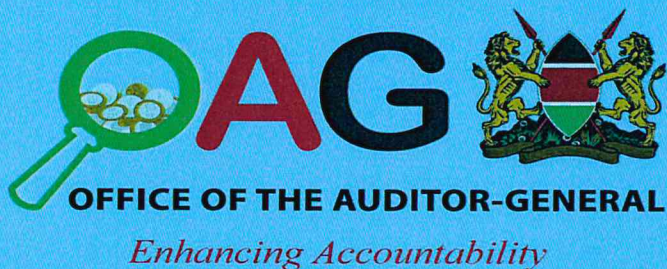



REPUBLIC OF KENYA



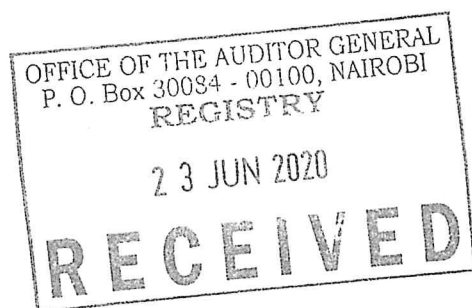
 THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT 12 SEP 2021 DAY. <i>Wednesday</i>	
TABLED BY:	<i>LOM</i>
CLERK-AT THE-TABLE:	<i>Mamuk Wajirku</i>

THE AUDITOR-GENERAL

ON

ANTI-DOPING AGENCY OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2019**



Stay Clean, Win Right

**ANTI-DOPING
AGENCY
OF KENYA**

REGULATORY AND OTHER NON-COMMERCIAL ENTITIES

ANTI-DOPING AGENCY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30 JUNE 2019**

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

**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**



**ANTI-DOPING
AGENCY
OF KENYA**

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

- (b) The Anti-doping Agency of Kenya was formed under section 5 on 22nd April 2016 through the Anti-doping Act No. 5 of 2016. At cabinet level, the Anti-doping agency of Kenya is represented by the Cabinet Secretary for Sports Culture and Heritage who is responsible for the general policy and strategic direction of the Agency.

(c) Principal Activities

The principal activity/mission/ mandate is: -

- i) Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii) Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii) Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

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

- Board of Directors
- Chief Executive officer/Chief Accounting Officer.
- Directors.
- Management.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

S.NO	Designation	Name
1.	Chief Executive Officer	Japhter Kiplimo Rugut
2.	Director –Education and Research	Agnes Wanjiku Mandu
3.	Director Compliance and Testing	Sarah Idieva Shibutse
4.	Assistant Manager -Legal Affairs	Damaris Ogama Were
5.	Head of Finance and Accounts	Simon Mutungi Katee
6.	Head of Supply Chain Management	Oscar Barasa Awory

**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**



**ANTI-DOPING
AGENCY
OF KENYA**

(e) Entity Headquarters

P.O. Box 66458-00800
Parklands Plaza, 6th Floor.
Muthithi Road, Chiromo Lane
Nairobi, KENYA

(f) Entity Contacts

Telephone :(+ 254) 722 269 584/+254 733837 385
E-mail: info@adak.or.ke.
Website: www.adak.or.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Kenya Commercial Bank
P.O Box. 14959-00800.
Sarit Centre.
Nairobi Kenya.

(h) Independent Auditors

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

(i) Principal Legal Adviser

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

3. Kenneth Thimba



Kenneth Thimba is a seasoned manager with over 20 years' experience in various management positions in Sales and Marketing, operations and Procurement. He has served as Lead consultant and CEO of Sales Africa, Vice president Sales at Aquavita LLC, Director ,Sales and marketing at Abercrombie & Kent Global Health. General Manager AAR Action, Business Development Manager at AAR Health services Ltd and Head of Procurement at AAR Kenya among others.

He has served in several government and Public service Boards as

well as sports unions/Clubs.

Kenneth serves as a member of Audit and Risk Management as well as Human Capital Management Committee.

4. Kathryne Maundu

Kathryne has 16 years consulting experience guiding local and multi-national companies and their board in discharging their statutory and corporate governance mandate. She is currently serving as a Senior Executive and Corporation Service practice of the Law firm Bowman Coulson Harney LLP. She worked with Delloitte for 15 years in East African countries. She sits on various Boards in diverse sector and currently serves as the Company Secretary for Safaricom Plc.



Kathryne has 16 years consulting experience guiding local and multi-national companies and their board in discharging their statutory and corporate governance mandate. She is currently serving as a Senior Executive and Corporation Service practice of the Law firm Bowman Coulson Harney LLP. She worked with Delloitte for 15 years in East African countries. She sits on various Boards in diverse sector and currently serves as the Company Secretary for Safaricom Plc.

7. Professor Dr. Moni Wekesa

Prof. Dr. Dr. Moni Wekesa holds a Ph.D. in Law and PhD in Sports Medicine.

He is a University lecturer (Professor). He has done a lot of research on doping in sport LL.B Hons, LL.M, PhD Law (Nairobi) Bachelor of Education Science Hons (Nairobi)

He is an Advocate, Commissioner for Oaths & Notary Public

He is the founding Dean and formerly, Professor (Mount Kenya University School of Law) He is a Member of National Bioethics Committee – National Commission for Science, Technology & Innovation Chair, Disciplinary Committee – Football Kenya Federation and formerly Secretary General, Kenya Football Federation.

He has taught at Kenyatta University, University of Botswana, University of Namibia, Catholic University of Eastern Africa

A visiting Professor – Universite' Libre de Kigali – School of Law , Senior Scholar – University of Lusaka , Consultant on regulatory matters and intellectual property rights.

