, Budgeting, Risk Management and Human Resource Management and Administration.

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a trainer in Corporate and Public Finance Management.



CPA CS Njeri Chege – Manager, Legal Services

CPA CS Njeri Chege is an Advocate of the High Court of Kenya and was entered in the Roll of Advocates on 13th October 2005. She has over eighteen (18) years' post admission experience as a Legal & Corporate Governance practitioner in the private and public sector. She holds a Master of Laws (LLM) and Bachelor of Laws (LLB) (Hons) from the University of Nairobi, Parklands Campus and a Post Graduate Diploma in Law from the Kenya School of Law. Additionally, she is a Certified Public Accountant of Kenya CPA(K), a Certified Public Secretary of Kenya CPS (K), a Commissioner of Oaths, a Notary Public and a SCAC-listed Accredited Governance Auditor.

She is a member of the Law Society of Kenya, the East Africa Law Society, the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Certified Secretaries (ICS). She possesses solid experience in Public Sector Governance successfully championing Good Governance and Board Management, in addition, she is a seasoned legal advisor and Litigator.

5. Report of the Board Chairman



The Public Sector Accounting Standards Board is pleased to present the Annual Report and Financial Statements for the year ended June 30, 2024. During the period under review, the Board registered significant growth in its operations. The Board was established in 2014, ten (10) years ago. I am happy to note that we have successfully implemented two (2) generational strategic plans. Recently, we developed the third generation Strategic Plan for the period 2023/24-2027/28 which aligns the policy goals, priority programmes and fiscal framework to support achievement of the objectives of the Third Medium Term Plan (MTP IV) and, ultimately, the Vision 2030.

During the year under review, our Chief Executive Officer FCPA Fredrick Riaga exited the Board on 31st January 2024 and the Board, in consultation with the National Treasury, appointed CPA Georgina Muchai to act as the Chief Executive Officer with effect from 1st February 2024. CPA Muchai brings a wealth of experience to the Board having joined the PSASB in 2016 as a technical services advisor and later appointed as Director Accounting Standards in 2019.

As enshrined in Section 194 of the PFM Act, 2012 the Board is mandated to prescribe frameworks and set generally accepted standards for the development and management of accounting and financial systems for all State organs and Public Entities. The Board also prescribes internal audit procedures and mainstreams best practices for good governance, internal controls, and risk management. This mandate has been the guiding principle in shaping its vision, mission strategic goals and annual work plans.

During the period under review, the Cabinet, on 7th of March 2024, approved the transition from cash to accrual accounting by National and County Governments and their respective entities with effect from 1st July 2024. The transition is expected to be done over a three (3) year period with full transition expected to be realized by 30th June 2027. This sets stage for the country to implement the International Public Sector Accounting Standards (IPSAS) Accrual framework for all non-commercial entities, this will reduce the number of frameworks applied in the country to two (2), bearing in mind the Government Business entities (GBEs) will continue to apply the IFRS framework while all other public sector entities will apply the International Public Sector Accounting Standards (IPSAS) Accrual framework.

Adoption of accrual accounting will aid better decision-making, allow the government to manage its finances more effectively, permit comparisons of financial performance between different government agencies, encourage international comparability, and promote transparency and accountability in public finance as envisioned in the Constitution of Kenya, 2010. The Board will enhance the capacities



of Ministries, Departments, Agencies, and Counties (MDACs), Constitutional Commissions, and Independent Offices as they transition to this accounting framework.

As a result of the above decision by the Cabinet, the Board has prepared sixteen (16) new annual and quarterly accrual-based financial reporting templates for the Ministries, Departments, and Agencies, including Constitutional Commissions and Independent Offices, County Governments, NGCDF, Development Projects, among others. These templates are expected to be finalized and released in the course of quarter 1 of FY 2024/25. The Board has also developed a roadmap to guide the transition, transition guidelines, and checklists that will provide much-needed technical assistance during the transition process. The Board has commenced a robust sensitization and capacity-building programme in the public sector. It will continue to ensure that public sector entities obtain the assistance required to smoothly transition to accrual basis of accounting.

With respect to internal audit, the International Internal Audit Standards Board (IIASB), on 9th January 2024, released the new internal audit standards that is, the Global Internal Audit Standards (GIAS). These standards replaced the 2017 International Standards for the Professional Practice of Internal Auditing (the IPPF).. The Board, in collaboration with the key stakeholders has commenced sensitization programmes for public sector internal auditors and the audit committees on the requirements of the new standards which become applicable on 9th January 2025. The Board is also in the process of revising its tools, policies, frameworks and templates that guide internal audit in the public sector to align them to the new standards.



The Board continues to work closely with its key stakeholders which include the National Treasury, the Office of the Auditor General, Office of the Controller of Budget, the Institute of Certified Public Accountants, the Institute of Internal Auditors, the Council of Governors, Public sector entities and oversight bodies including parliamentary committees to realize its mandate. During the year, the Board signed an MoU with the Institute of Internal Auditors (IIA) Kenya with a view to promote the internal audit function, internal controls and risk management through implementation of global standards and monitoring implementation of the adopted standards in the public sector. The Board also continued to implement the agreements based on earlier signed MoUs with key partners.

I take this opportunity to thank all our stakeholders for their continued support throughout the year. I recognise The National Treasury and Economic Planning for adequately resourcing the Board in this current financial year, The Public Finance Management Reforms Secretariat (PFMRS), Board Members, Management and Staff for their invaluable contribution towards the achievement of our planned activities during the year under review. I look forward to further collaboration as we implement the transition from cash to accrual for the National and County Governments.

FCPA PIUS NDUATI, OGW
BOARD CHAIRMAN

6. Report of the Chief Executive Officer / Board Secretary



I am delighted to present the Annual Report and Financial Statements of the Public Sector Accounting Standards Board (PSASB) for the year ended 30th June 2024. Since its establishment, the Board has continued to play its transformative role in the accounting and auditing sector in the country as mandated in the PFM Act 2012.

During the financial year, the Board received 100% of the budget allocation from The National Treasury (TNT) to enable the execution of its activities in line with its Strategic Plan and work plan for the year. The allocation has increased from KES. 172.9 million in FY 2022/2023 to KES.650.90 million, indicating an increase of 376%. This increment is a result of the Government supporting the functions of the Board and implementing the transition to accrual accounting projects by Ministries, Departments, Agencies, county governments, Independent Offices and Constitutional Commissions, Public Schools, Development Projects, and all other public sector entities currently implementing the cash basis of accounting. This project, approved by the Cabinet on 7th March 2024, will take at least three (3) years from the date of gazettelement of the transition to the accrual steering committee.

To progressively support the strategic objectives, the Board continues to pursue strategic partnerships and collaborations with key stakeholders in areas of mutual interest. This has enhanced our ability to execute the Board's mandate. The utilization of funds received during the period is at 54%, with a total budget expenditure of KES 368.2 million against the actual income of KES 686.4 million. The Board had anticipated the cabinet approval on the transition from cash to accrual accounting in quarter one of FY 23/24. The cabinet approved the transition in March 2024, within Quarter three (3) of the financial year. This resulted in a delay of some activities, some of which included sensitization and capacity building of transitioning entities in the public sector.

During the year, the Board reviewed the Strategic Plan 2021/22 to 2025/26 to align it with the government planning period 2023-2027. The new strategic plan 2023-2027 will assist the Board in prescribing and promoting the adoption of accounting, internal auditing, and risk management standards in the public sector through four (4) Key Result areas and five (5) strategic objectives. The key result areas include standard setting, Capacity development, Compliance monitoring, and institutional strengthening.

The Board ascribes to the principle of continuous improvement. For the period under review, the Board continued to leverage on ICT to improve service delivery systems, risk management, performance management, monitoring and compliance, and enhancing the capacity of human resources. Automating our processes and workflows reduced the time and effort required to complete our tasks. The enhanced process is expected to lower operational costs by minimizing the prevalent errors emanating from manual intervention, thus lowering the wastage of resources.

**The Board
scribes to the
principle of
continuous
improvement.**

To support transitioning from cash to accrual basis of accounting, the Board has sensitized accountants from Ministries, Departments, Agencies, and Counties (MDACs), developed new financial reporting templates for Ministries, Departments, Agencies, and Counties (MDACs), trained fifty (50) trainers of trainers who will continually support the MDACs and build capacity for a smooth transition. Going forward, the board will continue to sensitize, train, and develop guidelines, tools, templates, and materials to assist public sector entities in transition. In addition, the Board will work closely with key stakeholders, including the implementers of accrual accounting.

Over the reporting period, the Board was able to evaluate financial statements for the Financial Reporting Excellence (FiRe) award. This exercise is also a tool used by the Board to measure the compliance of public entities with the accounting standards, frameworks, and guidelines prescribed by the Board. In addition, the evaluation process also measures the number of public sector reports attracting modified audit opinions from the Office of the Auditor General based on non-compliance with accounting standards. It is an award that recognizes entities that excel in financial reporting from private and public entities. It is a joint initiative in collaboration with ICPAK, CMA, NSE, and RBA. A total number of eight hundred and forty-one (841) entries from the public sector participated in FiRe Award 2023 compared to seven hundred ninety-three (793) public sector entities received in the FiRe Award 2022, indicating the continued urge for public entities to improve the quality of their financial reporting.

Finally, let me take this opportunity, on behalf of Board to appreciate the support it has received from the National Treasury and Planning, the Public Finance Management Reforms Secretariat (PFMRS) and all our stakeholders, not to forget strategic direction given by the Board of Directors, and support from Management and staff.

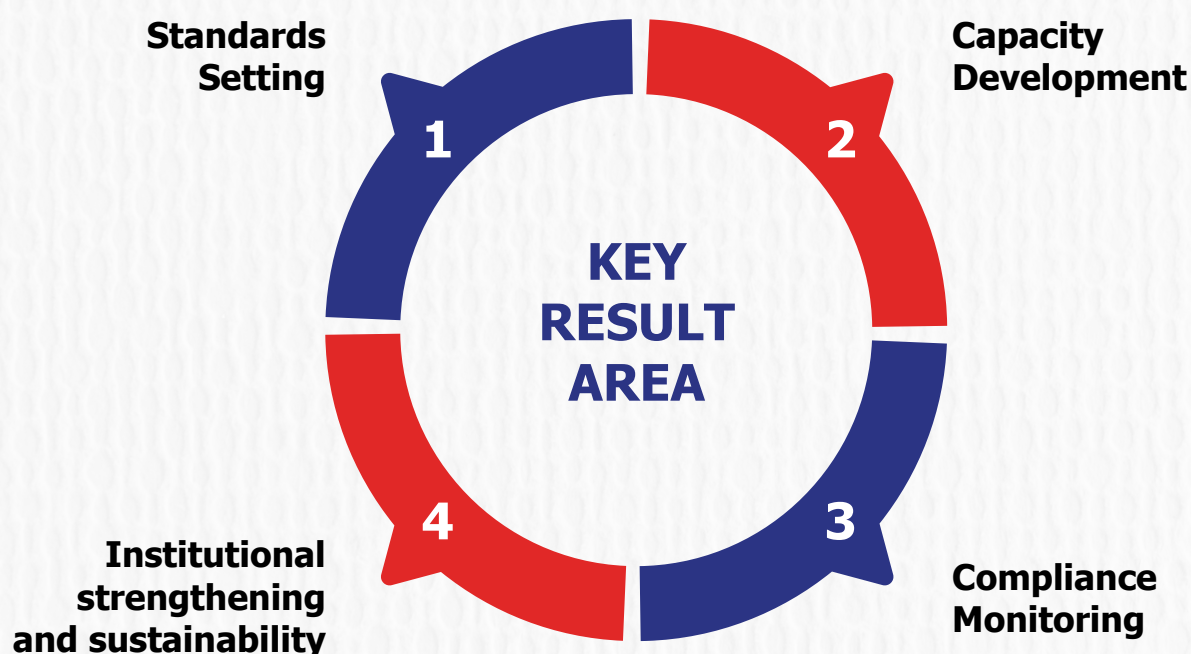


CPA GEORGINA MUCHAI
Ag. CHIEF EXECUTIVE OFFICER / SECRETARY

7. Statement of the Board’s Performance Against Predetermined Objectives FY2023/24

PSASB Strategic Plan aligns the policy goals, priority programs, and fiscal framework to support the achievement of the objectives of the Fourth Medium Term Plan (MTP IV), the Kenya Vision 2030, and amplifying the Bottom-up Transformational Agenda (BETA) espoused by providing mechanisms for transparency and accountability for resources allocated for transforming the country.

The PSASB strategic Plan contribute to the National Development Agenda by setting accounting, internal audit standards, and risk management in all public sector entities. The application of these standards will lead to increased transparency and accountability, better relationships with development partners, effective assets management, and prudent liabilities management. PSASB has four strategic focus areas and five (5) strategic objectives within its Strategic Plan 2023-2027. These strategic focus areas are as follows:



PSASB develops its annual work plans based on the above four key results areas of focus. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The performance is then reported continuously culminating into annual report. PSASB achieved its performance targets set for the FY 2023/2024 for its four strategic focus areas, as indicated in the table below:

KRA/Strategic objective	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		Variance (B-C)
				Target (B)	Actual (C)	
KRA 1: Standard Setting						
Enhance uniformity of financial, internal audit and risk management	Accounting and internal audit guidelines and frameworks developed/reviewed	No. of accounting guidelines developed/reviewed	5	5	5	-
		% of exposure drafts responded to on accounting standards.	100%	100%	100%	-
	Accounting and internal audit guidelines and frameworks developed/reviewed	No. of internal audit guidelines developed	2	2	0	2
		No. of Internal Audit Frameworks developed	1	1	0	1
	Developed Public Sector Internal Control guidelines	No. of guidelines	1	1	0	1
	Developed financial reporting templates	No of Templates developed	25	25	28	(3)
	Developed roadmap for transition to accrual accounting by Ministries, Departments, Agencies and Counties (MDACs), Independent Offices and Constitutional Commissions.	No. of roadmap	1	1	1	-
	Quarterly meetings attended at IPSASB	No. of meetings attended	4	4	4	-
	Impact Assessment of International Standards for the professional practice of internal auditing to Global Internal Audit Standards.	No. of reports	1	1	1	-
	Developed risk management policies in the public sector	No. of entities	20	20	17	3
	Ministries, Departments Agencies and Counties (MDACs), Constitutional Commissions and Independent Offices transitioned to accrual accounting	No. of TOTs trained	50	50	50	-
		No of County officers sensitized	200	200	367	(167)
	No of MDA officers sensitized	400	400	501	(101)	

