



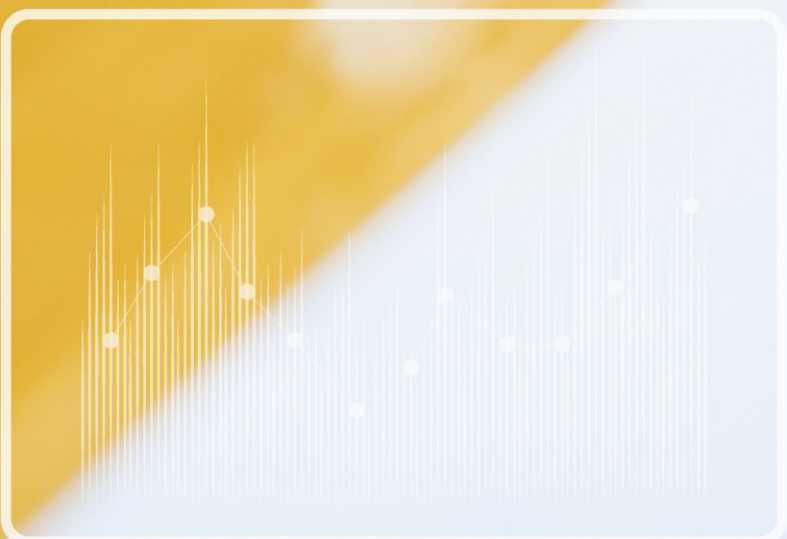
# Annual REPORT



2020



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





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+68.764

BUY


+75.354

Year-End Closing  
Income Statement  
Cash Flow Statement  
Balance Sheet



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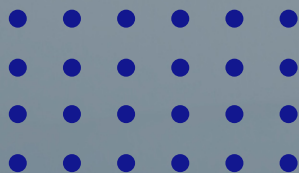
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# **I. KEY ENTITY INFORMATION AND MANAGEMENT**





### (a) Background information

The Public Sector Accounting Standards Board (PSASB) was established and constituted in accordance with sections 192 to 195 of the Public Finance Management (PFM) Act, 2012 on 28th February 2014. At the Cabinet level, the Board is represented by the Cabinet Secretary to the National Treasury. The Board is a representative organisation with nominees from the following institutions:

- I. The National Treasury
- ii. Office of the Controller of Budget
- iii. Intergovernmental Budget and Economic Council
- iv. Office of the Auditor-General
- v. Institute of Certified Public Accountants of Kenya
- vi. Association of Professional Societies of East Africa
- vii. Capital Markets Authority
- viii. Institute of Internal Auditors

- ix. Institute of Certified Secretaries  
Vision Statement

“Safeguarding public interest through setting reliable and quality financial and internal auditing standards”

#### Mission Statement

To promote sound financial reporting and internal auditing standards for transparency and accountability in the Public Sector  
Core Values

1. **Integrity:** Honest, ethical, and forthright behaviour in relationships with all stakeholders.
2. **Objectivity:** Impartial decisions informed by credible research and thorough deliberations, including due consideration of the views of all stakeholders and the work of other standards setters.

3. **Transparency:** An open process that encourages and values public participation in setting Public Sector standards.
4. **Thought leadership:** Centre of excellence in Public Sector standard setting
5. **Consultative:** Inclusivity and engaging all stakeholders
6. **Teamwork:** Our teams work in close collaboration with each other.
7. **Professionalism:** Recognizing that we must uphold professional accounting and internal audit conduct and ethics in all our activities.

### (b) Principal Activities

The principal activities of the Board as provided by PFM Act, 2012 section 194 (1) are to:

- a) Set generally accepted accounting and financial system standards.
- b) Prescribe the minimum standards of

- c) 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.

# VISION AND MISSION

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### (c) Key Management

The Board is supported in its functions by a full time Secretariat which has been set up pursuant to Section 193 (5) of the PFM Act, 2012. The Secretariat provides administrative and technical support to the Board and its committees in the execution of its mandate and functions. Senior Staff members who served in the Secretariat during the period are as follows:

No.	Designation	Name	Date of appointment
1.	Chief Executive Officer	CPA Fredrick Riaga	01.08.2019
2	Ag. Chief Executive Officer	CPA Patrick Abachi	01.06.2019
3	Director, Accounting Standards	CPA Georgina Muchai	01.06.2019
4.	Director, Internal Audit Standards	CPA George Mang'oka	01.06.2019
5.	Ag. Head of Finance	CPA Billy Mathu	01.06.2019

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Fredrick Riaga
2.	Director, Training and Corporate Services	Patrick Abachi
3.	Director, Accounting Services	Georgina Muchai
4.	Director, Internal Audit Standards	George Mang'oka
5.	Manager, Finance and Accounts	Billy Mathu
6	Manager, Accounting Standards	Robinson Kweyu
7.	Manager, Human Resource and Administration	Wilfred Metobo
8.	Principal Officer, Internal Audit Standards	Rose Sambu

### (e) Fiduciary Oversight Arrangements

#### The Board of Management

The Board of management has the overall responsibility to ensure the achievement of the strategic objectives and mandate of the organisation as set out under the PFM Act. 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 organisation to achieve commonality of purpose.



## The Governance and Strategic Committee of the Board

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 Committee is also responsible to ensure that the organisation's budget and procurement plan are in line with the strategic plan and the Board's mandate as outlined in the law. This committee is also responsible for managing the organisation's risk, ensuring compliance to all applicable laws and regulations, and spearheading good governance practices within the Board members and the Secretariat.

## Internal Audit Committee

In addition to its main mandate which is to develop and promote internal audit standards and risk management for use in public sector, the Internal Audit Committee is also regarded as Audit Committee of the Board and it is responsible to monitor the Board's internal control environment and provide advice on areas of improvement. The Committee oversees the operations of the Board to ensure that set policies and procedures are adhered to.

## Internal Audit Function

The Board's internal audit function is executed by Principal Officer, Internal Audit Standards. The unit provide independent assurance on the Board's risk management policies, governance and internal control processes and report to Board and management. Periodic audit is done on the Board's operations ensuring that these operations are carried out in line with the organization's policies and procedures.

### (f) Headquarters

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

### (g) Contacts

Telephone: (254) 020 251  
1557/0757924842  
E-mail: [info@psasb.go.ke](mailto:info@psasb.go.ke)  
Website: [www.psasb.go.ke](http://www.psasb.go.ke)

### (h) Banker

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

### (I) Independent Auditors

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

### (j) Principal Legal Adviser

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

A blurred background image of a business meeting. Several people are gathered around a table, looking at documents and a laptop. The documents feature various charts, including bar graphs, pie charts, and a world map. One document is titled "Analysis Report". The scene is dimly lit, with a focus on the hands and documents in the foreground.

## II. THE BOARD OF DIRECTORS

## II. THE BOARD OF DIRECTORS

### CPA Bernard Ndungu, MBS – Chairman



He represented the National Treasury in the Board. Bernard holds a Bachelor of Commerce degree (finance option) from the University of Nairobi and a master's degree in Public Finance Management at the University of London. He is also a Certified Public Accountant and a member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is the Director General – Accounting Services and Quality Assurance at the National Treasury and the Administrator of the Equalization Fund. He also represents the Cabinet Secretary/National Treasury in various Boards. He was the Board Chairman until **20<sup>th</sup> February 2020** when his term ended.



### FCPA Comm. Anne Elizabeth Owuor, EBS

She represented the Institute of Certified Public Accountants of Kenya in the Board. She is a holder of Master's degree in Business Administration (MBA) Finance from USA, Masters in Science in Audit Management & Consultancy University of Central England Birmingham, a Post Graduate Diploma in Audit Management & Consultancy – University of Central England Birmingham, Diploma in Board Competence & Board Practice from Oslo and Akershus University College of Applied Sciences in Norway. She is also a Certified Internal Auditor, Certified Risk Management and Assurance. She is currently pursuing a Doctorate in Philosophy from University of South Africa (UNISA). Anne was the Chair to the National and County Governments (NCG) Committee of the Board. Anne was a member of the Board until **20<sup>th</sup> February 2020** when her term ended.



### CPA Esther Maiyo

She represented the Capital Markets Authority in the Board. She holds a master's degree in Business Administration and a Bachelor of Commerce degree. Esther is a Certified Public Accountant and a Certified Public Secretary of Kenya. She also holds a Certified Information Systems Auditor (CISA) designation. She works for the Capital Markets Authority where she has held various management positions in Internal Audit, Market Supervision, Financial Analysis, Accounting and Risk Management. Esther was the Chair of the Internal Audit (IAC) Committee of the Board. Esther was a member of the Board until **20<sup>th</sup> February 2020** when her term ended.

## FCPA Dr. Nicholas Letting, HSC



Dr. Nicholas Letting', Ph. D, is the Chief Executive Officer at Kenya Accountants and Secretaries National Examinations Board (KASNEB). He holds a Doctor of Philosophy (PhD) in Business Administration (Strategic Management), MBA and B.com degrees from the University of Nairobi. He is a Certified Public Accountant (CPA), Certified Secretary (CS) and Certified Investments and Financial Analyst (CIFA). With over 20 years of work experience in various institutions including the Management University of Africa (MUA) and British American Tobacco (BAT), Kenya Institute of Management (KIM) among others. He currently sits on the Boards of National Commission for Science Technology and Innovations (NACOSTI), Institute of Certified Public Accountants in Kenya (ICPAK), institute of certified Secretaries (ICS) and the Kenya Institute of Management (KIM). He is a member of the Institute of Directors (IoD), The Institute of Certified Investment and Financial Analysts (ICIFA) and institute of Human Resource Management (IHRM) He represents the Association of Professional Societies of East Africa (APSEA) in the Board. He was appointed with effect from 1<sup>st</sup> April 2019.

## FCPA Lazarus Kimang'a, MBS, SS



He represented the Institute of Certified Secretaries. He holds an MBA degree from the University of Nairobi and M. Com from Strathmore University. He also trained in Financial Management at Templeton College, University of Oxford. He is a Fellow Certified Public Accountant (FCPA) and Fellow Certified Secretary (FCS). He is also a Certified Investment and Financial Analyst (CIFA). He is Company Secretary of WAICA Re. He is also Chairman of the Registration Committee of ICIFA. Lazarus was the Chair of the Governance and Strategy Committee (GSC) of the Board. Lazarus was a member of the Board until 20<sup>th</sup> February 2020 when his term ended.

## CPA Macklin A. Ogolla



Mr. Ogolla represented the Office of the Controller of Budget (OCOB) in the Board. He holds an MBA degree from Moi University and a Bachelor of Science degree from the University of Nairobi. Mr. Ogolla is also a Certified Public Accountant and a member (ICPAK). He is the Director of Corporate Services at the office of the Controller of Budget (COB). Macklin was a member of the Board until 20<sup>th</sup> February 2020 when his term ended.



## CPA Charles Cheruiyot



He represented the Institute of Internal Auditors (IIA) in the Board. He holds an MBA degree and a Bachelor of Commerce degree both of the University of Nairobi. He is also a Certified Public Accountant and a Certified Internal Auditor. He is a member of the Institute of Certified Public Accountants of Kenya. He is the General Manager Finance at Kenya Power & Lighting Company Ltd.

Charles was a member of the Board until **14th June 2020** when his term ended.

## CPA David Gichana



He represented the Office of the Auditor General (OAG) in the Board with effect from 10<sup>th</sup> February 2016. He held an MBA degree and a Bachelor of Commerce degree both from the University of Nairobi. He was also a Certified Public Accountant and a Certified Internal Auditor. He was a member of the Institute of Certified Public Accountants of Kenya. He was a Deputy Auditor General at the Office of the Auditor General.

David was a member of the Board until his demise on **3<sup>rd</sup> March 2020**.

## CPA Mary Kimanzi



CPA Mary Koki Kimanzi is the 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 20 years' experience in public finance management. 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 a Certified Public Accountant, CPA (K) and a Member of the Institute of Certified Public Accountants in Kenya (ICPAK). She is currently pursuing Masters Degree in Public Policy and Management at the Strathmore Business School. She represents the Inter- Governmental Budget and Economic Council in the Board with effect from **3<sup>rd</sup> August 2018**.