Professor Moni Wekesa chairs the Strategy, Planning and Corporate Governance committee and is a member of Audit and Risk Management committee.



8. Fred Mwachi

Fred Mwachi holds a LLM (Masters in Law) from the University of Natal in South Africa, Bachelor of Law degree from University of Natal South Africa, Bachelor of Arts from the University of Nairobi, and a Diploma in Law from the Kenya School of Law.

He is an advocate of the High court and has served in Civil service for 15 years.

He is appointed as a representative of the Office of the Attorney General in ADAK Board.



**ANTI-DOPING AGENCY OF KENYA
ANNUAL REPORTS AND FINANCIAL STATEMENTS
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**ANTI-DOPING
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Since joining the Agency, Ms. Ogama has been tasked with the setting up of the Office of the Corporation Secretary & Legal Services Department, implementing the Anti -Doping regulatory obligations, prosecution of Anti-Doping Rule Violations (ADRVs), conducting Prosecution-Led investigations and guiding the Agency on the World Anti-Doping Code Compliance framework.

11. Japhter Kiplimo Rugut.



Japhter K. Rugut, EBS is the Chief Executive officer.

He was appointed to the current in February 2016 having benefited from various training's and collaboration meetings with other players in the industry and exhibiting commitment for the development of integrity in Sports. He holds a Master's Degree in Business Administration.

He has over 25 years in Public Administration. He rose steadily through the ranks from the level of District Officer, District Commissioner and eventually Provincial Commissioner in the Kenya Public Service. He has also served as the Director General, National Youth Service and as Secretary Sports, Ministry of Sports, Culture and the Arts.

3. Sarah Idieva Shibutse



Director – Standards and Compliance

Ms. Shibutse has a Masters' Degree in International Studies (Development Cooperation). In addition to her Masters, she also has a Bachelor of Arts degree in Community Development and has undergone various sports administration trainings. She worked as a Sports Officer at the Department of Sports, Ministry of Sports, Culture & Heritage for 18 years up to 2015 when she was seconded to the Anti-Doping Agency of Kenya.

Since 2015, she has benefitted a lot from various trainings and collaboration meetings through the World Anti-Doping Agency (WADA), institute of National Anti-Doping Organizations and other partners in the anti-doping fraternity. Ms. Shibutse has served as a joint secretary to the Anti-Doping Taskforce that was set up by the Ministry of Sports to investigate the extent of doping in Kenya. She has also briefly worked at the Africa Zone V RADO and while there gained a lot of experience working with the various countries affiliated to the RADO.

She is committed to ensuring that athletes compete in a fair and level playing field and do so clean.

4. Damaris Ogama Were



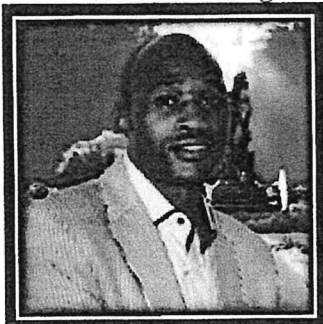
Assistant Manager -Corporate and Legal Affairs

Damaris holds a Master of Arts in International Conflict Management (Transitional Justice) from the University of Nairobi, a Bachelor of Laws (LLB) Degree from the University of Nairobi, and is currently pursuing a PhD in International Development from the Jomo Kenyatta University of Science and Technology (JKUAT). Ms. Ogama is an Advocate of the High Court of Kenya with 14 years' experience in Legal Practice in both the private and public sectors. She has served as an Investigator and Prosecutor in the Advocates Complaints Commission and as State Counsel in the Office of the Attorney General Chambers in the Civil Litigation Department. She has also served as a Board member in the National Sports Fund (a government owned entity) for three years.

Ms. Ogama has been trained on Anti-Doping (Results Management) and has attended collaboration meetings between ADAK and Anti-Doping Norway (ADNO), the International Association of Athletics Federation (IAAF) and the Athletics Integrity Unit (AIU).

Since joining the Agency, Ms. Ogama has been tasked with the setting up of the Office of the Corporation Secretary & Legal Services Department, implementing the Anti -Doping regulatory obligations, prosecution of Anti-Doping Rule Violations (ADRVs), conducting Prosecution-Led investigations and guiding the Agency on the World Anti-Doping Code Compliance framework.

7. Simon Mutungi Katee

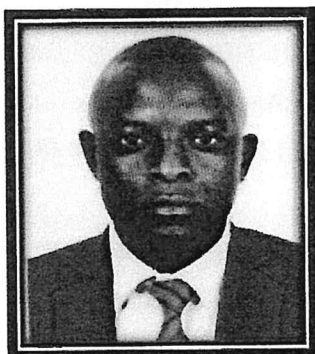


Head of Accounts and Finance

Simon Katee is a seasoned Accountant with vast experience in finance and accounts build over a period of 14 years serving in various institutions. He has served as a Financial Accountant with a learning Institution, Administrative Finance Officer and Finance Controller East African Region for an International NGO. Senior Auditor with Nicholas and Company CPA. He has diverse practice and expertise in Fund and Grants Management for both public and private sector. He has hand on experience in fund raising, budgeting, financial management, and financial reporting in the private sector, NGO's and Public Sector. He has a good command and understanding of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and International Public Sector Accounting Standards (IPSAS). He holds a Master of Business Administration in Finance from Kenyatta University, and Bachelor of Commerce Degree (Accounting) from Mount Kenya University.