KRA/Strategic objective	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year			
				Target (B)	Actual (C)	Variance (B-C)	
Improve accuracy and completeness of financial and internal audit	Internal audit procedures prescribed	No. of internal Audit programs developed and reviewed	9	9	9	-	
		No. of audit manuals developed and reviewed	1	0	0	1	
	Developed Performance evaluation toll for Heads of Internal Audit in the Public Sector entities	No. of performance evaluation tool	1	1	0	1	
		Reviewed Model Internal Audit Manuals (County Governments and the public sector entities)	1	1	0	1	
KRA 2: Capacity Development							
Enhance skills and knowledge in financial reporting, internal auditing and risk management guidelines	Sensitized entities, accountants, internal auditors on prescribed standards, guidelines and frameworks	No. of PFM officers	120	120	167	(47)	
		No. CECMs, COs, and County assembly clerks	100	100	140	(40)	
		No. of entities trained.	1000	1000	922	78	
		No. of audit committee members trained	500	500	512	(12)	
	Training/Capacity building materials developed	Training calendar developed	1	1	1	-	
		Revamped E-learning platform	1	1	1	-	
	Technical support offered to MDACs, Constitutional Commissions and Independent Offices.	No. of standards/modules prepared	No. of standards/modules prepared	20	20	19	1
			% of MDACs, Constitutional Commissions and Independent Offices supported	100%	100%	100%	-

KRA/Strategic objective	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
				Target (B)	Actual (C) Variance (B-C)	
KRA 3: Compliance Monitoring						
Strengthen compliance with prescribed standards, guidelines and frameworks	Quarterly Compliance report	No. of reports	4	4	2	2
	Developed monitoring tool for accounting and financial reporting	No. of tools	1	1	1	-
	Evaluated Public Sector Entities who participated in FiRe Awards	% of FiRe Awards entries evaluated.	100%	100%	100%	-
	Visits conducted in Counties	No. of counties visited	12	12	4	8
	Participated in the Inaugural Internal Audit and Risk Evaluations, Awards	No. of Awards	1	1	1	-
	Compliance check undertaken in counties	No. of counties	4	4	4	-
KRA 4: Institutional strengthening and sustainability						
Enhance institutional efficiency, productivity and effectiveness.	Employee satisfaction survey conducted	Employee satisfaction performance index	90%	90%	80%	10%
	Employee work environment survey	Employee work environment performance index	90%	90%	74%	16%
	Annual work plan and target setting for individual employee	Approved Annual work plan for FY 2023/24	1	1	1	-
	Automated the Staff performance management system.	Automated staff Performance system	100%	100%	100%	-
	Organization performance index	Improved organization performance	90%	90%	90%	-
	Conducted training needs assessment	Training Needs Assessment Report	1	1	1	-

KRA/Strategic objective	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
				Target (B)	Actual (C)	Variance (B-C)
	Implement the training needs recommendations	Implemented training needs recommendations	100%	100%	90%	10%
	Updated Risk Register	Risk register	1	1	1	-
	Quarterly reporting on risk management	No. of reports	4	4	4	-
	Sensitized risk champions	No. of champions	11	11	11	-
	Implemented Board Almanac	Percentage of Implementation	100%	100%	100%	-
	Enhanced stakeholder engagement	No. of Stakeholder Engagements	10	10	9	1
	Developed Board Charters	No. of charters	4	4	4	-
	Appraised Board of directors' performance	Percentage evaluation results for Board of directors	90%	90%	92%	(2) %
	Conducted Governance Audit	No. of Audits	1	1	0	1
	Developed Technical Directorates Operations Manual.	No. of manuals	1	1	1	-
	Reviewed ICT Policy	No. of policy	1	1	1	-
	Developed The Annual Budget and Work Plan for FY 23/24	No. of plans	1	1	1	-
	Developed procurement plan for FY 2023/24	No. of budgets	1	1	1	-
		No. of plans	1	1	1	-

KRA/Strategic objective	Expected Output	Output Indicator	Annual Target (A)	Achievement for the year		
				Target (B)	Actual (C)	Variance (B-C)
	Implemented procurement plan	% of implementation of procurement plans	100%	100%	48%	52%
	Automated procurement process	E-Procurement	1	1	1	-
	Audited Financial Statements for FY 2022/2023	Audit Reports	1	1	1	-
	Audited 100% of all Board operations	No. of Audit reports	4	4	4	-
	Automated System for FIRE award evaluation	No. of systems	1	1	1	-
	Redesigned PSASB Website	Redesigned PSASB Website	1	1	1	-

8. Corporate Governance Statement

The Board is fully constituted pursuant to Sections 192 to 195 of the Public Finance Management Act, 2012.

8.1 Composition of the Board

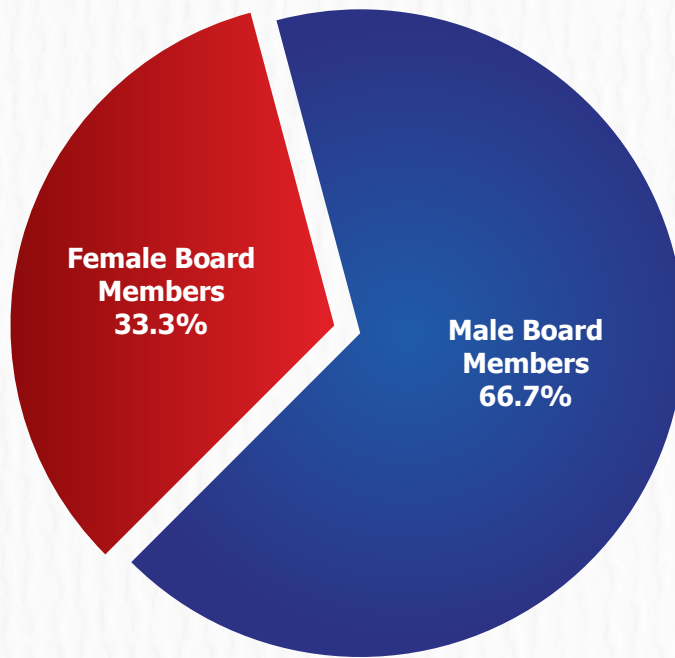
The PSASB consists of representatives from nine institutions who serve on a part-time basis. These institutions are: The National Treasury, Office of the Controller of Budget, Intergovernmental Budget, and Economic Council, the Auditor General, Institute of Certified Public Accountants of Kenya, the Association of Professional Societies of East Africa, Capital Markets Authority, Institute of Internal Auditors, and the Institute of Certified Secretaries of Kenya.

8.2 Appointment to the Board

Appointment of members to the Board commences with the nomination of members from institutions listed under PFM Act section 193. The nominees are then vetted to ensure they have the requisite capabilities to carry out their responsibilities. They are then gazetted by the Cabinet Secretary, National Treasury. The chairman of the Board is appointed by the Cabinet Secretary from among the nominated members. The current Board was appointed during the FY2021/2022.

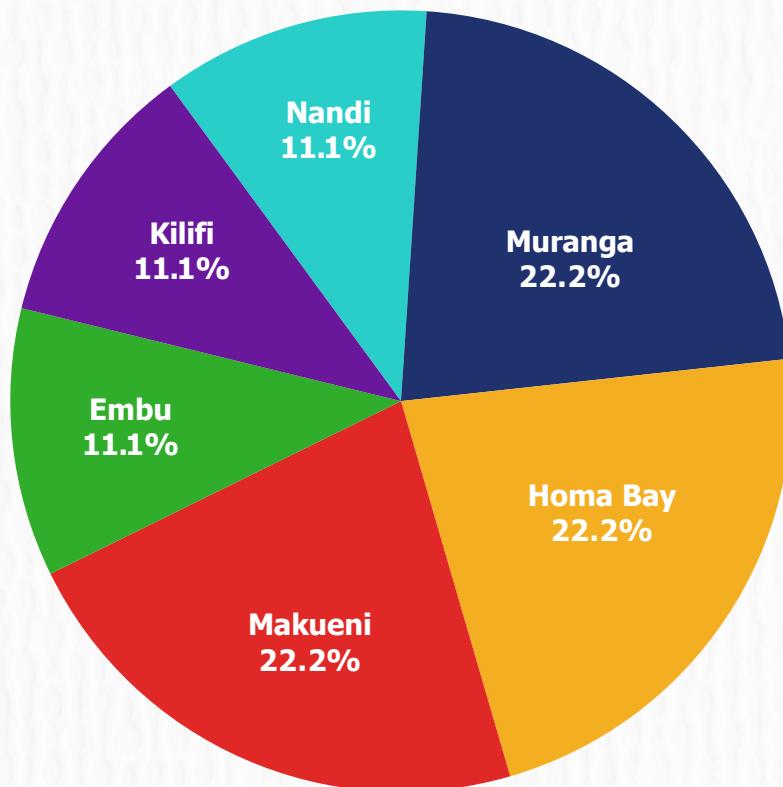
8.3 Board Diversity

The Board is constituted by members who have experience in accountancy, auditing, corporate governance, public finance management, financial analysis, investment, and management. The Board's mandate is to prescribe accounting and internal audit standards for all state organs and public entities. Therefore, the members are required to have technical knowledge in accountancy and /or audit. The diversity of the Board members also encapsulates the gender distribution and ethnicity depicting the face of Kenya as shown below:



■ Male Board Members

■ Female Board Members (3 out of 9 with one chairing the accounting standards committee)



8.4 Roles and Responsibilities of Directors

The roles and responsibilities of members are outlined in section 194 of the PFM Act, 2012. These roles and responsibilities are also detailed in the Board's five-year strategic plan, in the Board's annual work plans, and in the Board Charter. New members, once appointed, are given these documents to familiarize themselves with the roles and responsibilities outlined in the law. An induction training is also held for new Board members. The Public Sector Accounting Standards Board is comprised of the following committees with the respective terms of reference.



(From left) former PSASB CEO FCPA Fredrick Riaga, with CPA Edwin Njamura, FCPA Pius Mungai Nduatih and CPA Mary Koki Kimanzi during a staff retreat program

i) Governance and Strategy Committee

The Governance and Strategy Committee of the Board is responsible for the Board's achievement of its strategic objectives and ensures that annual work plans are implemented. The Terms of Reference for the Governance and Strategy Committee shall include but not limited to:

- a) Promote good governance practices in the operations of the Board and Secretariat.
- b) Advise the Board on strategy matters.
- c) Enhance the corporate image of the Board.
- d) Oversee development and monitoring of Enterprise Risk Management (ERM) for PSASB.

- e) Enhance the capacity of the Board.
- f) Overseeing the operations of the Secretariat.
- g) Carry out the nominating and remuneration functions.
- h) Spearhead Board induction, evaluation, and governance audits.
- i) Ensure the Secretariat is compliant in all matters.
- j) Ensure PSASB's compliance with all applicable laws and regulations.
- k) Oversee management of the Financial Reporting Excellence Award and
- l) Any other functions that the Board may delegate.

ii) Accounting Standards Committee

The Terms of Reference for the Accounting Standards Committee shall include but not limited to:

- a) Oversee development, adoption and implementation of standards and guidance.
- b) Oversee preparation of technical guides/financial recording tools for implementing financial reporting standards.
- c) Oversee research and provide thought leadership on financial reporting.
- d) Monitor education and awareness programs with stakeholders through public participation.
- e) Monitor adherence to the standards.
- f) Oversee consultative meetings with constituents from the Government Owned Enterprises, as well as national and county governments.
- g) Any other functions that the Board may delegate.

iii) Internal Audit Standards Committee

The Terms of Reference for the Internal Audit Standards Committee shall include but not limited to:

- a) Oversee the development and promotion of implementation of internal audit standards and internal auditing procedures for use in the public sector.
- b) Oversee the development of due processes and guidelines for enforcing internal audit standards.
- c) Review and assess the adequacy of management research and recommend best practice frameworks and standards for internal audits in the public sector.
- d) Review technical guides/templates for implementing internal audit standards and risk management in public sector entities (Government Owned Enterprises; National Government; County Governments etc.).

- e) Promote best practice guidance for audit Committees.
- f) Monitor adherence to Internal Audit Standards, guidelines and procedures.
- g) Monitor education programs on internal audit standards issued.
- h) Oversee consultative meetings with constituents in the Public Sector on Internal Audit standards; and
- i) Any other functions that the Board may delegate.

iv) Audit and Risk Assurance Committee

The Terms of Reference for the Audit and Risk Assurance Committee shall include but not limited to:

- a) Evaluating whether processes are in place to address key roles and responsibilities in relation to PSASB risk management.
- b) Evaluating the adequacy of PSASB's control environment to provide reasonable assurance that the internal control systems are of a high standard and functioning as intended.
- c) Performing an independent review of PSASB's financial statements to ensure the integrity and transparency of the financial reporting process.
- d) Monitoring the effectiveness of PSASB's performance information and compliance with the performance management framework and performance reporting requirements.
- e) Evaluating the quality of PSASB's internal audit function, particularly in planning, monitoring, and reporting.
- f) Engaging with external audits and assessing the adequacy of management response to issues identified by the audit.
- g) Review the effectiveness of PSASB monitoring compliance with relevant legislative and regulatory requirements and promoting a culture committed to lawful and ethical behaviour.
- h) Any other functions that the Board may delegate.

8.5 Board Transactions/Attendance in the Financial Year

i) Full Board meeting and Special Meetings for the period ended 30th June 2024

During the year, the Board held **seven (7)** meetings, as summarised in the annual attendance sheet, as shown below.

Full Board and Special Meetings Summary FY 2023-2024						
No	Name	Q1	Q2	Q3	Q4	Total
1	FCPA Pius Nduatih	1	2	2	2	7/7
2	CPA Stephen Masha	1	2	2	2	7/7
3	FCPA Nicholas Letting	0	2	2	1	5/7
4	CPA Risper Olick	1	1	2	1	5/7
5	CPA Rosemary Njogu	1	2	2	2	7/7
6	CPA Edwin Njamura	1	2	2	2	7/7
7	CPA Mary Kimanzi	1	2	2	2	7/7
8	CPA Silvester Kiini	1	2	2	2	7/7
9	CPA Leonard Okoth	1	2	2	2	7/7
10	FCPA Fredrick Riaga*	1	2	-	-	3/7
11	CPA Georgina Muchai**	-	-	2	2	4/7

***Member exited the Board on 31st January 2024.**
****Member Appointed as Ag. Chief Executive Officer and Secretary to the Board as from 1st February 2024**

ii) Board Committee Meetings for the period ended 30th June 2024

During the Quarter, the committees attended meetings as shown below.

a) Governance and Strategy Committee

The Governance and Strategy Committee held **six (6)** meetings during the year as summarised below.

Board Committee Attendance Summary FY 2023-2024						
No	Name	Governance & Strategy Committee				
		Q1	Q2	Q3	Q4	Total
1	FCS CPA Rosemary Njogu	2	1	2	1	6/6
2	FCPA Edwin Njamura	2	1	2	1	6/6
3	CPA Mary Kimanzi	2	1	2	1	6/6
4	FCPA Fredrick Riaga*	2	1	-	-	3/6
5	CPA Georgina Muchai**	0	0	2	1	3/6
* Member of the committee exited with effect from 31 st January 2024						
** Member of the committee with effect from 1 st February 2024						

b) Accounting Standards Committee

The Accounting Standards Committee held four (4) meetings during the year, as summarised below.