## CPA Fredrick Riaga- Chief Executive Officer



Fredrick Riaga holds an MBA in Finance, a Bachelor of Commerce degree with a major in Accounting both from the School of Business of the University of Nairobi and is a registered professional accountant. Prior to joining the Board, Mr. Riaga was the Chief Manager and Head of Public Policy and Governance the Institute of Certified Public Accountants (ICPAK). He has vast experience in public accounting having led ICPAK's advocacy in the areas of governance and accountability. He previously worked for PricewaterhouseCoopers, UNES Limited and NIC Bank. He is the CEO and the Secretary to the Board.

In accordance with section 193(6) the PFM Act 2012, the Board have co-opted the following members to their various committees in order to provide technical advice to members in their areas of expertise and to provide seamless working relationship between the Board and the National Treasury and Planning:

Name	Committee of the Board	Designation
Mr. Jona Wala	National and County Government Committee	Ag. Director, Accounting Services, National Treasury
Ms. Beatrice Gathirwa	Government Owned Enterprises Committee	Director, National Assets and Liabilities Management Department
Mr. Alfayo Mogaka	Internal Audit Committee	Internal Auditor General
Mr. Fredrick Riaga	Governance & Strategy Committee	Chief Executive Officer



*Members of the Board and PSASB staff during the Board's final meeting and luncheon held on 18<sup>th</sup> February 2020 at Safari Park Hotel, Thika Road.*



### **III.MANAGEMENT TEAM**

## III. MANAGEMENT TEAM



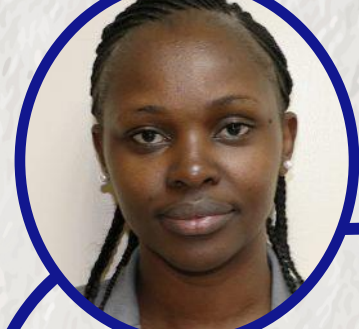
**CPA Fredrick Riaga**  
**Chief Executive Officer**

Mr Riaga was appointed the Chief Executive Officer and Secretary to the Board effective **1st August 2019**. Fredrick Riaga holds an MBA in Finance, a Bachelor of Commerce degree with a major in Accounting both from the School of Business of the University of Nairobi and is a registered professional accountant. Prior to joining the Board, Mr. Riaga was the Chief Manager and Head of Public Policy and Governance the Institute of Certified Public Accountants (ICPAK). He has vast experience in public accounting having led ICPAK's advocacy in the areas of governance and accountability. He previously worked for PricewaterhouseCoopers, UNES Limited and NIC Bank.



**CPA Patrick Abachi**  
**Director Training and Corporate Services**

Mr. Abachi holds a Bachelor of Commerce degree and is currently pursuing an MBA degree at Kenyatta University. He is a Certified Public Accountant and a council member at the Cooperative University of Kenya. Mr. Abachi also chairs Boards of Management of various Secondary Schools. He is a career civil servant spanning over 30 years of service in various Ministries and State Departments. He previously worked as the Head of the Secretariat, PSASB since its establishment in 2014.



**CPA Georgina Muchai**  
**Director, Accounting Standards**

Georgina has a Bachelor of Commerce from Kenyatta University and a master's degree in finance and Investments from the University of Nairobi. 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 Professional Standards Committee of ICPAK that deals with promoting application of international accounting and auditing standards in Kenya. Previously, she worked with ICPAK, Deloitte and Touche and PKF East Africa. She is a PFM Specialist trained by the IMF Institute of Capacity Development.



**CPA George Mang'oka**  
**Director, Internal Auditing Standards**

Mr. Mang'oka holds a master's degree in business administration-Strategic Management-from the University of Nairobi and a Bachelor of Arts in Economics and Business Studies from Kenyatta University.

He is a Certified Public Accountant; Certified Internal Auditor; Certified Information Systems Auditor; Certified Fraud Examiner; Certified Government Auditing Professional; and Certified Financial Services Auditor.

He has experience in statutory audits, risk management, internal audit, management consultancy, public financial management reforms and capacity building acquired both in Kenya and the East Africa region.



### **CPA Billy Mathu**

#### **Manager, Finance And Accounts**

Mr. Mathu holds an MSC. Finance and Economics and Degree in bachelor's in business administration. He is a qualified and registered member of ICPAK and associate member of ICIFA.

He previously worked for Kenya Gatsby Trust (Biashara Factors) as finance executive before joining the Accountant General Department of The National Treasury & Planning in November 2009.



### **CPA Robinson Kweyu**

#### **Manager, Accounting Standards**

Robinson holds a Bachelor of Education from Kenyatta University is currently pursuing a master's degree in Development Finance from KCA University and Master of Science in Finance at Kenyatta University. He also holds a certificate in International Public Sector Accounting Standards (IPSAS) from The Institute of Chartered Accountants in England and Wales (ICAEW).

He previously worked with PriceWaterhouseCoopers (PwC Kenya). He is a member of ICPAK and IIA Kenya.

He is a PFM Specialist trained by the IMF Institute of Capacity Development.



### **Wilfred Metobo**

#### **Manager, Human Resource and Administration**

Mr. Metobo holds MBA(HRM) from Kenyatta University, M. A in Project Planning & Management from the University of Nairobi, M. A in Monitoring & Evaluation from Mt. Kenya University and a B.Ed (Arts) from Maseno University. Currently, he is pursuing a PhD in Business Administration (HR) at Kenyatta University.

He holds a Higher National Diploma in Human resources Management. Previously, he worked with University of Eldoret as the Head of Human Resource Management.

He is a Certified Human Resource Management Professional. He is a member The Institute of Human Resource Management and The Kenya Institute of Management.



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Chairman

**IV. CHAIRMAN'S  
STATEMENT**

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**“ On risk management, the Board will be focussed on rolling out the risk management guidelines to all public sector entities to ensure compliance. ”**



## IV. CHAIRMAN'S STATEMENT

I am pleased to present FY 2019/2020 Annual Report and Financial Statements for the Public Sector Accounting Standards Board. This report comes amidst a global health crisis in the form of COVID -19 which has affected the well-being of citizens both physically and economically. With the onset of COVID, Governments, businesses and individuals have faced unprecedented challenges following the wake of the pandemic. This has resulted to a shift and a refocus of business processes to ensure service delivery.

PSASB has also had its fair share of challenges during this period. Some of the anticipated activities such as training and capacity building workshops were not undertaken due to the Government guidelines on public gatherings following the announcement of the first case of Corona Virus in the Country in March 2020. In order to ensure business continuity and public participation on some of the Board's programs, the Board innovatively organised the public sector entities in virtual engagements and it's a practice that the Board seeks to carry on going forward.

### Board Focus

During the year the Board's main focus was on strengthening the secretariat through optimal staffing to ensure achievement of the Board's strategic plan and attainment of its mandate as set out in the PFM Act. The Board recruited additional 17 staff members to the secretariat. The Board as an enabler, plays a key role in promoting the achievement of the **BIG FOUR** agenda by Public Sector entities by promoting transparency in reporting.

The Board also embraced public participation in the standard implementation strategy. This was applied in the revision of the annual reporting templates and the risk management guidelines for the public sector. This was in line

with the Board's commitment in consultation driven process. The Board did not lose sight of the identified key projects outlined in its strategic plan. During the year, the Board considered and approved the policies on national assets and liabilities and a roadmap seeking to transition National and County Government entities from cash to accrual accounting.

### Board effectiveness

Annual Board evaluation was conducted by the State Corporation Advisory Committee (SCAC) as required under the Mwongozo code of conduct. The outcome of the evaluation confirmed that the Board and its committees are performing efficiently and that there is an appropriate balance of skills, experience, knowledge and independence to enable the Board to discharge its duties effectively. All the members of the Board were also committed to the Board's mandate and strategic objectives through attendance of Board meetings and other engagements when called upon.

### Board Membership changes

During the year, the term of six Board members including myself ended on 20<sup>th</sup> February 2020. I take this opportunity to thank my members for their unwavering commitment exhibited meeting attendance and professional guide during the six years tenure. As of June 30<sup>th</sup>, 2020, end of the financial year, new members of Board to the PSASB were yet to be appointed.

### Future Outlook

During the year, the Board was able to strengthen its institutional capacity through recruitment of key technical staff. This brings an impetus for the Board to shape its focus around its two main long-term projects under



financial reporting and internal auditing in the public sector.

These two main projects are i) migration from cash to accrual accounting for National and County Governments and ii) strengthening internal audit and risk management in the public sector. In the coming year, the Board's focus on the migration will revolve around stakeholder engagement, project management, asset identification and valuation and reconfiguration of the IFMIS system in readiness for the migration. On risk management, the Board will be focussed on rolling out the risk management guidelines to all public sector entities to ensure compliance.

The Board's first strategic plan ends in FY 2020/21. This calls for a review of the current strategic plan and a development of the next 5-year plan which will shape the Board's activities

and annual work plans going forward.

Innovative ICT strategies will be also another area of focus in the coming years. COVID-19 pandemic has created great uncertainty for institutions across the world and there is no doubt that there will be difficult times ahead for our stakeholders. PSASB therefore needs to be innovative to ensure that its mandate is attained and all its stakeholders especially the public sector entities are kept abreast on any developments under the accounting, financial reporting, internal audit, risk management and governance areas.

**Chairman**  
**Public Sector Accounting Standards Board**





**V. CHIEF EXECUTIVE  
OFFICER STATEMENT**



**“ It is my belief that with the enhanced number and diversity of skills the Board will continue to achieve its mandate and reach out to cover all areas on financial reporting and internal audit in the public sector.**

**”**



## V. CHIEF EXECUTIVE OFFICER STATEMENT

It's with great honour that I present the Annual Report and Financial Statements for Public Sector Accounting Standards Board for the year ended 30th June 2020. Since its establishment, the PSASB has continued to execute its mandate of setting generally acceptable accounting and internal auditing standards for the Kenyan public sector. FY 2019/2020 presented several challenges arising from the COVID 19 pandemic. One of the greatest challenges that the Board faced was the inability to deliver planned capacity building and awareness programmes due to government directives on social gatherings aimed at curtailing the spread of COVID-19. Service delivery was also affected with some of the staff members working from home to ensure social distancing. However, that notwithstanding, PSASB is delighted to present its annual report and financial statements for FY 2019/2020.

In a bid to strengthen its institutional capacity, the Board recruited an additional 17 members of staff who took up key positions at the Board. This resulted to enhanced capacity that has improved service delivery to the internal and external stakeholders. It is my belief that with the enhanced number and diversity of skills the Board will continue to achieve its mandate and reach out to cover all areas on financial reporting and internal audit in the public sector.

Despite the challenges of COVID- 19, with regards in revenue collection by the Government, the National Treasury was able to transfer the full allocation of funds for the year amounting to Kshs 112.9 million to PSASB. This ensured business continuity and PSASB was able to cover essential expenses related to staff payments and facilitating staff on COVID – 19 related expenditure. However, the Board was

not able to execute 90% of allocated funds from the Public Financial Management Reforms Secretariat owing to the pandemic. Most of the activities within the work plan related to training and capacity building which had been planned for quarter 3 and 4 of the financial year and therefore could not be undertaken.

The Board continued to engage all its key stakeholders through various forums, including meetings and workshops. This has improved the Board's visibility and welcomed partners who are interested in working with the Board in its mandated areas. Stakeholder engagement efforts have also provided seamless working environment for the Board.

In the statements that follow, I'm pleased to present the statement of performance against predetermined objectives which outlines the performance of the Board against its key pillars in the 5-year strategic plan. I also present management discussion and analysis that indicate how funds received were allocated and utilised.

I thank the Board of Management for their leadership and guidance throughout the year and for the members of staff for their commitment towards achievement of the set targets despite limitations in resources experienced and COVID-19 pandemic. I also thank our stakeholders for their support and look forward to working with you in future.

**CPA Fredrick Riaga**  
**Chief Executive Officer, PSASB**

The image features a 3D rendering of wooden blocks spelling out the word 'GROWTH' on a dark, reflective surface. The blocks are light-colored wood with black letters. A blue, wavy, cloud-like shape is superimposed over the scene, containing the text 'VI. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES' in orange. The background is dark with a pattern of binary code (0s and 1s) and a faint green line graph in the upper left corner.

