REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA ACCREDITATION SERVICE

FOR THE YEAR ENDED 30 JUNE, 2024

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
30 SEP 2024



KENAS

Delivering Trust

KENYA ACCREDITATION SERVICE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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1 Acronyms and Definition of Key Terms

A. Acronyms

AFRAC	African Accreditation Cooperation
ARSO	African Organization for standardisation
CAB	Conformity Assessment Body
CASCO	Conformity Assessment Standards Committee
CEO	Chief Executive Officer
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
EASA	European Union Aviation Safety Agency
IAF	International Accreditation Forum
ICPAK	Institute of Certified Public Accountants of Kenya
ILAC	International Laboratory Accreditation Cooperation
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KENAS	Kenya Accreditation Service
KIPI	Kenya Industrial Property Institute
NT	National treasury
OAG	Office of the auditor general
PFM	Public Finance Management
PPE	Property Plant & Equipment
WTO	World Trade Organization

B. Definition of Key Terms

Accreditation – a third-party attestation related to a conformity assessment body conveying a formal demonstration of its competence to perform specific conformity assessment tasks.

Accredited Organization – is an entity that has been formally recognized by an authoritative body for meeting specific standards or criteria. This accreditation signifies that the organization adheres to established quality and performance benchmarks, ensuring reliability, competence, and compliance with relevant regulations and standards.

Assessment – the process undertaken by an accreditation body to determine the competence of a conformity assessment body based on standard(s) and/or other normative documents for a defined scope of accreditation.

Assessor – this is a person assigned by KENAS to perform, alone or as part of an assessment team, an assessment of a conformity assessment body.

Comparative Year – Means the prior period.

Conformity assessment activity – an activity undertaken, or service provided by a conformity assessment body when evaluating conformity of a product or service, which include, but are not limited to, testing, calibration, inspection, certification of management systems, persons, products, processes and services, provision of proficiency testing, production of reference materials, validation and verification.

Conformity Assessment Body – a body that carries out conformity assessment services, including calibration, certification, testing, inspection, medical testing, proficiency testing and production of reference materials and verification.

Fiduciary Management – members of Management are directly entrusted with the responsibility of financial resources of the organization.

Team Leader – an assessor who is given the overall responsibility for the management of an assessment.

2 Key Entity Information and Management

(a) Background information

The Kenya Accreditation Service (KENAS) was established under the Kenya Accreditation Service Act, 2019. KENAS is domiciled in Kenya and has only one office located in Upper Hill Nairobi. KENAS is a State Corporation under the State Department of Industry in the Ministry of Investments, Trade and Industry (MITI). KENAS institutional structure comprises; The Board of Directors, the Chief Executive Officer, three (3) directorates, twelve (12) departments, nine (9) divisions, and four (4) units/sections. There is an established Accreditation Appeals Tribunal to hear and determine appeals emanating from accreditation decisions of the Service. The terms of service of the appointed tribunal members expired in FY 2022/2023.

KENAS has grown to become the foremost Accreditation Body in Africa and is currently servicing eleven (11) countries. KENAS is a signatory arrangement member to the IAF Multilateral Arrangement (MLA), ILAC Mutual Recognition Arrangement (MRA) and AFRAC MRA. IAF manages arrangements in the fields of management systems, products, services, personnel and other similar programs of conformity assessment, and the ILAC in the fields of laboratory, proficiency test providers and inspection accreditation. Signatory to the MLA/MRA enhance the acceptance of products and services across national borders, thereby creating a framework to support international trade through the removal of technical barriers.

(b) Principal Activities

The principal mandate of KENAS is to accredit and exercise oversight over organizations (both private and public) that carry out conformity assessment activities. These organizations include testing laboratories, calibration laboratories, medical laboratories, veterinary laboratories, proficiency testing providers, certification bodies, inspection, verification and validation bodies.

Vision Statement	A symbol of trust in quality, safety, and environmental assurance
Mission Statement	To provide greater confidence in accredited conformity assessment services to businesses, government, regulators, consumers, and the public
Value Proposition	*Delivering Trust*
Core Values	The core values of KENAS are enshrined in the acronym ***iPace***– ***i***ntegrity, ***P***rofessionalism, ***a***ccountability, ***c***lient-focused and ***e***xcellence

Key Entity Information and Management (continued)

(c) Key Management

The KENAS's day-to-day management is under the following key organs:

No	Designation	Name
1.	Chairperson of the Board of Directors	Mr. ngeny BIWOTT
2.	Alternate to the Principal Secretary, The National Treasury and Economic Planning- Appointed 23rd November 2023	Mr. Festus Mwanzi Peter
3.	Alternate to the Principal Secretary, The National Treasury and Economic Planning- Up to 23rd November 2023	Ms. Stella Osoro
4.	Independent Director	Mr. Waiganjo Dickson Macharia
5.	Alternate to the Principal Secretary, State Department of Industry	Ms. Ruth Wanyonyi
6.	Independent Director	Mr. Zedekiah Orioki
7.	Independent Director	Ms. Grace Otieno
8.	Independent Director	Dr. Leah Chelagat
9.	Independent Director	Mr. Allan Muchungure Pkress
10.	Chief Executive Officer Appointed 13/05/2024	Dr. Walter Juma Ongeti
11.	Ag. Chief Executive Officer (13/02/2024 – 12/05/2024) and Manager Scheme Development, Training and Advocacy	Ms. Joyce Wangui Gichuru
12.	Chief Executive Officer Exited 18/03/2024	Mr. Martin Kimutai Chesire
13.	Chief Manager Inspection and Certification	Mrs. Susannah Munyiri-Ochieng
14.	Chief Manager Corporate Services	Mr. John Mburu Kamau
15.	Chief Manager Laboratories	Ms. Lucy Nancy Muthoni Namu
16.	Manager Finance and Accounts	Mr. Henry Maxwell Wandabwa
17.	Manager Supply Chain Management	Ms. Flormina Ngina Musee
18.	Manager Internal Audit	Mr. Elijah Kiptoo Kandie
19.	Principal Legal Services Officer	Mr. Walter Manyibe Nyamwaya
20.	Ag. Corporation Secretary	Mr. Francis Olalo

Key Entity Information and Management (continued)

(d) Fiduciary Management

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

Table 1: Fiduciary Management

No	Designation	Name
1.	Chief Executive Officer Appointed 13/05/2024	Dr. Walter Juma Ongeti
2.	Ag. Chief Executive Officer (13/02/2024 – 12/05/2024) and Manager Scheme Development, Training and Advocacy	Ms. Joyce Wangui Gichuru
3.	Chief Executive Officer Exited 18/03/2024	Mr. Martin Kimutai Chesire
4.	Chief Manager Inspection and Certification	Mrs. Susannah Munyiri-Ochieng
5.	Chief Manager Corporate Services	Mr. John Mburu Kamau
6.	Chief Manager Laboratories	Ms. Lucy Nancy Muthoni Namu
7.	Manager Scheme Development, Training and Advocacy	Ms. Joyce Wangui Gichuru
8.	Manager Finance and Accounts	Mr. Henry Maxwell Wandabwa
9.	Manager Supply Chain Management	Ms. Flormina Ngina Musee
10.	Manager Internal Audit	Mr. Elijah Kiptoo Kandie
11.	Principal Legal Services Officer	Mr. Walter Manyibe Nyamwaya
12.	Ag. Corporation Secretary	Mr. Francis Olalo

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The KENAS Board of Directors is the key fiduciary oversight and governing body with overall responsibility for overseeing KENAS operations. During FY 2023/2024, KENAS Board of Directors consisted of thirteen (13) members, including the Chairperson, CEO and Ag. Corporation Secretary. In discharging its activities, the KENAS Board delegates the decision-making activities to various committees of the Board as listed below.

Table 2: Fiduciary Oversight Members

Board Committee	Membership
Audit and Risk Assurance Committee (ARC)	Dickson Waiganjo (Chairperson) Festus Mwanzi (Member) from 23/11/2023 Ruth Wanyonyi (Member) Stellah Osoro (Member) up to 23/11/2023
Finance and Investment Committee (FIC)	Zedekiah Orioki (Chairperson) Leah Chelagat (Member) Ruth Wanyonyi (Member) Allan Pkress (Member) from 11/01/2024 Stellah Osoro (Member) to 23/11/2023
Human Resources and Administration Committee (HRC)	Grace Otieno (Chairperson) Zedekiah Orioki (Member) Dickson Waiganjo (Member)
Strategy and Accreditation Committee (SAC)	Leah Chelagat (Chairperson) Festus Mwanzi (Member) Grace Otieno (Member) Allan Pkress (Member) from 11/01/2024
Public Finance Management Committee (PFM)	Dr. Walter Ongeti (Chairperson) Lucy Namu (Member) Joyce Gichuru (Member) David Ochieng (Member) Henry Wandabwa (Secretary) Flormina Ngina (Member) Walter Nyamwaya (Member) Douglas Machoka (Member) Rebecca Wanjiru (Member)
Budget Implementation Committee (BIC)	Henry Wandabwa (Chairperson) Lucy Namu (Member) Joyce Gichuru (Member) Michael Talam (Member) Flormina Ngina (Member) Martha Yator (Member) Margaret Kamau (Member) Rebecca Wanjiru (Member) Douglas Machoka (Secretary)

Key Entity Information and Management (continued)

(f) KENAS Headquarters
P.O. Box 47400-00100
Abcon House
No. 06 Masaba Road, Upper hill,
Nairobi, KENYA

(g) KENAS Contacts
Telephone: (+254) 020 484 0000
Email md@kenas.go.ke and info@kenas.go.ke
Website: www.kenas.go.ke

(h) Entity Bankers
KCB Bank LTD
Kipande Branch
P.O. Box 30012
GPO 00100
Nairobi, KENYA

(i) Independent Auditor
Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

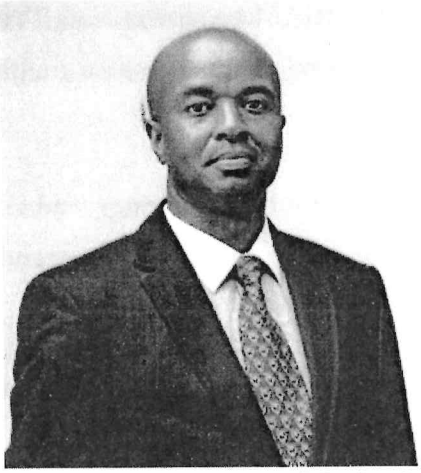
(j) Principal Legal Adviser
The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3 The Board of Directors

No	Directors	Details
1.	 **Mr. ngeny BIWOTT** MSc. BSc	***Chairperson (born on 29th January 1952)*** ***Appointed 26th April 2023*** ngeny Biwott is a licensed private pilot and aerospace scientist with over 39 years of experience in aviation industry. He holds an MSc from the University of Hertfordshire and advanced qualifications in aerospace science, risk management, and strategy from various universities. He worked as a lead aircraft accident investigator, aviation international compliance auditor, quality auditor for ISO 900-2008 and Environmental impact assessment lead expert for NEMA. His initial training and work experience in aviation sector includes 12 years with East African Community and the Directorate of Civil Aviation of Kenya, where he qualified and licensed with four (4) ratings, served as East Africa regional search and rescue lead coordinator and an instructor at the aviation school. He is an authority and practitioner of corporate leadership and Governance with leadership training from Strathmore Business School and IMD, and wide experience in various industries. He has held six Board positions, five of which were in State Corporations. Notably, he served on the Board of KCB Bank Tanzania Ltd and as Group Chairman of KCB Group Plc. He is author of a dozen aviation and scientific publications

No	Directors	Details
2.	 **Ms. Grace Otieno** LLB, PGDip	***Independent Director (born on 5th May 1988)*** ***Appointed 15th June 2023*** Ms. Grace Otieno is an advocate of the High Court of Kenya with global and corporate experience in legal services. She is currently a partner at Muma & Kanjama Advocates, with a background in Commercial Law General, Employment Law, Criminal Law General, Family Law and Succession Law, Corporate Law, Environment and Land Law, Alternative & General Dispute Resolution, Constitutional and Human Rights Litigation. Ms. Otieno holds a Bachelor of Laws (LL.B.) degree from Moi University and is a Certified Mediator. She is a member of the Law Society of Kenya (LSK); East African Law Society (EALS); Federation of Women Lawyers (FIDA Kenya) as well as Mediation Training Institute of East Africa. Grace is the chair of the Human Resource Committee and a member of the Strategy and Accreditation Committee.
3.	 **Dr. Leah Chelagat** MCAP, BTh	***Independent Director (born on 15th August 1967)*** ***Appointed 22nd June 2023*** Dr. Leah Chelagat holds a Masters' Degree Counselling & Psychology from BIBU International University, a BA Theological Studies from BIBU International University and a Certificate in International Mediation from Mediate University. She is the Managing Director & Founder 1 Pome Granite International Ltd. Leah's areas of expertise include Strategic Planning, Financial Analysis, Business Acumen, Project

No	Directors	Details
		Management, Risk Management and Team Building with over 20 years' experience as a multiple start up Investor. Leah is the chair of the Strategy and Accreditation Committee and a member of the Finance and Investment Committee.
4.	 **Mr. Zedekiah Orioki** BAEcon, Dip	***Independent Director (born on 18th August 1962)*** ***Appointed 22nd June 2023*** Zedekiah Orioki holds a Bachelor of Arts Degree (Economics) and Diploma in Purchasing and Supplies. He has over thirty (30) years' experience in public and commercial purchasing, store management and Supply Chain Management. He previously served in diverse roles such as Chief Officer, Supply Chain department at the Geothermal Development Company-(GDC), Senior Purchasing Officer, Kenya Medical Research Institute- KEMRI, Stores Manager at DT Dobie Motors and Store manager at CMC Motors Group K. Limited. He brings a diverse skill set in supply chain processes, systems and compliance requirements. Zedekiah is the chair of the Finance and Investment Committee and a member of the Human Resource and Administration committee.