Accounting Standards Committee Attendance Summary FY 2023-2024						
No	Name	Accounting Standards Committee				
		Q1	Q2	Q3	Q4	Total
1	FCPA Stephen Masha, EBS	1	1	1	1	4/4
2	CPA Risper Olick	1	1	1	1	4/4
3	FCPA Edwin Njamura	1	1	1	1	4/4
4	CPA Mary Kimanzi	1	1	1	1	4/4
5	CPA Silvester Kiini	1	1	1	1	4/4
6	FCPA Fredrick Riaga*	1	1	-	-	2/4
7	CPA Georgina Muchai**	0	0	1	1	2/4
* Member of the committee exited with effect from 31 st January 2024						
** Member of the committee with effect from 1 st February 2024						

c) **Internal Audit Standards Committee**

The Internal Audit Standards Committee held four (4) meetings during the year, as summarised below.

Board Committee Attendance Summary FY 2023-2024						
No	Name	Internal Audit Standards Committee				
		Q1	Q2	Q3	Q4	Total
1	FCPA Prof. Nicholas Letting	1	1	1	1	4/4
2	FCS CPA Rosemary Njogu	1	1	1	1	4/4
3	CPA Silvester Kiini	1	1	1	1	4/4
4	CPA Leonard Okoth	1	1	1	1	4/4
5	FCPA Fredrick Riaga*	1	1	0	0	2/4
6	CPA Georgina Muchai**	0	0	1	1	2/4

*** Member of the committee exited with effect from 31st January 2024**
**** Member of the committee with effect from 1st February 2024**

d) **Audit and Risk Assurance Committee**

The Audit and Risk Assurance Committee held five (5) meetings during the year, as summarised below.

Board Committee Attendance Summary FY 2023-2024						
No	Name	Audit & Risk Assurance Committee				
		Q1	Q2	Q3	Q4	Total
1	CPA Stephen Masha	2	1	2	1	5/5
2	FCPA Prof. Nicholas Letting	2	1	2	1	5/5
3	CPA Risper Olick	2	1	2	1	5/5
4	CPA Leonard Okoth	2	1	2	1	5/5

Further analysis of attendance of the Board meetings was as indicated in the table below:

BOARD MEETINGS ATTENDANCE ANALYSIS FOR THE YEAR ENDED 30 TH JUNE 2024						
S/No	Committee/Full Board	Audit & Risk Assurance	Accounting Standards	Internal Audit Standards	Governance & Strategy	Full Board
1	No. of Regular Meetings	4	4	4	4	4
2	No. of Special Meetings	1	0	0	2	3
	Total Meetings held	5	4	4	6	7
BOARD MEMBER						
S/No						
	FCPA, FCS Pius Nduatih, OGW	N/A	N/A	N/A	N/A	7/7
	FCPA Prof Nicholas Letting	5/5	N/A	4/4	N/A	5/7
	FCS CPA Rosemary Njogu	N/A	N/A	4/4	5/6	7/7
	CPA Risper Olick	5/5	4/4	N/A	1/6	5/7
	CPA Leonard Okoth	5/5	N/A	4/4	N/A	7/7
	FCPA Edwin Njamura	N/A	4/4	N/A	6/6	7/7
	CPA Mary Kimanzi	N/A	4/4	N/A	6/6	7/7
	CPA Sylvester Kiini	N/A	4/4	4/4	N/A	7/7
	FCPA Stephen Masha, EBS	5/5	4/4	N/A	N/A	7/7
	FCPA Fredrick Riaga	N/A	2/4	2/4	3/6	3/7
	CPA Georgina Muchai	N/A	2/4	2/4	3/6	4/7

The term of the Board is outlined under the amended provision of PFM Act, 2012 section 193(4). Members except ex- officio members shall be appointed by the Cabinet Secretary National Treasury and serve for a term of not more than three (3) years renewable once for a further term of three years.

8.6 Compliance to Laws and other Legal Requirements

PSASB as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the PFM Act, 2012 under which the Board is established. The Board also ensures compliance to the PFM Act, 2012 by public sector entities through sensitization and training.

8.7 Board Remuneration

As per PFM Act, 2012 Section 195(2), the remuneration payable allowances to the members of the Board are determined by the Salaries and Remuneration Commission. Details of Board and committee allowances are included in these financial statements.

8.8 Conflict of Interest and Declaration of Interest

The Board members have a statutory duty to avoid situations in which they have or may have interests that conflict with those of the Board. All transactions with all parties, directors or their related parties are carried out at arm's length. Board members are obligated to disclose to the Board any real or potential conflict of interest, which may come to their attention whether direct or indirect. During every Board meeting, an agenda item exists which requires members to make a declaration of any conflict of interest they may have in the business to be discussed.

8.9 Board Charter

The Board's Charter outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committee's terms of reference, conflict of interest among others. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices. The revised Board charter was approved on 7th June 2024.

8.10 Board trainings and development

The Board supports the members and the Secretariat to attend training and seminars relating to financial reporting and internal auditing within the public sector context to improve the technical expertise of the Board.

- a) During the year some of the programmes attended by the board include
- b) the ICS- Chairpersons Leadership Forum held between 4th - 8th September 2023
- c) IPSASB Quarterly meeting held in Zurich Switzerland between the 9th - 16th September 2023.
- d) The Association of Women Accountants of Kenya (AWAK), 6th Public Finance Management Conference held between 6th - 10th November 2023.
- e) Institute of Internal Auditors (IIA) Legal, Compliance, and Governance Audit Workshop held between 6th - 10th November 2023.
- f) The SCAC-ICS Mwongozo Induction Program for Boards of State Corporations held between 29th - 31st January 2024.
- g) The Association of Women Accountants of Kenya (AWAK), 9th Annual Ladies Leadership & Accountability Conference held between 4th - 8th of March 2024.
- h) ESAMI, Development of Indicators of Effective Governance Program held between the 11th - 22nd March 2024.
- i) Institute of Internal Auditors (IIA) 21st Internal Audit Seminar held between 6th - 10th May 2024.
- j) The Association of Women Accountants of Kenya (AWAK), 6th The Seasoned Director Program, Cohort (5), 13th - 17th May 2024.
- k) ICPAK, 41st Annual Seminar/Conference held between 20th - 24th May 2024.

8.11 Board Evaluation

The performance of the Board and its members is evaluated regularly. A Board evaluation exercise is scheduled for FY 2023/2024.

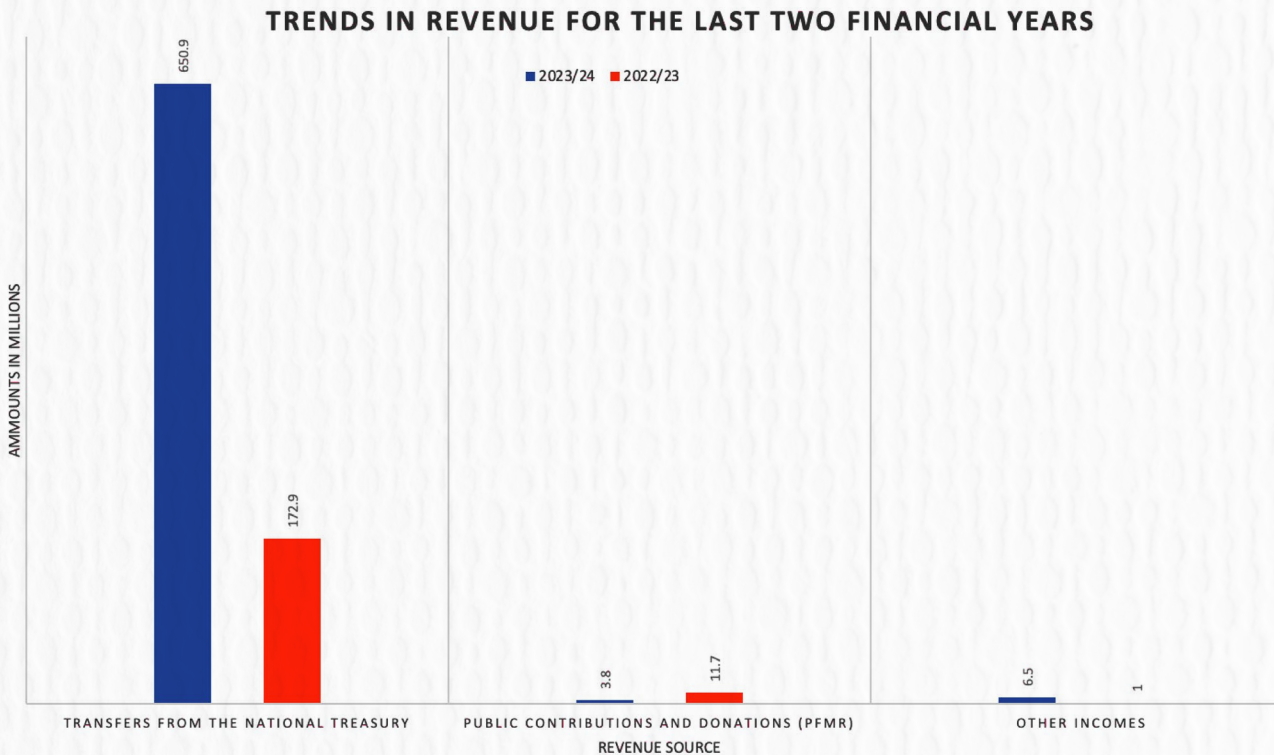


9. Management Discussion and Analysis

9.1 Board’s Financial Performance Highlights

a) Trends in Revenue

The Board draws its revenues solely from the government being a government entity. The graph below indicates the trends and categories of revenue that the Board was able to receive to finance its activities and operations for the last two financial years 2022/23 and 2023/23.

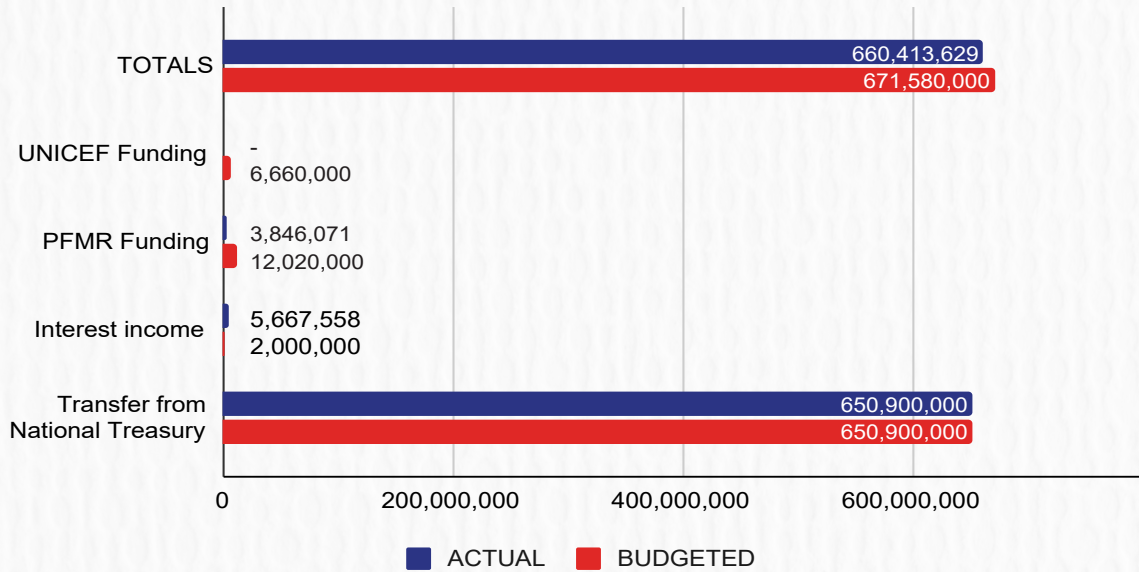


As an entity that entirely depends on National Exchequer for funding, the chart above provides a comparison of final budgets over the last two years. From the chart, F2023/2024 had anticipated additional funding comparative to FY2022/2023. While Government grants improving by 276% during the two financial periods, PFMR funding went deep by 67% in actual terms. Interest income increased by KES 5.5 million (550%) in actual terms. The interest is negotiated with the bank on the closing current account balances monthly thus improved account balances during the year the income was generated.

b) Actual and Budgeted Revenue

The chart below shows that while the Board received more interest income than expected shortfalls in PFMR and UNICEF funding led to a slightly lower total income compared to what was budgeted.

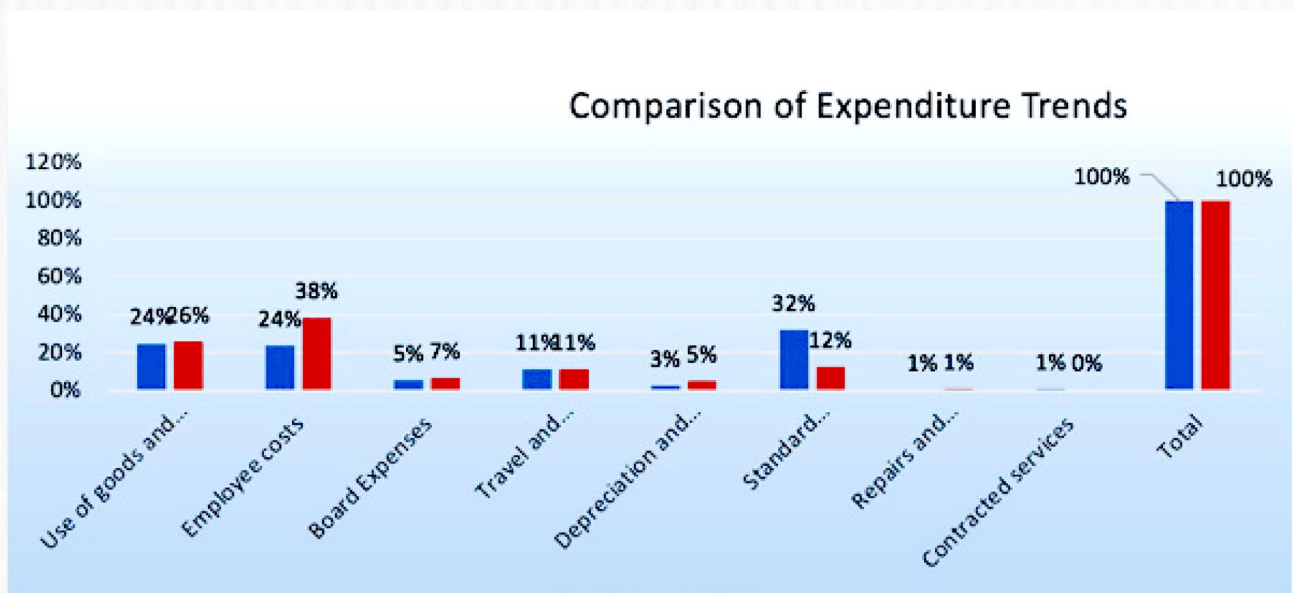
BUDGETED VERSUS ACTUAL REVENUES



The chart above shows that the Board received the exact amount budgeted from the National Treasury while the actual interest income significantly exceeding the budgeted amount by 183.4% compared to the budget. This performance contributed positively to total income. On the other hand, PFMR funding was substantially lower than expected, resulting in a significant negative variance while UNICEF Funding did not materialize as budgeted, resulting in no income from this source. The total actual income of was 1.8% lower than the total budgeted income. This performance was an improvement from the previous financial year in revenue terms. PSASB utilized 54% of the received funds indicating an under absorption of 48% against 12% of the previous year.

c) Actual Expenditures

The Board incurred expenses on various line items. Analysis of different budget lines is outlined in the chart below.