**VI. STATEMENT OF  
PERFORMANCE AGAINST  
PRE-DETERMINED  
OBJECTIVES**

## VI. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

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

PSASB's predetermined objectives are set out in the 5- year strategic plan that derives its contents from the PFM Act, 2012. The Board draws its annual work plans from the strategic plan, and it is against these work plans that annual activities are carried out.

PSASB has four strategic pillars and objectives within its Strategic Plan for the FY 2015/16-2020/2021. These strategic pillars are as follows:

**1. Pillar 1:** Standard setting dissemination and monitoring

**2. Pillar 2:** Stakeholder Engagement

**3. Pillar 3:** Legal and institutional frameworks

**4. Pillar 4:** Capacity building

PSASB develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The PSASB achieved its performance targets set for the 2019/2020 period for its five strategic pillars, as indicated in the diagram below:

### A: RESULTS AGAINST KEY PERFORMANCE INDICATORS

Strategic Pillar	Objective	Key Performance Indicators	Activities
<b>Pillar 1: Standard Setting, dissemination, and monitoring</b>	Set standards for financial reporting and internal audit frameworks for all Public Sector entities in Kenya.	<p><b>KPI 1.</b> Existence of updated financial and internal audit standards;</p> <p><b>KPI 2.</b> Awareness levels by reporting entities of financial reporting and internal audit standards.</p> <p><b>KPI 3.</b> Level of research output (e.g. No. of exposure drafts commented on; No. of research papers issued etc.)</p>	<p><b>KPI 1</b></p> <ul style="list-style-type: none"> <li>- Road map to transition National and County Governments to accrual accounting approved by the Board.</li> <li>- National Liabilities Management policy documents approved by the board for roll-out.</li> <li>- Public Sector Risk management framework developed and submitted to PS, The National Treasury for adoption.</li> <li>- Annual Reporting templates for Semi-Autonomous Government Agencies (SAGAs), State corporations, Ministries, Departments and Agencies (MDAs), County Governments and projects were updated for use by public sector entities.</li> <li>- Internal Audit Reporting and Audit Committee Reporting</li> </ul>



Strategic Pillar	Objective	Key Performance Indicators	Activities
			<p>Templates developed and approved</p> <p><b>KPI 2</b></p> <ul style="list-style-type: none"> <li>- Diagnostic Study Report on status of Internal Audit Function in Kenya validated by Stakeholders.</li> <li>- Compliance monitored through Evaluation of 602 financial reports during 2019 the Financial Reporting (FiRe) Award exercise.</li> </ul> <p><b>KPI 3</b></p> <ul style="list-style-type: none"> <li>- Commented on Exposure Draft (ED) 68, ED 69 and consultation paper on measurement from IPSASB.</li> <li>- Submitted articles to local newspapers and the Accountant Journal.</li> </ul>
<p><b>Pillar 2: Stakeholder Engagement</b></p>	<p>Engage and consult with all key stakeholders for effective relationships.</p> <p>Develop and manage information sharing with key stakeholders.</p>	<p><b>KPI 1.</b> No. of quality stakeholder interactions p.a.</p> <p><b>KPI 2.</b> No. of publications/external information disseminated (e.g. annual reports, press briefings etc.</p>	<p><b>KPI 1</b></p> <ul style="list-style-type: none"> <li>- Stakeholder engagement with the IMF AFRITAC East Team on the road map on migration to accrual accounting held in May 2020.</li> <li>- Consultative meeting with IPSASB on standard setting, migration to IPSAS accrual and the possibility of the Board holding its meetings in Kenya in the future.</li> <li>- Visits to 11 selected County Executives and Assemblies to assess the uptake of and receive feedback on financial reporting templates and internal audit processes undertaken.</li> <li>- Consultative meeting with the Health Committee at the Council of Governors on the draft financial reporting template for levels 4 and 5 hospitals</li> <li>- Consultative meeting with senior officials at the Ministry of Education on the implementation</li> </ul>

Strategic Pillar	Objective	Key Performance Indicators	Activities
			<p>of a financial reporting template for public secondary schools.</p> <ul style="list-style-type: none"> <li>- Consultative meeting with officials from Unclaimed Financial Assets Authority (UFAA) on disclosures on unclaimed assets in financial reporting templates and areas of partnership.</li> <li>- Consultative meeting with Bungoma County Assembly Public Accounts Committee (PAC) on the role of financial reporting on the assembly's oversight role.</li> <li>- Consultative meeting with World Bank team on areas of partnership and technical support.</li> <li>- Presentation at a Senate Public Accounts Committee on IPSAS Adoption by County Governments</li> </ul> <p><b>KPI 2</b></p> <ul style="list-style-type: none"> <li>- In collaboration with the National Treasury, developed and disseminated Public Sector Risk Management Guidelines.</li> <li>- Publication of articles in the press on matters relating to financial reporting, risk management, migration to accrual accounting government entities among other topics.</li> </ul>
<p><b>Pillar 3: Legal and Institutional Frameworks</b></p>	<p>Effective Board and Committees.  Fully-fledged and efficient Secretariat.</p>	<p><b>KPI 1.</b> Board attendance rates and results of independent Board evaluation.  <b>KPI 2.</b> % of filled positions in the approved</p>	<p><b>KPI 1</b></p> <ul style="list-style-type: none"> <li>- Board evaluation facilitated by SCAC undertaken</li> <li>- Board attendance to Committee and Board meetings was over 90% in the period.</li> </ul> <p><b>KPI 2</b></p>

Strategic Pillar	Objective	Key Performance Indicators	Activities
	Strengthening the legal framework;	<p>organization structure.</p> <p><b>KPI 3</b> : Audit opinion on PSASB financial reports.</p> <p><b>KPI 4</b>: % of compliance to all legal requirements</p>	<p>Recruited additional 17 staff members who account for 36% of the total staff establishment.</p> <p><b>KPI 3</b></p> <ul style="list-style-type: none"> <li>- Obtained unqualified audit opinions for FY 2017/2018 and FY 2018/2019.</li> </ul> <p><b>KPI 4</b></p> <ul style="list-style-type: none"> <li>- Board operational policy manuals on ICT, Communication, Human Resource, Risk Management, Internal Control framework, OSHA, HIV approved.</li> <li>- Rolled-out ERP system to eradicating manual processes within the secretariat.</li> </ul>
<b>Pillar 4: Capacity Building</b>	Develop and implement training programme for financial reporting standards and internal audit implementers across the Public Sector; Develop and disseminate appropriate training / capacity building material; Conduct onsite capacity building interventions for implementing entities.	<p><b>KPI 1</b> : % of training programme completed.</p> <p><b>KPI 2</b>: Number of accountants and auditors trained</p> <p><b>KPI 3</b> : Improved financial reporting and/or internal audit post training</p>	<ul style="list-style-type: none"> <li>- Audit committee members from 29 County Governments trained on their functions, effectiveness of internal controls and risk management at a Naivasha forum organized by Council of Governors (COG) Secretariat.</li> <li>- Facilitated at an inhouse training forum organized by Kericho County Government on financial reporting for level 4 and level 5 hospitals. 18 accountants from the Health Department were trained on the new reporting template for hospitals. Kericho County has since been taken up as a pilot County for roll out of reporting for level 4 and level 5 hospitals.</li> <li>- In collaboration with the National Treasury trained over 600 accountants virtually training for all the lots -SAGAs, Counties and MDAs in the month of June, 2020 on year end closing procedures and revised financial reporting template.</li> </ul>



## B. RESULTS OF ACTIVITIES AND ACHIEVEMENTS

### 1. Stakeholder Engagement

#### a) Directorate of Schools Audit- Ministry of Education

During the period, the Board engaged officials of Ministry of Education in developing training programme for trainers of trainers (ToT) workshop. The ToT was to build capacity within the Ministry to cascade training to preparers at the grassroots level.



*Meeting between Ministry of Education and PSASB Officials*

#### b) County Visits

During the period, the Board made visits to County Governments of Kisumu, Nyamira, Kisii Homabay, Migori, Siaya, Busia, Bungoma, Kakamega, Vihiga and Kericho. The meetings discussed on ways to improve accounting, internal auditing and financial reporting

systems in the County Governments in order to ensure accountability of funds and quality of financial reports generated by the Counties. Feedback obtained from the visits was included when revising financial reporting templates for financial year 2019/2020.



*PSASB's officials with the Clerk of Kericho County Assembly, Kericho County*

## 2. Monitoring Compliance with Accounting Standards

In order to ensure that the Board executes its mandate successfully, monitoring compliance to the prescribed accounting standards is a key activity of the Board each year. During the year, monitoring was done through the following activities:

### a) FiRe Award

FiRe Award is a joint initiative of ICPAK, CMA, NSE and PSASB jointly referred to as promoters. These promoters commit both financial resources and technical expertise with the primary objective of promoting financial reporting excellence, sound corporate governance practices, corporate reporting and enhancing environmental reporting in both public and private entities within the East African region. The Award is an annual event where both public and private sector entities are evaluated against set criteria and awarded for financial reporting excellence within various

categories. It is the most prestigious award for financial reporting in East Africa and draws participants from Kenya, Uganda, Tanzania and Rwanda.

During the 2019 FiRe award evaluation, a total of 602 public sector entities that included Ministries, Departments and Agencies, Development Projects, State Corporations, Semi- Autonomous Government Agencies and public funds participated in the FiRe Award Evaluation.

The Board uses the FiRe award as a monitoring tool where each participating public entity is advised through written feedback on areas that require improvement based on the evaluation done. This has enabled participating entities to improve their financial statements over the last four years that the public sector entities have participated in the award scheme under the stewardship of the Board.



*Chairman, PASAB making a presentation during Fire Award Conference at Villa Rosa Kempinski*



*Board Members, PSASB presenting a trophies to winners of wards in various categories.*



*Board Members, PSASB presenting a trophies to winners of wards in various categories.*

### b) Quality Assurance

During the financial year, the Board in collaboration with Internal Auditor General Department/National Treasury carried out a validation workshop on Diagnostic study report at Kenya School of Government –Kabete Campus. The study was to guide the National Treasury on the challenges facing Public sector entities internal audit function.

### 3. Updating financial reporting tools and guidelines

The Board also updated the existing annual financial reporting templates which include IPSAS Cash, IPSAS Accrual and IFRS templates. Updating of these templates was done to cater for gaps noted during the FiRe Award Evaluation; weaknesses identified from regular review of annual financial statements, consultation with preparers of financial statements and feedback from the FiRe award evaluation.

The updated reporting templates were then uploaded on the National Treasury and the

Board's websites for preparers of financial statements to access and use them as a benchmark while preparing their FY2019/2020 annual financial statements. Preparers of financial statements were also trained on the use of the updated templates during a zoom training organized by the National Treasury and the Board.

### 4. Approval of roadmap to accrual accounting for National and County Government entities

In February 2020, the Board met and approved the roadmap at their 32<sup>nd</sup> sitting. During the year, the IMF East AFRITAC undertook an in-depth review of the roadmap.

In the coming year, the Board plans to engage stakeholders for buy-in of entities. The Board has lined up preparatory steps which includes reconfiguration of IFMIS, review of SCOA, capacity building of preparers.



*Board members and PSASB Secretariat considering the approval of the road map to accrual accounting at a retreat in Naivasha.*

## 5. Contribution to the International Standard Setting Process and implementation of accounting standards

### c) Standard setting process

PSASB contributes by giving its views to Exposure Drafts and Consultation Papers issued by the International Standard setting bodies. PSASB views are given based on the local experience and the impact such standards would have on the Kenyan context.