No	Directors	Details
5.	 **Mr. Waiganjo Dickson Macharia** LLB, PGD, Advocate of the high court of Kenya	***Independent Director (born on 1st January 1972)*** ***Appointed 22nd June 2023*** Waiganjo Dickson Macharia has a Bachelor of Law (LLB) degree from the University of South Gujarat and a Diploma of Law from the Kenya School of Law. He was admitted to the roll of Advocates on 4th October 1999. He is the Managing partner at Macharia Waiganjo and Nyakoe Advocates where he specializes in conveyancing, civil and commercial matters. He has over 23 years' experience in Legal, regulatory and Compliance matters which are essential in shaping good governance. Waiganjo is the chair of the Audit and Risk Committee and a member of the Human Resource and Administration Committee.
6.	 **Ms. Ruth Wanyonyi** MScFin, BFin, CPA (K).	***Alternate to the Principal Secretary, State Department of Industry (born on 7th March 1982)*** ***Appointed 19th January 2023*** Ruth Wanyonyi is a holder of a Master of Science Degree in Finance from JKUAT, Bachelor of Commerce in Finance from KCA University and is a Certified Public Accountant (K) with membership at ICPAK. She serves as the Assistant Accountant General of at the State Department for Industry. She joined the department in June 2018 having previously worked at various Ministries Departments Agencies. Ruth was appointed as an alternate to the Principal Secretary, State Department for Industry in January

No	Directors	Details
		2023. She is a member of the Audit and Risk and Finance and Administration Committees of the Board.
7.	 **Ms. Stella Osoro** MA, BA, CPA(K)	***Alternate to the Principal Secretary, The National Treasury Up to 23rd November 2023*** Stella Osoro has a Master of Arts in Economics and a Bachelor of Arts in Economics from the University of Nairobi. She is a Certified Public Accountant of Kenya (CPA-K). She Currently works at the National Treasury and Planning as a Principal Economist. Stella was appointed alternate to the CS, National Treasury and Economic Planning in the year 2015. She is an experienced Public Sector Economist and Accountant. She is a member of the Audit Risk and Assurance and Finance and Investment Committees of the Board.
8.	 **Mr. Festus Mwanzi Peter,** MA, BA, CPA(K)	***Alternate to the Principal Secretary, The National Treasury and Economic Planning (born on 3rd July 1977)*** ***Appointed 23rd November 2023*** Mr. Festus Mwanzi has a Master of Business Administration (MBA) Finance option, a degree in Business Administration from Kenyatta University and is a Certified Public Accountant CPA (K), and member of ICPAK. Currently, he is the Assistant Director Investments, The National Treasury having served as a Chief Investment Officer in the Government Investment and Public Enterprise (GIPE). He has served as alternate to CS

No	Directors	Details
		National Treasury in various State Corporation Boards including Kenya Institute of Mass Communication (KIMC), Kenya Water Institute and Rongo University. He is a member of the Audit and Risk Assurance Committee and Strategy and Accreditation Committee.
9.	 **Mr. Allan Muchungure Pkress** BCom, Dip.BA	***Independent Director (born on 18th December 1976)*** ***Appointed 12th January 2024*** Allan Muchungure Pkress has a bachelor's degree in commerce marketing Option and a Diploma in Business Administration. He currently works as the Customer Experience Lead at Safaricom LLP. He has over 15 years' experience in Workforce and Productivity Management, Customer experience management and digital transformations. Allan is a member of the Finance and Investment Committee as well as the Strategy and Accreditation Committee.
10.	 **Mr. Martin Chesire** MBA, MSc. BSc., CQP(UK), MIoD(K)	***Chief Executive Officer, Ex Officio Director (born on 4th November 1973)*** ***Up to 18th March 2024*** Mr. Martin Chesire is a quality infrastructure professional with over twenty years working with national, regional and international organizations and development partners. He has a Master of Science in Quality Management and Business Excellence from the University of Stirling (Scotland) and Executive Master of Business Administration in International Management from the

No	Directors	Details
		Université de Genève (Switzerland). He is a graduate of Moi University (Kenya) with a Bachelor of Science in Chemistry. Mr. Chesire worked at the International Organization for Standardization (ISO) in Geneva (Switzerland) and prior to that at the Kenya Bureau of Standards (KEBS). He is a Chartered Quality Professional (U.K.) and a member of the Institute of Directors of Kenya (IoDK).
11.	 **Ms. Joyce Gichuru** MAIR, B.Sc. (Agriculture)	***Ag. Chief Executive Officer, Ex Officio Director (born 1974)*** ***13th February to 12th May 2024.*** Joyce has over fifteen (15) years' experience in the public sector and holds a Master of Arts in International Relations, a Bachelor of Science degree in Agricultural Education and Extension, Diploma in Human Resource Management, Senior Management Course and Strategy Leadership Development Course. She has served as research specialist at KIPPRA and deputy director commercial enterprises and marketing at National Youth Service (NYS).
12.	 **Dr. Walter Juma Ongeti** Chief Executive Officer Ph.D., MBA, B.Ed, CS, FKIM	***Chief Executive Officer, Ex Officio Director (born 1981)*** ***Appointed on 13th May 2024*** Dr. Walter Ongeti is a distinguished Strategy and Governance specialist with over fifteen years of experience in senior leadership roles across various organizations. His extensive background in strategic

No	Directors	Details
		management and corporate governance has made him a sought-after consultant and practitioner. He holds a Ph.D. in Business Administration, Strategic Management and Corporate Governance, an MBA in Strategic and Change Management and a Bachelor's Degree in Education (Economics and Business Studies) from the University of Nairobi. He is a Certified Secretary, Governance Auditor and Certified Strategic Leadership expert. Dr. Ongeti has served as an advisor to Government on Strategy, Governance and Research, Senior Lecturer in various universities and a member of the Tax Appeals Tribunal in the Judiciary.
13.	 **Francis Olalo** Ag. Corporation Secretary LLB, CPS	***Ag Corporation Secretary*** ***Appointed on 11th July 2021*** Mr. Francis Olalo is an Advocate of the High Court of Kenya, admitted to the Roll of Advocates in 2001. He has practiced law for over 20 years and holds a wealth of expertise in various legal domains. Mr. Olalo serves as a certified public secretary with over 15 years in Company Secretarial Practice. He is a member of the Institute of Certified Secretaries.

4 Key Management Team



Dr. Walter Juma Ongeti
Chief Executive Officer
Ph.D., MBA, B.Ed, CS, FKIM
Appointed on 13th May 2024



Martin Kimutai Chesire
Chief Executive Officer
EMBA, MSc. BSc., CQP(UK), MIoD(K)
From 19th March to 18th March 2024



Joyce Wangui Gichuru
Ag. Chief Executive Officer (13/02/2024 – 12/05/2024) and Manager, Scheme Development, Training and Advocacy
MAIR, B.Sc. (Agriculture)



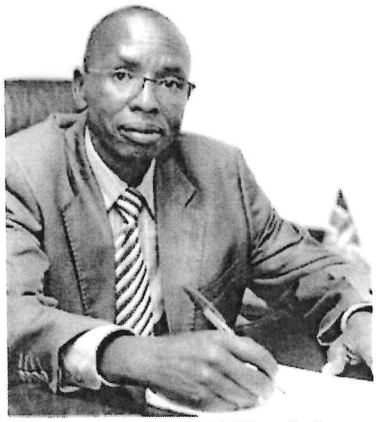
Susanah Munyiri-Ochieng
Chief Manager, Certification, Inspection and Verification
MBA, BSc., Dip. QI, MIoD(K)



John Mburu Kamau
Chief Manager, Corporate Services
MBA, BCom., CPA(K), CPS(K)



Lucy Nancy Muthoni Namu
Chief Manager, Laboratories
MSc, BSc. PGDSc. PGDA



Henry Maxwell Wandabwa
Manager, Finance and Accounts
MBA, BCom., CPA(K)



Flormina Musee Ngina
Manager, Supply Chain Management
MBA, BBA, MCIPS (UK), MKISM



Elijah Kiptoo Kandie
Manager, Internal Audit
BBM, CPA(K), MIIA(K)



Walter Manyibe Nyamwaya
Principal Legal Services Officer
LLB, PGDI, CS



Francis Olalo
Ag. Corporation Secretary
LLB, CPS

5 Chairman's Statement

On behalf of the Board of Directors of Kenya Accreditation Service (KENAS), I present the 14th Annual Report and Financial Statements for the Financial Year 2023/2024.

KENAS plays a key role in the national, regional and international arena working with partners to strengthen the quality infrastructure through accreditation. In the period under review, KENAS participated in regional and international engagements organized and hosted by ILAC, IAF, AFRAC, EAAB, ISO, ARSO and WTO. KENAS hosted the 14th Annual AFRAC General Assembly and members of the Parliamentary Committee on Trade with the aim of strengthening accreditation to facilitate trade and reposition itself in influencing the accreditation agenda on the continent.

The Kenya Accreditation Service Act, 2019 mandates KENAS to participate in the formulation and monitoring of national, regional and international accreditation guidelines and standards to ensure that global trade facilitation. In this regard, the Service participated in the development of the draft Kenya National Quality Policy which shall govern implementation of standardization, metrology, accreditation, conformity assessment and market surveillance. The policy will be a contributor to reduction of the effect of technical barriers on trade while serving the needs of Government, businesses, and consumers.

The Service continued implementation of its mandate by providing accreditation and training in line with set standards. In the period under review, it accredited an additional forty – five (45) CABs, developed new schemes, trained assessors from different regions in the country and increased its training footprint.

The Board, in its continued efforts to attain financial sustainability, steered KENAS to an improved financial position. The Service received a disbursement under the project on Enhancement of Accreditation Program in Kenya that went a long way in facilitation of development and roll out of new accreditation schemes. The Board approved policies aimed at building stakeholder and customer confidence in KENAS products and services.

To enhance institutional capacity, the Board recruited a new CEO and managed the transition successfully. It also approved a recruitment plan for additional staff, monitored the implementation of the FY 2023/2024 staff training plan and approved digitization of services through use of M365 and E-citizen platform.

To mitigate the risk of misuse and false claims of accreditation and enhance protection of its intellectual property rights, the Board approved the registration of KENAS logo and symbols under KIPI, WIPO, ARIPO and relevant national frameworks.

Despite achievement of our performance targets, the Service was affected by the effects of global economic decline and socio-political changes. This impacted the effort to deepen accreditation in our economy and sustainability of accreditation by conformity assessment bodies.