The chart above shows that of the total expenditures for the FY2023/2024 was heavily constituted by standard dissemination, monitoring and evaluation at 32% compared to 12% previous financial year. This expenditure item involved the cost incurred in setting standards and facilitating their adoption. The costs of monitoring compliance with the standards and evaluating the rate and impact of adoption is also included herein. The use of goods and services was at 24% against 25% prior year. For FY2023/2024 employees cost constituted 24% of the total expenditure compared to 26% of the budget. Travel and subsistence cost was constant at 11% of the total for both financial years.

d) Trends in NT transfers



e) Surplus for the Financial Year

The surplus for the year ended 30th June 2024 amounted to KES 300.4 million compared to the deficit of KES 9.59 million in FY2023/24. The increased allocation and prompt disbursement from the National Treasury enabled the Board’s income position.

9.2 Summary of the Board's Operational Performance

SECTION A: ACCOUNTING STANDARDS MANDATE

Section A outlines the Board's operations in relation to its mandate of setting generally accepted accounting standards for the public sector and monitoring adherence with the prescribed standards by public sector entities.

I. A Summary of Submissions in Response to IPSASB Exposure Drafts for FY 2023/24

The IPSASB issues Consultation Papers (CPs) and Exposure Drafts (EDs) from time to time. PSASB is committed to responding to 100% of exposure drafts from IPSASB, which is one of the key result areas in the strategic planning of standard setting and research. In responding to these EDs, the Secretariat seeks views from constituents, especially entities that apply the IPSAS Accrual accounting framework. During the FY 2023/24, the Secretariat responded to all the EDs that were issued by IPSASB, as shown in the table below:

Exposure Draft/ Consultation paper	Issue date	Objective of the ED/ CP	Input by other entities	Due date	PSASB Action- Responded/ not / scheduled
Exposure Draft (ED) 85: Improvements to IPSAS-2023	16 th October 2023	The objective of this Exposure Draft (ED) is to propose improvements to IPSAS to align with amendments to IFRS based on IASB's – Narrow Scope Amendments Projects.	PSASB and National Treasury's-FRU	18 th December 2023	Comments were submitted on 18 th December 2023
Consultation Paper on Strategy and Work Program 2024-2028	3 rd October 2023	The objective of the paper is to seek feedback on the proposed strategic objective, the addition of IPSAS maintenance activities, the potential future development and maintenance projects to be considered by the IPASB during the period 2024-2028.	<input type="checkbox"/> Financial Reporting Unit-National Treasury <input type="checkbox"/> FiRe Award Evaluators	Comments due by 15 th February 2024.	Comments submitted on 14 th February 2024.

Exposure Draft/ Consultation paper	Issue date	Objective of the ED/ CP	Input by other entities	Due date	PSASB Action- Responded/ not / scheduled
Exposure Draft (ED) 86, Exploration for and Evaluation of Mineral Resources	January 2024	The objective of this ED is to specify the financial reporting for the exploration for and evaluation of mineral resources.	PSASB	May 31, 2024	Comments submitted on 31st May 2024
Exposure Draft (ED) 87, Stripping Costs in the Production Phase of a Surface Mine (Amendments to IPSAS 12)	January 2024	The objective of the ED is to propose amendments to IPSAS 12, Inventories to include guidance aligned with IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine.	PSASB and National Treasury	May 31, 2024	Comments submitted on 31st May 2024
Exposure Draft (ED) 88, Arrangements Conveying Rights over Assets Amendments to IPSAS 47 and IPSAS 48)	March 2024	To propose additional guidance for the concession in concessionary leases and for other arrangements that convey rights over assets.	PSASB and National Treasury	May 31, 2024	Comments submitted on 31st May 2024
Exposure Draft (ED) 89, Amendments to Consider IFRIC Interpretations	April 2024	The objective of the ED is to propose amendments to IPSAS to clarify the application of existing principles in IPSAS.	PSASB	June 17, 2024	Comments submitted on 17th June 2024

II. New Standards Issued by IPSASB and IASB

The Secretariat is working to conduct the following activities in view of the new standards' implementation and application.

- i. Sensitization of the preparers of financial statements of the changes and how they will be affected.
- ii. Training and capacity building of affected entities
- iii. Formation of a technical team to advise the Board on challenges, especially for IFRS 18, IPSAS 43, 46, 47 and 48Preparation of guidelines for all new standards to simplify the standards.

The new standards are as listed below:

S/ no	Standard	Objective	Entities expected to be affected	Applicable date
1	IPSAS 43- Leases	The standard proposes a right of use model for lessees (leased assets will now come in the balance sheet under an asset called the right of use an example is rent on a leased building) The standard seeks to eliminate off balance sheet financing which the current case under operating leases. There will no longer be distinction between finance and operating leases (under the current IPSAS 13) and the standard will now be aligned to IFRS 16 that came into effect in 2018.	All entities that have leasing arrangements	1 st January 2025
2	IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Objective is to standardize accounting for assets that meet the criteria to be classified as held for sale and have them to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease. The assets will be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.	All entities holding assets for sale	1 st January 2025
3	IPSAS 45- Property Plant and Equipment	The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.	All entities holding Property Plant & Equipment.	1 st January 2025
4	IPSAS 46 Measurement	The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value.	All entities on IPSAS Accrual	1 st January 2025

S/ no	Standard	Objective	Entities expected to be affected	Applicable date
5	IPSAS 47- Revenue	This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.	All Entities on IPSAS Accrual	1 st January 2026
6	IPSAS 48- Transfer Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.	Entities that transfer funds to other entities	1 st January 2026
7	IPSAS 49- Retirement Benefit Plans	The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.	Entities that manage Retirement Benefit Plans	1 st January 2026
8	IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	All Commercial Entities	On or after January 1, 2027.

III. FiRe Award 2023

The Financial Reporting (FiRe) Excellence Award recognizes the most compliant financial reporting entities, thereby institutionalizing sound financial reporting culture. The Award provides the participating entities with an avenue for subjecting their respective financial reports through an objective assessment with an expected outcome to identify financial reporting gaps. As entities comply with the relevant standards, the relevant disclosures provided enhance information content of the reports thus yielding understandability of financial reports, resulting in increasing levels of transparency and accountability.

The Award was founded in 2002. Currently, it has five (5) promoters namely Institute of Certified Public Accountants of Kenya (ICPAK), the Capital Market Authority (CMA) Kenya, the Nairobi Securities Exchange (NSE), the Public Sector Accounting Standards Board of Kenya (PSASB) and the Retirement Benefits Authority (RBA). PSASB joined the award as a promoter in 2014 upon its establishment.

i. Participating Entities

The table below shows FiRe Awards entries in years 2022 and 2023

Category	2022 Entries	2023 entries
MDAs	37	41
SAGAs reporting under IPSAS Accrual	93	149
State Corporations and SAGAs reporting under IFRS	43	56
Commissions and Independent offices	20	7
County Assemblies and Executives	69	90
National Government-Constituency Development Funds	186	238
Funds	106	8
Receivers of Revenue Statements	6	4
Projects	8	6
County Corporations	12	5
Municipalities and Cities	10	-
Car and Mortgage	63	-
Universities	26	31
Water Companies	43	85
TVETs	71	121
Total	793	841

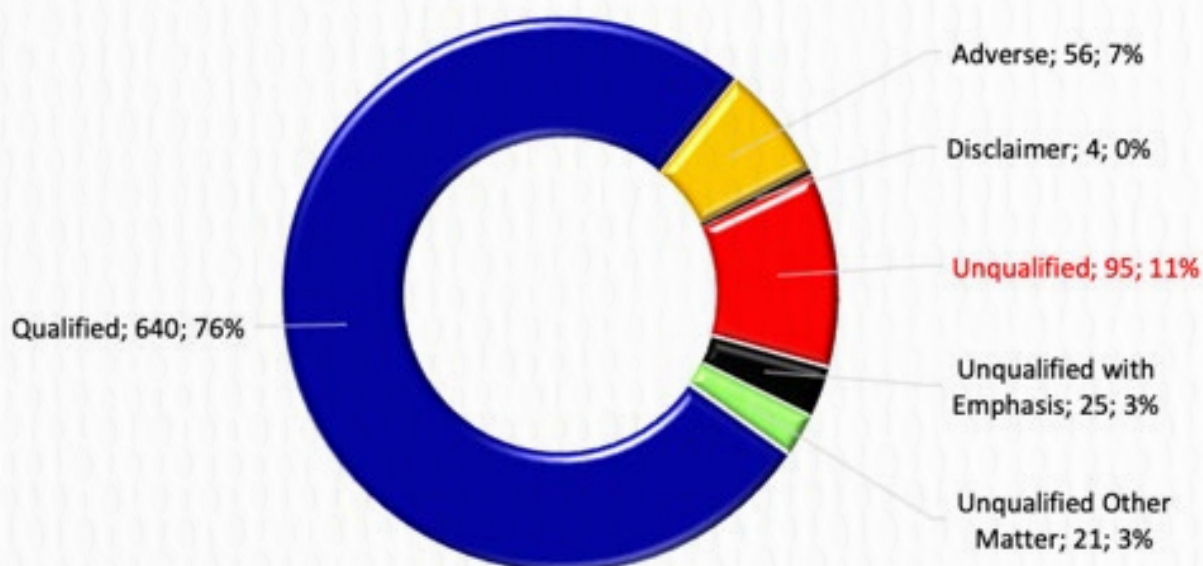
ii. Public Sector Entries and Private Sector Entries

As indicated in the table below, the number of entries in both the public and private sectors has significantly increased over the last five years.

Year	Public Entities	Private Entities
2019	505	97
2020	244	50
2021	289	60
2022	793	100
2023	841	150

Audit opinion of the participating entries in the public sector.

The majority of the entries had a qualified opinion from the office of the Auditor General.



iii. Overview of Audit Opinions of Participating Entities

Category	Unqualified opinion	Unqualified with Emphasis	Unqualified Other Matter	Qualified	Adverse	Disclaimer	Total entries
MDAs	10	1	3	27	0	0	41
SAGAs reporting under IPSAS Accrual	36	10	7	90	6	0	149
State Corporations and SAGAs - IFRS	4	3	0	45	4	0	56
Commissions and Independent offices	7	0	0	0	0	0	7
County Assemblies and Executives	1	0	0	76	13	0	90
NGCDF	24	5	4	193	12	0	238
Funds	4	1	1	2	0	0	8
Receivers of Revenue Statements	4	0	0	0	0	0	4
Projects	3	1	2	0	0	0	6
County Corporations	0	0	0	4	1	0	5
Universities	0	3	2	22	4	0	31
Water Companies	0	0	1	70	10	4	85
TVETs	2	1	1	111	6	0	121
Total	95	25	21	640	56	4	841

iv. 2023 FiRe Award Winners

Ministries, Departments & Agencies Under IPSAS Cash

National Intelligence Service - Winner

Ministry Of Defence -1st Runners Up

State Department for East African Community -2nd Runners Up

Constitutional Commissions & Independent Offices Under IPSAS Cash

Independent Policing Oversight Authority - Winner

Office Of the Controller of Budget – 1st Runners Up

Kenya National Commission on Human Rights – 2nd Runners Up

Constitutional Commissions & Independent Offices Under IPSAS Accruals

Witness Protection Agency - Winner

Salaries And Remuneration Commission - 1st Runners Up

Commission On Revenue Allocation – 2nd Runners Up

State Corporations Under IFRS

Kenya Deposit Insurance Corporation - Winner

Central Bank of Kenya – 1st Runners Up

Institute Of Certified Investment and Financial Analysts – 2nd Runners Up

Semi -Autonomous Government Agencies Under IPSAS Accrual

Kenya Export Promotion and Branding Agency - Winner

National Cohesion and Integration Commission – 1st Runners Up

Kenya National Commission for UNESCO – 2nd Runners Up

Regulatory Authorities Under IPSAS Accrual

Kenya Dairy Board - Winner

Insurance Regulatory Authority – 1st Runners Up

Pest Control Products Board – 2nd Runners Up

Public Universities

Tom Mboya University College - Winner

Machakos University –1st Runners Up

Turkana University College – 2nd Runners Up

National Government Constituency Development Funds

NGCDF - Tongaren Constituency - Winner

NGCDF - Kasipul Constituency – 1st Runners Up

Promoter's Recognition-Certificates

- 1) The Commission on Administrative Justice
- 2) State Law Office and Department of Justice
- 3) State Department for Trade and Enterprise Development
- 4) University Of Embu
- 5) Mama Ngina University College
- 6) Nairobi Centre For International Arbitration
- 7) Competition Authority of Kenya
- 8) Kipchabo Tea Factory
- 9) State Law Office and Department of Justice
- 10) State Department for Trade and Enterprise Development
- 11) Naromoru Water and Sanitation Company Limited
- 12) Siruti Technical and Vocational College Awendo
- 13) Kenya Technical Trainers College
- 14) County Assembly of Mombasa
- 15) Homabay County Teaching and Referral Hospital



The Commission on Revenue Allocation team received the 2nd runners-up awards under Constitutional commissions and independent offices under the IPSAS cash category.

v. **Areas of Non-compliance Noted**

The following areas of non-compliance were noted from the evaluation of the public sector entities' financial reports.

a) **IPSAS Issued but not yet Effective**

Some entities failed to disclose the fact that there had been new IPSAS issued and also the known or reasonably estimable information relevant to assessing the possible impact that application of the new IPSAS will have on the entity's financial statements in the period of initial application.

b) **Early Application of IPSASs**

Some entities failed to disclose whether they adopted early application of the IPSAS issued but not yet effective.

c) **Disclosure of Accounting Policies**

Inadequate disclosures on accounting policies relevant to understanding the financial statements. e.g., leases, biological assets, foreign exchange transactions. Other entities copy-pasted policies from the template without tailoring the same to suit their unique operations.

d) **Structure**

Some entities failed to cross-reference each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets/equity, and cash flow statement to any related information in the notes.

e) **Risk Disclosure**

Most entities reporting under the IPSAS Accrual category failed to disclose Credit risk, Liquidity risk, Market risk, or any other relevant risk, the methods and assumptions used in preparing the risk analysis, and changes from the previous period in the methods and assumptions used.

f) **Statement of Comparison of Budget & Actual Amounts**

Although all entities presented information on budgeted versus actual amounts as required by IPSAS 24 there were notable gaps with respect to the following:

- Entities to failed to provide of material variances between actual and budgeted amounts
- Entities to failed to provide of material variances between the original and the final budget, whether due to re- allocation or other factors.
- Entities failed to provide a reconciling statement where the basis, classification, and timing of preparing the budget are different from the underlying financial statements.

g) **Authorization Date and Going Concern**

Some entities failed to disclose the date when the financial statements were authorized for issue and assessment of the entity's ability to continue as a going concern.

h) **Key Management Personnel**

Disclosures on the aggregate remuneration of key management personnel, showing separately major classes of key management personnel and including a description of each class, were not disclosed by a significant number of entities.

i) **Sub-Classifications of the Line Items**

Entities had inadequate disclosures on further sub-classifications of the line items, classified in a manner appropriate to the entity's operations either on the face of the statement of financial position or in the notes especially where the items are material in amounts.

j) **Biological assets disclosures**

Where the entity has biological assets, the notes should provide disclosures below.