This is done to ensure that the standard setting process caters for African Countries most of which are in the process of adopting and adapting the international standards. During the year ended 30<sup>th</sup> June, 2020 the Board submitted its contributions to the following exposure draft. During the year, IPSASB issued two exposure drafts for comments by constituents. The Board responded to three papers as indicated below:



No.	Standard/Project	Details	Type	Date Due	Date Submitted
1	Measurement	The Measurement project began in 2017, with the rationale that measurement requirements in IPSAS should be amended to better align them with the Conceptual Framework's measurement concepts with an aim of issuing an IPSAS on measurement.	Consultation Paper	15 <sup>th</sup> October 2019	9 <sup>th</sup> October 2019
2	ED 68: Annual Improvements to IPSAS	The objective of Exposure Draft (ED) 68, Improvements to IPSAS, 2019 is to propose improvements to IPSAS in order to address issues raised by stakeholders.	Exposure Draft	15 <sup>th</sup> October 2019	9 <sup>th</sup> October 2019
3	ED 69: Public Sector Specific Financial Instruments: Amendments to IPSAS 41, Financial Instruments	The objective of ED 69 is to improve and clarify the IPSAS guidance for accounting for public sector specific financial instruments. The IPSASB undertook this project in order to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about public sector specific financial instruments. These specific public sector instruments include monetary gold, IMF Quota subscriptions, Currency in circulation and IMF special Drawing rights.	Exposure Draft	31 <sup>st</sup> December 2019	17 <sup>th</sup> December 2019



## b) Implementation of new and revised accounting standards issues

No.	Standard	Details	Applicable date	Progress
1	IPSAS 41: Financial Instruments	The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.	1 <sup>st</sup> Jan 2022 - Not yet effective	Sensitised public sector accountants on the standard and the changes it proposes to IPSAS 29.
2	IPSAS 42: Social benefits	The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits	1 <sup>st</sup> Jan 2022 - Not yet effective	Trained public sector accountants on the new standard and its impact especially to entities that transfer cash to provide social benefits to individuals and households.
3	IFRS 16: Leases	The standard introduces a new lessee accounting model, which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.	1 <sup>st</sup> Jan 2019 - Effective	PSASB trained public sector accountants on the standard. Included the requirements of the Standard in IFRS reporting templates.



## 6. Strengthening the Secretariat

**Recruitment of staff for key positions at the Board:** During the year, the Board hired fifteen (15) members of staff. The positions filled are as follows:

Position	Date reported
Manager, Finance & Accounts	1 <sup>st</sup> November, 2019
Manager, Accounting Standards	6 <sup>th</sup> January, 2020
Principal Internal Audit	1 <sup>st</sup> December, 2019
Principal, ICT	4 <sup>th</sup> November, 2019
Principal, Accounting Standards	1 <sup>st</sup> December, 2019
Office Administrator	1 <sup>st</sup> December, 2019
Senior Accountant	2 <sup>nd</sup> January, 2020
Senior Human Resource Officer	20 <sup>th</sup> November, 2019
Senior Assistant Office Administrator	1 <sup>st</sup> November, 2019
Senior Driver (2)	18 <sup>th</sup> November, 2019
Office Assistant (2)	1 <sup>st</sup> November, 2019



*Members of staff at an induction/ team building event in Naivasha*

## 7. Training for Board and Secretariat Members

The Board and the Secretariat members were sponsored to a number of training programs in order to enhance their skills and competencies in regards to financial reporting and internal auditing. Some of the courses and training seminars attended include Standard Setters Forum, ESAAG Conference, Internal auditing and Risk Management among others.



## FUTURE OUTLOOK

The Board seeks to focus on the following key areas:

### a) Migration from cash to accrual accounting for National and County Government Entities

The cash basis of accounting has been the main accounting system for National and County Government entities since its adoption in FY 2013/2014. Accrual accounting allows an entity to record revenues and expenses when they are incurred irrespective of when cash is received or paid. However, under cash accounting, receipts and expenses are only recognised or recorded when cash is exchanged.

There are a number of benefits that are attributable to adoption of accrual accounting by Governments. Accrual accounting promotes complete recording of assets and liabilities, identification of existing and contingent liabilities which allows governments to plan well for these liabilities, it provides key information on revenue and expenses and allows for more comprehensive budgeting, it promotes transparency through requirement of more financial disclosures among others.

The Board approved the road map to accrual accounting. Accrual accounting requires the

recognition of assets and liabilities which satisfies the recognition criteria. As a first step, the Board approved the assets and liabilities policies as presented by the NALM department of the National Treasury. In June 2020, the National Assets and Liabilities Policies were approved by the Cabinet Secretary to the National Treasury for roll-out and implementation by public sector entities. To facilitate the migration to accrual accounting by National and County Government entities, the Board is looking to ensure the following activities/ projects are carried out in the next financial year:

**1. Stakeholder engagement** – Migration to accrual accounting is a mega project that requires input from all key stakeholders and more so buy in from top leadership. Engaging stakeholders will involve establishment of a steering committee for the migration process. The committee will be responsible for change management component of the project and assist users understand the need for the change. The committee will also be responsible for monitoring progress on activities. The Board has embarked on a consultation process with the National Treasury for buy-in into the project. It will also be responsible for key stakeholder engagement and management in the whole migration process. Other efforts to be undertaken by the Board include

meetings, workshops, press releases, online webinars, and other forums to engage all the identified key stakeholders into the process.

**2. 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 ongoing at 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.

**3. 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 taking into account, 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.

**4. Training and capacity building:** Capacity building will be provided to the public sector accountants on accrual related concepts. Trainers of trainers will also be trained on IPSAS and IFRS certification to ensure that the preparers of financial statements are ready for accrual migration. Training materials, manuals and accrual related guidelines and materials will also be prepared for use by the preparers of the financial statements. In FY 2020/21 one of the key projects of PSASB will be to develop an online platform for training and disseminating standards guidelines and other publications to public sector accountants in a bid to improve their knowledge.

**b) Strengthening internal audit and risk management functions in the public sector.**

The Board has instituted the following programmes in a bid to enhance internal audit function of public entities:

**1. Training of Audit committees and internal audit staff in the public sector:** In FY 2019/2020, PSASB conducted a survey to identify the gaps with establishment, induction and training of audit committees in the public sector. As at the end of the financial year ended 30<sup>th</sup> June 2020, the Board was





analysing the responses from the survey. The outcome of this survey together with the diagnostic report on internal audit for public sector entities validated in August 2019, will form the basis of inducting, creating awareness of audit committee role and training audit committees and the audit staff who act as secretarial staff to these committees.

**2. Guidelines on risk management for National and County Governments-** As at year end, PSASB was in the process of finalising the draft guidelines on risk management for National and County Governments. In FY 2020/21, the draft guidelines will be issued out for public participation before finally being approved for roll- out and implementation by public sector entities. PSASB will also be involved in training public sector entities on the guidelines and pilot the same to four

public sector entities that can be used for benchmarking by other entities. This will be achieved through collaborative effort with the Office of the Internal Auditor General and financial support from the PFMR.

**3. Development of manuals, templates and tools-** The Board will embark on the preparation of an internal audit manual for County Governments and the attendant templates in terms of audit committee charters and annual work plans.





**VII. CORPORATE  
GOVERNANCE  
STATEMENT**



## VII. CORPORATE GOVERNANCE STATEMENT

The Board was gazetted on 28<sup>th</sup> February 2014 pursuant to Sections 192 to 195 of the Public Finance Management Act, 2012. Various committees of the Board were constituted in May 2014.

### 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.

### Appointment to the Board

The appointment of members to the Board start with 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 term of the first board members ended on 20<sup>th</sup> February 2020. A summary of the members who served during the period and their nominating institutions is as follows:

No.	Member	Nominating Institution	Term Status
1	CPA Bernard Ndungu, MBS Chairman	The National Treasury	Ended on 20 <sup>th</sup> February 2020
2	CPA Macklin Ogolla	Office of the Controller of Budget	Ended on 20 <sup>th</sup> February 2020
3	CPA David Gichana	Office of the Auditor General	Deceased on 3 <sup>rd</sup> March 2020
4	CPA Comm. Anne E Owuor, EBS	Institute of Certified Public Accountants of Kenya	Ended on 20 <sup>th</sup> February 2020
5	CPA Dr. Nicholas Letting	Association of Professional Societies of East Africa	Ongoing
6	CPA Esther Maiyo	Capital Markets Authority	Ended on 20 <sup>th</sup> February 2020
7	CPA Charles Cheruiyot	Institute of Internal Auditors	Ended on 14 <sup>th</sup> June 2020
8	CPA Lazarus Kimang'a, MBS,SS	Institute of Certified Secretaries	Ended on 20 <sup>th</sup> February 2020
9	CPA Mary Kimanzi	Intergovernmental Budget and Economic Council	Ongoing

### 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 and therefore the members are required to have technical knowledge in accountancy

and/or audit. The biographies of the Board members are disclosed on pages vi to ix of this report. The Board had three female board members out of nine members and therefore met the constitutional threshold since at least a third of all members were female. The Board also adhered to the tenets of regional balance.



## 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 (2015/2016-2020/2021), in the Board's annual work plans and in the Board Charter. New members, once appointed, are given these documents to familiarise themselves with the roles and responsibilities as outlined in the law.

## Board Composition and Committees

The following table represents the Board composition and its committees. There are four committees of the Board and each member is appointed to two committees. Each committee has a total of four members excluding the co-opted members. The table below shows the chairs and members of each committee of the Board.

Ref	Members	Full Board	Governance and Strategy Committee (GSC)	National and County Governments (NCG)	Government Owned Enterprises (GOE)	Internal Audit Committee (IAC)
1	CPA Bernard Ndungu, MBS	√*				
2	CPA Macklin Ogolla	√	√	√		
4	CPA David Gichana**	√		√	√*	√
5	CPA Esther Maiyo	√			√	√*
6	FCPA Lazarus Kimang'a, MBS	√	√*		√	
7	FCPA Comm. Anne Owour, EBS	√		√*		√
8	CPA Charles Cheruiyot	√	√	√		√
10	CPA Mary Kimanzi	√	√	√	√	
11	FCPA Dr. Nicholas Letting	√	√		√	

\*Chairman of the Board/Committee

\*\*Deceased member

**During the year there were changes to the Committees where CPA Mary Kimanzi replaced CPA Charles Cheruiyot in the GSC and CPA David Gichana replaced FCPA Lazarus Kimang'a in the Internal Audit Committee.**



## Board Attendance

Best practice requires that every Board member attends a minimum of 75% of all Board meetings. Below is an extract from the attendance register for the Board meetings held in the period from 1<sup>st</sup> July 2019 to 30<sup>th</sup> June 2020:

No	Members	Number of eligible meetings during the year	Number of meetings attended	Attendance
1	CPA Bernard Ndungu, MBS	7	7	7 of 7
2	CPA Macklin Ogolla	7	7	7 of 7
4	CPA David Gichanā**	7	5	5 of 7
5	CPA Esther Maiyo	7	6	6 of 7
6	CPA Lazarus Kimang'a, MBS,SS	7	7	7 of 7
7	CPA Comm. AnneOwuor, EBS	7	6	6 of 7
8	CPA Charles Cheruiyot	7	6	6 of 7
10	CPA Mary Kimanzi	7	6	6 of 7
11	CPA Dr. Nicholas Letting	7	2	2 of 7

Below is a summary of the general functions and members' attendance of each of the committee of the Board:

**i. Governance and Strategy Committee:** This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the Board and the Secretariat.

Members	Number of eligible meetings during the year	Number of meetings Attended	Attendance
FCPA Lazarus Kimang'a, MBS,SS*	9	9	9 of 9
CPA Mary Kimanzi	5	5	5 of 5
FCPA Dr. Nicholas Letting	9	3	3 of 9
CPA Bernard Ndungu, MBS***	1	1	1 of 1
CPA Macklin Ogolla	9	9	9 of 9
CPA Charles Cheruiyot**	4	4	4 of 4
CPA Fredrick Riaga****	9	9	9 of 9

\*Chairperson to the committee

\*\* Committee member replacements

\*\*\* Attended by invitation

\*\*\*\* Co- opted member



**ii. National and County Government Committee:** The NCG committee deals with financial reporting matters and capacity building for National Government Ministries Departments and Agencies (MDAs) and County Governments (CGs). Entities under the National and County Governments use the International Public Sector Accounting Standards (IPSAS) Cash Framework while in preparation and presentation of their financial statements.