Simon is a Professional Accountant with Certified Public Accountant (CPAK) qualification and a full member of the Institute of Certified Public Accountants in Kenya (ICPAK). He is a Certified ISO 9000:2015 QMS Internal Auditor.

8. Oscar Barasa Awori



Head of Supply Chain Management

Mr. Oscar Barasa Awori is an experienced Procurement and Supply Chain Management expert with a solid procurement, materials management and contract management background. He has a wealth of experience spanning 10 years, gained in the public sector. Mr. Oscar holds a Master of Science in procurement and contract management (MSc) (Jomo Kenyatta University of Agriculture and Technology-JKUAT); a Bachelor of Purchasing and supplies management (JKUAT); a Diploma in supplies management (sigalagala technical training college) He is also widely trained in various aspects of donor funded project management. He has developed expertise in designing, implementing procurement strategy and managing performance (of people, projects and institutions) and aligning the entire organization in pursuit of its Vision, Mission and Objectives. He is a Full Member of the Kenya Institute of Supplies Management (MKISM) and a certified ISO 9001:2015 QMS internal auditor. He is a PhD candidate at JKUAT in the department of entrepreneurship and procurement, college of human resource development.

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Anti-Doping Agency of Kenya (ADAK), in its third year since inception in 2016, continued to grow from strength to strength. It continued to expand its programmes, build up a well-trained Human Resource component, competitively recruited and trained through partnership with Anti-Doping Norway (ADNO), United Kingdom Anti-Doping (UKAD), South Africa Institute for Drug Free Sports (SAIDS), and World Anti-Doping Agency (WADA).

The Agency progressed its legally stated mandate, which is mainly to protect the athlete's fundamental right to participate in doping free sport and promote good health, fairness and equality for sportsmen and women in Kenya. This is done through three core functions of the Agency, namely: Education and Research, Testing and Result Management.

The Agency is committed to upholding the following values:

- Professionalism
- Impartiality
- Patriotism and National Unity
- Equity and Equality
- Inclusiveness
- Integrity, Transparency and Accountability

Kenya is a world acknowledged sports Powerhouse, particularly in athletics field and track events. But the success of Kenyan athletes in the course of time has drawn the spotlight from the global sports community who sought assurance that the triumph of our athletes in World Championships was as a result of clean sport and not from the use of prohibited substances. The situation and scrutiny grew more intense following several positive doping cases across many sports.

There are several challenges facing the Anti-Doping Agency of Kenya. These include the following:

- Risk of sanctions in the event of non-compliance with the World Anti-Doping Code.
- Technological advancement in the prohibited substances and doping methods applied by unscrupulous athletes and athlete support personnel.
- Large number of athletes in the country which strains available resources for testing.
- Lack of a WADA accredited laboratory in the region which introduces an added cost of transporting the samples by recommended courier services.

CORPORATE GOVERNANCE STATEMENT

Introduction

The Government of Kenya established the Anti-Doping Agency of Kenya (ADAK) vide Anti-Doping Act No. 5 of 2016 as a State Corporation to protect athletes' fundamental rights to participate in doping-free sport and thus promoting good health, fairness and equality for athletes in Kenya. The Agency is a body corporate with perpetual succession and a common seal.

Vision:

A world class Anti-Doping Agency, protecting clean athletes and promoting fair play.

Mission:

To lead a coordinated national anti-doping education and awareness campaign, testing and promotion of integrity for doping-free sport.

Composition, size and representation of Board Members:

The composition and size of Anti-Doping Agency of Kenya (ADAK) Board provided a fair representation of both genders (7 males and 3 females) with competencies and skills required for the effective leadership of the organization. It had a total of nine executives from diverse sporting backgrounds under leadership of a Board Chairman and eight other Board members who served on part time basis. It also had representation each from the National Treasury, Office of the Attorney General, Inspectorate of State Corporations and the mother Ministry of Sports, Culture and Heritage. The Chief Executive Officer (CEO) became the secretary to the Board.

Current Board

The Cabinet Secretary for Sports, Culture & the Arts appointed the current Board for a three-year term as indicated below:

	FROM	TO:
Chairman	20 th September 2018	19 th September 2021
Other Board member	7 th February 2019	6 th February 2022

Succession Plan

The Agency is yet to develop a succession plan.

Existence of a board Charter

The Board Charter is available.

Conflicts of interest – All members of the Board recorded No conflict of interest.

Registering of gifts – It was declared that **no** gifts were received by any board member throughout the entire period.

Board Committees

The following four committees were formed and terms of reference set for each committee:

1. Audit & Risk Management
2. Human Capital Management
3. Finance & General-Purpose
4. Strategy, Planning and Corporate Governance

Board induction and training

During the period, Board induction was undertaken in liaison with the State Corporations Advisory Committee (SCAC) and took place on **20th May 2019**.

Board and member Evaluation/Performance

The Board undertook an annual evaluation of its performance as guided by Anti-Doping Act No. 5 and Mwongozo. The evaluation covered the Board as a whole, its committees, individual members, the chairman, and the Chief Executive Officer. This exercise was done and steered by officials from State Corporations Advisory Committee on **12th September 2018**. It was facilitated by ADAK and the outcome shared with SCAC and the Principal Secretary, Ministry of Sports, Culture & the Arts.

MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

Operational Performance

The Agency's operations are carried out by two directorates namely: -

- i. The Directorate of Standards and Compliance
- ii. The Directorate of Anti-Doping Education and Research.

i) The Directorate of Standards and Compliance

The key activity of the Directorate of Standards and Compliance is intelligent based testing among other activities. This is carried out during In and Out of competition events

In-Competition and Out-of-Competition Testing

This involves planning for intelligent and effective Testing, both In-Competition and Out-of-Competition, and to maintain the integrity and identity of the Samples collected from the point the Athlete is notified of the test to the point the Samples are delivered to the laboratory for analysis.