- i. A description of biological assets that distinguishes between consumable and bearer biological assets.
- ii. The nature of its activities involving each group of biological assets.
- iii. Non-financial measures or estimates of the physical quantities of:
- iv. Each group of biological assets at the end of the period?
- v. Output of agricultural produce during the period?
- vi. Disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets.

Most of these disclosures were omitted where entities had biological assets.

k) **Borrowing Cost Disclosures**

Where borrowing costs featured the disclosures on the following issues regarding borrowing cost using the alternative method were inadequately disclosed

- i. the accounting policy adopted for borrowing costs.
- ii. The borrowing costs capitalized during the period.
- iii. The capitalization rate is used to calculate capitalized borrowing costs.

l) **Disclosures on provision** - The nature and expected timing of outflows of provisions was not disclosed.

m) **Level of Rounding in the Financial Statements** -The entities should include information on the level of rounding used in the financial statements for a proper understanding of the information presented. Some entities failed to disclose this fact.

n) **Related Party Disclosures**

Some entities failed to disclose the nature and type of transactions that have occurred with related party relationships.

o) **Public Finance Management Act 2012**

The PFM Act 2012 is applicable to all public sector entities and seeks to ensure effective management of public finances by the national and county governments as well as state corporations. The act lays down some of the disclosures that are to be provided by entities. During the evaluation the main non-compliance issue noted was the failure to include the name and signature of the accounting officer who signed the annual report and audited financial statements.

p) **Pending Bills**

Analysis of pending bills, outstanding Imprest, and other payables – several entities simply provided a listing as opposed to including ageing analysis.





q) **Entity's Performance against Predetermined Objectives**

Very few entities presented a statement of the entity's performance against predetermined objectives. This can be achieved by providing detailed performance reports for MDAs and other entities which links the strategies of the entities to its performance and budget(s). PSASB has included in the annual financial reporting templates a statement of performance against predetermined objectives which cures this finding.

r) **Environmental Sustainability Reporting**

Majority of public sector entities did not make adequate disclosures under this area on the importance of sustainability and how it is integrated within their core activities. Entities should strive to report not only on achievements but also the challenges and failures as this enhances credibility and gives a balanced view on the situation.

s) **Governance Reporting**

The issue of governance reporting has continued to gain prominence and attention at the high echelons of various organizations. The same can be stated for most of the entities that participated in this year's award. Valuable lessons on governance can be learned from the various past corporate governance failures. The number of entities dedicating a page(s) to reporting on governance-related matters is increasing. This is an encouraging development since it not only enhances the degree of information disclosed in the report but also sends a signal on the importance attached to this aspect. However, for the majority of the reports reviewed, the entities did not provide adequate disclosures on governance.

SECTION B: INTERNAL AUDITING STANDARDS MANDATE

In prescribing of internal audit standards, risk management, guidelines and frameworks during the period, the board undertook the following programs;

a) **Launch of Memorandum of Understanding between PSASB and the Institute of Internal Auditors (Kenyan Chapter)**

PSASB is committed in employing strategies in a bid to establish effective relationships with key stakeholders. Early in the financial year, PSASB and the Institute of Internal Auditors (IIA) signed a Memorandum of Understanding (MoU) that sets out a framework for the two institutions to explore opportunities for collaboration in promoting the professional practice of internal auditing and risk management in the Public Sector. The MoU endeavours to promote professionalism in setting standards, facilitate research and capacity building programs, and promote integrity and ethical conduct in internal auditing and risk management across Public Sector.



Former PSASB CEO FCPA Riaga together with PSASB Chairman FCPA Nduatih and IIA(K) CEO Dr. Omina during the signing of the MoU between PSASB and IIA (K).

b) 2017 IPPF Exposure Draft Response

The Board through a Gazette Notice No. 5440 dated 8th August 2014 approved the adoption of the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors for use by all state organs and public sector entities to enhance uniformity and consistency.

The IPPF is developed by the International Internal Audit Standards Board (IIASB, Standrds Board) through a rigorous due diligence process to deliver authoritative guidance from experienced experts from around the world. In the financial year, the IIASB rolled out a multiyear project to update the mandatory guidance of the Framework.

PSASB in collaboration with the IIA(K) responded to the exposure draft on 2017 IPPF by advocating for initiatives that enhance the quality, relevance, and effectiveness of internal audit services and assist internal audit practitioners with compliance efforts, such as having distinct considerations for internal auditors in the public sector. This move has enabled contextualization of the prescribed Standards thereby enhancing their application and implementation.

c) Pronouncement of Global Internal Audit Standards

On January 9, 2024, the IIASB released the Global Internal Audit Standards, the IPPF's main component, which has replaced the 2017 International Standards for the Professional Practice of Internal Auditing. Internal audit functions are required to adopt the new Global Internal Audit Standards by January 9, 2025. The 2017 *Standards* remain in effect during the 12-month transition period. The launch of the GIAS saw the IIA Global President pay PSASB a courtesy call advocating for collaboration towards realizing a Vision 2035 project that is designed to envision the future state of the Internal Audit profession and chart the steps necessary to make that future a reality through the new Standards.



IIA Global President visit to PSASB in April 2024



IIA Global, IIA Kenya Board members and PSASB Ag. CEO during a meeting held on 8th April 2024

9.3 Key Projects and Investment Decisions the Board is Implementing Under Accounting Standards Mandate

Cash to Accrual Migration Project: The Cabinet approved the Cash to Accrual migration on 7th March 2024. This paves the way for all entities on cash basis to transition to accrual accounting. PSASB has a pivotal role in this project. The Board, in collaboration with the National Treasury, had developed the accrual road map and transition guidelines. Sensitization of MDAs and County accountants has begun and will continue in the coming years. The board has also developed reporting templates and guidelines to facilitate public sector entities currently reporting on cash basis of accounting to transition successfully.

The success of the accrual project depends on several key variables. Key among those variables is support from various stakeholders, including parliament, the office of the auditor general, and implementing entities.



PSASB Chairman, Board members, CEO and senior staff members during the recent courtesy visit to the office of the Auditor General.

PSASB has complied with its establishing Act, the PFM Act, 2012. The Board's procurement is also undertaken in accordance with the provisions of the Public Procurement and Assets Disposal Act, 2015. It has also complied with other legal requirements on the submission of statutory deductions to KRA and its internal policies and procedures. There are no instances of non-compliance that would lead to financial loss.

9.5 Board's Compliance with Statutory Requirements

PSASB has complied with its establishing Act, the PFM Act, 2012. The Board's procurement is also undertaken in accordance with the provisions of the Public Procurement and Assets Disposal Act, 2015. It has also complied with other legal requirements on the submission of statutory deductions to KRA and its internal policies and procedures. There are no instances of non-compliance that would lead to financial loss.

The Board seeks to focus on the following key areas:

a) **Migration from Cash to Accrual accounting**

- i. **Approval of the cabinet memo for the transition from cash to accrual accounting for national and county governments** – on 7th March 2024, the Cabinet approved the migration from cash to accrual basis of accounting. Entities on cash basis are expected to transition with effective from 1st July 2024. These entities include National government Ministries, departments and agencies, development projects, public secondary and primary schools. Further, devolved units such as county executive, county assemblies, receivers of revenue among others will also transition.
- ii. **Gazettement of the transition date and appointment of a steering committee**– Upon cabinet approval, the PSASB in consultation with the Cabinet Secretary seeks to gazette the effective dates of the transition as required by the PFM Act. This will also pave way for the appointment of the steering committee. Accrual accounting is a multi-stakeholder project that requires support and input from the standard setters, the policy makers, implementers, users of the financial statements amongst others. This therefore calls for a joint approach to the project that includes all the key players and decision makers. A steering committee will offer overall direction of the project to ensure that the milestones envisioned in the roadmap to accrual accounting are achieved. The committee will also coordinate the activities of the technical working groups towards the realisation of a seamless transition. PSASB is working closely with the National Treasury to ensure that this committee is appointed and resourced.

- iii. **Standard Chart of Accounts (SCOA)**– This is the systematic coding of transactions in the financial management system. The progress of setting up a chart of accounts that can support accrual reporting and programme reporting is near completion by the National Treasury. The Board is keen on the development of the chart of accounts and is actively involved in the review and consultation of the progress. The SCOA is a key component to accrual migration since it will include economic items relating to Assets and Liabilities that will support accrual accounting in the Government Accounting System IFMIS.
- iv. **The adoption of accrual accounting will lead to changes in information systems**- A systemic capability review of IFMIS has been undertaken and it has been demonstrated that for the system to support implementation of the project on transition to accrual accounting, the system would need to be re-coded considering, the new Standard Chart of Accounts highlighted above, specifically targeting assets and liabilities related modules within broader IFMIS system. This process will include development of specifications to translate the assets and liabilities policies as detailed in the documents into accounting information that can be coded in the system. This process may be time and resource consuming and should therefore be prioritised and well managed. This will be achieved through a detailed work plan within the IFMIS department to ensure that the specifications are developed, the system is updated and tested, and the users are trained, and capacity built.
- v. **Development of guidelines, templates, and tools to steer the transition process**- The Board has included in its immediate and short-term plans to develop accrual based financial reporting templates for the national and county government entities, prepare transition guidelines, update the guidelines on recognition of assets and liabilities and the transition roadmap along other tools. This will aid the transitioning organisations to conduct a smooth transition and in their financial reporting.
- vi. **Sensitisation, dissemination of standards and capacity building**- The Board in collaboration with key stakeholders will continue to sensitise, disseminate and capacity build public sector accountants and players within the PFM cycle on the accrual accounting standards and the requirements of the transition process. The capacity building will do in the transition period and beyond.



Officers drawn from the County Governments during the cash to accrual sensitization forum in Naivasha.

9.6 Major risks facing the Board

Strategic risk– PSASB’s strategy may become less effective in facilitating achievement of its mandate due to changes in the operating environment. PSASB regularly monitors its strategic plan to advise the Board on mitigation strategies.

Compliance risk- PSASB as a Government institution is expected to comply to provisions of various laws and circulars. The Board complies with all relevant laws and circulars issued from time to time.

Financial risk- PSASB is fully funded by the National Treasury through transfers from the exchequer. As the operations of the increases, the budgetary allocation has also increased and this calls for the Board to manage the risk of under-absorption.

Operational risk- The Board faces various operational risks emanating from the limitations in our enabling legislation, the PFM Act,2012, compliance with statutory requirements in other legislative frameworks, inadequate human resources, threats emanating from cyber security and privacy and managing the organizational brand visibility. This operation risks calls for the Board to develop mitigation strategies such as initiating legal reforms though our parent ministry, the National Treasury, undertake legal compliance audits, engaging the National treasury on how to increase the number of staff required for the Board and implementing a cyber security management system to detect the threats and putting in place a business continuity plan for the operations of the Board.

10. Environmental and Sustainability Reporting

Below is an outline of PSASB's policies and activities that promote sustainability.

10.1 Sustainability Strategy and Profile

The Board plays a critical role in enhancing accountability through its standards and tools. The Board promotes value for money and effective use of resources by Government entities. The Board's resources were enhanced in the financial year this has enabled the Board to effectively carry out its mandate. Further, the Board strives to control its expenditures by complying with the National Treasury's cost-containment measures. It also collaborates with its stakeholders on areas of mutual interest in order to deliver its mandate. The Board plays a critical role in promoting employability by providing internship programs to students. The Board has developed a new strategic plan for the next five years (2023/24-2027/28). This strategic plan seeks to take the Board to the next level beyond the initial establishment and consolidate the gains from previous plans.

10.2 Environmental Performance

The strategy of the Board is to collaborate with like-minded institutions to conserve the environment through tree planting and other measures. The Board participated in the 7th edition of the Kaptagat Forest Annual Tree Planting where they donated 3,000 tree seedlings. In addition, The Board seeks to conserve, water, and electricity through effective use of these resources to conserve the environment and its elements. During the year, the Board enhanced utilization of the ERP system to improve its efficiency.

10.3 Employee welfare

Employees are the most important asset of the Board. The Board endeavours to create a conducive work environment where each of our employees feels valued as a member of the team. The Board trained staff to enhance their research skills to support achievement of Board's mandate. The Board facilitated all staff to attend CPDs and a team building in the financial year. In addition, staff have been sensitised on mental health well-being and drug abuse. All members of staff have medical insurance to cater to the well-being of themselves and their families.



PSASB staff during a staff retreat program on culture change held on 24th June 2024.

10.4 Market place practices-

PSASB has put in the following practices with respect to:

a) Responsible Competition practices

The Board has a Stakeholder Engagement Policy, an Anti-corruption and Bribery Policy, and Communications Strategy to all its stakeholders. There is also a Fraud and Corruption prevention policy in place.

b) Suppliers

The Board's procurement process is guided by the provisions of the Public Procurement and Asset Disposal Act, 2015. During the year the Board implemented the following strategies.

- a) Developed clear requirements, and TORs to discourage any misinterpretation by the supplier.
- b) Advertised for registration of suppliers to develop a pool of suppliers to enhance competition.
- c) Advertised all its open tender opportunities through its website to ensure interested suppliers access similar information.
- d) Ensured that pending bills were maintained at their lowest at any given period.

c) Customers/ constituents

The Board's key stakeholders who can also be termed as its customers are the public sector accountants and internal auditors. The following strategies were applied to ensure customer satisfaction:

- a) Ensured public participation in the development of reporting templates and tools.
- b) Responded to all technical queries from constituents on financial reporting and internal auditing within 14 days.

- c) Ensured all reports, developed tools, templates, and resources are availed for use by our constituents through various forums including the PSASB website.
- d) Ensured constant communication to our key stakeholders on any areas of development.

d) Stakeholders

The Board's mandate requires key stakeholder engagement and management. The following strategies were implemented by the Board to ensure seamless operations with key stakeholders:

- a) Stakeholder mapping and reaching out to introduce the mandate of PSASB.
- b) Regular meetings with the stakeholders.
- c) Assisted Counties, National Government entities, State Corporations, and SAGAs in the application of standards and the use of financial reporting.
- d) Presentations during stakeholders organised events.
- e) Partnership in areas of mutual interest.