Members	Number of eligible meetings during the year	Number of meetings Attended	Attendance
FCPA Comm. Anne E. Owuor, EBS*	4	4	4 of 4
CPA Macklin Ogolla	4	4	4 of 4
CPA David Gichana**	2	2	2 of 2
CPA Mary Kimanzi	4	4	4 of 4
CPA Jona Wala- Co- opted	4	3	3 of 4

\*Chairperson to the committee.

\*\* David Gichana exited from this committee to replace Lazarus Kimang'a in the Internal Audit Committee

**iii. Government Owned Enterprises Committee:** GOE deals with financial reporting matters and capacity building for State Corporations (SCs) and Semi-Autonomous Government Agencies (SAGAs) in public sector.

Members	Number of eligible meetings during the year	Number of meetings Attended	Attendance
CPA David Gichana *	3	3	3 of 3
FCPA Dr. Nicholas Letting	3	2	2 of 3
CPA Esther Maiyo	3	2	2 of 3
CPA Mary Kimanzi*	1	1	1 of 1
FCPA Lazarus Kimang'a, MBS,SS**	2	2	2 of 2
CPA Beatrice Gathirwa Co-opted	3	3	3 of 3

\*Chairperson to the committee

\*\*CPA Mary Kimanzi exited this committee mid- year to join the GSC while FCPA Lazarus Kimang'a exited Internal Audit Committee to join the GOE committee mid – year.



**iv. Internal Audit committee:** The IAC committee advises the Board on internal audit matters and capacity building within the area of internal audit in the public sector.

Members	Number of eligible meetings during the year	Number of meetings attended	%
CPA Esther Maiyo*	4	4	4 of 4
FCPA Comm. Anne E. Owuor ,EBS	4	3	3 of 4
CPA Charles Cheruiyot	4	3	3 of 4
FCPA Lazarus Kimang'a, MBS,SS**	3	3	3 of 3
CPA David Gichana	1	1	1 of 1
Alfayo Mogaka –Co-opted	4	-	0 of 4

\*Chairperson to the committee

\*\* FCPA Lazarus Kimang'a exited this committee to join the GOE committee

#### Term of Board Members

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. During the financial year, the term of six board members lapsed and an additional vacancy arose following the death of a Member of the Board. The process of refilling the vacant positions in the Board is underway.

#### 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.

#### 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.

#### 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. This practice has been observed by the board in the financial year under review.

#### Board Charter

PSASB's Board Charter was approved on 20<sup>th</sup> June 2017. The 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.

#### Board Evaluation

The performance of the Board and its members is evaluated on a regular basis. During the year Board evaluation was undertaken by a representative from State Corporations Advisory Committee (SCAC). This was aimed at enabling the board and its members to gauge their performance and identify areas of improvement.

**VIII.MANAGEMENT  
DISCUSSION  
AND ANALYSIS**





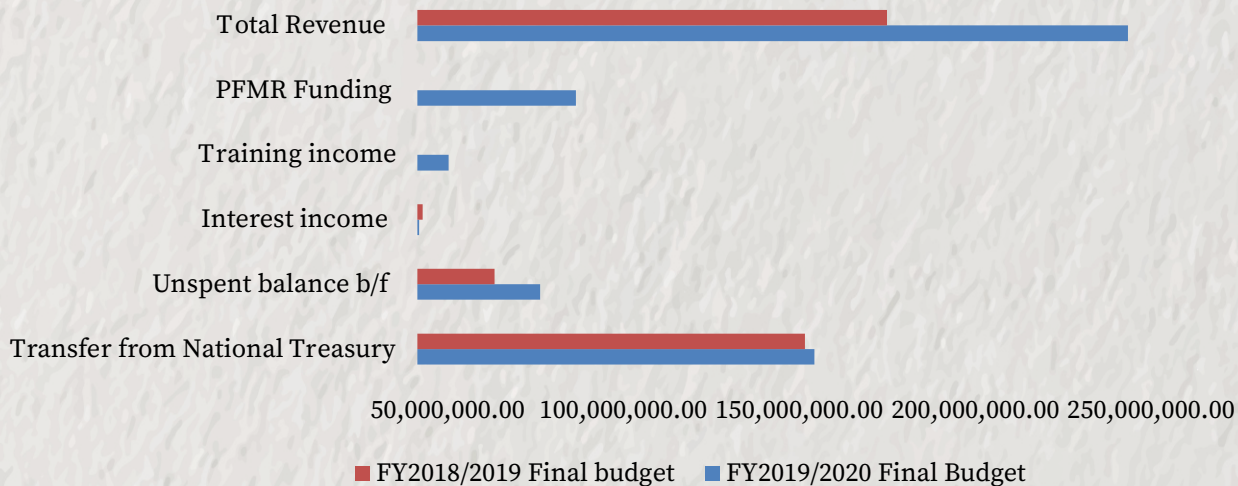
## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

### SUMMARY OF FINANCIAL RESULTS

#### Revenue

The table below shows a comparison of budgeted funds over the last two years:

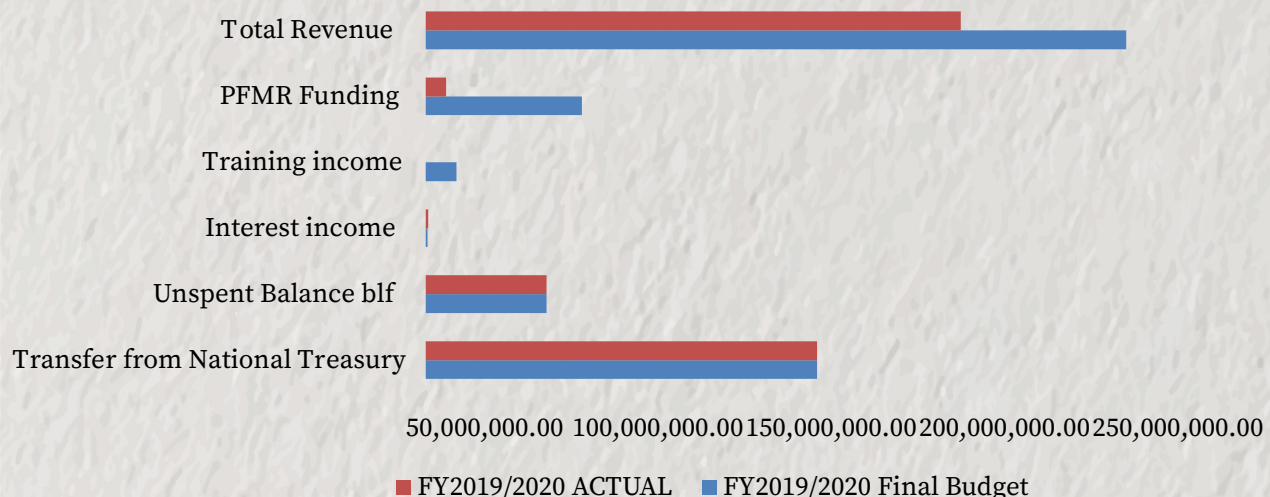
#### Comparison between Revenue Budgets



As an institution 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, FY2019/2020 had several sources of funding as compared to FY2018/2019. The revenue budget for FY2019/2020 was higher by about 51% of the FY2018/2019 budget. Increase in FY 2019/2020 budget was because of Kshs 45 million that was approved from the PFMR to fund reform activities that were to be carried by PSASB during the year. This was not the case in the previous year.

This marginal increase is attributed to funding from PFMR, training and interest incomes.

#### Comparison between Actual and Budgeted Revenue





From the chart, the revenue target was not achieved by 23%. The missed revenue target was attributable to COVID-19 pandemic. The pandemic forced institutions to close and Government advised employees and employers to work from home to contain the spread. These disruptions impacted negatively on the inaugural conference that was planned for May 2020 in Mombasa. This forced the Board to postpone the conference indefinitely and therefore was not able to raise any income from the training as anticipated.

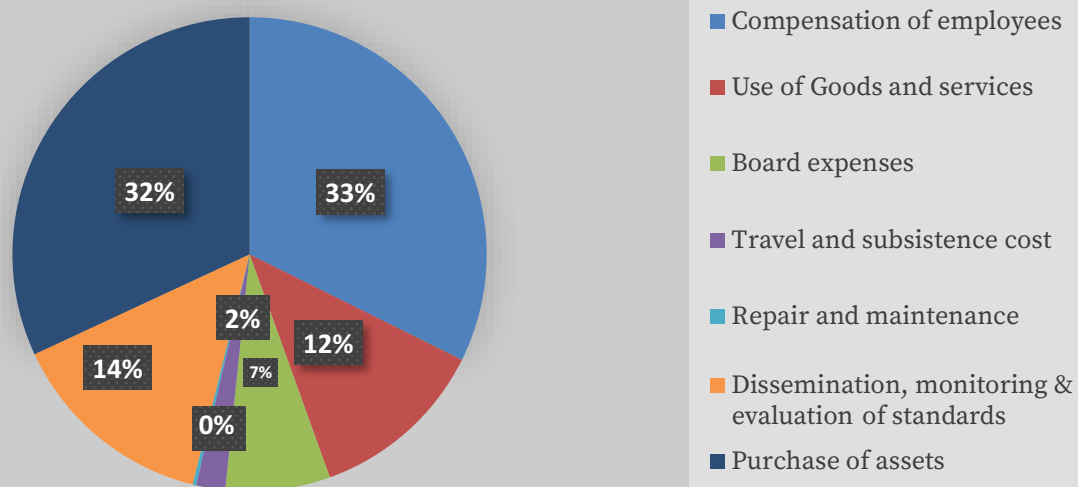
PSASB was able to realise 76% of the budgeted revenue. Actual revenue includes Kshs 112,900,000 as transfers from the National Treasury for FY 2019/2020, Kshs 34,834,218 balance brought forward

from the previous year and other incomes of Kshs.6,804,759 that relate to funding from PFMR and other partners. PSASB utilised 67% of the received funds indicating an under absorption of 33%. This was largely attributed to dissemination of standards, Training and capacity building and administrative expenses budget lines. The Board was unable to implement these activities due to COVID-19 pandemic since most of these activities required to be implemented through formal training and capacity building workshops.

### Expenditure

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

### FY2019/2020 Actual Expenditure by Category



From the chart, compensation of employees accounted for 33%, Purchase of assets accounted for 32%, Use of goods accounted for 12%, Board expenses 7%, Travel and subsistence 2% of the total expenditure. Compensation for employees remains to be the largest cost to the Board at 33%.

### Surplus for the period

The surplus for the year ended 30<sup>th</sup> June 2020, amounted to Kshs 11,360,368 which is lower than the prior year. The surplus will be utilized towards payment of first quarter rent and capital expenditure.



## OTHER COMPLIANCE AND OPERATIONAL RESULTS

### Entity's compliance with statutory requirements

PSASB has complied with its establishing Act, that is, the PFM Act, 2012. It has also complied with other legal requirements such as 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.

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

PSASB's five -year strategic plan, sets out the key projects and investment decisions to be made to ensure that it meets its mandate. During the five year strategy the main focus is on migration from cash accounting to accrual accounting by National and County Government entities the strengthening of its structures with a focus on the Secretariat, and

bringing more entities on board with regard to financial reporting.

The Board collaborated with the Department of National Assets and Liabilities Management at the National Treasury to finalize and have the National Assets and Liabilities approved in the year. Currently, the project on Standard Chart of Accounts is on-going.

The Board is a key stakeholder in its progress. Other current projects involve strengthening of internal audit in the public sector and development of risk management guidelines for use within the public sector.

# Account

**IX. CORPORATE SOCIAL  
RESPONSIBILITY  
STATEMENT/  
SUSTAINABILITY  
REPORTING**

**MISSION**

**VISION**

**STRATEGY**



## IX. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

### 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 current budget allocation is insufficient to facilitate effective operations of the PSASB.

However, the Board strives to control its expenditures by complying with the National Treasury's cost containment measures. The Board plays a critical role in promoting employability by providing internship programmes to students. The Board also pays stipend to the students to facilitate them.

### 2. Environmental performance

The strategy of the Board is to collaborate with like-minded institutions to conserve the environment through tree planting. Although this was not possible in FY 2019/2020, the Board has dedicated 10% of its CSR budget on tree planting which has been captured in the performance contract for FY2020/2021.

