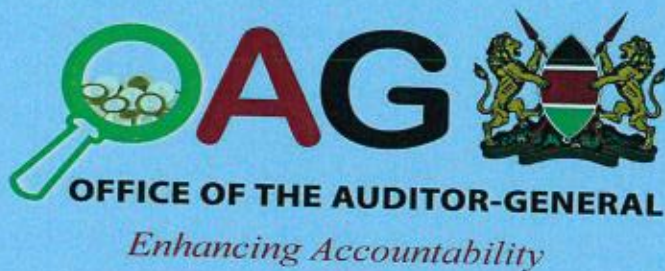


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY

DATE: 10 MAY 2022

TUESDAY

MAJORITY LEADER

REPORT

OF

THE AUDITOR-GENERAL

ON

**NATIONAL COHESION AND INTEGRATION
COMMISSION**

**FOR THE YEAR ENDED
30 JUNE, 2021**



NATIONAL COHESION AND INTEGRATION COMMISSION

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE, 2021**

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

Vision

A just and equitable society living in peace, unity and dignity

Mission

To promote national unity, equity and the elimination of all forms of ethnic discrimination by facilitating equality of opportunities, peaceful resolution of conflicts and respect for diversity among Kenyan communities

Core Values

Professionalism:

Objectivity in addressing issues of ethnic discrimination

Integrity:

Accountability and transparency

Affirmative action for the marginalized and the minorities:

The Commission appreciates groups that are vulnerable and are faced by more challenges and affirms to generate policies and strategies that enhance their dignity and humanity towards equal opportunities

Inclusivity:

The Commission commits to treat people from all walks of life resident in Kenya with fairness by according them equal opportunities

Respect for Diversity:

The Commission commits to treat people from all walks of life resident in Kenya with fairness by according them equal opportunities



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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008) and is domiciled in Kenya. The Commission is represented by the Commissioners who are responsible for the general policy and strategic direction of the Commission.

(b) Principal Activities

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

(c) Key Management

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

- Commission Secretary
- Commissioners
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Commission Secretary/CEO	Dr. Skitter W. Ocharo
2.	Director Finance	Harrison Kariuki
3.	Director Programs	Millicent Okatch
4.	Head of Human Resources	Caroline Gateru
5.	Head of Procurement	John-David Odhiambo



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Fiduciary Oversight Arrangements

The funds of the Commission consist of;

- a) Monies appropriated by parliament
- b) Monies on asset as may accrue to the Commission in the course of the exercise of its powers in the performance of its functions under the National Cohesion and Integration Act.
- c) Monies from donors.

With regard to the Commissions finances, the Commission Secretary is the Accounting Officer. Administration of funds is as per the annual estimates / work plans and funding agreements with different donor agencies. This shall be guided by the Public Procurement and Asset Disposal Act 2015, National Cohesion and Integration Act (No.12 of 2008), Government financial regulations and procedures and Public Finance Management (PFM) Act, 2012

The accounts of the Commission are audited and reported upon by the Auditor General in accordance with the provisions of the Public Audit Act 2015.

In addition, development partners usually have independent audits of programs/projects that they fund directly as part of their oversight role as and when agreed.

The Finance Committee of the Commission held 4 meetings within the year under review. During these meetings the members considered quarterly budgets and requests for reallocation of funds in addition to expenditure reports before they were presented to the full Commission meetings for approval.

All procurements that were carried out in the year under review that exceeded five million shillings (Ksh.5,000,000) were duly reported to the Public Procurement Regulatory Authority as per the requirements.

(f) Commission Headquarters

P.O. Box 7055 - 00100
Britam Towers
Hospital Road, Upperhill
Nairobi, KENYA

(g) Commission Contacts

Telephone: 020-258701/2/3 Cell: 0702-777000
E-mail: info@cohesion.or.ke
Website: www.cohesion.or.ke



(h) Entity Bankers

Kenya Commercial Bank
Sarit Centre Branch, Nairobi

National Bank of Kenya
Harambee Avenue Branch, Nairobi

(i) Independent Auditors


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

(j) Principal Legal Adviser


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



2. THE COMMISSIONERS

Ref	Commissioners	Details
1.	 <p>Rev. Dr Samuel Kobia CBS Chairman Masters degree in Urban Planning, Theology, and International relations</p>	<p>Rev. Dr. Samuel Kobia, is the Chairman, National Cohesion and Integration Commission. He was born on 20th March 1947. He holds a Masters degree in Urban Planning, Theology, and International relations from universities in Kenya, USA and Switzerland. He is a visiting Professor to Wesley Colleges in USA and UK. He is an author of several books including <i>Dialogue Matters</i>. Prior to this appointment he served as Senior Advisor on Cohesion, Peace and Conflict Resolution in the Executive Office of the President and Cabinet Affairs.</p> <p>Dr. Kobia served as a Commissioner in the Judicial Service Commission; 2010-2012 Ecumenical Special Envoy for the Sudan's; 2007-2018 Chancellor of St. Paul's University; former General Secretary of the Geneva based World Council of Churches. He has vast experience in mediation and dialogue. Currently, he coordinates dialogue platforms as safe spaces for interactions between Kenyans of diverse stations and Government to address pressing issues. The fruits of the dialogues include peaceful co-existence, healing and reconciliation, peaceful resolution of conflicts and national cohesion.</p>