Urine Sample



Blood Sample.

During the year ending in 30th June 2019, the Agency conducted intelligent testing to **1,216** athletes out of a target of **1,500** athletes. The reduction in performance being as a result of reduced funding. Overall, close to **3,000 athletes** have been tested since the inception of the Agency.

Initial Review

This is a process carried out between receipt of the Laboratory Analysis (or the collection of other evidence establishing a potential Anti-Doping Rule Violation [ADRV]) and the prosecution of a potential ADRV through:

- a) Verification that there are no applicable TUEs granted to the athlete and that there have been no departures from ISTI and ISL in order to declare an Adverse Analytical Finding (AAF) or an Atypical Finding (ATF).
- b) Review and verification of the athlete's contact information.
- c) Investigations conducted where necessary to gather more evidence of the potential ADRV.

Compliance

a) Investigations and Intelligence Gathering

In order to exhaustively protect clean athletes in Kenya, we must move beyond drug-testing alone and devise other, non-analytical ways of policing its anti-doping jurisdiction. We are expected to obtain, assess and process anti-doping intelligence from all available sources and comprehensively investigate the same to help detect and deter doping within Kenya.

b) Compliance

All sports federations and by extension sports persons are expected to comply with the ADAK Anti-Doping Rules. Compliance audits are carried out on the various federations to ensure that they are aware of this and are adhering to the Rules. Where one is found to be non-compliant then necessary sanctions are meted out on them.

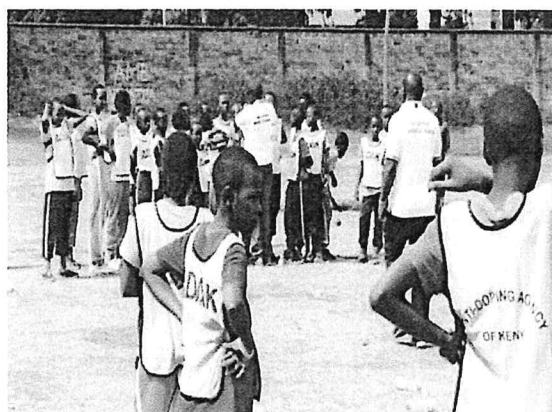
During the year, the Agency signed six (6) Federations into ADAK Rules, audited six (6) Federation, trained twenty-three (23) sample collection personnel and conducted eleven (11) investigations part of which are ongoing. It remains committed in ensuring deterrence of Doping in sports and thus promoting clean sport.

Anti-Doping Values-Based Education

Values-based programs are organized to instill values as embedded by the ‘spirit of sport’ to children under 16 years. The Agency has partnered with Kenya Institute of Curriculum Development (KICD) to ensure that values-based education is entrenched into both primary and secondary schools’ curricula. Values-Based education deals with prevention more than deterrence in doping.



Launch of MOU between ADAK and KICD

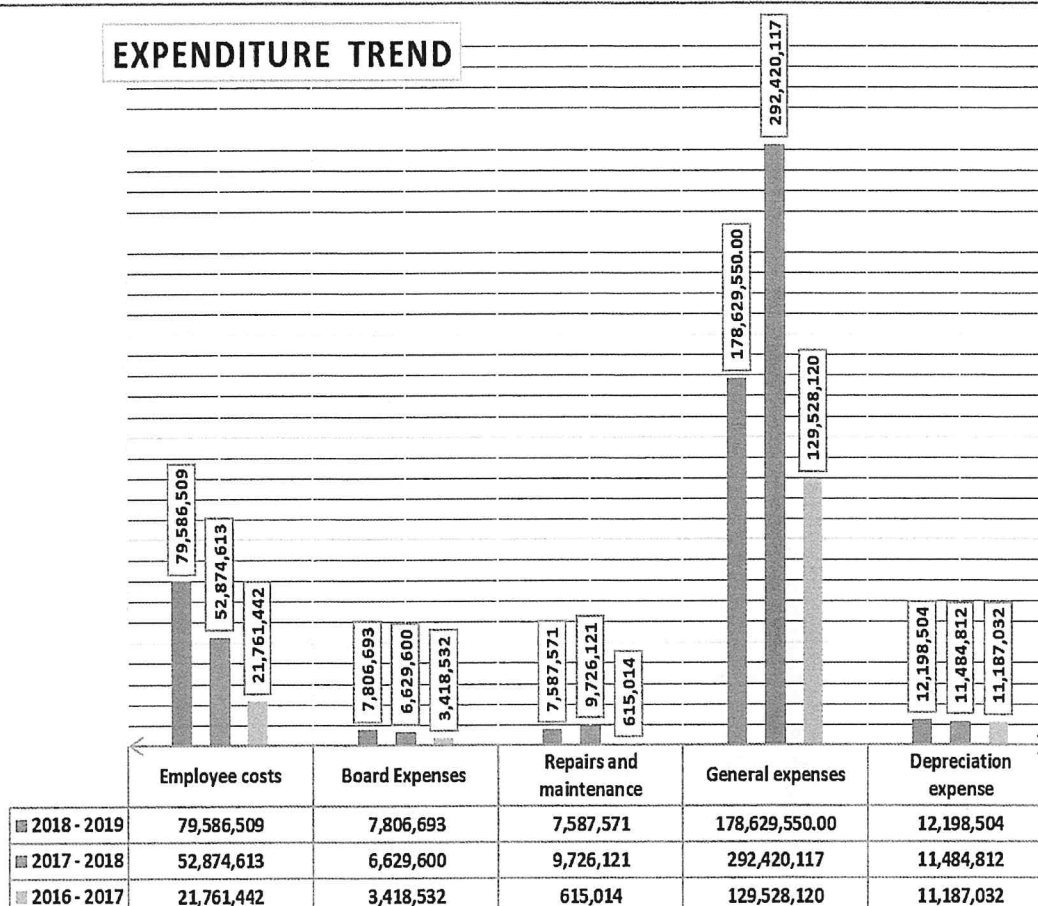


A VBE activity in session

**ANTI-DOPING AGENCY OF KENYA
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EXPENDITURE TREND



Total program expenditure depicts an increasing trend due increasing programme operation of the Agency