In addition, the Board seeks to conserve, water, and electricity through effective use these resources to conserve the environment and its elements. During the year, the Board, in its effort to leverage on information technology implemented ERP and E-board systems. The two systems eliminated paper-based processes which resulted in improved turn-around time and reduced wastage of printing materials.

The Board also anticipates enhancing supply chain module to include a robust e-procurement platform where suppliers will interact with the Board online.

This will eliminate paper based tendering process.

### 3. Employee welfare

Employees are the most important asset of the Board. During the year, the Board reviewed its Human Resource manual which provided for hiring process, gender main streaming, career progression and appraisal and reward systems.

The Board endeavours to create a conducive work environment where each of our employees feels valued as a member of the team. In FY 2019/2020 the Board undertook team building exercise for all its employees which also doubled up as an induction workshop for the newly recruited staff. The exercise was to synergize and promote team spirit towards achievement of a common goals.

The Board also deployed Microsoft Office 365 to enhance staff mobility and therefore increased staff productivity and efficiency. The Board approved the Occupational Health and safety policy aimed at providing and maintaining a safe and healthy working environment.

In the wake of COVID-19, the Board ensured that all its staff members retained their jobs and were remunerated timely through prudence financial management. Arrangements were made for staff members to work from home to curb the spread of Corona virus. COVID- 19 essential supplies such as masks, sanitisers and thermo guns were provided for the staff.

The office was also cleaned regularly in line with the Ministry of Health guidelines. Counselling support was also provided for the staff. All members of staff have medical insurance to cater for the well being of themselves and their families.





## 4. Market place practices

### 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, TOR's to discourage any misinterpretation by 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 there was no pending bill as at the close of the financial year. This is to enhance working capital of suppliers by paying them within three days of submission of comprehensive support documentation.

### 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 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.

### 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 reach out to introduce the mandate of PSASB
- b) Regular meetings with the stakeholders
- c) Visits- 11 Counties were visited in the year and their concerns taken up
- d) Presentations during stakeholders organised events
- e) Partnership in areas of mutual interest.

## 5. Community Engagements

During the Covid-19 pandemic, the Board partnered with the Government and supported alleviation of the effect by donating Ksh.100,000 and part salary of employees into the Covid-19 fund account managed by the National Treasury.





**X.REPORT OF THE DIRECTORS**



## X. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Board's affairs.

### Principal activities

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

### Results

The results of the entity for the year ended June 30, 2020 are set out on page 1 of these financial statements.

### Directors

The members of the Board of Directors who served during the year are shown on page vi to ix. During the year 6 directors retired following their end of term on 20<sup>th</sup> February 2020 and 14<sup>th</sup> June 2020. David Gichana ceased from being a board member on 3<sup>rd</sup> March 2020 following his demise. As at the end of the year, no new members had been appointed to replace the members whose term ended and the deceased member.

### Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015. Auditor General to carry out the audit of the Board for the year/period ended June 30, 2020 in accordance with the Public Audit Act, 2015.

By Order of the Board.

**Chairman**

Date:  .....

A close-up photograph of a business meeting. In the foreground, a person's hand is holding a black pen, poised to sign a document. Another hand is visible on the left, resting on the table. The background shows a person in a dark suit and a striped tie. A large, dark blue, wavy-edged graphic is overlaid on the left side of the image, containing the text 'XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES' in orange, bold, uppercase letters.

**XI. STATEMENT OF  
DIRECTORS'  
RESPONSIBILITIES**

## XI. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Public Sector Accounting Standards 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 June 30, 2020. 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 Public Finance Management 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 ended June 30, 2020, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for 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 Public Sector Accounting Standards Board will not remain a going concern for at least the next twelve months from the date of this statement.

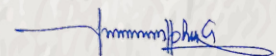
### Approval of the financial statements

The Public Sector Accounting Standards Board 's financial statements were not approved by the Board since the term of the Board members expired and no replacement has been done




CPA Bernard Ndung'u, MBS  
Chairman

CPA Dr. Nicholas Letting  
GSC



CPA Fredrick Riaga  
Chief Executive Officer

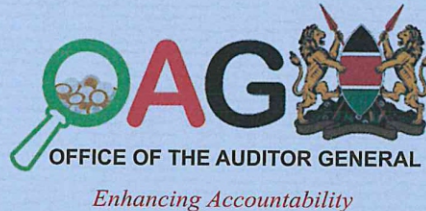
A magnifying glass is positioned over a document. The document features a bar chart with multiple colored bars. The word 'Expense' is visible on the chart, and the month 'May' is printed below it. The background is a light blue gradient.

**XII. REPORT OF THE  
INDEPENDENT AUDITORS  
ON THE PUBLIC SECTOR  
ACCOUNTING  
STANDARDS BOARD**

## XII. REPORT OF THE INDEPENDENT AUDITORS ON THE PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

## REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## REPORT OF THE AUDITOR-GENERAL ON PUBLIC SECTOR ACCOUNTING STANDARDS BOARD FOR THE YEAR ENDED 30 JUNE, 2020

### 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 31, which comprise the statement of financial position as at 30 June, 2020, and statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, 2020, 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 International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Public Sector Accounting Standards Board Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key Audit Matters

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

*Report of the Auditor-General on Public Sector Accounting Standards Board for the year ended 30 June, 2020*

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### Conclusion

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

### Basis for Conclusion

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

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

### Conclusion

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

### Basis for Conclusion

#### Lack of Functional Board

During the year under review, the Board of Directors was not functional as the term of the Chairman and four other Directors lapsed on 20 February, 2020. Further, the Board lost two other Directors in the year through demise and lapse of term in March and June, 2020 respectively. Consequently, the Board has operated without a functional Board to provide strategic direction and oversight over management decisions since February, 2020. As at the time of conducting this audit, the Board of Directors had not been reconstituted.

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

---

*Report of the Auditor-General on Public Sector Accounting Standards Board for the year ended 30 June, 2020*

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

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

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

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

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

The Board of Directors is responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the Board 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

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

---

*Report of the Auditor-General on Public Sector Accounting Standards Board for the year ended 30 June, 2020*

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My

conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
Nancy Gathungu,  
**AUDITOR-GENERAL**

Nairobi

06 July, 2021

A hand is pointing at a target on a desk. The target is a circular graphic with concentric rings in shades of orange and yellow. In the background, there is a white keyboard and a smartphone. The overall scene is set on a light-colored desk. A blue speech bubble is overlaid on the target, containing the text 'FINANCIAL STATEMENTS'.

# **FINANCIAL STATEMENTS**

## XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019 - 2020 Kshs	2018-2019 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other Government entities	6	112,900,000	110,175,000
Grants in Kind and transfers	7	6,096,770	
<b>Total Revenue from non - exchange transactions</b>		<b>118,996,770</b>	<b>110,175,000</b>
<b>Revenue from exchange transactions</b>			
Interest income	8	707,989	1,574,030
<b>Total revenue</b>		<b>119,704,759</b>	<b>111,749,030</b>
<b>Expenses</b>			
Use of goods and services	9	22,777,771	37,049,502
Employee costs	10	43,367,324	9,045,135
Remuneration of directors	11	9,539,981	17,376,242
Travel and subsistence cost	12	2,674,406	17,664,500
Depreciation and amortization expense	13	9,147,733	3,613,791
Repairs and maintenance	14	324,653	717,758
Dissemination, monitoring and evaluation of standards	15	19,165,340	13,859,820
<b>Total expenses</b>		<b>106,997,208</b>	<b>99,326,748</b>
<b>Surplus for the year</b>		<b>12,707,551</b>	<b>12,422,283</b>

*The notes set out on pages 7 to 32 form an integral part of these Financial Statements*



## XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	26,931,779	34,834,218
Receivables from exchange transactions	17	3,204,263	8,685,124
Receivables from non-exchange transactions	18	150,000	
<b>Total Current Assets</b>		<b>30,286,042</b>	<b>43,519,342</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	44,765,091	17,572,099
Intangible assets- Software	20	5,389,214	
<b>Total non-current assets</b>		<b>50,154,305</b>	
<b>Total assets</b>		<b>80,440,347</b>	<b>61,091,441</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	21	1,624,163	549,690
Employee benefit obligation	22	1,993,098	
		3,617,261	549,690
<b>Non-current liabilities</b>			
Non-current employee benefit obligation	22	3,793,589	219,805
<b>Total liabilities</b>		<b>7,410,850</b>	<b>769,495</b>
<b>Net assets</b>			
Accumulated surplus		73,029,497	60,321,946
<b>Total net assets and liabilities</b>		<b>80,440,347</b>	<b>61,091,441</b>

The Financial Statements set out on pages 1 to 32 were signed on behalf of the Board of Directors by:

CPA Bernard Ndung'u, MBS  
Chairman

CPA Dr. Nicholas Letting  
GSC

CPA Fredrick Riaga  
CEO



## XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

Period	Retained earnings	Total
	Kshs	Kshs
At July 1, 2018	47,899,663	47,899,663
Surplus for the year	12,422,283	12,422,283
At June 30, 2019	60,321,946	60,321,946
At July 1, 2019	60,321,946	60,321,946
Surplus for the year	12,707,551	12,707,551
At June 30, 2020	73,029,497	73,029,497



## XVI.STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019 -2020 Kshs	201 8-2019 Kshs
<b>Cash flows from operating activities</b>	<b>Notes</b>		
<b>Receipts</b>			
Transfer from The National Treasury & Planning		112,900,000	110,175,000
Interest income		707,989	1,574,030
Grants in kind & transfers		205,000	-
<b>Total Receipts</b>		<b>113,812,989</b>	<b>111,749,030</b>
<b>Payments</b>			
Use of goods and services		14,759,784	26,730,126
Employees cost		37,736,214	8,825,329
Remuneration of Directors		9,599,981	17,316,242
Travel and subsistence cost		2,668,830	17,664,500
Repair and Maintenance		324,653	717,758
Dissemination, monitoring and evaluation of standards		13,123,570	13,859,820
Prepayments		3,204,263	8,507,770
<b>Total Payments</b>		<b>81,417,295</b>	<b>93,621,545</b>
<b>Net cash flows from operating activities</b>	23	<b>32,395,694</b>	<b>18,127,485</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(40,298,133)	(5,163,805 )
<b>Net cash flows used in investing activities</b>		<b>(40,298,133)</b>	<b>(5,163,805)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(7,902,438)</b>	<b>12,963,680</b>
Cash and cash equivalents at 1 JULY	16	34,834,218	21,870,538
<b>Cash and cash equivalents at 30 JUNE</b>	16	<b>26, 931,779</b>	<b>34,834,218</b>




**XVII.STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2019 -2020	2019 -2020	2019 -2020	2019 -2020	2019 -2020
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>Revenue</b>					
Government grants and subsidies	112,900,000		112,900,000	112,900,000	-
Unspent balance b/f	34,834,218		34,834,218	34,834,218	-
Interest income	300,000	200,000	500,000	707,989	(207,989)
Training income	-	8,816,927	8,816,927	150,000	8,666,927
PFMR Funding	-	45,000,000	45,000,000	6,096,770	38,903,230
<b>Total income</b>	<b>148,034,218</b>	<b>54,016,927</b>	<b>202,051,145</b>	<b>154,688,977</b>	<b>47,362,168</b>
<b>Expenses</b>					
Compensation of employees	62,779,969	12,107,648	50,672,321	37,736,214	12,936,107
Use of Goods and services	19,346,783	10,775,217	30,122,000	17,964,046	12,157,954
Board expenses	8,436,000	1,540,000	9,976,000	9,599,981	376,019
Travel and subsistence cost	4,500,000	3,420,000	7,920,000	2,668,830	5,251,170
Repair and maintenance	245,000	339,000	584,000	324,653	259,347
Dissemination, monitoring & evaluation of standards	13,156,426	45,000,403	58,156,829	19,165,340	38,991,489
Purchase of assets	39,570,040	5,049,955	44,619,995	40,298,133	4,321,862
<b>Total expenditure</b>	<b>148,034,218</b>	<b>54,016,927</b>	<b>202,051,1</b>	<b>127,757,198</b>	<b>74,293,947</b>
<b>Surplus for the period</b>	<b>-</b>			<b>26,931,779</b>	<b>(26,931,779)</b>



## Explanation of variations between budgeted amounts and actual amounts.

Explanations have been explained for all variations as per the budget notes below.