10.5 Community Engagements

The Board participated in a tree planting exercise in a bid to conserve Kaptagat Forest in Elgeyo Marakwet County to battle climate change.



Dr Chris K. Kiptoo, CBS, Principal Secretary, National Treasury (Second left) share a light moment with PSASB Chief Executive Officer, FCPA Fredrick Riaga (Second right) in Kessup forest during the 7th edition of Kaptagat forest annual tree planting.

11. The Report of the Board of Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Board's affairs.

i. **Principal activities**

The principal activities of the Board are to set generally accepted accounting and internal auditing standards for public sector entities in Kenya.

ii. **Results**

The results of the Board for the year ended June 30, 2024, are set on page 1 to 42 of these Annual report and financial statements.

iii. **Directors**

The members of the Board of Directors who served during the year are shown on page 7

iv. **Auditors**

The Auditor General is responsible for the statutory audit of the Board for the year ended June 30, 2024, in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board.



Chief Executive Officer/Secretary to the Board

Date: 12th July 2024



12. Statement of Directors' Responsibility

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

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on 30th June 2024. 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 Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Board; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

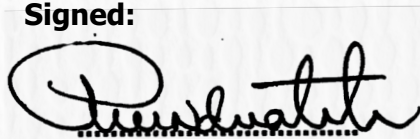
The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required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

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

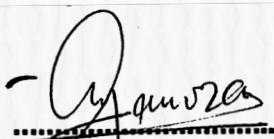
Approval of the financial statements

The Public Sector Accounting Standards Board's Annual report and financial statements were approved by the Board on **12th July 2024** and signed on its behalf by:

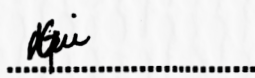
Signed:



FCPA Pius Nduatih
Chairman of the Board
Date: 12th July 2024

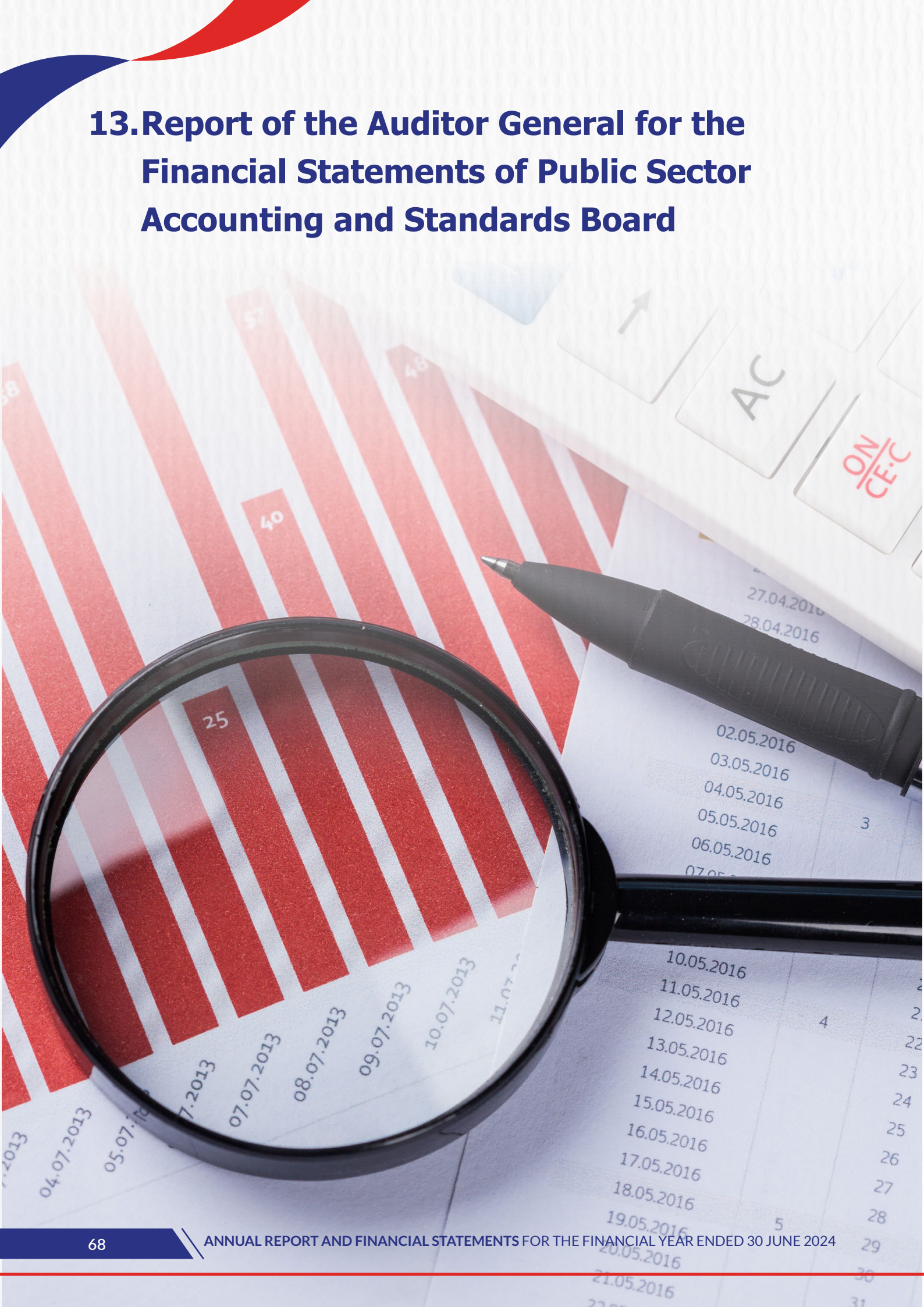


FCPA Edwin Njamura
Convener – GSC
Date: 12th July 2024



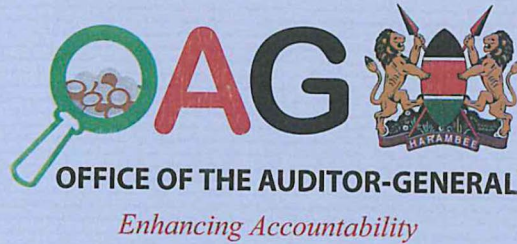
CPA Georgina Muchai
Ag. Chief Executive Officer
Date: 12th July 2024
ICPAK M/No.13725

13. Report of the Auditor General for the Financial Statements of Public Sector Accounting and Standards Board



REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PUBLIC SECTOR ACCOUNTING STANDARDS BOARD FOR THE YEAR ENDED 30 JUNE, 2024

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Public Sector Accounting Standards Board set out on pages 1 to 39, which comprise the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Public Sector Accounting Standards Board as at 30 June, 2024 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.

Basis for Opinion

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

Emphasis of Matter

1. Under-Absorption of Budget

The statement of comparison of budget and actual amounts reflects budgeted expenditure of Kshs.698,716,154 against actual expenditure of Kshs.369,306,890 resulting in an under expenditure of Kshs.329,409,264 or 47% of the budget. In addition, the statement reflects actual receipts of Kshs.687,549,783 against actual expenditure of Kshs.369,306,890 resulting in a surplus of Kshs.318,242,893.

The under absorption of the budget may have impacted negatively on service delivery by the Board.

2. Failure to Meet Targets in the Annual Work Plans

Review of the statement of the Board's Performance Against Predetermined objectives for financial year 2023/2024 revealed that the Board did not achieve all its planned activities as per its annual work plan targets as indicated below.

Key Result Area	No. of Planned Activities	Achieved Activities	Activities Not Achieved
Standards Setting	17	10	7
Capacity Development	8	6	2

Key Result Area	No. of Planned Activities	Achieved Activities	Activities Not Achieved
Compliance Monitoring	6	4	2
Institutional Strengthening and Sustainability	26	20	6
TOTAL	57	40	17

However, Management has explained that the activities not achieved have been prioritized in the current year.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Under Staffing

The Board has an approved staff establishment of forty-seven (47) staff as per authorization referenced RES 1071/17/01/B (4) dated 12th February 2018. However, during the year under review, only twenty-six (26) staff members were in post resulting to understaffing by twenty-one (21) staff members.

In the circumstances, the understaffing especially in the technical department may hinder the implementation of the transition process from cash accounting to accrual accounting method of accounting which the Board is spearheading and may also raise concerns on the adequacy of segregation of duties and override of internal controls.

2. Weaknesses in the Operating Legal Framework

Section 193 (5) of the Public Finance Management Act, 2012 provides that The National Treasury shall provide secretariat services to the Board and assign or appoint such support staff as may be necessary for the Board to effectively perform its functions. This provision limits the efficiency of the organization as the Board does not have control over its staffing needs and as a result a substantive Chief Executive Officer for the Board had not been appointed as at the time of the audit.

In the circumstances, the secretariat efficiency maybe impaired and operations of the Board affected as they are dependent on the support of The National Treasury.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Public Sector Accounting Standards Board

The 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 the 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, the Management is responsible for assessing the Public Sector Accounting Standards Board ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Public Sector Accounting Standards Board are/is responsible for overseeing the Public Sector Accounting Standards Board financial reporting process, reviewing the effectiveness of how the 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

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), Article 229(4) of the Constitution and Section 35 of the Public Audit Act, 2015.

Further, Article 229(6) of the Constitution requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements comply with the law and other authorities that govern them and that public resources are applied in an effective way.

In addition, I also consider the entity's control environment in order to give assurance on the effectiveness of internal controls, risk management and governance in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

The report is submitted to Parliament in accordance with Article 229(7) of the Constitution and Section 48 of the Public Audit Act, 2015.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

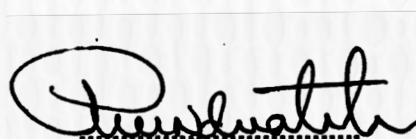
Nairobi

04 September, 2024

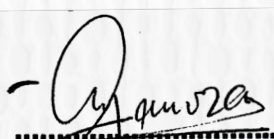
14. Statement of Financial Performance for The Year Ended 30 June 2024

Description	Note	FY 2023-24 Kes	FY 2022-23 Kes
Revenue from non-exchange transactions			
Transfers from the National Treasury	6	650,900,000	172,900,000
Public contributions and donations (PFMR)	7	3,846,071	11,796,135
Revenue from exchange transactions			
Other Incomes	8	6,543,195	1,033,073
Total revenue		661,289,266	185,729,208
Expenses			
Use of goods and services	9	87,895,511	50,091,040
Employee costs	10	84,586,901	74,294,801
Board Expenses	11	18,829,514	12,854,049
Travel and Subsistence Cost	12	40,080,505	21,717,317
Depreciation and amortization expense	13	9,028,928	9,731,256
Standard Dissemination, Monitoring and Evaluation	14	114,715,432	24,392,495
Repairs and maintenance	15	1,924,054	1,366,228
Contracted services	16	2,879,300	814,400
Total expenses		359,940,146	195,261,585
Surplus before tax		301,349,120	(9,532,377)
Taxation	17	(917,532)	(106,909)
Net Surplus/(deficit) for the period		300,431,588	(9,639,286)

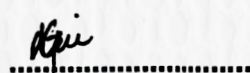
The financial statements set out on pages 1 to 38 were signed on behalf of the Board of Directors by:



FCPA Pius Nduatih
Chairman of the Board
Date: 12th July 2024



FCPA Edwin Njamura
Convener – GSC
Date: 12th July 2024

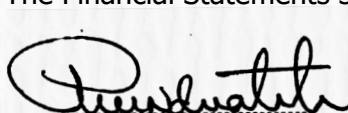


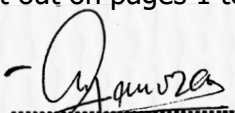
CPA Georgina Muchai
Ag. Chief Executive Officer
Date: 12th July 2024
ICPAK M/No.13725


15. Statement of Financial Position as at 30 June 2024

Description	Note	FY 2023-24 KES	FY 2022-23 KES
Assets			
Current assets			
Cash and cash equivalents	18	318,242,893	27,136,154
Receivables from exchange transactions	19	1,330,043	1,027,055
Prepayments	20	9,564,765	6,540,156
Inventories	21	4,213,270	1,480,012
Total current assets		333,350,971	36,183,377
Non-current assets			
Property, plant, and equipment	22	37,978,568	37,765,412
Intangible Assets	23	9,624,305	11,816,122
Total Non-Current Assets		47,602,873	49,581,534
Total Assets		380,953,844	85,764,911
Liabilities			
Current liabilities			
Trade and other payables	24	1,419,151	4,304,402
Tax Liabilities	25	18,268	18,268
Total Current Liabilities		1,437,419	4,322,670
Non-Current Liabilities			
Non-Current employee benefit obligation	26	483,064	2,840,468
Total Non-Current Liabilities		483,064	2,840,468
Total Liabilities		1,920,483	7,163,138
Net Assets		379,033,361	78,601,773
Represented by:			
Accumulated surplus		379,033,361	78,601,773
Net Assets		379,033,361	78,601,773

The Financial Statements set out on pages 1 to 38 were signed on behalf of the Board of Directors by:

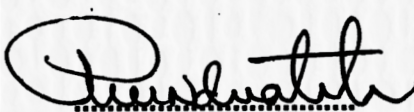
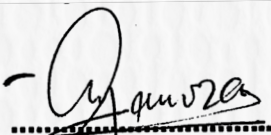


 FCPA Pius Nduatih
 Chairman of the Board
 Date: 12th July 2024


 FCPA Edwin Njamura
 Convener – GSC
 Date: 12th July 2024


 CPA Georgina Muchai
 Ag. Chief Executive Officer
 Date: 12th July 2024
 ICPAK M/No.13725

16. Statement of Changes in Net Assets for the Year Ended 30 June 2024

Period	Accumulated Surplus Kes
At July 1, 2022	88,241,059
Deficit for the year	(9,639,286)
At June 30, 2023	78,601,773
At July 1, 2023	78,601,773
Surplus for the year	300,431,588
At June 30, 2024	379,033,361

 FCPA Pius Nduatih Chairman of the Board Date: 12 th July 2024	 FCPA Edwin Njamura Convener – GSC Date: 12 th July 2024	 CPA Georgina Muchai Ag. Chief Executive Officer Date: 12 th July 2024 ICPAK M/No.13725
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17. Statement of Cash Flows for the Year Ended 30 June 2024