It is worth noting that Total expenses are increasing in a progressive manner while total revenues continue to reduce progressive

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**ANTI-DOPING
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Key projects and investment decisions the entity is planning/implementing

In the meanwhile, the Agency is fully funded by the National Government through the National Treasury and is focusing on service delivery. In this regard, we have no major projects and investments plans. However, the Agency will be reviewing its Strategic plan in the course of time in order to address issues regarding sustainable development.

Entity's compliance with statutory requirements

Income Tax Act

The Agency has continued to pay income tax obligation as they fall due and in a timely manner.

NHIF & NSSF Acts

The Agency has fully complied with the NHIF Act 2013 and NSSF Act.

The PFM Act.

The Agency has complied with the PFM Act and other circulars issued from time to time.

It has adhered to budget submission deadline which was the 31st of January 2019.

The Agency was unable to submit the 1st and 2nd quarter report on time following the presidential directive which saw the Accountant proceed on compulsory leave for afresh vetting. The gap created could not be easily bridged by the deputy. However, the Agency has ensured that the 3rd and 4th quarter report are submitted by their due dates.

Major risks facing the entity

ADAK is a key strategic programme for the Government through the State Department for Sports and Development mandated to ensure compliance with the World Anti-Doping Code, implement intelligence and investigation on ADRVs which are key to proper target testing, and better results management and effective Education and information sharing. Maintaining a balance between allocated government grant and WADA requirement has always remained a challenge for the Agency.

While addressing Issues Compliance with WADA and World Anti-Doping Code, the Agency is experiencing serious budget constraints following a reduction in government grant and restricted ability to raise revenues in form of Appropriation in Aid. ADAK being a regulatory institution and non-commercial entity purely relies on Government grant for executing its mandate. The Agency has seen budget cuts from **Shs. 300M** in **FY2015/16** and **2016/17** to **Shs. 252.32M** in the current **FY2018/2019** and is forecasted to remain at **Shs. 257.47M** in the next **FY 2019/2020**. This is anticipated to cause a constraining effect on the ability comply with the high expectation and mandatory requirement by WADA. Eventually the resulting effect of Non - compliance are dire not only to the Agency but also to

**ANTI-DOPING AGENCY OF KENYA
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**ANTI-DOPING
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The entity's financial probity and serious governance issues

During the Year, there were no issues of financial improbity reported either during the preparation of financial statements or during the internal and external Audit.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the Anti-Doping Agency of Kenya affairs.

Principal activities

The principal activity/mission of the Anti-doping Agency of Kenya is to:

- i. Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii. Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii. Upholding the integrity of sport through Intelligence Gathering. Investigations and Results Management of Anti-Doping Rules Violations (ADRVs).

Results

The results of the entity for the year ended June 30, 2019 are set out on page 1-6 of this report.

Directors

The members of the Board of Directors who served during the year are shown on page ix. During the month of February 2019, the following directors retired

- a. Dr. Somane Ismail
- b. Hilaa Amin
- c. Martin Okiyo
- d. Elizabeth Wanyama
- e. Stephen Muthuma

They were subsequently were replaced by:-

- a. Kenneth Thimba
- b. Kathryne Maundu
- c. Angela Koech

The following members were re-appointed for a second term.

- a. Professor Moni Wekesa
- b. Douglas Wakiihuri
- c. Esther Waweru
- d. Fred Mwachi
- e. Isaac Odek.

**ANTI-DOPING AGENCY OF KENYA
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, the Anti-doping Act 2016 require the Directors to prepare financial statements in respect of the Anti-doping Agency of Kenya which give a true and fair view of the state of affairs of ADAK at the end of the financial year/period and the operating results of the entity for that year/period. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of ADAK. The Directors are also responsible for safeguarding the assets of the entity.

The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2019.

This responsibility includes:


- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the entity;
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Anti -Doping Act 2016. The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The entity's financial statements were approved by the Board on 12/09/ 2019 and signed on its behalf by:



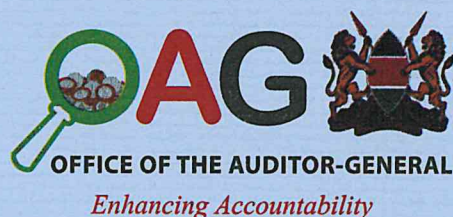
Director



Director

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON ANTI-DOPING AGENCY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Anti-Doping Agency of Kenya set out on pages 1 to 37, which comprise of the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts, for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Anti-Doping Agency of Kenya as at 30 June, 2019, 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 Anti-Doping Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Assets Transfer

The statement of financial position reflects a total net book value of Kshs.55,996,457 under property, plant and equipment which, as disclosed in Note 13 to the financial statements, included an amount of Kshs.14,961,621 relating to assets transferred to the Agency by the State Department of Sports Development during the year. However, a detailed inventory of the assets transferred indicating the fair values of the assets was not provided.