The Board prioritized development of Strategic Plan 2024 – 2028 and in the financial year 2024/2025, implementation will focus on increased resource mobilization strategies, growth and expansion of KENAS products and services.

Finally, I would like to thank the KENAS Board members both in-post and exited, the Committee Chairs and Management for their dedication and commitment which led to KENAS' outstanding performance. I also wish to extend my gratitude to the Ministry of Investments, Trade and Industry, for close collaboration with the National Treasury and Economic Planning, our accredited clients and other key stakeholders for continuous partnership and collaboration.

ngeny BIWOTT
Chairperson of the Board

Date: 28/09/2024

6 Report of the Chief Executive Officer

I present the 14th Annual Report and Financial Statements for the Financial Year 2023/2024 of the Service. This report highlights our initiatives and achievements in line with the six (6) pillars of Strategic Plan 2020 – 2024, Performance Contract FY 2023/2024, Bottom-Up Economic Transformation Agenda, and National and International Development Frameworks.

In executing its mandate, KENAS successfully processed eighty (80) applications for new accreditation and extension of scope, conducted two hundred and seventy-one (271) assessments and accredited forty-five (45) new CABs. As part of its expansion efforts and its goal to enhance accreditation in the region, KENAS has accredited CABs from the following countries: Kenya (187), Tanzania (10), Rwanda (5), Uganda (10), Somalia (7), Ghana (4), Gambia (2), Sudan (1), Ethiopia (1), Nigeria (2), Burundi (1) and South Sudan (1).

The Service conducted forty-four (44) training programs targeting individuals and groups, covering normative standards' generic requirements and their application in conformity assessment. These training initiatives were undertaken to strengthen capacity within the Quality Infrastructure institutions based on ISO/IEC 17021-1; 17025; 17024; 17020; 17065; 17043 and ISO 15189:2022.

KENAS hosted the 14th AFRAC General Assembly, significantly enhancing its visibility. Additionally, KENAS maintained its signatory and recognition status with IAF, ILAC and AFRAC by active participation in international and regional forums, influencing accreditation policies and standards, and achieved a 100% participation score. Further, KENAS expanded its signatory status to include Proficiency Testing Providers to ISO/IEC 17043, Product Certification to ISO/IEC 17065, and Certification of Persons to ISO/IEC 17024 schemes and scopes.

Additionally, KENAS contributed to influencing quality infrastructure related policies by actively participating in fora such as EAAB, ISO/CASCO, and WTO. Moreover, KENAS implemented the EAAB work plan by mentoring the Uganda National Accreditation Service (UGANAS) and Rwanda National Accreditation Office (RNAO), providing training for assessors and staff to enhance accreditation capabilities geared towards facilitating trade within the East African Community (EAC). KENAS participated in the development of EAC Standardization Conformity Assessment and Accreditation Bill (2023) which will harmonize standards, measurement systems, accreditation and conformity assessment regimes to reduce

Non-Tariff Barriers (NTBs) related to standards and increase trade across and beyond the borders of EAC.

In the financial year 2023/2024, KENAS achieved significant revenue growth, with Appropriations-In-Aid increasing by 40%, from Kshs. 117.1 million in the previous fiscal year to Kshs. 165.1 million. This signified a 34% rise in overall revenue growth from Kshs. 367.3 to Kshs. 491.3 million. Additionally, KENAS implemented the Enhancement of Accreditation Programme in Kenya (EAP-K) project, achieving 23% completion rate in line with the allocated funds. This project has been instrumental in enhancing our accreditation processes and infrastructure, laying a robust foundation for future advancements.

Additionally, KENAS implemented the approved Human Resource Instruments of 2019 and FY2023/2024 recruitment plan, resulting in the onBoarding of fifteen (15) and promotion of four (4) staff. KENAS' smooth transition in CEO leadership ensured stability and continuity, reinforcing our strategic direction and operational effectiveness. This achievement aligned with the objective under pillar six of its strategic plan, focused on enhancing institutional capacity and governance. Further, KENAS enhanced capacity of Senior and Middle Management by training ten (10) staff on Strategic Leadership and Development Program at the Kenya School of Government.

In our rebranding efforts, KENAS mitigated the risk of misuse and claims of accreditation by enhancing the protection of our intellectual property, both nationally and globally, through the registration of our accreditation symbols and logo with KIPI. Further, KENAS successfully completed an office renovation project, expanding facilities to support our mandate and accommodate newly recruited staff and additional space for accreditation and training activities. Additionally, KENAS achieved successful registration as a data controller, demonstrating adherence to regulatory standards and dedication to protecting data integrity, as part of enhancing operational transparency and accountability.

Further, KENAS was honored with several prestigious awards, including the 2023 HR Excellent State Corporation of the Year by Institute of Human Resource Management (IHRM), 2023 Employer of the year by Federation of Kenya employers (FKE), 2023 Champion of Governance (Institute of Certified Public Secretaries (ICS) and accolades for inclusiveness, diversity, and compliance. This underscores our commitment to excellence and solidifies our position as a model institution in the public sector.

In financial year 2024/2025, KENAS will focus on sustained stakeholder engagement, promotion of accreditation services, broadening of training products, research and financial sustainability through robust resource mobilization while applying best HR, practices and reengineering of its business processes as well as enhanced deployment of technology.

Finally, I convey my sincere gratitude to the Cabinet Secretary and entire team at the Ministry of Investments, Trade & Industry for the unwavering support and guidance, the KENAS Board of Directors for its strategic leadership & counsel and the KENAS staff for their dedication and commitment. I also appreciate our clients and stakeholders who have supported and provided immense feedback and ideas to the accreditation system. I look forward to achieving more milestones and working towards the attainment of the KENAS vision.

Dr. Walter Juma Ongeti
Chief Executive Officer

Date: 25/09/24

7 Statement of Performance against Predetermined Objectives for FY 2023/2024

KENAS had` six (6) strategic pillars and objectives within the current Strategic Plan for the FY 2020/2021 to FY 2023/2024. These strategic pillars are as follows:

Pillar 1: Accreditation and Assessments.

Pillar 2: Knowledge Transfer and Advisory.

Pillar 3: Marketing Communication and Advocacy.

Pillar 4: Financial Sustainability.

Pillar 5: Internal Business Processes: and

Pillar 6: Institutional Capacity and Governance.

KENAS developed its annual work plan based on the six (6) strategic pillars listed above. Assessment of the Board's performance against its annual work plan was done on a quarterly basis. KENAS achieved its performance targets set for the FY 2023/2024 period for its six (6) strategic pillars, as indicated in the table 3.

Table 3: Performance against predetermined objectives

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Accreditation and Assessments	Deliver value added assessments and accreditation services	Number of new CABs accredited	Accredit forty (40) new CABs	KENAS accredited forty-five (45) new CABs.
		Number of CABs assessed	Assess 290 CABs	KENAS assessed two hundred and seventy-one (271) CABs. The variance was attributed largely to delay in payments and rescheduling requests by clients.
		New and extension of scope applications reviewed	Review 75 applications for both new applicants and extension of scopes	KENAS processed eighty (80) applications from new applicants and extension of scopes.
Pillar 2: Knowledge Transfer and Advisory	Strengthen accreditation assessment	Training programmes delivered	Deliver fifty (50) training programmes	KENAS delivered forty-nine (49) training programs. The average number of registered

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	resource capabilities			participants per training program was lower than anticipated, resulting in a negative variance.
Pillar 3: Marketing, Communication and Advocacy	Enhance KENAS brand visibility	Advocacy and Awareness programmes organized	Organize advocacy and awareness programmes	KENAS hosted key events, participated in CSR activities and commemorated partner events.
Pillar 4: Financial Sustainability	To enhance the Service's financial ability to meet its mandate	Increased funds	Secure Kshs. 100 million for Project Funding	KENAS was allocated Kshs. 100 million in the FY 2023/2024 development budget and implemented 23% of the project activities in line with the allocated funds
			Raise Kshs 154 million as Appropriation in Aid	KENAS raised a total of Kshs. 165.1 m.
Pillar 5: Internal Business Processes	Minimise turnaround time for services	Reduced turnaround time for key services	Reduce the duration for accreditation to three (3) months	The Service improved its turn-around time for accreditation services from 5 months to 3 months 3 weeks
Pillar 6: Institutional Capacity and Governance	Strengthen Institutional Capacity and Governance	% implementation of recruitment plan	Implement recruitment plan	Recruited sixteen (16) staff.
		% of Board Members trained	Train and build capacity of 100% Board Members	100% Board members trained on *Mwongozo* code of Governance and Audit and Risk Committee members on Governance Audit and Legal compliance.

8 Corporate governance statement

The KENAS Board is accountable to the Kenyan Government through the Ministry of Investments, Trade and Industry ensuring legal compliance, governance standards, and alignment with *Mwongozo* Code of Conduct and Kenya Accreditation Service Act, 2019 (7).

Board composition

As summarised in Table 4, thirteen (13) persons served as Directors at different times, all of whom, except for the CEO and two alternates to the Principal Secretaries, are independent non-executive Directors.

Table 4: Board Composition

No.	Name	Appointed or reappointed	Role	Details
1.	Mr. ngeny BIWOTT	25th April 2023	Chairperson	1st term
2.	Ms. Grace Otieno	15th June 2023	Member, Independent	1st term
3.	Dr. Leah Chelagat	22nd June 2023	Member, Independent	1st term
4.	Mr. Zedekiah Orioki	22nd June 2023	Member, Independent	1st term
5.	Mr. Dickson Waiganjo	22nd June 2023	Member, Independent	1st term
6.	Ms. Ruth Wanyonyi	19th January 2023	Director, Alternate to PS State Department for Industry	Continuous term
7.	Ms. Stella Osoro	17th November 2015	Director, Alternate to CS The National Treasury and Economic Planning	Replaced on 23rd November
	Mr. Festus Mwanzi	23rd November 2023	Director, Alternate to PS The National Treasury and Economic Planning	Continuous Term
8.	Mr. Allan Pkress	11th January 2024	Member, Independent	1st term
9.	Mr. Martin Chesire	19th March 2021	Ex-officio member, Chief Executive Officer	Retired
	Ms. Joyce Gichuru	13th February 2024	Ex-officio member, Ag. Chief Executive Officer	Replaced
	Dr. Walter Ongeti	13th May 2024	Ex-officio member, Chief Executive Officer	1st term

Board meeting attendance

As required by the *Mwongozo* Code of Governance, the Board dedicated adequate time to discharge its duty in leading KENAS effectively by holding six (6) full Board meetings.

Table 5: Board meeting attendance summary

Director's Name	Meetings	Attended	% Attendance	Remarks
Mr. ngeny BIWOTT	6	6	100%	Attended all
Mr. Dickson Waiganjo	6	6	100%	Attended all
Mr. Zedekiah Orioki	6	6	100%	Attended all
Dr. Leah Chelagat	6	5	75%	Submitted apologies for one meeting
Mr. Grace Otieno	6	6	100%	Attended all
Ms. Ruth Wanyonyi	6	6	100%	Attended all
Ms. Stella Osoro	3	3	100%	Replaced on 23rd November
Mr. Festus Mwanzi	4	4	75%	Attended all
Mr. Allan Pkress	4	4	75%	Attended all

Succession Planning

Succession planning was guided by the Code of Governance for State Corporations, *Mwongozo*, and Section 7 of the Kenya Accreditation Service Act 2019. The Board succession planning has historically been handled by staggered appointment dates, which ensures there is no vacancy hindering the conduct of Board business.

Board Charter and Committee Terms of Reference

The Board ensured continued implementation of the Board Charter as approved in May 2022 and the Committee Terms of Reference as approved in April 2022.

Appointment and removal of directors

Board appointments were in line with Article 27 of the Constitution and the KENAS Act, 2019. During the period, one (1) member i.e. the alternate to the CS National Treasury was replaced and a new independent director appointed.

Roles and responsibilities of directors

The roles and responsibilities of the KENAS Board are as set under the Kenya Accreditation Service Act, 2019, Chapter 1, Paragraph 1.2 of the Code of Governance for State Corporations, *Mwongozo* and the Board Charter.