Description	Note	FY 2023-24 KES	FY 2022-23 KES
Receipts			
Transfers from National Treasury		650,900,000	172,900,000
Other income		5,667,558	590,942
Total Receipts		656,567,558	173,490,942
Payments			
Board Expenses		19,338,266	13,097,474
Employee costs		89,597,922	83,633,628
Travel and Subsistence Cost		40,334,499	21,697,792
Use of goods and services		94,381,632	46,203,407
Repairs and maintenance		1,924,054	1,366,228
Standard Dissemination, Monitoring & Evaluation		110,869,361	12,604,235
Contracted services		2,379,300	814,400
Total payments		358,825,034	179,417,164
Net cash flows used in operating activities	27	297,742,524	(5,926,222)
Cash flows from investing activities			
Purchase of PPE, and intangible assets		(6,635,785)	(1,465,056)
Net cash flows used in investing activities		(6,635,785)	(1,465,056)
Net (decrease)/increase in cash and cash equivalents		291,106,739	(7,391,278)
Cash and cash equivalents at 1st July	18	27,136,154	34,527,432
Cash and cash equivalents at 30th June	18	318,242,893	27,136,154

18. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2024

Revenue	Original Annual Budget		Adjustments		Final Annual Budget		Actual Amounts		% Utilization		Notes
	A KES	B KES	C=a+b KES	d KES	E=d/c%	f KES	g KES	h KES	i KES	j KES	
Transfer from National Treasury	650,900,000	-	650,900,000	-	650,900,000	650,900,000	650,900,000	100%	a		
Balance blf from FY2022/23	24,074,784	3,061,370	27,136,154		27,136,154	27,136,154	27,136,154	100%	b		
Interest income	2,000,000	-	2,000,000		2,000,000	5,199,321	5,199,321	260%	c		
PFMR Funding	12,020,000	-	12,020,000		12,020,000	3,846,071	3,846,071	32%	d		
UNICEF Funding	6,660,000	-	6,660,000		6,660,000	-	-	0%	e		
Other Incomes	-	-	-		-	468,237	468,237	-	f		
Total revenue	695,654,784	3,061,370	698,716,154		698,716,154	687,549,783					
Expenses											
Board Expenses	30,000,000	-	30,000,000		30,000,000	19,338,266	19,338,266	64%	g		
Employee costs	109,231,735	-	109,231,735		109,231,735	89,597,922	89,597,922	82%	h		
Use of goods and services	246,963,757	3,061,370	250,025,127		250,025,127	94,381,632	94,381,632	38%	i		
Travel and subsistence Cost	54,710,000	-	54,710,000		54,710,000	40,334,499	40,334,499	74%	j		
Standard Dissemination, Monitoring and Evaluation	211,193,092	-	211,193,092		211,193,092	110,869,361	110,869,361	52%	k		
Repairs and maintenance	7,138,400	-	7,138,400		7,138,400	1,924,054	1,924,054	27%	l		
Contracted services	6,317,800	-	6,317,800		6,317,800	2,379,300	2,379,300	38%	m		
Purchase of Assets	11,420,000	-	11,420,000		11,420,000	6,635,785	6,635,785	58%	n		
PFMR Funded activities	12,020,000	-	12,020,000		12,020,000	3,846,071	3,846,071	32%	o		
UNICEF Funding activities	6,660,000	-	6,660,000		6,660,000	-	-	0%	p		
Total expenditure	695,654,784	3,061,370	698,716,154		698,716,154	369,306,890					
Surplus for the period	-	-	-		-	318,242,893					

Budget notes: Explanation of differences between actual and budgeted amounts

- a) The Board received full disbursement for the first four quarters from National Treasury according to the approved allocation as of the close of the financial year.
- b) The balances brought from previous FY 2022/2023 were utilised as first charges to settle all total liabilities and the residual incorporated into the budget for FY 2023/2024.
- c) The interest income for the year was above the year's projections. This is because of the increase in exchequer allocation for the FY 2023/2024.
- d) By the close of FY, 32% of the PFMR funding was received towards payment of the PFMR funded activities of mutual objectives according to the workplan. The PFMR budget were affected by budget reductions hence the Board's allocation.
- e) The UNICEF funding was approved for implementation. The KES 10 million was to be disbursed over a period of three (3) years. The current cumulative allocation for the last two years was included in the budget for FY 2023/2024 as KES. 6.66 million. However, the funds had not been disbursed by the close of FY2023/24.
- f) The other incomes comprise majorly of the payment in leu of notice the staff who exited the service with the Board paid and recognised as income.
- g) The Board expenses were at KES. 19.34 million with an absorption rate of 64%. The under absorption is a result of postponed Board Development activities especially those that were planned to take place outside the country which could not materialise due to austerity measures.
- h) The employee remuneration for the year was within the budget at a cost of KES.89.60 million with an absorption rate of 82%. The under absorption is due to post-pone recruitments for the FY 2023/2024 that had been budgeted for during the period and the exit of the Chief Executive on 31st January 2024.
- i) Use of goods and services low due the impact resulting from low intake of procurable goods and services, suspension to purchase IPPF books due to expected changes in Internal Audit Standards and pending update of accounting standards booklets by IPSASB. Additionally, the low absorption is attributed to austerity measures particularly in foreign travel and acquisition of promotional materials among others.
- j) The travel and subsistence cost for the year was within the budget at a cost of KES.40.33 million with an absorption rate of 74%. The under absorption is due to the circular advising public entities to do away with international travel. The Board had planned to undertake a bench marking exercise on transition from cash accounting to accrual accounting in Australia and Tanzania.



- k) Standard Dissemination, Monitoring and Evaluation stood at KES.110.87 million with an absorption rate of 52%. The under absorption is caused by the lagging behind of capacity building activities relating to transition to accrual that begun late after the approval of the Cabinet Memo on transition to accrual as from 7th March 2024.
- l) The absorption of repair and maintenance was at 27% of the budget. - This absorption is occasioned by suspension of repair planned for office spaces.
- m) The contracted services cost relates to security guards, cleaning services, professional services contracted by the Board.. The absorption was at 38%. This absorption is a result of contracting security and cleaning services with low absorption from the professional services that were targeting the transition to accrual accounting.
- n) The budget on fixed asset was improved during budget under review to cater for the needs of the Board in improving the working environment for efficient service delivery. The absorption rate is at 58% as the non-absorption of funds is resulting from suspension of acquisition of furniture and fittings.
- o) PFMR Funded Activities was utilised as per the total funded activities during the period of KES.2.90 million.
- p) UNICEF funded activities were not undertaken during the period as a result of non-receipt of any funds for the programs.

19. Notes to the Financial Statements

1) General Information

The Public Sector Accounting Standards Board (PSASB) Board is established by and derives its authority and accountability from the Public Finance Management Act 2012. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activity is to set generally acceptable accounting and internal auditing standards for the Kenyan Public Sector.

2) Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The Board did not have items of property, plant, and equipment for which to measure at re-valued amount. There were no marketable securities and financial instruments to be measured at fair value, nor impaired assets to be measured at their estimated recoverable amounts and actuarially determined liabilities measured 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 Board's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in **Note 5** of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Board. 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.



3) Adoption of New and Revised Standards

- i. ***New and amended standards and interpretations in issue effective in the year ended 30 June 2024.***

There were no new amended standards in the financial year.

- ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.***

Standard	Effective date and impact:
<p>IPSAS 43</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>These changes have been assessed and the Board's assets will be impacted upon application of this standard. The Board is in the process of assigning the standard for implementation.</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>These changes have been assessed and at the moment they have no effect on the operations of the Board. Where the Board identifies assets for sale, they shall be classified separately from PPE in the year such decision is made.</i></p>

Standard	Effective date and impact:
<p>IPSAS 45- Property Plant and Equipment</p>	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognized as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e. g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>These changes have been assessed and the Board's assets will be impacted upon application of this standard.</i></p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. Clarifying transaction costs guidance to enhance consistency across IPSAS; Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>These changes have been assessed and the Board's assets and liabilities will be impacted upon application of this standard.</i></p>

Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>These changes have been assessed and the Board's revenue will be impacted upon application of this standard and reported as per the requirements of the standard.</i></p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>Management has assessed the new standard, and it has no impact to the entity.</i></p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>Management has assessed the new standard, and it has no impact to the entity.</i></p>

iii. **Early adoption of standards**

The Board did not early – adopt any new or amended standards in year 2023/2024.

4) Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

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 Board and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income.

ii. Budget information

The original budget for FY 2023-2024 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 Board upon receiving the respective approvals in order to conclude the final budget.

The Board's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on 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 **Note 28** of these financial statements.

b) Taxes

i. 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 Board 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.

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

Depreciation on property, plant and equipment is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. Depreciation is done quarterly with assets acquired in the course the quarter being depreciated from the subsequent quarter using the following annual rates;

Asset	Rate (%)
Computers, Computer Accessories and Infrastructure	33.33
Motor Vehicles	25
Furniture, Fittings and equipment	12.5

iii. 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 value of intangible asset is amortized over its useful life at a rate of 20% per annum using reducing balance method on quarterly basis.

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

iv. Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. PSASB does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

1. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

2. Financial liabilities**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

v. 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.

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

vi. Provisions

Provisions are recognized when the Board 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 Board 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.

vii. Contingent liabilities

The Board 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.

viii. Contingent assets

The Board 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 Board 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.

ix. Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements. Currently, the board retained earnings comprise of surplus relating to prior periods.

x. Changes in accounting policies and estimates

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

xi. Employee benefits

Retirement benefit plans

The Board provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which the Board pays fixed contributions into a separate Board (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.

xii. 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.

xiii. Related parties

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

xiv. 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 in various commercial banks at the end of the financial year.

xv. Comparative figures

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

xvi. 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, 2024.

5) Significant Judgments and Sources of Estimation Uncertainty

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

i. Estimates and assumptions

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



ii. Useful lives and residual values

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

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

iii. Provisions

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

iv. Provision for bad debts

It is the boards policy to assess the impairment of individual debts on an annual basis and provide for each of them on the prevailing circumstance.

6) Transfers from the National Treasury

a) Transfer from the National Treasury

Description	FY 2023-24	FY 2022-23
	KES	KES
Unconditional Grant		
Quarter 1	162,725,000	35,725,000
Quarter 2	162,725,000	35,725,000
Quarter 3	162,725,000	35,725,000
Quarter 4	162,725,000	65,725,000
Total Grants Received	650,900,000	172,900,000

The Board received all the allocated and approved funds during FY2023/24.

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	Total transfers 2023/24	Prior year 2022/2023
	KES	KES	KES	KES
The National Treasury	650,900,000	-	650,900,000	172,900,000
Total	650,900,000	-	650,900,000	172,900,000

7) Public Contributions and Donations

Description	FY 2023-24	FY 2022-23
	KES	KES
Grants from PFMR	3,846,071	11,796,135
Total	3,846,071	11,796,135

During the year, the Board participated in preparation of a work plan with the Public Finance Management Reforms (PFMR) on areas of reform as per their strategic plan. The approved work plan had activities costing KES. 12.02 million out of which about KES. 3.8 million was funded. The balance of 8.2 million was not funded despite being in the approved work plan due to the reduced PFMR budgets for the same period.



8) Other Income

Description	FY 2023-24	FY 2022-23
	KES	KES
Interest Income from Co-operative Bank of Kenya	6,116,853	590,942
Training Income	-	150,000
Recognized decrease in provisions	-	292,131
Insurance recoveries	72,405	-
Staff payment in-leu of notice	353,937	-
Total Other income	6,543,195	1,033,073

Interest income relates to income earned during the year from the monthly bank balances on the account held at the Co-operative Bank of Kenya. These are gross amounts before withholding tax.

9) Use of Goods and Services

Description	FY 2023-24	FY 2022-23
	KES	KES
Rent	9,756,805	9,756,804
Membership fees Subscriptions to professional fees	480,506	389,244
Electricity	872,163	727,210
Hire of conference facility Costs	15,329,444	5,076,979
Internet Connections	517,824	534,528
Bank charges & Commission	551,356	234,578
Parking Costs	931,680	936,186
General supplies, Accessories for computer and printers	3,926,275	1,715,698
Specialist materials (Library & non-Pharmaceutical)	2,788,319	11,320
Fuel and oil	2,293,245	1,643,192
Insurance	9,978,058	11,393,036

NOTES TO THE FINANCIAL STATEMENTS

Printing and stationery	3,091,050	2,113,977
Advertising and Publicity	3,489,274	4,394,032
Training	19,309,644	4,601,087
Telecommunication and postage	3,248,100	1,512,986
Software Licenses	11,331,768	5,050,183
Total	87,895,511	50,091,040

The use of goods and services expenditures were majorly contributed by the items such as rental expenses, hospitality and catering expenses, advertising and publicity, insurance, training, fuel and oil, and significantly software licenses which resulted from acquisition of ICT infrastructure to facilitate process automation. Software costs also increased due to license renewals and payment for new licenses during the financial year. Training cost increased due to the need to upscale the skills of officers in preparation to implementation of accrual accounting. The expensed general supplies, accessories for computers and printers were significantly because of the expensed inventories rather than acquisitions in the financial year.

10) Employee Costs

Description	FY 2023-24 KES	FY 2022-23 KES
Salaries and wages	58,370,872	52,347,072
Employer contribution to pension scheme	7,515,964	5,798,443
Housing allowance	13,670,150	12,630,903
Social contributions	492,409	174,680-
NITA employer	15,650	-
Housing Levy Employer	988,936	-
Gratuity	3,532,920	3,343,703
Employee costs	84,586,901	74,294,801

The increase in employee cost was due to annual salary increments in staff salaries in line with the approved remuneration structure.

11) Board Expenses

Description	FY 2023-24 KES	FY 2022-23 KES
Chairman/Directors' Honoraria	720,000	720,000
Board sitting allowance	6,323,000	5,932,320
Board Member's Medical Insurance	317,059	147,475
Induction and Training	3,256,660	417,080
Travel and accommodation	8,212,795	5,637,174
Total	18,829,514	12,854,049

During the FY 2023/2024, the Board of Directors managed to take the training and development activities in line with the approved Board Almanac for the year.

12) Travel and subsistence cost

Description	FY 2023-24 KES	FY 2022-23 KES
Travel cost	5,481,505	3,546,916
Daily Subsistence Allowance	34,598,999	18,170,401
Total travel and subsistence cost	40,080,505	21,717,317

The country is prioritizing the transition to accrual accounting, which is the basis of financial reporting across all public sector entities. The Board has been charged with the responsibility of championing this process by involving the stakeholders in it. The increase in travel and subsistence costs was due to the increased involvement of stakeholders in external activities that required a lot of travel during the sensitization of public entities towards the adoption of the standards. Due to partnerships and collaborations with stakeholders, some activities were co-funded.