- 1. Interest income** – The Board was able to earn Ksh.207,989 over the projected amount of Ksh.500,000. This was due to prioritisation on expenditure.
- 2. Training income** – The Board was unable to meet the projected income due to Covid 19 pandemic. Covid 19 pandemic forced many institutions to close leading to an unprecedented disruption in training programmes. The Board was not able to hold its inaugural workshop in May 2020 and therefore missed revenue target.
- 3. PFMR Funding** – Due to the effect of Covid -19 pandemic, the Government banned movements and meetings. This posed a challenge in implementation of PFMR workplan which was majorly on trainings. The activities are set to be undertaken in FY2020/2021.
- 4. Compensation of employees** – The Board recruited staff during the year. The difference between budget and actual was as a result of different reporting dates for staff and timing difference between staff leaving the organization and replacements.
- 5. Use of Goods and services** – The Board was not able to utilize its use of goods budget due to delay in deployment of procurement officer by the National Treasury to the Board. This was to replace the principal supply chain officer who resigned in December, 2019.
- 6. Travel and Subsistence cost** – The Board staff were not able to travel for trainings due to Covid 19 pandemic containment measures implemented by the Government from March, 2020.
- 7. Repair and Maintenance** – Most assets of the Board are still new and therefore maintenance cost is low especially for ICT equipment's.
- 8. Dissemination, monitoring and evaluation of standards** – Capacity building programme of the Board was greatly affected by the Covid 19 pandemic. The fourth quarter being the period when the Board in collaboration with the National Treasury conduct series of capacity building programmes for public sector accountants. This was not possible during the year.

A blurred background image of a business meeting. Several people are seated around a table, looking at documents and laptops. One person in the foreground is holding a laptop displaying a bar chart and a line graph. The overall tone is professional and focused on financial analysis.

**XVIII. NOTES TO THE  
FINANCIAL  
STATEMENTS**



## XVIII. NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

PSASB is established by and derives its authority and accountability from PFM Act 2012. The Board is wholly owned by the Government of Kenya through the National Treasury & planning and is domiciled in Kenya. The board's principal activity is to set generally accepted accounting, financial and internal audit standards.

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.

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity

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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	<p>Applicable: 1<sup>st</sup> January 2019</p> <p>The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.</p> <p><b>PSASB is a Semi - Autonomous Government Agency established under Sections 192-195 of the PFM Act, 2012. Management have assessed the effect of IPSAS 40 on the operations of the Board. Since there were no combinations or amalgamations between PSASB and other public sector entities the Standard has no impact on the Board's activities for the year ended June 30, 2020.</b></p>



## II. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1<sup>st</sup> January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><b>PSASB is in the process of assessing the impact of IPSAS 41 on its financial instruments as it prepares to apply the standard at the applicable date.</b></p>
IPSAS 42: Social Benefits	<p>Applicable: 1<sup>st</sup> January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ol> <p><b>PSASB's mandate does not involve providing social benefits to individuals or communities to alleviate social problems. The Board considers that this standard has no impact on its financial performance, financial position and cash flows.</b></p>

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1<sup>st</sup> January 2022:</p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p><b>PSASB is in the process of assessing the impact of these amendments on its financial instruments as it prepares to apply the amendments at the applicable date</b></p>
Other Improvements to IPSAS	<p>Applicable: 1<sup>st</sup> January 2021:</p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</li> <li>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</li> <li>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</li> <li>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</li> </ul> <p><b>PSASB is in the process of assessing the impact of these amendments on its financial instruments as it prepares to apply the amendments at the applicable date</b></p>

### III. Early adoption of standards

The Board did not early – adopt any new or amended standards in year 2020.



## 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

#### ii) Revenue from exchange transactions

##### Interest income

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

#### b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly and subsequently ratified by the Board on 20<sup>th</sup> July 2019. 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. Accordingly, the Board recorded additional appropriations on the 2019-2020 budget following the Board's approval.

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 section 3 of these financial statements.

#### c) Taxes Sales tax

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

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

#### d) Property, plant and equipment

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

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

Depreciation on property plant and equipment is calculated using reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates;

Motor Vehicle	25%
Furniture & fitting	12.5%
Computers	33.33%
Equipment	12.5%

#### e) Leases

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

#### f) Intangible assets

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

#### g) Financial instruments Financial assets

##### Initial recognition and measurement

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

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are

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

### Held-to-maturity

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

### Impairment of financial assets

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

the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The debtors or an entity of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

### Financial liabilities

#### Initial recognition and measurement

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

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

#### Loans and borrowing

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



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

### **h) Provisions**

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

### **Contingent liabilities**

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

### **Contingent assets**

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the

financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

### **i) 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.

### **j) 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.

### **k) 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 an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current

and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

#### l) 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.

#### m) 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 Entity, or vice versa. Members of key management are regarded as related parties and comprise the Board Members, the CEO and directors.

#### n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the

Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

#### o) Comparative figures

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

#### p) 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, 2020.

### 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.



### 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 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.

### Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Board.

The nature of the asset, its susceptibility and

adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

### 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

### Provision for bad debts

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





## 6. TRANSFERS FROM CENTRAL GOVERNMENT

### (a) TRANSFERS FROM THE NATIONAL TREASURY

Description	2019 -2020 KShs	2018 -2019 KShs
Unconditional grants		
Operational grant from the National Treasury & planning	112,900,000	110,175,000
<b>Total Grant received</b>	<b>112,900,000</b>	<b>110,175,000</b>

### b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. 2019 -20 KShs	Total grant income during the year 2019 -20 KShs	Total grant for FY2018 - 2019 KShs
The National Treasury & Planning	112,900,000	-	-	112,900,000	110,175,000
<b>Total</b>	<b>112,900,000</b>	<b>-</b>	<b>-</b>	<b>112,900,000</b>	<b>110,175,000</b>

## 7. GRANTS IN KIND AND TRANSFERS

Description	2019 -2020 KShs	2018 -2019 KShs
PFMR Funding	5,857,330	
Ufadhili Trust	239,440	-
<b>Total Grants</b>	<b>6,096,770</b>	<b>-</b>

During the year, PSASB prepared a work plan to the Public Finance Management Reforms Secretariat (PFMR) on areas of reform as per PFMR's strategic plan. The approved work plan had activities costed at Kshs 45 million. In FY 2019/2020, PFMR paid Kshs 5.8 million Kshs towards activities planned by PSASB under standards dissemination, monitoring and evaluation.

PSASB also partnered with Ufadhili Trust to conduct a roundtable workshop on sustainability reporting for public sector entities. This workshop was held in December 2020 at the Kenya School of Government. The programme was funded by Ufadhili Trust. Ksh.55,000 was paid as corporate facilitation fees and Ksh.184,440 was paid to Kenya School of Government being hire of facility.



## 8. INTEREST INCOME

Description	2019 -2020	2018 -2019
	KShs	KShs
Interest income from Co-operative Bank deposits	707,989	1,574,030
<b>Total Interest income</b>	<b>707,989</b>	<b>1,574,030</b>

The income relates to interest income accrued from the daily balances on account held at Co-operative Bank of Kenya. The interest rate was negotiated at 4% p.a. but revised to 3% towards the end of financial year due to Covid-19 effects on the banking sector. The amount is net of withholding tax.

## 9. USE OF GOODS AND SERVICES

Description	2019 -2020	2018 -2019
	KShs	KShs
Rent	7,859,650	10,007,040
Contracted Professional services	3,168,000	3,454,834
Subscriptions fees to prof. bodies	164,800	153,977
Electricity	420,109	42,609
Parking fees	501,340	310
Communication exp	1,233,398	1,055,514
Printing and advertising	2,218,396	2,036,548
Fuel and Oil	469,176	154,155
Insurance	1,775,095	500,794
Library exp	131,346	-
Office and General supplies	547,653	7,936,077
Bank Charges	138,268	172,899
Hospitality expenses	697,654	417,956
Board and Committees exp	810,335	2,898,120
Software expenses Inc. Licenses	1,312,207	1,075,895
Training costs	1,330,344	7,142,794
<b>Total Use of Goods and Services</b>	<b>22,777,771</b>	<b>37,049,502</b>

Contracted services relate to Ksh.441,000 for security services, Ksh.2,450,000 to Eagle HR consultants, Ksh.100,000 team building and Ksh. 30,000 sign language interpreters.



## 10. EMPLOYEE COSTS

Description	2019 -2020 KShs	2018 -2019 KShs
Salaries and wages	37,771,443	8,822,930
Employee related costs - contributionsto pensions and gratuity	5,566,881	219,805
Social contributionsNSSF	29,000	2,400
<b>Employee costs</b>	<b>43,367,324</b>	<b>9,045,135</b>

During the financial year, the Board hired additional 16 staff members to support the secretariat. This number included 3 deployed staff from the National Treasury and Planning.

## 11. REMUNERATION OF DIRECTORS

Description	2019 -2020 KShs	2018 -2019 KShs
Chairman's Honoraria	480,000	720,000
Directors emoluments	2,908,200	2,443,684
Other allowances	4,890,120	14,212,558
<b>Total director emoluments</b>	<b>9,539,981</b>	<b>17,376,242</b>

The term of six Board Members ended on 20th February 2020. As at the end of the year, no new members had been appointed to replace the members whose term ended. Other allowances include travel and subsistence cost which greatly reduced during the year due to COVID- 19 and the fact that the Board was not fully constituted during the second half of the year.

## 12. TRAVEL AND SUBSISTENCE COST

Description	2019 -2020 KShs	2018 -2019 KShs
Travel cost	189,894	5,374,951
Daily Subsistence	2,451,638	12,187,239
Other costs	32,874	102,310
<b>Total travel and subsistence cost</b>	<b>2,674,406</b>	<b>17,664,500</b>

The reduction in travel and subsistence cost was largely due to restrictions of movement and social gatherings by the Government with an aim of curbing the COVID-19 pandemic.

**13. DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2019 - 2020 KShs	2018 - 2019 KShs
Property, plant and equipment	8,898,985	3,613,791
Intangible assets	248,748	-
<b>Total depreciation and amortization</b>	<b>9,147,733</b>	<b>3,613,791</b>

During the year, the Board acquired two Motor Vehicles and undertook office partition works that increased the asset value. The Board also acquired an accounting software. These acquisitions increased depreciation and amortisation expenses by a significant amount.

**14. REPAIRS AND MAINTENANCE**

Description	2019 KShs	2020 KShs	2018 KShs	2019 KShs
Office building		3,500		666,738
Equipment and machinery		29,600		-
Vehicles		88,290		49,530
Furniture and fittings		29,963		1,490
Computers and accessories		173,300		-
<b>Total repairs and maintenance</b>		<b>324,653</b>		<b>717,758</b>

**15. DISSEMINATION, MONITORING AND EVALUATION OF STANDARDS**

Description	2019 - 2020 KShs	2018 - 2019 KShs
FiRe Award promoters' fees	2,000,000	2,000,000
FiRe Award evaluation expenses	11,123,570	11,859,820
Training, capacity building and templates development- PFMR Funding	5,857,330	-
Sustainability reporting costs Ufadhili Trust	184,440	-
<b>Total dissemination, monitoring and evaluation of standards</b>	<b>19,165,340</b>	<b>13,859,820</b>

Dissemination, monitoring and evaluation relates to cost incurred in promoting the core mandate of the Board. The relates to expenditure incurred during the Financial Reporting Excellence (FiRe) award and PFMR funded activities. Public sector entities have been participating in FiRe Award event since 2015. Kshs 11.1M went towards funding the budget of evaluating over 600 public sector entities and Kshs 2M as support by PSASB as a promoter to the event. This amount is contributed by each of the four promoters of the award. PFMR supported the Board through funding activities on development of project reporting templates, accrual migration related expenses and training and capacity building of ToTs on IPSAS and IFRS certification. The Board also created awareness on sustainability reporting in partnership with Ufadhili Trust.