In the circumstances, the carrying value of Kshs.14,961,621 for the transferred assets and the reported property plant and equipment balance of Kshs.55,996,457 could not be confirmed.

2. Research and Education

The statement of financial performance reflects an amount of Kshs.178,629,550 on general and programs expenses which, as disclosed in Note 7 to the financial statements,

No explanation has been provided for the exceeding the allowable medical cover benefits by an amount of Kshs.3,550,000 per Board Member.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2019. Management has not provided reasons for the delay in resolving the prior year audit issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Payments Made in Cash

The Agency operated a standing imprest of Kshs.300,000 for daily activities. However, records availed for audit revealed that the set limit for the imprest was not adhered to. The cashier withdrew huge amounts of cash to make payments relating to the Agency's programs. The withdrawals were very frequent and during the year under review, a cumulative amount of Kshs.71,000,000 was spent in cash.

In the circumstances, Management was in breach of the provisions of Regulation 91 of the Public Finance Management (National Government) Regulations, 2015 on management of standing imprest.

to going concern and using the going concern basis of accounting unless Management is aware of the intention to terminate the Agency or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

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**ANTI-DOPING
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**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019**

	NOTES	2018 - 2019 Kshs	2017 - 2018 Kshs
Incomes			
Revenues from Non-exchange transaction			
Grant Income	1	252,322,560	300,000,000
Other Grants	2	-	9,000,433
Sub-Total		252,322,560	309,000,433
Revenues from exchange Transactions			
Rendering of services	3	8,180,104	3,639,300
Sub-Total		8,180,104	3,639,300
Total Revenues		260,502,664	312,639,733
Expenses			
Employees Costs	4	79,586,509	52,874,613
Board expenses	5	7,806,693	6,629,600
Repairs and Maintenance	6	7,587,571	9,726,121
General & Program expenses	7	178,629,550	292,420,117
Depreciation expense	13	12,198,504	11,484,812
Total Expenses		285,808,828	373,135,263
Deficit for the Year		(25,306,164)	(60,495,530)
Other gains/losses			
Loss on forex transaction	8	5,550	13,993
Net Deficit for the Year		(25,311,714)	(60,481,537)

The notes set out on pages to 7 - 39 form an integral part of these Financial Statements.

**ANTI-DOPING AGENCY OF KENYA
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**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Accumulated Surplus	Proposed Dividend	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs
As at 1st July 2016				
Total Comprehensive Income	148,854,816	-	-	148,854,816
NSSF obligation	12,480	-	-	12,480
As at 30th June 2017	148,867,296	-	-	148,867,296
As at 1st July 2017	148,867,296	-	-	148,867,296
Deficit for the period	(60,481,537)	-	-	(60,481,537)
Dividends paid -2017	-	-	-	-
As at 30th June 2018	88,385,759	-	-	88,385,759
As at 1st July 2018	88,385,759			88,385,759
Dividend paid -2018	-	-	-	-
Interim paid -2019	-	-	-	-
Proposed final dividend	-	-	-	-
Deficit for the period	(25,311,714)	-	-	(28,125,980)
Adjustments of accumulated surplus	18,669,618	-	-	24,722,902
As at 30th June 2019	81,743,663	-	-	84,982,681

Note:

1. The opening balance of Shs. 88,385,759 has been restated and reconciled as indicated below.

S.NO	Description	Amount in Shs
1.	Opening balance as reported in the financial statements (30 th June 2018)	88,385,759
	Add:	
2.	Salary Advance paid but omitted in the financial statements	44,000
3.	Prepaid Fuel paid but omitted in the financial statements	9,740,359
	Transfer of Asset from MOSCA	-
		98,170,118
	Less	
4.	Pensions contribution omitted in the financial statements	(23,079)
	Accumulated Depreciation on Transfers	(6,053,283)
	Reinstated balance as at 1st July 2018	92,093,756
	Add:	
5.	Transfer of Asset from MOSCA	14,961,621
	Reinstated balance as at 30 th June 2019	107,055,377
	Less	
6.	Deficit for the year as per the statement of financial performance	(25,311,714)
	Accumulated surplus as at 30th June 2019	81,743,663

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Original Budget	Adjstmts	Final Budget	Actual Performance	Performance Difference	%ge variation	Explanations
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Revenues							
Government grants	257,472,000	-	257,472,000	252,322,560	5,149,440	2%	(a)
Rendering of services	-	-	-	8,180,104	(8,180,104)		
Total Revenues	257,472,000	-	257,472,000	260,502,664	(3,030,664)		
Expenses							
Employees costs	84,288,718	-	84,288,718	79,586,509	4,702,209	6%	(b)
Repairs & maintenance	4,850,000	-	4,850,000	7,587,571	(2,737,571)	(56%)	(c)
Board expenses	7,680,000	-	7,680,000	7,806,693	(126,693)	(2%)	(d)
General & Program expenses	160,653,282	-	160,653,282	178,629,550	(17,976,268)	(10%)	(e)
Total expenses	257,472,000	-	257,472,000	273,610,324	(16,138,324)	(6%)	
Deficit for the period	-	-	-	(13,107,660)	(13,107,660)		