13) Depreciation and Amortization Expense

Description	FY 2023-24 KES	FY 2022-23 KES
Property, plant, and equipment	6,837,112	7,040,280
Intangible assets	2,191,817	2,690,976
Total depreciation and amortization	9,028,928	9,731,256

14) Dissemination, Monitoring and Evaluation Expenses

Description	FY 2023-24 KES	FY 2022-23 KES
Dissemination of standards Expenses	98,924,932	11,796,135
Promoters' contributions	2,000,000	1,090,000
Evaluation expenses	13,790,500	11,506,360
Total Standard Dissemination and Evaluation	114,715,432	24,392,495

Dissemination costs relate to standard setting, monitoring compliance, and capacity building for public entities in relation to the adoption of standards, guidelines, and frameworks prescribed by the Board from time to time. The Board undertook sensitization programs for public entities throughout the financial year. This includes training accountants and internal auditors on standards, guidelines, and frameworks prescribed, development of accounting and internal audit guidelines and frameworks, training of internal audit committees in the public sector, technical assistance provided to entities that require technical support and capacity building of public entities transition from cash to accrual accounting. Evaluation costs relate to the Financial Reporting Excellence Award (Fire Award) activity. The total number of entities evaluated was eight hundred and forty-one (841) entries from the public sector. This number is higher compared to seven hundred and ninety-three (793) the previous year, indicating improvement in the quality of their financial reporting. PMFR activity costs relate to costs funded by the Public Finance Management Reform (PFMR) Secretariat to promote accountability in the public sector.

15) Repairs and Maintenance

Description	FY 2023-24 KES	FY 2022-23 KES
Motor Vehicles	1,268,185	1,074,783
Furniture and fittings	94,807	11,500
Computers and Accessories	561,062	279,945
Total repairs and maintenance	1,924,054	1,366,228

The cost of motor vehicle repair and maintenance increased due to the number of activities undertaken during the year. The cost of computer accessories increased due to the purchase of computer accessories for laptops acquired during the period. There was no expenditure regarding the repair of office buildings and equipment.

16) Contracted Services

Description	FY 2023-24 KES	FY 2022-23 KES
Security Cost	396,000	396,000
Contracted professional services	1,983,300	118,400
Accrued Audit fees	500,000	300,000
Total contracted services	2,879,300	814,400

The cost of contracted services increased due to the procurement of cleaning services and the increase in the provision of audit fees for FY 2023/2024.

17) Taxation

Description	FY 2023-24 KES	FY 2022-23 KES
Interest Income from Co-operative Bank of Kenya	6,116,853	590,942
Less: Bank charges	-	(234,578)
Net Interest Income before Tax	6,116,853	356,364
Taxation 15%	917,532	106,909

The tax paid is the withholding tax at source of fifteen (15%) percent paid on interest income received from Co-operative Bank of Kenya. Beginning January 2023 15% withholding tax is final tax.

18) Cash and Cash Equivalents

Description	FY 2023-24 KES	FY 2022-23 KES
Current account	317,760,914	24,295,692
Staff pension & gratuity account	481,979	2,840,462
Total cash and cash equivalents	318,242,893	27,136,154

a) Detailed analysis of the cash and cash equivalents

Description/Financial institution	Account number	FY 2023-24 KES	FY 2022-23 KES
a) Current account			
Cooperative Bank of Kenya	1141199471000	317,760,514	24,295,692
Cash in hand		400	-
Sub- total		24,295,692	24,016,253
b) Others(specify)			
Staff pension & gratuity account	01141199471001	481,979	2,840,462
Sub- total		481,979	2,840,462
Grand total		318,242,893	27,136,154

b) Pensions and Gratuity account

Description	FY 2023-24 KES	FY 2022-23 KES
At the beginning of the year	2,840,499	10,511,179
Additional contributions during the year	336,395	3,343,698
Gratuity transferred during the year	(2,693,799)	(11,014,378)
Bank charges	(1,016)	-
Total cash and cash equivalents	481,979	2,840,499

During the year, the Board transferred the management of gratuity for contracted staff to CPF. As a result, KES 2.7 million was transferred to CPF for the management of gratuity on behalf of staff members on contract terms of employment.

19) Receivables from Exchange Transactions

Description	FY 2023-24 KES	FY 2022-23 KES
Current receivables		
Staff debtors	389,200	63,800
Salary advance	940,843	963,255
Total current receivables	1,330,043	1,027,055

Staff debtors relate to outstanding staff imprest due after the end of the financial year. The imprest has since been duly accounted for.

20) Prepayment

Description	FY 2023-24 KES	FY 2022-23 KES
Current payables		
Motor Vehicle Insurance	299,155	240,417
Newspapers	393,795	311,004
Board Medical Cover	508,752	-
Staff Medical Cover	6,378,257	5,988,735
Back-up Server services	1,851,205	-
Training	133,600	-
Total	9,564,765	6,540,156

Prepayments relate to medical and motor vehicle insurance prepaid during the year. They also include the prepayment towards daily newspaper and digital copy subscription prepaid during FY2023/2024. The huge rise in this item is due to increased premium charges for staff medical, Group Personal Accident, and board members' medical cover.

21) Inventories

Description	FY 2023-24	FY 2022-23
	KES	KES
Supplies & accessories for computers, printing, and communication	4,174,270	362,270
Office and General supplies & Hospitality expenses	39,000	1,007,282
Non-pharmaceutical supplies	-	110,460
Total inventories at the lower of cost and net realizable value	4,213,270	1,480,012



22) Property, Plant and Equipment

Cost	Motor vehicles KES	Furniture and fittings KES	Computer KES	Office Equipment KES	Total KES
As at 30th June 2022	23,751,000	25,076,529	10,841,422	16,155,456	75,824,407
Additions			817,500		817,500
As at 30th June 2023	23,751,000	25,076,529	11,658,922	16,155,456	76,641,907
Additions	-	3,244,700	2,921,460	575,705	6,741,865
WIP		350,300			350,300
As at 30th June 2024	23,751,000	28,671,529	14,580,382	16,731,161	83,734,072
Depreciation and impairment					
As at 30th June 2022	(14,536,656)	(7,620,742)	(6,280,149)	(3,296,491)	(31,836,215)
Depreciation	(2,096,483)	(2,069,622)	(1,340,593)	(1,533,583)	(7,040,281)
As at 30th June 2023	(16,633,139)	(9,690,364)	(7,620,742)	(4,830,074)	(38,876,496)
Depreciation	(1,619,483)	(2,015,652)	(1,851,292)	(1,350,685)	(6,837,112)
Disposal	-	-	(41,895)		(41,895)
As at 30th June 2024	(18,252,622)	(11,706,016)	(9,513,929)	(6,180,759)	(45,755,503)
Net book values					
As at 30th June 2024	5,498,378	16,965,513	5,066,453	10,550,402	37,978,569
As at 30th June 2023	7,117,861	15,386,165	4,038,180	11,325,382	37,765,411

The additional tangible assets are laptops for the new Board staff, which were acquired and subsequently recognized in the fixed assets.

23) Intangible Assets

Description	2023-2024 KES	2022-2023 KES
Cost		
At beginning of the year	11,816,122	19,616,226
Amortization Q1	(590,806)	(725,355)
Amortization Q2	(561,266)	(689,087)
Amortization Q3	(533,203)	(654,633)
Amortization Q4	(506,542)	(621,901)
At end of the year	(2,191,817)	(2,690,976)
NBV as at 30th June 2024	9,624,305	11,816,122

24) Trade and Other Payables

Description	FY 2023-24 KES	FY 2022-23 KES
Current payables		
Electricity bill	133,746	64,200
Retention	350,300	-
Provision for audit fees FY2021/22	500,000	300,000
Other payables	435,105	1,220,572
PAYE	-	2,719,629
Total current payables	1,419,151	4,304,402

Other payable include trade payable from supply of goods and services, electricity bill, retention and provision of audit fees for FY 2023/2024 of KES.0.5 million. All registered payables are below one year.

25) Tax Liability

Description	FY 2023-24	FY 2022-23
	KES	KES
At beginning of the year	18,268	101,827
Income tax charge for the year	917,532	106,909
WHT on Income deducted at source	(917,532)	(88,641)
Income tax paid during year	-	(101,827)
At end of the year	18,268	18,268

The income tax liability is the net tax as a result of the interest income earned from the monthly account balances held at the Co-operative Bank of Kenya. The tax liability is net of Withholding tax at 15% which is final tax with effect from January 2023.

26) Non-current employee benefit obligations

Description	Defined benefit plan	FY 2023-24	FY 2022-23
	KES	KES	KES
Non-current benefit obligation	483,064	483,064	2,840,468
Total employee benefits obligation	483,064	483,064	2,840,468

This relates to gratuity for Board's staff who are on contract terms. The amount is maintained in a separate bank account. The decrease is as a result of transfers made to CPF in favour of the staff members who are on contract terms.

27) Cash Generated from Operations

Description	FY 2023-24 KES	FY 2022-23 KES
Surplus for the period before tax	301,349,120	(9,532,377)
Adjusted for:		
Depreciation	9,028,928	9,731,256
Non-cash grants received	(2,896,400)	(11,796,135)
Working Capital adjustments		
Increase/Decrease in inventory	(2,733,258)	1,464,081
Increase in receivables	(1,096,007)	(581,222)
Increase in Prepayments	(3,024,609)	-
Decrease/Increase in payables	(2,885,250)	4,788,175
Net cash flow from operating activities	297,742,524	(5,926,222)

28) Reconciliation Between Surplus as Per the Budget and Surplus as Per the Statement of Financial Performance

Description	Amount
Surplus under statement of financial performance	300,431,588
Less: Surplus under the statement of budgeted and actual amounts	(318,242,893)
Difference	(17,811,305)

Explained by:

Surplus under the statement of budgeted and actual amounts	318,242,893
Purchase of fixed assets included under the budget and capitalized	6,635,785
Prepayments for FY2022/2023 expensed in the FY2023/2024	(6,540,156)
Prepayments for FY2023/2024	9,564,765
Previous year payables paid during the FY2023/2024	4,304,402
Inventory acquired during the FY2023/2024	2,733,258
Payables for FY2023/2024 expensed	(962,773)
Gratuity paid during the year	2,357,404
Increase in receivables	302,988
Income in the budget not in the performance	(41,895)
Depreciation- non-cash item	(9,028,928)
Unspent balance blf	(27,136,154)
Surplus under statement of financial performance	300,431,588

29) Financial Risk Management

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

i) Credit risk

The Board 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. Management assesses the credit quality of each customer, considering 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 Board's management based on prior experience and their assessment of the current economic environment.

ii) Financial Risk Management

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

Description	Total amount KES	Fully performing KES
At 30 June 2024		
Receivables from - exchange transactions	9,564,765	9,564,765
Staff debtors	1,330,043	1,330,043
Bank balances	318,242,893	318,242,893
Total	329,137,701	329,137,701
At 30 June 2023		
Receivables from - exchange transactions	6,540,156	6,540,156
Staff debtors	1,027,055	1,027,055
Bank balances	27,136,154	27,136,154
Total	34,703,365	34,703,365

The fully performing category are active and realisable receivables. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Board has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

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

iii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KES	KES	KES	KES
At 30th June 2024				
Trade payables	1,419,151	-	-	1,419,151
Employee benefit obligation	-	-	-	-
Total	1,419,151	-	-	1,419,151
At 30th June 2023				
Trade payables	1,115,472	-	-	1,115,472
Employee benefit obligation	-	-	-	-
Total	1,115,472	-	-	1,115,472

iv) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Board 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, and foreign exchange rates which will affect the Board'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 Board's Finance Department is responsible for the development of detailed risk management policy and for the day-to-day implementation of those policies. There has been no change to the Board's exposure to market risks or the manner in which it manages and measures the risk.

c) Foreign currency risk

The Board 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 Board 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. The Board did not have foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.



d) Interest rate risk

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

Sensitivity analysis

The Board 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. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by 1% percentage point as a decrease/increase of KES **61,168** (2023: KES **7,409**). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KES **305,843** (2023 – KES **37,047**)

e) Capital Risk Management

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

Description	FY 2023-24 KES	FY 2022-23 KES
Retained earnings	379,033,361	78,601,773
Total funds	379,033,361	78,601,773
Less: cash and bank balances	(318,242,893)	(27,136,154)
Excess cash and cash equivalents	318,242,893	27,136,154
Gearing	-	-

30) Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Board 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.

Description	FY 2023-24 KES	FY 2022-23 KES
Transactions with related parties		
a) Grants from the Government		
Grants from National Treasury & Planning	650,900,000	172,900,000
Grants from PFMR	2,896,400	11,796,135
Total	653,796,400	184,696,135
b) Key management compensation		
Board of Directors' emoluments	7,043,000	6,453,320
Payments for Board of Directors transport and other expenses	11,786,514	6,201,729
Compensation to key management	19,636,636	15,658,802
Total	38,466,150	28,313,851

Government of Kenya

The Government of Kenya is the principal shareholder of the *Board*, holding 100% of the *Board's* equity interest.

Other related parties include:

- i. The National Treasury and Planning
- ii. National Government State Corporations
- iii. Other Ministries, Departments and Agencies
- iv. County Governments
- v. Semi-Autonomous Government Agencies
- vi. Key management; and
- vii. Board of Directors

31) Capital Commitments

Capital commitments	FY 2023-24 KES	FY 2022-23 KES
Authorised for	-	-
Authorised and contracted for	-	-
Total	-	-

There were no capital commitments for the Board within the financial year ended 30th June 2024.

32) Events after the Reporting Period

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

33) Ultimate And Holding Entity

The Public Sector Accounting Standards Board is a Semi- Autonomous Government Agency under the Ministry of National Treasury and Planning. Its ultimate parent is the Government of Kenya.

34) Currency

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

20. Appendix

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

The Board received clean audit report. However, the auditor raised the following issue which the management implemented in the course of the financial year:

MANAGEMENT ACTIONS IN CONFORMANCE WITH AUDIT RECOMMENDATIONS FOR THE AUDIT PERFORMED ON PUBLIC SECTOR ACCOUNTING STANDARDS BOARD FOR THE YEAR ENDED 30 JUNE 2023			
No	Auditor recommendation	Management Action	Implementation Status
1	There were no audit issues raised hence no recommendations	Not applicable	Not applicable

APPENDIX II: Projects Implemented by The Board

There were no projects implemented by the PSASB Funded by development partners and/ or the Government during FY2023/2024.

APPENDIX III: Transfers From Other Government Entities

Name of the MDA/Donor Transferring the funds	Where Recorded/recognized							Total Transfers during the Year
	Nature: Recurrent/ Development/ Others	Date received as per bank statement	Total Amount - KES	Statement of Financial Performance	Statement of financial position	Deferred Income	Others - must be specific	
		16th August 2023	162,725,000	162,725,000	-	-	-	162,725,000
		14th November 2023	162,725,000	162,725,000	-	-	-	162,725,000
	National Treasury	15th February 2024	162,725,000	162,725,000	-	-	-	162,725,000
		16th May 2024	162,725,000	162,725,000	-	-	-	162,725,000
Total			650,900,000	650,900,000	-	-	-	650,900,000

APPENDIX V- Inter-Entity Confirmation Letter

The board did not have any inter-entity amounts disbursed to any other entity as at 30th June 2024.

APPENDIX VI: Reporting Of Climate Relevant Expenditures

The board did not incur any expenditures on any climate-relevant activities for the period ended 30th June 2024.

APPENDIX VII: Disaster Expenditure Reporting Template

The board did not incur any expenditures relating to any disasters within the period ended 30th June 2024.



PUBLIC SECTOR ACCOUNTING STANDARDS BOARD (KENYA)



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