Board induction and training

Board induction and training was conducted in line with *Mwongozo* and the Board induction, onboarding and training policy. All Board members were trained on *Mwongozo* and underwent Public Sector induction at KSG. The members of the Audit and Risk Committee of the Board members were trained on Legal Compliance and Governance by the Institute of Internal Auditors Kenya.

Board Performance

The Board evaluation will be conducted in FY 2024/2025. Since the Board was newly appointed, they were ineligible for the FY 2022/2023 evaluation. SCAC confirmed their non-eligibility and instead provided training on the rationale for Board evaluations.

Conflict of interest

Board members prevent conflicts of interest, uphold public trust, follow ethical statutes, and excuse themselves as per the Code of Conduct and Ethics. They approved and implemented the conflict-of-interest policy as well as declared and signed conflict of interest forms before transacting the business of the day.

Board remuneration

The Board of Directors is remunerated as per Section 27 of the KENAS Act 2019, as Salaries and Remuneration Commission guidelines, relevant Government circulars on allowances of Board of directors and the KENAS Board remuneration policy.

Board Ethics, Conduct, and Governance Audit

The Board adhered to ethics, laws, rules, and regulations and conducted a legal and governance audit whose findings are to be implemented in FY 2024/2025 and 2025/2026.

Whistle blowing and communication policy

The Board continued to monitor the implementation of the whistleblowing and communication policies approved in 2022.

Going Concern

As of June 30, 2024, KENAS reported an operational surplus of Kshs. 971,090, with current assets of Kshs. 109,004,430 and liabilities of Kshs. 160,712,032. Management supports KENAS's ability to continue as a going concern through a new business model and a resource mobilization strategy to enhance revenue generation.

9 Management Discussion and Analysis

a) Operational Performance

i. Accreditation and Training

KENAS reviewed eighty (80) applications against a target of seventy-five (75) from new applicants and scope extension for existing clients, conducted two hundred and seventy-one (271) against a target of two hundred and ninety (290), accredited forty-five (45) new CABs against a target of forty (40) and delivered forty-nine (49) training courses against a target of fifty (50).

ii. International and Regional Obligations

KENAS hosted the 14th African Accreditation Cooperation (AFRAC) General Assembly, significantly enhancing its visibility. Additionally, KENAS demonstrated active participation in international and regional forums such as IAF, ILAC, AFRAC, EAAB, CASCO, ISO, and WTO, influencing accreditation policies and standards, and achieving a 100% participation score. KENAS also expanded its Mutual Recognition Arrangement (MRA) membership status to include Proficiency Testing Providers to ISO/IEC 17043, Product Certification to ISO/IEC 17065, and Certification of Persons to ISO/IEC 17024. As a result, all its accreditation schemes are now recognized by AFRAC. Moreover, KENAS implemented the EAAB work plan by mentoring the Uganda National Accreditation Service (UGANAS), providing training for assessors and UGANAS staff to enhance accreditation capabilities and improve trade within the East African Community (EAC) region.

iii. Institutional Capacity and Governance

In line with the approved Human Resource Instruments of 2019, KENAS enhanced its operations and service delivery by recruiting fifteen (15) and promoting four (4) staff across various departments. Additionally, a successful CEO transition took place, with the Board conducting the recruitment and onBoarding of the new CEO. To further strengthen leadership within KENAS, managers underwent training in the Strategic Leadership Development Program at the Kenya School of Government.

iv. Key projects implemented or ongoing

Following the allocation and disbursement of Kshs. 100 million in the year under review, KENAS implemented the Enhancement of Accreditation Programme in Kenya project achieving a 23% completion rate in line with allocated funds. As a result, there has been notable increment in the number of accreditation schemes and scopes across sectors, technological

modernization, and training resources, alongside increased brand visibility and operational efficiency.

v. Compliance with Statutory requirements

KENAS complied with the Kenyan Constitution, its Legal Instrument - the Kenya Accreditation Service Act 2019 and other legal frameworks.

vi. Major risks facing KENAS

a) **Financial Risk.** KENAS faced and continued to monitor liquidity risk which was attributed to delays and/or non-payments of fees by clients resulting in not honouring obligations as and when they fell due. The current debtors' portfolio as at 30 June 2024 was Kshs. 60,486,202 out of which Kshs. 3,710,940 is non-performing. A provision of Kshs. 1,668,840 was made to cover the non-performing debtors.

b) **Assessor pool.** The Service continues to train adequate assessors to ensure coverage of all the regions in Kenya and beyond, to make accreditation process effective.

c) **Low uptake of accreditation**: The Service continues to engage the Government to ensure active participation in drafting of laws and regulation that may impact on accreditation.

d) **Reputational Risk.** The Service continues to monitor the use of symbols, marks and logos, to prevent misuse and nonconforming ways of claiming accreditation status.

b) Financial Performance

The provided summary illustrates the performance trend for both revenue and expenditure over the period from the financial year 2021/2022 to 2023/2024, as presented in Table 6.

Table 6: Financial performance FY 2021/2022 to 2023/2024

	Budget FY 2021/22	Actual FY 2021/22	Budget FY 2022/23	Actual FY 2022/23	% change	Budget FY 2023/24	Actual FY 2023/24	% change
Revenue	286,090,862	251,382,031	370,240,000	367,341,582	46%	480,200,000	491,271,931	34%
Expenditure	286,090,862	257,748,602	370,240,000	371,588,793	44%	480,200,000	491,434,302	32%

i. Financial Performance FY 2021/2022 to FY 2023/2024

KENAS revenue of KShs. 491,271,931 consists of GOK recurrent grants of KShs. 226,200,000, GoK development Grants of KShs. 100,000,000 and A-I-A of KShs. 165,071,931. Revenue grew by KShs. 115,959,551 (46%) from FY 2021/22 to FY 2022/23 and by KShs. 123,930,349 (34%) from FY 2022/23 to FY 2023/24. During the period under review, KENAS spent a total of Kshs. 491,434,302 against a total budget of Kshs. 480,200,000

resulting to an absorption rate of 102%. This was occasioned by clients who were intended to directly incur expenditure related to accreditation expenses such as booking of flights, accommodation and ground transport but were unable to resulting to them sending the money to KENAS to implement as shown in Figure 1 below.

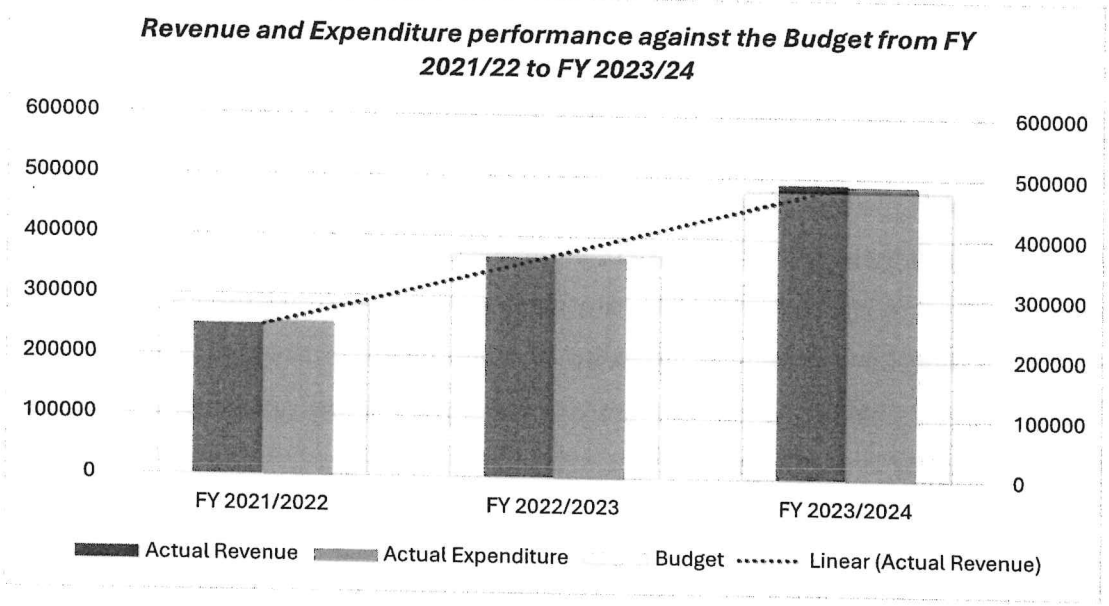


Figure 1: Financial Performance FY 2021/21 – FY 2023/24

ii. Expenditure trend analysis from FY 2021/22 to FY 2023/24

KENAS spent a total of Kshs. 491,434,302 out of which Kshs. 424,854,175 (86%) was recurrent and Kshs. 66,580,000 (14%) was development expenditure. The use of goods and services and employee costs expenses increased by 45% and 7% respectively due to the increased operations and recruitment of staff respectively. Additionally, the Board spent less by 13% on remuneration of Directors due to expiry of Accreditation Appeals Tribunal. Procurement of new assets let to increase in depreciation and Amortization by 36%. Repairs and maintenance expenditure decreased by 37% due to newly procured assets coupled with new offices which requires less maintenance costs. Development expenditure increased by 361% due to implementation of EAP-K project.

Table 7: Expenditure trend analysis FY 2021/22 – FY 2023/24

Description/Fiscal Years	2021/2022	2022/23	% change	2023/24	% change
Use of Goods and Services	87,515,353	127,139,111	45	183,866,110	45
Employee costs	135,566,918	192,437,387	42	206,658,234	7
Remuneration of Directors	20,458,786	26,033,537	27	22,686,917	13
Depreciation and Amortization	6,602,897	6,009,066	9	8,142,426	36
Repairs and Maintenance	5,058,777	5,513,055	9	3,500,488	37
Development expenditure	2,545,871	14,456,637	468	66,580,126	361

10 Environmental and Sustainability Reporting

KENAS aims to achieve its mandate through sustainable business practices anchored on its mission of being a symbol of trust, safety and quality assurance. This commitment guides the delivery of our services to ensure protection of ecosystems, mitigation of the impact of climate change, promotion of sustainable resource use and investing in sustainable technologies. Below is an outline of the KENAS policies and activities that promote environmental assurance and sustainability.

i) *Sustainability strategy and profile*

KENAS is committed to sustainability and recognizes the significance of fostering responsible practices to create a positive impact on the environment, society, and the economy. Our approach to sustainability centers on integrating sustainable practices throughout all aspects of our operations in the financial, social and environmental aspects. Some sustainability activities planned at the onset of the year under review, ranging from financial, social, and environmental.

a) Financial

In the year under review, KENAS continually engaged stakeholders with an aim to ensure financial sustainability. The strategies that KENAS has put in place in FY 2023/2024 have helped achieve a 34% growth in revenue. KENAS acquired two new vehicles to enhance service delivery and reduced dependency on contracted taxi services.

KENAS equipped and furnished its current office space to allow for expansion of its human resource element and ensure future growth of its accreditation and training services. KENAS implemented mandatory E-citizen payment In line with the Presidential directive which was issued via a circular issued to all Government of Kenya (GoK) Ministries, State Departments, and State Agencies (MDAs) by the Ministry of Information, Communications, and the Digital Economy (MICDE) in a bid to enhancement revenue inflow and service provision.

b) Social

KENAS activities are aligned towards promotion of good health, well-being and mentorship opportunities. In its role, KENAS accredited 45 CABs that test, certify and inspect goods and/or products and services with an aim to promote good health and well-being. In the year under review KENAS also engaged various stakeholders including assessors and regulators during World Accreditation Day as part of business collaborations geared towards sustainability.

KENAS has a robust mentorship programme for engaging youths on industrial attachments and internship for purposes of equipping them with hands on skills.

ii) *Environmental performance*

During the year under review, KENAS implemented various measures to raise awareness of climate change and sustainability while enhancing environmental performance in areas such as waste management, energy consumption, and local conservation programs, including the president's directive to achieve 15 billion trees by 2030. KENAS introduced initiatives like reusable water bottles for staff to reduce plastic waste, tree planting, print quotas with automatic duplex and grayscale printing, and energy-saving bulbs to minimize the organization's carbon footprint. Additionally, KENAS accredited Africa's first CAB to verify environmental information under the International Civil Aviation Organization (ICAO) and EASA (CORSIA), supporting environmental sustainability and net-zero emissions.

iii) *Employee welfare*

We acknowledge the paramount importance of our employees as the organization's asset. In the reporting year, KENAS implemented the recommendations of the training needs analysis by providing targeted training programs. Following a rigorous performance Appraisal process, KENAS promoted 4 staff who had shown exceptional performance in their work. Additionally, KENAS carried out recruitment to ease employee workload, especially within the previously understaffed departments. KENAS acquired two new vehicles to enhance service delivery, acquired advanced technology such Microsoft 365 to improve workflow efficiency.