Budget notes – IPSAS 24

- i. The Agency suffered a budget cut in the financial year of **Shs.5,149,440.00** hence the difference between budget and actual performance.
- ii.
- iii. The actual Total Expenses for the year were budget at **Shs. 257,472,000** against actual spending of **Shs. 273,610,324**. The difference being absorption of cash and cash equivalents, and prepayments Brought forward from the FY2017/2018.
- iv. The difference in total expenses in the statement of financial performance and the statement of comparison of budget and actual expenses is due to difference in accounting policy. The statement of financial performance has been prepared using the accrual method while the statement of comparison of budget is prepared using the cash method. A reconciliation of the total expenses as reported in the statement of financial performance and the statement of comparison of budget is provided below;

1.	Total expenses as per statement of financial performance	285,808,828
2.	Total expenses as per the statement of comparison of budget	273,610,324
3.	Difference	12,198,504

➤ *The difference being depreciation charge for the year which is a non-cash item. See note 9. PPE.*

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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Anti-Doping Agency of Kenya is established by and derives its authority and accountability from the Anti-Doping Act 2016. It is wholly owned by the Government of Kenya and is domiciled in Kenya.

The entity's principal activities are: -

- i. Carrying out the fight against Doping in Sports through anti-doping values-based education, sensitization and awareness campaigns.
- ii. Protecting the 'clean athlete' by carrying out effective doping tests among all Kenyan athletes.
- iii. Upholding the integrity of sport through Intelligence Gathering. Investigations and Results
- iv. Management of Anti-Doping Rules Violations (ADRVs).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Agency's financial statements have been prepared on historical cost basis unless otherwise stated.

The financial statements have been prepared on accrual basis of accounting in accordance and conformity with International Public Sector Accounting Standards (IPSAS). This allows for the use of estimates and assumptions. The accounting policies have been consistently applied to all years presented.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Anti-Doping Act, and International Public Sector Accounting Standards (IPSAS).

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ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>IPSAS 41 is not applicable in ADAKs reporting as the Agency has not invested in Financial instruments.</p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. <p>The standard will improve the entity reporting to reflect the relevant and true representation of social benefits offered to the public.</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

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The entity did not invest in interest generating activities and thus no interest income realised.

Dividends

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

The entity is wholly owned by the government being a Semi-Autonomous Government Agency. This is the basis of the fact that no dividends were distributed in the year in under review.

Rental income

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

The Agency has no rental investment and thud no rental incomes declared during the FY.

a) Budget information

The original budget for FY 2018-2019 was approved by the National Assembly in June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded a budget reduction of Shs. 5,149,440 on the 2018-2019 budget following a budget cuts in the FY.

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

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

b) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The Agency is a non-commercial regulatory entity which purely operates on government grants and thus incomes realised from grant are tax allowable.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

During the FY2018/2019 the Agency did not have any investment property and thus nothing was reporting in the Financial statements

d) Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on property plants and equipment is calculated on the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life. Depreciation is calculated on prorata basis the period that asset has in use by the entity.

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- 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.

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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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.

For purposes of financial reporting during the FY2018/2019, Inventories are recognized as an expense at the point of acquisition unlike when they are deployed for utilization or consumption in the ordinary course of operations of the Agency.

j) Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

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

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q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) 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, 2019.

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1. GRANT INCOME

Description	2018-2019	2017-2018
	Kshs	Kshs
Government Grant	252,322,560	300,000,000
Total Grant Income	252,322,560	300,000,000

The Agency suffered a budget cut from the printed estimates of Shs. 257,472,000 to Shs 252,322,560 in the FY 2018/2019.

1 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2018-2019 KShs
State Department for Sports Development	252,322,560	-	252,322,560	252,322,560	252,322,560
Total	252,322,560	-	252,322,560	252,322,560	252,322,560

The Details of reconciliation have been provided in Appendix III

2. OTHER GRANTS

Description	2018-2019	2017-2018
	Kshs	Kshs
TRF from MOSCA	-	9,000,433
Total Other Grant Income	-	9,000,433

No other grants were realised in the year under review.

3. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	Kshs	Kshs
Reimbursement of Anti-Doping Test	8,170,104	3,631,300
Tender Applications	10,000	8,000
Total Income from Rendering of Services	8,180,104	3,639,300

Revenues raised from rendering of services are reimbursement of cost incurred in Testing of Athletes upon request by specific private sponsors of key marathons in the country.

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7. GENERAL EXPENSE/PROGRAM COSTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Office Cleaning service	1,740,700	1,747,500
Branding and corporate Communication	8,909,502	22,470,372
Telecommunication Expenses	-	1,138,800
Utilities	684,081	780,162
Bank Charges	257,937	325,114
Internet Charges	803,020	527,800
Office Operating Expenses	9,961,084	8,171,057
Training Expenses	1,714,284	2,425,331
Anti –Doping Education	45,133,961	60,129,044
Anti -Doping Research	-	16,151,500
Doping Test and Compliance	51,240,984	71,738,934
Purchase of Testing Equipment	2,403,029	3,259,998
Mandatory subscriptions	-	811,988
Intelligence and Investigation	1,602,705	20,828,289
Legal services and Results Management	22,111,525	25,979,480
Office Rent Expense	23,050,247	20,730,418
International Partnerships	-	18,427,664
Foreign Travels	5,399,630	11,335,667
Domestic Travel	603,641	4,374,599
Audit Fees	-	550,000
Local Partnerships	-	516,400
Finance and Administration	1,364,200	-
Audit & Assurance	1,648,960	-
Total General/Program costs	178,629,550	292,420,117

Audit fees for the FY 2018/2019 has been accrued and accounted for under Audit and Assurance.