**16. CASH AND CASH EQUIVALENTS**

Description	2019 -2020 KShs	2018 -2019 KShs
Current account	21,145,092	34,834,218
Pensions and Gratuity account	5,786,687	-
<b>Total cash and cash equivalents</b>	<b>26,931,779</b>	<b>34,834,218</b>

The Board transferred Ksh.5,786,687 into the pension's account from its operations account as a stop gap measure to ensure pension and gratuity funds are separated from the normal operations account. As at year end, the Board was in the process of procuring pension services and the amount will be transferred to the pension service provider once procured.

**16 (a) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2019 KShs	2020 KShs	2018-2019 KShs
a) Current account				
Co operative bank of Kenya	01141199471000	21,145,092		34,834,218
Sub - total		21,145,092		34,834,218
b) Pensions & Gratuity				
Co-operative bank of Kenya	01141199471001	5,786,687		-
Sub - total		5,786,687		-
<b>Grand total</b>		<b>26,931,779</b>		<b>34,834,218</b>

Included in the cash balance is an amount of Ksh.1,431,806 held as retention due to Earthline ventures for office partition works.

**17. RECEIVABLES FROM EXCHANGE TRANSACTION**

Description	2019 -2020 KShs	2018 -2019 KShs
Current receivables prepayment	3,204,263	8,685,124
<b>Total current receivables</b>	<b>3,204,263</b>	<b>8,685,124</b>

The prepayment relates to Motor vehicle and medical insurance premiums were prepaid during the year.

**18. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2019 -2020 KShs	2018 -2019 KShs
Current receivables Salary advance	150,000	-
<b>Total current receivables</b>	<b>150,000</b>	<b>-</b>



## 19. PROPERTY, PLANT AND EQUIPMENT

Cost	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	7,082,000	5,463,040	3,603,300	1,079,400	17,227,740
Additions	-	2,052,000	-	3,111,805	5,163,805
Disposals	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2019</b>	<b>7,082,000</b>	<b>7,515,040</b>	<b>3,603,300</b>	<b>4,191,205</b>	<b>22,391,545</b>
Additions	16,669,000	15,781,949	2,713,122	927,907	36,091,978
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
<b>At 30<sup>th</sup> June 2020</b>	<b>23,751,000</b>	<b>23,296,989</b>	<b>6,316,422</b>	<b>5,119,112</b>	<b>58,483,523</b>
<b>Depreciation and impairment</b>					-
At 1 July 2018	1,032,792	56,907	100,082	15,875	1,205,656
Depreciation	1,512,302	765,579	1,167,623	168,287	3,613,791
<b>Impairment</b>					-
At 30 June 2019	2,545,094	822,486	1,267,705	184,162	4,819,447
Depreciation	5,301,477	1,990,000	1,015,461	592,047	8,898,985
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment					-
<b>At 30<sup>th</sup> June 2020</b>	<b>7,846,571</b>	<b>2,812,486</b>	<b>2,283,166</b>	<b>776,209</b>	<b>13,718,432</b>
<b>Net book values</b>					-
At 30 June 2020	15,904,429	20,484,503	4,033,256	4,342,903	44,765,091
At 30 <sup>th</sup> June 2019	4,536,906	6,692,554	2,335,595	4,007,043	17,572,098

**20. INTANGIBLE ASSETS-SOFTWARE**

Description	2019 -2020 KShs	2018 -2019 KShs
<b>Cost</b>		
At beginning of the year	-	-
Additions	5,637,961	-
At end of the year	5,637,961	-
<b>Amortization and impairment</b>		
At beginning of the year	-	-
Amortization	248,748	-
At end of the year	248,748	-
Impairment loss	-	-
At end of the year	248,748	-
<b>Net Book Value at end of year</b>	<b>5,389,214</b>	<b>-</b>

*The Board procured an ERP system to facilitate its financial, human resource and procurement activities.*

**21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2019 -2020 KShs	2018 -2019 KShs
Electricity costs	42,357	549,690
Office partition retention monies	1,431,806	-
Training fee received in advance	150,000	-
<b>Total trade and other payables</b>	<b>1,624,163</b>	<b>549,690</b>

*Payment received in advance relates to Conference fees paid by participants to attend the inaugural public sector conference that was postponed due to Government protocols to prevent Covid 19 disease.*

**22. EMPLOYEE BENEFIT OBLIGATIONS**

Description	Other Provisions	2019 -2020	2018 -2019
	KShs	KShs	KShs
Current benefit obligation	1,993,098	1,993,098	-
Non current benefit obligation	3,793,589	3,793,589	219,805
<b>Total employee benefits obligation</b>	<b>5,786,687</b>	<b>5,786,687</b>	<b>219,805</b>

The Board is in the process of joining an umbrella scheme for its employees. The total amount of Ksh. 5,786,687 relates to employer contribution towards the scheme. The amount also includes 3.7 million for gratuity to employees under contract terms.

**23. CASH GENERATED FROM OPERATIONS**

	2019 -2020	2018 -2019
	KShs	KShs
Surplus for the year before tax	12,707,551	12,422,283
Adjusted for:		
Depreciation	9,147,733	3,613,791
Working Capital adjustments		
Increase in receivables	5,330,861	1,321,916
Increase in payables	5,059,550	769,495
Increase in payments received in advance	150,000	-
<b>Net cash flow from operating activities</b>	<b>32,395,694</b>	<b>18,127,485</b>

**24. RECONCILIATION BETWEEN SURPLUS AS PER THE BUDGET AND SURPLUS AS PER THE STATEMENT OF FINANCIAL PERFORMANCE**

Description	Amount
Surplus under statement of financial performance	12,707,551
Less: Surplus under the statement of budgeted and actual amounts	26,931,779
<b>Difference</b>	<b>(14,224,228)</b>

**Explained by:**

Purchase of fixed assets included under the budget and capitalised	40,298,133
Prepayments for FY2018/2019 expensed in the year	(8,685,123)
Prepayments for current year	3,204,263
Accruals for current year	(5,609,240)
Previous year payables paid during the year	549,690
Less: Depreciation- Non cash item	(9,147,733)
Unspent balance b/f	(34,834,218)
<b>Total</b>	<b>(14,224,228)</b>

## 25. 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 and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Board's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2020</b>				
Receivables from - exchange transactions	3,204,263	3,204,263	-	-
Receivables from non - exchange transactions	150,000	150,000	-	-
Bank balances	26,931,779	26,931,779	-	-
<b>Total</b>	<b>30,286,042</b>	<b>30,286,042</b>	-	-
<b>At 30 June 2019</b>				
Receivables from exchange transactions	8,685,124	8,685,124	-	-
Receivables from non - exchange transactions	-	-	-	-
Bank balances	34,834,218	34,834,218	-	-
<b>Total</b>	<b>43,519,342</b>	<b>43,519,342</b>	-	-

The customers under the fully performing category are paying their debts on a monthly basis as per PSASB's Human Resource policy. 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.

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

### (ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors, who have

built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk through continuous monitoring of forecasts and actual cash flows on monthly basis.

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

	Less than 1 month Kshs	Between 1 - 3 months Kshs	Over 5 months Kshs	Total Kshs
<b>At 30 June 2020</b>				
Trade payables	42,357	150,000	1,431,806	1,624,163
Employee benefit obligation		1,993,098	3,793,589	3,793,589
<b>Total</b>	<b>42,357</b>	<b>2,143,098</b>	<b>5,225,395</b>	<b>7,410,850</b>
<b>At 30 June 2019</b>				
Trade payables	-	549,690	-	549,690
Employee benefit obligation	-	-	219,805	219,805
<b>Total</b>	<b>-</b>	<b>549,690</b>	<b>219,805</b>	<b>769,495</b>

**(iii) Market risk**

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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 Division is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**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 entity 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 deposit.

**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 one percentage point as a decrease/increase of KShs 7,080 (2019: KShs 15,740). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs 35,399 (2019 – KShs 78,702).



#### iv) Capital Risk Management

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

	2019 - 2020 Kshs	2018 - 2019 Kshs
Revaluation reserve	-	-
Retained earnings	71,682,314	60,321,946
Capital reserve	-	-
<b>Total funds</b>	<b>71,682,314</b>	<b>60,321,946</b>
Total borrowings	-	-
Less: cash and bank balances	(26,931,779)	(34,834,218)
Excess cash and cash equivalents	26,931,779	34,834,218
Gearing	0%	0%

## 26. RELATED PARTY BALANCES

### Nature of related party relationships

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

### Government of Kenya

The Government of Kenya is the principal shareholder of the Board, holding 100% of the Board's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

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



## RELATED PARTY BALANCES

	2019 -2020 Kshs	2018 -2019 Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Treasury & Planning	112,900,000	110,175,000
Grants from	5,857,330	
<b>Total</b>	<b>118,757,330</b>	<b>110,175,000</b>
<b>b) Key management compensation</b>		
Board of Directors' emoluments	4,908,400	4,642,084
Payments for Board of Directors transport and accommodation expenses	4,691,581	12,734,158
Compensation to the CEO	7,327,816	-
Compensation to key management	12,212,400	1,018,024
<b>Total</b>	<b>29,140,197</b>	<b>18,394,266</b>

## 27. CAPITAL COMMITMENTS

Capital commitments	2019 -2020 Kshs	2018 -2019 Kshs
Authorised for	1,000,000	10,000,000
Authorised and contracted for	-	21,234,972
<b>Total</b>	<b>1,000,000</b>	<b>31,234,972</b>

## 28. EVENTS AFTER THE REPORTING PERIOD

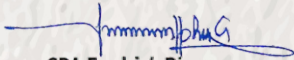
There were no material adjusting and non- adjusting events after the reporting period.

# APPENDIX



## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The Board received unqualified report and no issues were raised for the audit on financial statements for FY 2018/2019.

  
CPA Fredrick Riaga  
Chief Executive Officer

Date: 30<sup>th</sup> Sept 2020





## APPENDIX II: PROJECTS IMPLEMENTED BY THE BOARD

### Projects

The Board's activities are funded by transfers from the National Treasury and Planning. During the year, the Board did not received funding from any development partner.



## APPENDIX III: INTER-ENTITY TRANSFERS

## ENTITY NAME: PUBLIC SECTOR ACCOUNTING STANDARDS BOARD

## Break down of Transfers from the National Treasury &amp; Planning

FY 2019 / 2020			
<u>Recurrent Grants</u>	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>
Quarter 1	27.09.2019	28,225,000	FY2019/2020
Quarter 2	30.10.2019	28,225,000	FY2019/2020
Quarter 3	12.02.2020	28,225,000	FY2019/2020
Quarter 4	08.06.2020	28,225,000	FY2019/2020
<b>Total</b>		<b>112,900,000</b>	

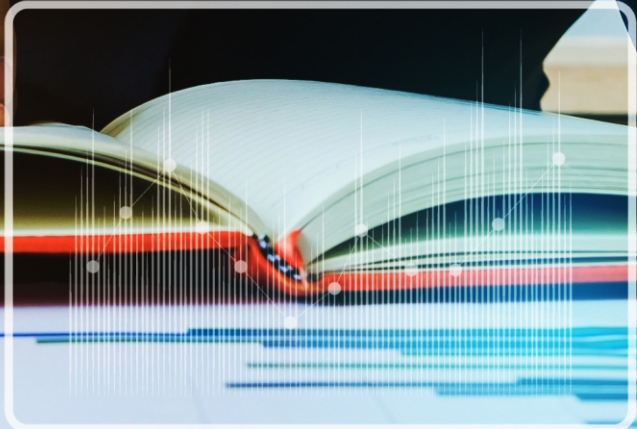
The above amounts have been communicated to and reconciled with the National Treasury and Planning.



CPA Patrick Abachi  
Director, Training & Corporate Services



CPA Billy Mathu  
Manager, Finance & Accounts





CPA Centre 8th Floor, Thika Rd. Ruaraka, P.O. Box 38831-00100  
Cell: 0757 924 842 / Phone: 020 251 1557  
Email: [info@psasb.go.ke](mailto:info@psasb.go.ke) / Website: [www.psasb.go.ke](http://www.psasb.go.ke)