Furthermore, strict compliance with the Occupational Safety and Health Act of 2007 was upheld. Remarkably, KENAS set up a variety of facilities such as prayer room, mother wellness room, and call booths to foster an inclusive work environment.

iv) *Market place practices-*

a) *Responsible competition practice.*

KENAS upholds a commitment to impartiality in the Accreditation Process, ensuring that all CABs are treated fairly, and services are provided equitably to all clients. Furthermore, KENAS encourages healthy competition among CABs by refraining from interfering with their business operations. In its assessment activities, KENAS relies on internationally recognised standards which are premised on common parameters thus fostering fair global practice.

b) *Responsible Supply chain and supplier relations*

Procurement policies have been in place to ensure fair competition considering the economy, efficiency, transparency, and accountability according to legal and statutory requirements consistent with the Kenyan laws. KENAS adheres to the Public Procurement and Assets Disposal Act 2015 and the Public Procurement and Assets Disposal regulations 2020 to increase transparency in procurement procedures and ensure timely payment to suppliers. KENAS reserved 30% of the goods and services to AGPO and ensured that 40% was locally manufactured.

c) *Responsible marketing and advertisement*

KENAS has worked to increase brand awareness and visibility through a rigorous rebranding process, including the external launch of a new logo, external branding, stakeholder engagements, and active and reactive information disclosure on its website and digital platforms. Through advocacy and awareness programs, KENAS has reinforced the social and ethical values of accreditation in critical economic sectors. As a result, more Kenyans are becoming aware of the role of KENAS and the importance of accreditation.

d) *Product stewardship*

Product stewardship is a fundamental principle outlined in Article 46 of the Constitution of Kenya. It also emphasizes the right of consumers to safeguard their well-being, safety, and economic interests. In alignment with this constitutional provision, KENAS collaborates closely with regulatory bodies and government stakeholders to ensure the protection of consumer rights and interests. This involvement encompasses active participation in the development, monitoring, and execution of policies and standards to safeguard consumers effectively.

v) *Corporate Social Responsibility / Community Engagements*

KENAS is committed to building sustainable community relations. As part of KENAS climate action, it undertook a Corporate Social Responsibility through planting over 17,650 indigenous tree seedlings within the financial year 2023/2024. The tree planting exercises were carried out at Embu Forest, Southwest Mau Forest block, Kaptagat forest and Sirisia Township Primary school in Bungoma. KENAS also participated in the annual Mater Heart Run.

11 Report of the Directors

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

(i) Principal activities

The principal activities of KENAS are to accredit organizations generally known as Conformity Assessment Bodies (CABs) that provide services in General Testing, Calibration, Medical Testing, Proficiency Testing, Veterinary Testing, Inspection and Certification in line with international Standards. The activities are stipulated under section 6 of the KENAS act, to accredit and exercise oversight over public and private organizations that carry out conformity assessment activities.

(ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1 of these financial statements.

(iii) Directors

The members of the Board of Directors who served during the year are shown on page (xxvi). During the year 2023/2024 the representative of the Principal Secretary for National Treasury was replaced and one (1) independent member appointed.

(iv) Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Treasury circular No. No. DGIPE/A/1/10 of 28th June 2024, recommended that state corporations should apply surplus towards settlement of pending bills. The Service therefore plans to utilize the surplus to offset pending bills.

(v) Auditors

The Auditor-General is responsible for the statutory audit of the KENAS in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the financial year ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Francis Aoko Olalo
Ag. Corporation Secretary/Secretary to the Board

12 Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 31 of the Kenya Accreditation Service Act 2019 (17 of 2019) require the Directors to prepare financial statements of KENAS, which give a true and fair view of the state of affairs of KENAS at the end of the financial year 2023/2024.The Directors are also required to ensure that KENAS keeps proper accounting records which disclose with reasonable accuracy the financial position of KENAS. The Directors are also responsible for safeguarding the assets of KENAS.

The Directors are responsible for the preparation and presentation of the KENAS financial statements, which give a true and fair view of the state of affairs of KENAS for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

(i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.

(ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of KENAS.

(iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.

(iv) Safeguarding the assets of the KENAS.

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KENAS financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Kenya Accreditation Service Act,2019.

The Directors are of the opinion that KENAS financial statements give a true and fair view of the state of KENAS transactions during the financial year ended June 30, 2024, and of KENAS financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for KENAS, which have been relied upon in the preparation of the KENAS 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 KENAS will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

KENAS financial statements were approved by the Board on 25/09/24 2024 and signed on its behalf by:

.....	.....
ngeny BIWOTT	**Dr. Walter Ongeti**
Chairperson of the Board	**Accounting Officer**

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA ACCREDITATION SERVICE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Accreditation Service set out on pages 1 to 43, which comprise of the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Accreditation Service as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Kenya Accreditation Service Act, 2019.

Basis for Opinion

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

Emphasis of Matter

Uncertainty on Sustainability of Services

The statement of financial position reflects current liabilities balance of Kshs.160,712,032 (2022-2023: Kshs.116,649,671) against current assets of Kshs.109,004,429 (2022-2023: Kshs.74,360,643) resulting to a negative working capital of Kshs.51,707,603 (2022-2023: Kshs.42,289,028).

Management has not assessed the ability of the Service to continue as a going concern and the financial statements have been prepared on a going concern basis on the assumption that the Service will continue to get financial support from the National Government and creditors.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in the Use of Public Resources, which were unresolved as at 30 June, 2024.

Other Information

The Management is responsible for the other information set out on page v to xxxviii which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Service's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Accounts Payable

1.1 Non-Remission of Surplus to the National Treasury

The statement of financial position reflects trade and other payables of Kshs.75,694,397 as disclosed in Note 22 to the financial statements. Included in this amount is surplus for the financial year 2022/2023 of Kshs.12,043,012 which was not remitted to the National Treasury as required by law. The Management acted contrary to Regulation 219(2) of the Public Finance Management (National Government) Regulations, 2015 which requires

ninety per centum of the surplus funds reported in the audited financial statements be remitted into Consolidated Fund.

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

1.2 Long-Outstanding Liabilities

The statement of financial position reflects trade and other payables of Kshs.75,694,397 as disclosed in Note 22 to the financial statements. Included in the balance are payables of Kshs.1,365,643 which have been outstanding for more than one (1) year. No satisfactory explanation was provided for not clearing these outstanding liabilities.

In the circumstances, business operations, liquidity and livelihoods of the creditors and by extension their beneficiaries may be affected negatively due to failure by the Service to pay the amounts due to them.

2. Non-Compliance with One-Third of Basic Salary Rule

The statement of financial performance reflects employee costs of Kshs.206,658,234 as disclosed in Note 10 to the financial statements. Review of the payroll revealed that seven (7) employees over-committed their salaries beyond two thirds (2/3) of their basic salaries. This is contrary to the Human Resource Policies and Procedures Manual for the Public Service, May 2016 Section C.1 (3) which stipulates that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

In the circumstances, the Management was in breach of laid down regulations on administration of the payroll.

3. Long-Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.60,486,202 as disclosed in Note 17 to the financial statements. Included in the balance are receivables of Kshs.21,135,050 which have been outstanding for more than one (1) year. This is contrary to the Kenya Accreditation Service finance manual which provides for steps on how to follow up on debts which have remained outstanding for more than 30 days. Further, Note 9.7.1 of the manual requires the Service to send notices of suspension to the clients after the final reminder has been issued. It also requires the withdrawal of accreditation after 6 months of non - payments.

In the circumstances, the absence of active and intentional collection of the long-outstanding debts, including enforcement of the existing debt collection mechanisms, may lead to loss of revenue.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

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

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

In preparing the financial statements, Management is responsible for assessing the Service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply 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 Service's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

14 Statement of Financial Performance for the year ended 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	259,619,874	250,239,998
		259,619,874	**250,239,998**
Revenue from exchange transactions			
Rendering of services	7	163,418,980	116,502,733
Other income	8	1,652,951	598,851
Total revenue		**424,691,805**	**367,341,582**
Expenses			
Use of goods and services	9	183,866,110	127,139,111
Employee costs	10	206,658,234	192,437,387
Board Expenses	11	22,686,917	26,033,537
Depreciation and amortization expense	12	8,142,426	6,009,066
Repairs and maintenance	13	3,500,488	5,513,055
Total expenses		**424,854,175**	**357,132,156**
Other gains/(losses)			
Gain/Loss on sale of assets	14	28,930	(539,806)
Gain/Loss on foreign exchange transactions	15	1,104,531	3,711,503
Surplus/ (deficit) before tax		**971,090**	**13,381,124**
Taxation		-	-
Surplus/(deficit) for the period/year		**971,090**	**13,381,124**
Remission to National Treasury	-	-	-
Net Surplus for the year		**971,090**	**13,381,124**

The notes set out on pages 7 to 44 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

.....
Dr. Walter Ongeti
Accounting Officer
Date 25/09/24

.....
Henry Wandabwa
Head of Finance
ICPAK M/No:6859
Date

.....
ngeny Biwott
Chairman of the Board
Date 25/09/2024

15 Statement of Financial Position as at 30 June 2024

	Notes	2023/2024 Kshs	2022/2023 Kshs
Assets			
Current Assets			
Cash and Cash equivalents	16	21,986,636	4,818,005
Receivables from Exchange Transactions	17	60,486,202	54,822,000
Receivables from Non-Exchange Transactions	18	26,155,736	14,380,848
Inventories	19	375,855	339,789
Total Current Assets		**109,004,429**	**74,360,643**
Non-Current Assets			
Property, Plant and Equipment	20	104,620,071	52,412,548
Intangible Assets	21	6,665,915	286,046
Total Non- Current Assets		**111,285,986**	**52,698,594**
Total Assets (A)		**220,290,415**	**127,059,238**
Liabilities			
Current Liabilities			
Trade and Other Payables	22	75,694,397	77,336,317
Current Provision	23	85,017,635	39,313,354
Total Current Liabilities		**160,712,032**	**116,649,671**
Total Liabilities (B)		**160,712,032**	**116,649,671**
Net Assets (A-B)		**59,578,383**	**10,409,567**
Represented by:			
Reserves		19,994,349	19,530,515
Accumulated Surplus		(91,996,092)	(74,120,948)
Capital Fund		131,580,126	65,000,000
Net Assets		**59,578,383**	**10,409,567**

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

.....	.....	.....
Dr. Walter Ongeti	**Henry Wandabwa**	**ngeny Biwott**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No:6859	
Date 25/09/24	**Date**	**Date** 25/09/2024

16 Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	**19,530,515**	**(86,848,602)**	**65,000,000**	**(2,318,087)**
Adjustments for the year	-	(653,469)	-	**(653,469)**
Revaluation gain		-	-	-
Surplus/ deficit for the year	-	13,381,124	-	**13,381,124**
As at June 30, 2023	**19,530,515**	**(74,120,948)**	**65,000,000**	**10,409,567**
As at July 1, 2023	**19,530,515**	**(74,120,948)**	**65,000,000**	**10,409,567**
Adjustments for the year **	-	(18,846,234)	-	**(18,846,234)**
Revaluation gain	463,833	-	-	**463,833**
Surplus/ (deficit) for the year	-	971,090	-	**971,090**
Capital/development grants received during the year	-	-	66,580,126	**66,580,126**
As at June 30, 2024	**19,994,349**	**(91,996,092)**	**131,580,126**	**59,578,383**

Note:

***Adjustments for the year relates to reversals and write-off for invoices and provisions for 2022/2023 that did not materialize as payables.*