8. LOSS ON FOREX TRANSACTION

Description	2018-2019	2017-2018
	Kshs	Kshs
UNESCO Grant receivable	-	13,993
RADO Subscription Paid @102.95	308,850	-
RADO Subscription received @101.10	(303,300)	-
Total Loss on Forex transaction	5,550	13,993

The agency suffered an exchange loss when paying annual subscription to RADO whose bank account was flagged thus necessitating reversal of the transaction at the prevailing spot rate. This resulted loss of Cash of Shs. 5,550.

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11. PREPAYMENTS

Description	2018-2019	2017-2018
	Kshs	Kshs
Prepaid Motor vehicle Fuel	9,727,243	-
Prepaid Medical Premiums	10,656,057	-
Prepaid Vehicle Insurance	91,614	-
Prepaid Equipment Insurance	81,690	-
Total Prepayments	20,556,604	-

12. DEBTORS.

Description	2018-2019	2017-2018
	Kshs	Kshs
Staff Debtors	2,271,307	-
	-	-
Total debtors	2,271,307	-

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14.ACCOUNTS PAYABLE

Description	2018-2019	2017-2018
	Kshs	Kshs
Audit Fees	550,000	550,000
Refundable deposits	448,728	448,728
Employees Payroll obligation	1,078,276	415,215
RADO Zone V Receipts	3,267,715	-
RADO Subscriptions Payable	308,850	-
Amendment of Act and Rules	950,000	-
Office supplies Payable	103,672	-
Cleaning services Payable	7,733	-
Total Accounts Payable	6,714,974	1,413,943

14.B. EMPLOYEES OBLIGATION

Description	2018-2019	2017-2018
	Kshs	Kshs
PAYE Tax	1,035,056	-
NSSF	(36,720)	-
SACCO Contribution	100	-
Pension for seconded staff	73,916	415,215
Insurance premiums	5,124	-
KENASA	800	-
Total Employees obligation	1,078,276	415,215

The entity operates a defined benefit scheme for all full-time employees from April 1, 2018 with Zamara. The scheme is based on 7.5 percentage of salary of an employee at the time of retirement. No valuation had been made as at the end of the FY2018/2019

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee per month.

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17. CASH GENERATED FROM OPERATIONS

		2018-2019	2017-2018
		"KSHS"	"KSHS"
Surplus for the Year before tax	15	(25,311,714)	(60,481,537)
Adjusted for:-			-
Depreciation	13	12,198,504	11,484,812
Non Cash Grants	13	(8,908,338)	-
Contributed Assets	13	(1,681,920)	(16,331,757)
Impairment		-	-
Gain/Loss on forex transaction		-	-
Loss on Forex transaction		-	-
Increase in Accumulated surplus b/f	15	18,669,618	-
Working Capital Adjustment			-
Decrease in Receivables	10	13,774,231	18,765,178
Increase in Prepayments	11	(20,556,603)	
Increase in Debtors	12	(2,271,307)	
Increase in Payables	14	5,301,031	613,943
Cash flows generated from operations		(8,786,498)	(45,949,361)
Cash and Cash equivalent b/f	9	16,020,768	61,970,129
Cash and cash equivalent c/d	9	7,234,270	16,020,768

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

18. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each party, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Deferred income	-	-	-	-
Employee benefit obligation	1,078,275	-	-	1,078,275
Total	1,078,275	-	-	1,078,275
At 30 June 2018				
Deferred income	-	-	-	-
Employee benefit obligation	415,215	-	-	415,215
Total	415,215	-	-	415,215

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period was at Zero.

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Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

The Agency has no investments in financial and non-financial instruments or investments in property such as land and buildings.

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Description	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	252,322,560	300,000,000
Total	252,322,560	300,000,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	79,586,509	52,874,613
Total	79,586,509	52,874,613
c) Key management compensation		
Directors' emoluments	5,371,007	4,776,400
Compensation to the CEO	12,118,446	7,200,000
Compensation to key management	42,468,759	38,874,613
Total	59,958,212	50,851,013

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Loan to the State Department of Sports Development of Shs. 2,400,000 had not been refunded as at 30th June 2018	The Agency to push for clearance of the outstanding balance	CEO/ Accountant	Resolved	30 th June 2019
2.	Misallocation of Board Expenditure Budget for Board Expenses over utilised by Shs. 629,600	Observation noted. This will not recur in the future.	Accountant	Resolved	30 th June 2019
3.	Engagement of Private Law Firm without Authority. The Agency did not seek approval from the office of the AG. Contrary to Circular No. AG6/D/144/Vol. II of April 2017	CEO to seek post Factor Approval from the AG. Office	CEO	Partly resolved. The circular in question nullified in a court ruling in June 2019	30 th June 2019
4.	Outstanding Imprests Outstanding imprest of Sh. 3,696,479 not surrendered long after the due dates	The Agency to ensure all imprest outstanding is promptly recovered	Accountant	Resolved except for Eddy Nyoro who resigned and left without Notice	30 th April 2019
5.	Fixed Asset Register	Absence of Fixed Asset Register	Accountant	Resolved	30 th June 2019

CHIEF EXECUTIVE OFFICER

Sign: _____

Date:.....

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		ANTI-DOPING AGENCY OF KENYA.		
Break down of Transfers from the State Department of Sports Development.				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		17/08/2018	64,368,000	FY2018/2019
		23/10/2018	59,218,560	FY2018/2019
		5/02/2019	65,655,360	FY2018/2019
		2/05/2019	63,080,640	FY2018/2019
		Total	252,322,560	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
			-	
		Total	Nil	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	Nil	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	Nil	

Head of Finance and Accounts
Anti-Doping Agency of Kenya

Head of Accounting Unit
State Department of Sports Development

Sign _____

Sign _____