17 Statement of Cash Flows for the year ended 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		259,619,874	250,239,998
Rendering of services		198,532,175	130,304,951
Other income		2,757,482	11,072,858
Total receipts		**460,909,531**	**391,617,807**
Payments			
Use of goods and services		129,898,068	98,674,374
Employee costs		221,378,073	209,180,096
Board Expenses		22,686,917	26,033,537
Repairs and maintenance		3,500,488	5,513,055
Total payments		**377,463,546**	**339,401,062**
Net cash flows from/ (used in) operating activities	25	**83,445,985**	**52,216,745**
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(66,306,285)	(47,472,074)
Proceeds from sale of PPE		28,930	(539,806)
Net cash flows from/ (used in) investing activities		**(66,277,355)**	**(48,011,880)**
Net increase/(decrease) in cash & Cash equivalents		**17,168,630**	**4,204,865**
Cash and cash equivalents as at 1 July	16	**4,818,006**	**613,141**
Cash and cash equivalents as at **30 June**	16	**21,986,636**	**4,818,006**

Note: *Refer to note 25 for indirect method of arriving at net cashflows (operating activities) of Kshs. 83,445,985.*

18 Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments Entities-Recurrent	226,200,000	-	226,200,000	226,200,000	-	100%
Transfers from Other Governments entities-Development	100,000,000	-	100,000,000	100,000,000	-	100%
Rendering of Services	118,390,000	34,000,000	152,390,000	163,418,980	11,028,980	107%
Other Income	1,610,000	0	1,610,000	1,652,951	42,951	103%
Total Income	**446,200,000**	**34,000,000**	**480,200,000**	**491,271,931**	**11,071,931**	**102%**
Expenses						
Use of Goods and Services	111,281,281	66,142,223	177,423,504	192,008,536	(14,585,032)	108%
Employee costs	196,362,335	11,867,700	208,230,035	206,658,234	1,571,801	99%
Remuneration of Directors	18,899,990	1,850,010	20,750,000	22,686,917	(1,936,917)	109%
Repairs and Maintenance	3,500,000	1,769,782	5,269,782	3,500,488	1,769,294	66%
Total Recurrent Expenditure	**330,043,606**	**81,629,715**	**411,673,321**	**424,854,175**	**(13,180,854)**	**103%**
Capital Expenditure	**116,156,394**	**(47,629,715)**	**68,526,679**	**66,580,126**	**1,946,553**	**97%**
Total Expenditure	**446,200,000**	**34,000,000**	**480,200,000**	**491,434,302**	**(11,234,302)**	**102%**

Budget notes

A. Income:

i) ***Rendering of Services:*** The Service realized more income than budgeted for by Kshs. 11,028,980 hence achieving a 107% realization. This was occasioned by clients who were intended to directly incur expenditure related to accreditation expenses such as booking of flights, accommodation and ground transport but were unable to resulting to them sending the money to KENAS to implement.

ii) ***Other Income:*** The Service realized a total of Kshs. 1,652,951 from donor funding for African Accreditation Cooperation (AFRAC activities hence achieving a 103% realization this was due to funds received from AFRAC and insurance companies.

B. Expenditure:

i) ***Use of Goods:*** The Service Realized a 108% utilization level due to expenditure on.

a) Accreditation expenses. The Service had planned to implement a full cost transfer to clients for assessment related costs (accommodation, air ticket and quarter per diem) in the year under review. However, this did not materialize as planned since some clients' policies were not aligned with KENAS directive hence sending money to KENAS to implement on their behalf resulting in over expenditure. The cost were invoiced to the client who reimbursed the Service as reimbursable income.This is within the 10% as per PFM Act 2012.

b) Depreciation: The Service underprovided for depreciation.

i) Remuneration of Directors: The Service received new Board members who required training and skills enhancement as per the *Mwongozo* Code of Governance also The board undertook CEO and staff recruitment in the year under review hence the 109% utilization.

ii) Repairs and Maintenance: The Service utilized 66% of its approved budget due to less maintenance costs due to relocation to new offices and less motor vehicle repairs resulting from the purchase of two new vehicles.

C. Changes between original and final budget is due to revision in A in A from Kshs 120,000,000 to 154,000,000 as per the revised budget estimates.

D. Statement of budget comparison is prepared on accrual basis same as the financial performance and are both prepared and hence no variance

19 Notes to the Financial Statements

1. General Information

Kenya Accreditation Service is established under and derives its authority and accountability from the Kenya Accreditation Service Act 2019 (Act No. 17 of 2019). KENAS is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of KENAS is to assess and accredit organizations (both public and private) that provide conformity of assessment services in line with set criteria based on international standards and industry guidelines across all sectors of the economy.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Service accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Service. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Kenya Accreditation Service Act 2019and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

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

There were no new and amended standards issued in the financial year.

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

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an KENAS. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.

Standard	Effective date and impact:
	KENAS did not early – adopt any new or amended standards in the financial year
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an KENAS shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. ***KENAS did not early – adopt any new or amended standards in the financial year***
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. ***KENAS did not early – adopt any new or amended standards in the financial year***

iii. Early adoption of standards

KENAS did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

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 KENAS and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

KENAS recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for the Current FY 2023/2024 was approved by the National Assembly on June 2023. 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 KENAS upon receiving the respective approvals in order to conclude the final budget. Accordingly, KENAS recorded additional appropriations of KES 34,000,000 on the 2023/2024 budget following the governing body's approval.

KENAS 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 18 of these financial statements.

c) Taxes

Current income tax

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable KENAS and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, KENAS 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 is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Furniture and Fittings	12.5%
Motor Vehicles	25%
Computers and Software	33.3%

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are considered in determining surplus for the year.

f) Leases

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

g) Intangible assets

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

h) Research and development costs

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment

KENAS assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity.

b) Financial liabilities

Classification

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

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

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

k) Provisions

Provisions are recognized when KENAS 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 KENAS 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 in net of any reimbursement.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Social Benefits

Social benefits are cash transfers provided to.

i. Specific individuals and / or households that meet the eligibility criteria
ii. Mitigate the effects of social risks and
iii. Address the need of society as a whole

KENAS recognizes a social benefit as an expense for the social benefit scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that KENAS will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

KENAS does not recognize 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.

n) Contingent assets

KENAS 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 KENAS 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.

o) Nature and purpose of reserves

KENAS creates and maintains reserves in terms of specific requirements. Currently KENAS has no reserves maintained.

p) Changes in accounting policies and estimates

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Employee benefits

Retirement benefit plans

KENAS provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which KENAS pays fixed contributions into a separate KENAS staff pension scheme 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. The contributions to the scheme are on 1 to 2 ratio for staff to employer basis.

Gratuity obligations

KENAS pays service gratuity to staff on contract under their terms of employment. Employee entitlements to gratuity are recognized when they accrue to employees. A provision for gratuity payable is made in the statement of financial position. Gratuity is not subject to actuarial valuation. Total gratuity as at 30th June 2024 was Kshs. 41,006,378.

r) 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.

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Related parties

KENAS 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 KENAS, or vice versa. Members of key management are regarded as related parties and comprise the Directors, the Chief Executive Officer and senior managers.

u) Service concession arrangements

KENAS analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, KENAS recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, KENAS also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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.

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The following were the provisions applicable during the financial year: Provision for bad debts; depreciation; Audit Fees; General Supplies and General Supplies-EAP-K.

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

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

Name of Entity Sending the Grant	Amount recognized to Statement of Financial performance. * KShs	Amount deferred under deferred income. KShs	Amount recognized in capital fund. KShs	Total transfers FY 2023/2024 KShs	FY 2022/2023 KShs
State Dept. for Industry – Gok Recurrent	199,768,469	-	26,431,531	226,200,000	250,239,998
State Dept. for Industrialization-EAP-K	59,851,405	-	40,148,595	100,000,000	-
Total	**259,619,874**	**-**	**66,580,126**	**326,200,000**	**250,239,998**

Transfers from Other Government entities of Kshs. 259,619,874 includes GOK recurrent Grants of Kshs. 199,768,469 and GoK Development funds Kshs. 59,851,405 that is recurrent in nature. The total GoK recurrent grants received was Kshs.226,200,000 out of which Kshs.26,431,531 is capital in nature and has been transferred to capital expenditure in section 16(statement of changes in net assets).

7. Rendering of Services

Description	2023/2024 KShs	2022/2023 KShs
Accreditation Income	128,526,634	92,325,467
Training Income	25,481,897	12,649,036
Reimbursable Income	9,410,449	11,528,230
Total Revenue from the Rendering of Services	**163,418,980**	**116,502,733**

Accreditation income *includes the annual fees (KShs 53,834,557), application fee (KShs 2,180,483), extension of scope (KShs. 3,510,319), document review (KShs. 5,267,389) and assessment fees (KShs. 63,733.886) for assessments done physically, virtually or combined physical and virtual assessment. The increase was attributed to accreditation of more new CABs.*

Reimbursable Income *refers to reimbursements by CABs for unforeseen costs incurred by the Service during assessment and training activities. Due to the implementation of Travel and Accommodation Policy which requires clients to cater for such expenses this budget line shall continually reduce.*

Training Income *relates to income realized from training services offered such as ISO/IEC 17020, 17021, 17025, ISO 15189 Internal audit, implementation training and Laboratory Risk management among others.*

Notes to the Financial Statements (Continued)

8. Other Income

Description	2023/2024	2022/2023
	KShs	KShs
Donations (PTB sponsorship)	1,424,500	-
Insurance recoveries	72,570	493,238
Disposal of Assets	-	15,512
Interest Income	155,881	90,101
Total Other income	**1,652,951**	**598,851**

Other Incomes *were incomes realized from donations by PTB sponsorship for hosting the 14th AFRAC General Assembly, interest from funds held on call and insurance claims received.*

9. Use of Goods and Services

Description	2023/2024	2022/2023
	KShs	KShs
Electricity	1,380,517	1,218,079
Water	520,667	290,479
Security	2,764,022	4,213,809
Professional Services	9,480,294	10,582,047
Subscriptions	2,513,654	1,048,587
Advertising	1,436,743	1,709,500
Audit Fees	350,000	350,000
Conferences and Delegations	12,297,071	6,747,262
Consumables	8,203,174	7,518,466
Fuel and Oil	3,662,080	3,718,346
Insurance	3,115,131	2,731,190
Legal Expenses	3,396,364	2,019,707
Postage	1,450,771	1,478,428
Printing and Stationery	3,700,011	2,025,743
Hire Charges	1,128,813	1,110,216
Rent expenses	22,136,400	24,131,056
Telecommunication	1,630,366	1,823,950
Training	4,556,500	5,408,728
Accreditation Expenses	94,852,709	38,006,796
Bank Charges	769,887	563,443
Other General Expenses	4,520,936	10,443,279
Total Use of goods and Services	**183,866,110**	**127,139,111**

Notes to the Financial Statements (Continued)

Security expenditure *decreased due to a reduction in the number of security personnel for our offices because of completion of office partitioning works.*

Subscriptions expenditure *increased due to four senior members of staff joining members club.*

Conferences and Delegations *increased due to the following activities undertaken during the financial year under review: Office partitioning planning workshop, Records management policies and procedures workshop and Strategic plan review workshop.*

Legal expenses *increased due to the legal Governance audit undertaken during the year.*

Printing and Stationery Expenses *increased due to more training programmes and an increased number of staff.*

Rent Expenses *reduced due to relocation occasioning associated relocation costs.*

Training expenses *reduced due to less staff trained during the year because of austerity measures.*

Accreditation expenses *included assessment expenses, scheme development, training and advocacy, participation in accreditation policy forums and enhancement of accreditation. The increase due to implementation of enhancement of accreditation programmes in Kenya.*

Other general expenses *include committee technical working group expenses for the development of new schemes, peer evaluation, events meetings and exhibitions, provision for bad debts and peer evaluation expenses.*

10. Employee Costs

Description	2023/2024 KShs	2022/2023 KShs
Salaries and wages	90,116,604	87,457,984
Employer contribution to health insurance schemes	19,712,514	15,271,434
Employer contribution to pension schemes	9,902,272	5,500,274
Travel, accommodation, subsistence, & other allowances	11,971,415	21,713,176
Housing benefits and allowances	59,227,136	49,776,865
Overtime payments	451,056	140,308
Social contributions	99,650	432,331
Gratuity	13,305,517	12,145,015
Housing Levy	1,872,071	-
Employee costs	**206,658,234**	**192,437,387**

Increase in salaries and wages, medical insurance, pension, housing benefits and allowances and gratuity was due recruitment of 15 additional staff during the financial year. Additionally, travel, accommodation, subsistence, and other allowances decreased due to less activities as a result of austerity measures. Gratuity of Kshs 13,305,517 relates to provision for FY 2023/2024.

Notes to the Financial Statements (Continued)

11. Board Expenses

Description	2023/2024	2022/2023
	KShs	KShs
Chairman/Directors' Honoraria	970,800	960,000
Sitting Allowances	9,811,538	7,151,595
Medical Insurance	469,973	709,079
Induction and Training	1,915,500	3,313,158
Travel and Accommodation	8,577,301	6,981,602
Other Allowances	941,805	1,060,643
Total Board Expenses	**22,686,917**	**20,176,078**
Tribunal Expenses	-	5,857,460
Total Remuneration of Board of Directors	**22,686,917**	**26,033,537**

The change in Board was due to expiry of the term of Accreditation Tribunal members.

12. Depreciation and Amortization Expense

Description	2023/2024	2022/2023
	KShs	KShs
Property, plant and equipment	7,432,317	5,277,931
Intangible assets	710,109	731,134
Total depreciation and amortization	**8,142,426**	**6,009,066**

The increase is due to the purchase of motor vehicle, furniture and equipment, computer hardware and software during the year.

13. Repairs and Maintenance

Description	2023/2024	2022/2023
	KShs	KShs
Property and equipment	1,880,561	3,506,865
Equipment and Machinery	14,000	29,231
Vehicles	1,244,605	1,700,922
Furniture and Fittings	45,460	38,330
Computers and Accessories	315,862	237,707
Total Repairs and Maintenance	**3,500,488**	**5,513,055**

The expenses were due to less maintenance costs arising from relocation to new offices hence requiring less maintenance costs and less motor vehicle repairs resulting from purchase of two new vehicles.

18 Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments Entities-Recurrent	226,200,000	-	226,200,000	226,200,000	-	100%
Transfers from Other Governments entities-Development	100,000,000	-	100,000,000	100,000,000	-	100%
Rendering of Services	118,390,000	34,000,000	152,390,000	163,418,980	11,028,980	107%
Other Income	1,610,000	0	1,610,000	1,652,951	42,951	103%
Total Income	**446,200,000**	**34,000,000**	**480,200,000**	**491,271,931**	**11,071,931**	**102%**
Expenses						
Use of Goods and Services	111,281,281	66,142,223	177,423,504	192,008,536	(14,585,032)	108%
Employee costs	196,362,335	11,867,700	208,230,035	206,658,234	1,571,801	99%
Remuneration of Directors	18,899,990	1,850,010	20,750,000	22,686,917	(1,936,917)	109%
Repairs and Maintenance	3,500,000	1,769,782	5,269,782	3,500,488	1,769,294	66%
Total Recurrent Expenditure	**330,043,606**	**81,629,715**	**411,673,321**	**424,854,175**	**(13,180,854)**	**103%**
Capital Expenditure	**116,156,394**	**(47,629,715)**	**68,526,679**	**66,580,126**	**1,946,553**	**97%**
Total Expenditure	**446,200,000**	**34,000,000**	**480,200,000**	**491,434,302**	**(11,234,302)**	**102%**

Note: Capital Expenditure of KShs. 66,580,126 includes EAP-K expenditure of KShs. 40,148,595 and institutional funds from GOK expenditure of Kshs. 26,431,531.

Budget notes

A. Income:

i) ***Rendering of Services:*** The Service realized more income than budgeted for by Kshs. 11,028,980 hence achieving a 107% realization. This was occasioned by clients who were intended to directly incur expenditure related to accreditation expenses such as booking of flights, accommodation and ground transport but were unable to resulting to them sending the money to KENAS to implement.

ii) ***Other Income:*** The Service realized a total of Kshs. 1,652,951 from donor funding for African Accreditation Cooperation (AFRAC activities hence achieving a 103% realization this was due to funds received from AFRAC and insurance companies.

B. Expenditure:

i) ***Use of Goods:*** The Service Realized a 108% utilization level due to expenditure on.

a) Accreditation expenses. The Service had planned to implement a full cost transfer to clients for assessment related costs (accommodation, air ticket and quarter per diem) in the year under review. However, this did not materialize as planned since some clients' policies were not aligned with KENAS directive hence sending money to KENAS to implement on their behalf resulting in over expenditure. The cost were invoiced to the client who reimbursed the Service as reimbursable income.This is within the 10% as per PFM Act 2012.

b) Depreciation: The Service underprovided for depreciation.

i) Remuneration of Directors: The Service received new Board members who required training and skills enhancement as per the *Mwongozo* Code of Governance also the board undertook CEO and staff recruitment in the year under review hence the 109% utilization.

ii) Repairs and Maintenance: The Service utilized 66% of its approved budget due to less maintenance costs due to relocation to new offices and less motor vehicle repairs resulting from the purchase of two new vehicles.

C. Changes between original and final budget is due to revision in A in A from Kshs 120,000,000 to 154,000,000 as per the revised budget estimates.

D. Statement of budget comparison is prepared on accrual basis same as the financial performance and are both prepared and hence no variance

Notes to the Financial Statements (Continued)

14. Gain on Sale of Assets

	KSh	KSh
Property, plant and equipment	28,930	(539,806)
Total gain on sale of assets	**28,930**	**(539,806)**

The increase in gain is due to disposal of furniture and equipment, computer hardware and portioning works.

15. Gain/Loss on foreign exchange transactions

	KSh	KSh
Gain on foreign exchange transactions	1,104,531	3,711,503
Total Gain/Loss	**1,104,531**	**3,711,503**

The decrease in foreign exchange is due to the revision of the Service exchange rate to cater for fluctuations in the international market.

16. Cash and Cash Equivalents

	KSh	KSh
KCB Bank LTD (Kshs)	593,138	337,031
KCB Bank LTD (USD)	3,587,753	6,619
KCB Bank LTD (gratuity)	17,634,337	4,474,355
KCB Bank LTD Credit Card (Kshs)	171,408	-
Total Cash and Cash Equivalents	**21,986,636**	**4,818,005**

The increase in cash and cash equivalents is due to deposits into the gratuity account, USD account and credit card.

Notes to the Financial Statements (Continued)

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023/2024	2022/2023
		KShs	KShs
a) Current Account			
KCB Bank LTD (Kshs)	1123414459	593,138	337,031
KCB Bank LTD (USD)	1125916923	3,587,753	6,619
KCB Bank LTD (gratuity)	1311797475	17,634,337	4,474,355
KCB Bank LTD Credit Card (Kshs)	5566302000004044	171,408	-
Grand Total		**21,986,636**	**4,818,005**

17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2023/2024	2022/2023
	KShs	KShs
Receivables		
Other Exchange Debtors	60,486,202	54,822,000
Total Current Receivables	**60,486,202**	**54,822,000**

Current Receivables are receivables from rendering of services (Accreditation and training services) on credit.

(b) Ageing analysis for Receivables from exchange transactions

Description	2023/2024		2022/2023	
	KShs		KShs	
	Current FY	**% of the total**	**Comparative FY**	**% of the total**
Less than 1 year	39,351,154	65	43,276,375	79
Between 1- 2 years	7,991,608	13	1,364,099	2
Between 2-3 years	0	-	8,180,641	15
Over 3 years	13,143,440	22	2,000,886	4
Total (a+b)	**60,486,202**	**100**	**54,822,000**	**100**

Notes to the Financial Statements (Continued)

18. Receivables from Non-Exchange Transactions

Description	2023/2024 KShs	2022/2023 KShs
Sundry Debtors	0	1,835,749
Staff Debtors	280,713	1,009,762
Guarantee Deposits	307,812	1,490,270
Salary Advances	703,915	923,745
Prepayments	9,405,918	179,878
VAT	15,457,379	8,941,445
Total receivables from non- exchange transactions	**26,155,737**	**14,380,848**

Ageing Analysis- Receivables from non-exchange transactions	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	**26,155,737**	100	**14,380,848**	100
Between 1-2 years	-	-	-	-
Over 3 years	-	-	-	-
Total	**26,155,737**	100	**14,380,848**	100

Description	2023/2024 KShs	2022/2023 KShs
At the beginning of the year	**14,380,848**	39,524,385
Additional provisions during the year	25,939,127	14,380,848
Recovered during the year	(14,164,239)	(39,524,385)
Written off during the year	-	-
At the end of the year	**26,155,737**	**14,380,848**

19. Inventories

Description	2023/2024 KShs	2022/2023 KShs
Consumable stores	375,855	339,789
Total inventories at the lower of cost and net realizable value	**375,855**	**339,789**

These are stock items (stationery and other consumables) available as at June 30 2024.

Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Office Partitioning	Motor vehicles	Furniture, Fittings and Equipment	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July 2022	**3,390,575**	**3,500,000**	**5,836,407**	**12,792,793**	**-**	**25,519,775**
Additions	-	-	5,719,280	6,752,024	35,000,770	47,472,074
Disposals	(3,390,575)	-	(440,041)	(1,578,848)	-	(5,409,464)
As at 30th June 2023	**-**	**3,500,000**	**11,115,646**	**17,965,969**	**35,000,770**	**67,582,385**
Additions	-	14,216,240	11,733,464	7,955,071	27,296,864	61,201,638
Disposals	-	(2,600,000)	(106,600)	(581,035)	-	(3,287,635)
Transfers/Adjustments	-	2,143,000	-	-	(1,985,332)	157,668
As at 30th June 2024	**-**	**17,259,240**	**-**	**25,340,005**	**60,312,302**	**125,654,057**
Depreciation And Impairment						
As At 30th June 2022	**2,090,855**	**145,833**	**2,614,330**	**9,484,390**	**-**	**14,335,408**
Depreciation	508,586	875,000	873,869	3,020,476	-	5,277,931
Disposals	(2,599,441)	-	(277,273)	(1,566,788)	-	(4,443,502)
As at 30th June 2023	**-**	**1,020,833**	**3,210,926**	**10,938,078**	**-**	**15,169,837**
Depreciation	-	1,722,473	1,517,974	4,191,870	-	7,432,317
Disposals	-	(920,833)	(66,300)	(581,035)	-	(1,568,168)
As at 30th June 2024	**-**	**1,822,474**	**4,662,599**	**14,548,913**	**-**	**21,033,986**
Net Book Values						
As at 30th June 2023	**-**	**2,479,167**	**7,904,720**	**7,027,891**	**35,000,770**	**52,412,548**

Cost	Office Partitioning	Motor vehicles	Furniture, Fittings and Equipment	Computers	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024	0	15,436,766	18,079,911	10,791,092	60,312,302	104,620,071

Work in progress includes ongoing partition works for KENAS new offices, Accreditation Information system, purchase of new server and furniture and equipment.

Notes to the Financial Statements (Continued)

Valuation

Motor Vehicles were valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were revalued by Ministry of Roads and Transport professional valuers on 1st August 2023. These amounts were adopted by the Board with concurrence from the National Treasury.

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Motor Vehicles, Including Motorcycles	17,259,240	1,822,474	15,436,766
Office Equipment, Furniture, And Fittings	22,742,510	4,662,599	18,079,911
Computers And Related Equipment	25,340,005	14,548,913	10,791,092
Work In progress	60,312,302	0	60,312,302
Total	**125,654,057**	**21,033,986**	**104,620,071**

21. Intangible Assets

Description	2023/2024	2022/2023
	KShs	KShs
Cost		
At beginning of the year	**11,770,969**	**10,997,078**
Additions	-	773,891
At end of the year	**11,770,969**	**11,770,969**
Additions	6,089,978	-
Capital Work in Progress	1,000,000	-
At end of the year	**18,860,947**	**11,770,969**
Amortization and impairment		
At beginning of the year	**10,753,788**	**7,755,045**
Amortization	731,134	2,998,744
At end of the year	**11,484,923**	**10,753,788**
Impairment loss	710,109	731,134
At end of the year	**12,195,031**	**11,484,923**
NBV	**6,665,915**	**286,046**

Notes to the Financial Statements (Continued)

22. Trade and Other Payables

Description	2023/2024 KShs		2022/2023 KShs	
Trade payables	32,704,932		44,343,604	
Payments received in advance	17,276,279		13,633,263	
Third-party payments	4,065,295		6,810,858	
Other payables	21,647,891		12,548,592	
Total trade and other payables	**75,694,397**		**77,336,317**	
Ageing analysis: (Trade and other payables)	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	74,328,754	98	43,304,483	98
1-2 years	1,365,643	2	1,002,092	2
2-3 years	-	-	37,029	-
Over 3 years	-	-	-	-
Total (tie to above total)	**75,694,397**	**100**	**44,343,604**	**100**

This are payables arising from use of goods and services on credit and outstanding employee-related deductions.

23. Current Provisions

Description	Leave provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs
Balance b/f	**89,586**	**30,844,253**	**8,379,515**	**39,313,354**
Additional provisions	0	13,881,118	40,362,694	**54,243,812**
Provision utilized	(89,586)	(3,718,993)	(4,730,952)	**(8,539,531)**
Change due to discount and time value for money	-	-	-	-
Transfers from non – current provisions	-	-	-	-
Total provisions year end	**0**	**41,006,378**	**44,011,257**	**85,017,635**

Notes to the Financial Statements (Continued)

The Retirement benefit Asset/ Liability

KENAS also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. KENAS's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1080 per employee per month. Other than NSSF KENAS also has a defined contribution scheme operated by ICEA Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred. A total of Kshs 8,705,960 was contributed by KENAS towards pension.

24. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Treasury circular No. No. DGIPE/A/1/10 of 28th June 2024, recommended that state corporations should apply surplus towards settlement of pending bills. The Service therefore plans to utilize the surplus to offset pending bills.

The Surplus Remission has been computed as follows:

Description	2023/2024	2022/2023
	KShs	KShs
Surplus for the period	**971,090**	**13,381,124**
Less: Allowable deductions by NT	**(97,109)**	**(1,338,112)**
90% Computation (Included in Statement of Financial Performance)	**873,981**	**12,043,012**

Surplus Remission Payable

Description	2023/2024	2022/2023
	KShs	KShs
Payable at the beginning of the year	**12,043,012**	-
Paid during the year	-	-
Payable at end of the year	**12,043,012**	**12,043,012**

The Service plans to seek authority from the National Treasury to utilize the surplus to offset pending bills.

Notes to the Financial Statements (Continued)

25. Cash Generated from Operations

Description	2023/2024	2022/2023
	Kshs	Kshs
Surplus for the year before tax	(162,370)	10,209,426
Adjusted for:		
Change in Depreciation	7,718,893	6,975,029
Change in Revaluation		-
Gain on Foreign exchange	1,104,531	3,711,503
Working capital adjustments		
Changes in Inventories	(36,065)	165,848
Change in Receivables	(17,439,091)	9,985,588
Change in payables	40,419,345	29,098,180
Changes in Retained earnings	48,197,726	(653,469)
Increase in payments received in advance	3,643,016	(7,275,360)
Net cash flows from operating activities	**83,445,985**	**52,216,745**

26. Financial Risk Management

KENAS's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. KENAS's overall risk management programme focuses on the 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. KENAS has in place policies to ensure that credit is only extended to customers with an established credit history. KENAS's financial risk management objectives and policies are detailed below:

i) Credit risk

KENAS 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, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by

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

Financial Risk Management

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (Current FY)				
Receivables from exchange transactions	60,486,202	21,220,969	39,265,233	-
Receivables from non-exchange transactions	26,155,737	26,155,737	-	-
Bank balances	21,986,636	21,986,636	-	-
Total	**108,628,575**	**69,363,342**	**39,265,233**	**-**
As at 30 June (Previous FY)				
Receivables from exchange transactions	54,822,000	21,024,590	33,797,410	-
Receivables from non-exchange transactions	14,380,848	14,350,848	30,000	-
Bank balances	4,818,005	4,818,005	-	-
Total	**74,020,853**	**40,193,443**	**33,827,410**	**-**

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that KENAS has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. KENAS has a significant concentration of credit risk on amounts due from Kshs. 39,265,233. The Board of directors sets KENAS's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Notes to the Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with KENAS's directors, who have built an appropriate liquidity risk management framework for the management of KENAS's short, medium and long-term funding and liquidity management requirements. KENAS manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by KENAS under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	12,071,066	6,415,445	14,218,420	32,704,931
Provisions	41,517,257	41,006,378	2,494,000	85,017,635
Total	**53,588,323**	**47,421,823**	**16,712,420**	**117,722,566**
As at 30th June 2023				
Trade payables	10,256,179	7,508,362	26,579,063	**44,343,604**
Provisions	89,586	-	30,844,253	**8,379,515**
Total	**10,345,765**	**7,508,362**	**57,423,316**	**52,723,119**

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

KENAS has put in place an internal audit function to assist it in assessing the risk faced by KENAS 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 KENAS'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. KENAS's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to KENAS's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

Notes to the Financial Statements (Continued)

Financial Risk Management

The carrying amount of KENAS's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2024			
Financial Assets			
Cash	-	3,587,753	3,587,753
Debtors	-	7,440,465	7,440,465
Total Financial Assets	-	**11,028,218**	**11,028,218**
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

Current FY

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2023			
Financial Assets			
Cash	-	6,619	6,619
Debtors	-	9,533,170	9,533,170
Total Financial Assets	-	**9,539,789**	**9,539,789**
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Notes To the Financial Statements (Continued)

Financial Risk Management

The following table demonstrates the effect on KENAS's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current FY			
Euro	-	-	-
USD	-	1,104,531	1,104,531
Previous FY			
Euro	-	-	-
USD	-	3,711,503	3,711,503

iv) Capital Risk Management

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

Description	2023/2024	2022/2023
	KShs	KShs
Revaluation Reserve	19,994,349	19,994,349
Retained Earnings	(91,996,092)	(74,120,948)
Capital Reserve	131,580,126	65,000,000
Total Funds	**59,578,383**	**65,000,000**
Total Borrowings	-	-
Less: Cash and Bank Balances	**21,986,636**	**4,818,006**
Net Debt/(Excess Cash And Cash Equivalents)	**21,986,636**	**4,818,006**
Gearing	**21%**	**7%**

A higher gearing ratio indicates a higher degree of financial leverage.

Notes to the Financial Statements (Continued)

27. Related Party Disclosures

Nature of related party relationships

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

Other related parties include:

i) The National Government
ii) The Ministry of Investments, Trade and Industry
iii) Other State Corporations and Ministries, Departments and Agencies
iv) The Board of Directors
v) County Governments
vi) Key Management

Notes to the Financial Statements (Continued)

Description	2023/2024	2022/2023
	Kshs.	Kshs.
Transactions with related parties		
a) Sales to related parties	-	-
B) purchases from related parties	-	-
b) Grants /transfers from the government		
Grants from National Government	326,200,000	250,239,998
Grants from county government	-	-
Donations in kind	-	-
Total	**326,200,000**	**250,239,998**
c)Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	174,874,655	155,020,446
Payments for goods and services	-	-
Total	**174,874,655**	**155,020,446**
d)Key management compensation		
Directors' emoluments	22,686,916	26,073,537
Compensation to key management	78,591,727	59,653,057
Total	**101,278,643**	**85,726,594**

28. Events after the Reporting Period

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

29. Ultimate And Holding KENAS

KENAS is a State Corporation (Semi- Autonomous Government Agency) under the Ministry of Investment Trade and Industry. Its ultimate parent is the Government of Kenya.

30. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: *(Resolved / Not Resolved)*	Timeframe:
1	Material uncertainty relating to going concern	Management working on improving the working capital through raising more revenue by reviewing pricing model and diversifying revenue sources.	Not Resolved	30.06.2025
2	Irregular recruitment of staff	The appointment of two staff in second position arose due to resultant vacancies compelling the service to fill the vacant positions.	Not Resolved	30.06.2025
3	Recruitment of staff without approval of the National treasury	Management endeavors to always seek treasury approval for every recruitment as evidenced in the year under review.	Not Resolved	30.06.2025
4	Irregular engagement of interns	This was caused by delay in deployment in PSC interns under cohort V resulting to the Service retaining four interns under cohort IV	Resolved	30.06.2024
5	Board expenses exceeding 5% operations and maintenance expenses	Management wrote to PS National treasury requesting for approval for enhanced ceiling above the threshold of 5%.	Not Resolved	30.06.2025

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Chief Executive Officer

Date 25/09/24

Appendix II: Projects implemented by Kenya Accreditation Service

Projects implemented by the State Corporation/ SAGA Funded by the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Enhancement of Accreditation Program in Kenya (EAP-K)	1175103400	GoK	4years	-	-	Yes

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	EAP-K	427M	100M	23%	427	100M	GoK

Note that actual expenditure of KShs. 100,000,000 includes recurrent expenditure of KShs. 59,851,405 and capital expenditure of KShs. 40,148,595 incurred during the financial year under review.

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Investment Trade and Industry	14/08/2023	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	29/08/2023	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	30/08/2023	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	18/11/2023	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	05/12/2023	Recurrent	18,850,000	18,850,000					18,850,000

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Investment Trade and Industry	03/01/2024	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	07/02/2024	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	07/02/2024	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	07/02/2024	Recurrent	18,850,000	18,850,000	-	-	-	-	18,850,000
Ministry of Investment Trade and Industry	11/06/2024	Recurrent	28,275,000	28,275,000	-	-	-	-	28,275,000
Ministry of Investment	14/06/2024	Recurrent	28,275,000	28,275,000	-	-	-	-	28,275,000

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Trade and Industry									
Ministry of Investment Trade and Industry	02/02/2024	Development	50,000,000	50,000,000	-	-	-	-	50,000,000
Ministry of Investment Trade and Industry	06/03/2024	Development	50,000,000	50,000,000	-	-	-	-	50,000,000
Total			**326,200,000**	**326,200,000**	**-**	**-**	**-**	**-**	**326,200,000**

Appendix V- Inter-KENAS Confirmation Letter

Name of Transferring: State Department of Industry

Name of Beneficiary: KENAS

Confirmation of amounts received by Kenya Accreditation Service as at 30th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
RCT000004577	14/08/2023	18,850,000	-	18,850,000	Recurrent
RCT000004619	29/08/2023	18,850,000	-	18,850,000	Recurrent
RCT000004629	30/08/2023	18,850,000	-	18,850,000	Recurrent
RCT000004812	18/11/2023	18,850,000	-	18,850,000	Recurrent
RCT000004865	05/12/2023	18,850,000	-	18,850,000	Recurrent
RCT000004914	03/01/2024	18,850,000	-	18,850,000	Recurrent
RCT000004989	07/02/2024	18,850,000	-	18,850,000	Recurrent
RCT000004990	07/02/2024	18,850,000	-	18,850,000	Recurrent
RCT000004992	07/02/2024	18,850,000	-	18,850,000	Recurrent
RCT000005147	11/06/2024	28,275,000	-	28,275,000	Recurrent
RCT000005151	14/06/2024	28,275,000	-	28,275,000	Recurrent
RCT000004970	02/02/2024	-	50,000,000	50,000,000	Development
RCT000005021	06/03/2024	-	50,000,000	50,000,000	Development
Total		**226,200,000**	**100,000,000**	**326,200,000**	

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

Head of Accounts Department – State Department of Industry:

Name Salter MACHARIA **Sign** ..... **Date** 30/9/2024

Head of Accounts Department - Beneficiary KENAS:

Name Hommy WANDAWA **Sign** ..... **Date** 30/9/2024

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
National Tree Growing Day	Narok tree Planting	Countrywide Tree growing	Planting three thousand (3000) trees					GoK	Ministry of Investment Trade and Industry
Madaraka Day Celebrations	Tree Planting	Countrywide Tree growing	Tree planting at Sirisia Primary School					GoK	Ministry of Investment Trade and Industry
Kaptagat Integrated Conservation Programme	Kaptagat Forest Tree Planting event	Annual Forest Conservation	Tree Planting (5000)					GoK	Ministry of Environment and Forestry

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Food donations			Response			