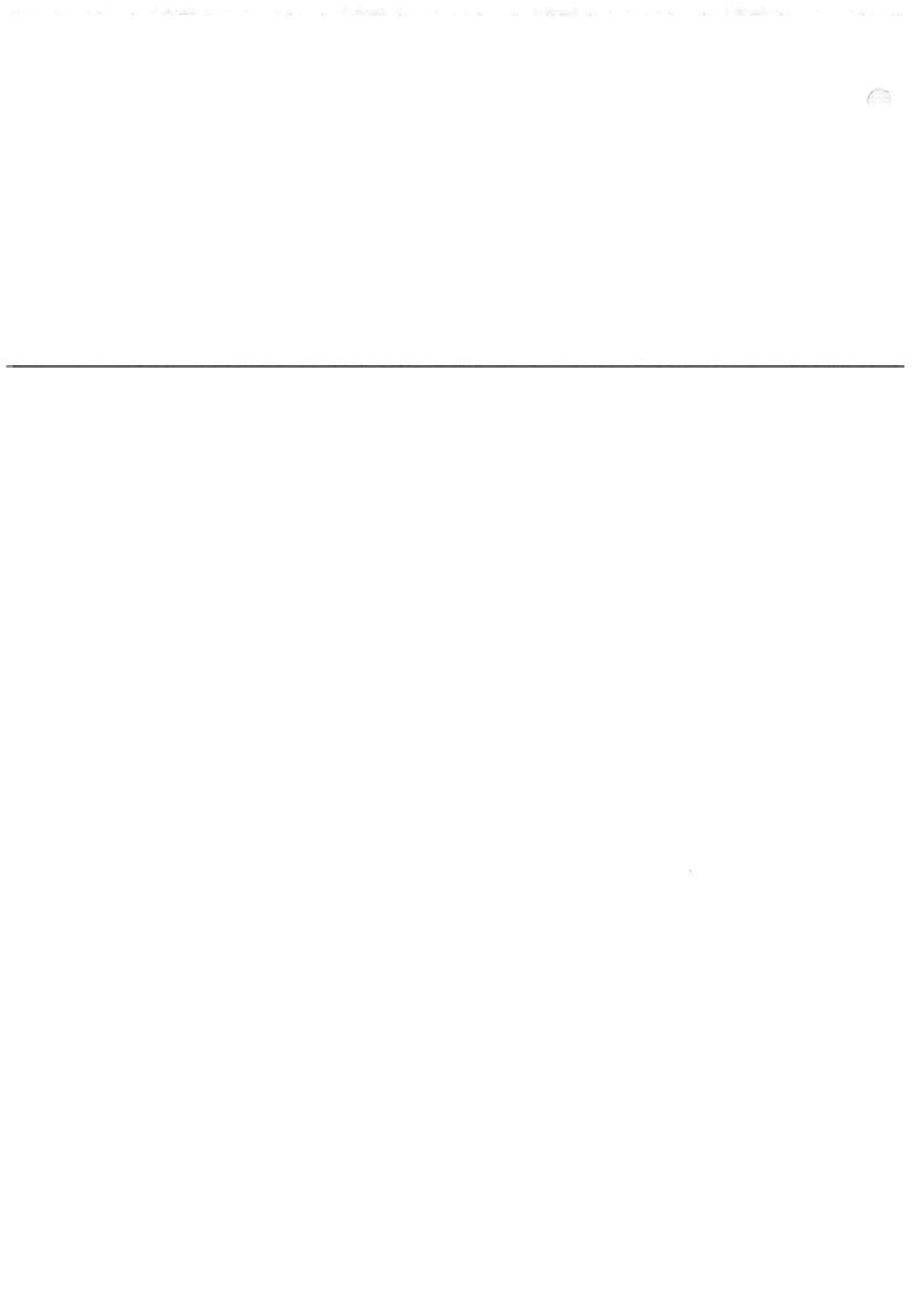


2.	 <p>Commissioner Wambui Nyutu OGW</p> <p>Vice Chairperson</p> <p>Masters Degree in Business Administration- Strategic Management (Ongoing)</p> <p>Bachelor of Laws</p>	<p>Commissioner Wambui Nyutu OGW, holds a Bachelor of Laws from the University of Nairobi. Currently, she is pursuing a Masters Degree in Business Administration- Strategic Management. She is a Certified Professional Mediator from Mediation Training Institute East Africa and holds an Arbitration and ADR certification. Prior to the appointment as a Commissioner at NCIC in 2019, she served as a Director at the National Irrigation Board of Kenya since 2018. She worked as a Legal Assistant at Kiragu Wathuta & Co Advocates in 2017 and Legal Secretary, Peman Consultants (2016-2019). She was born on 14th September 1991.</p> <p>She is the founder and policy maker of <i>Tuinuke Initiative</i>, a youth-led organization concerned with the economic, political and social issues affecting the youth of Kenya. In 2015, she also served in the Kenya University Students Organization as Legal Secretary and at Students Organization of Nairobi University as a special delegate. She was awarded The Order of Grand Warrior (OGW) by His Excellency the President Hon. Uhuru Kenyatta in 2018. Commissioner Wambui OGW chairs the Human Resource Management Committee in the Commission.</p>
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3.	 <p>Commissioner Hon. Eng. Phillip Okundi EBS.HSC</p> <p>Masters Degree in Telecommunication System Engineering</p> <p>Bachelors Degree in Electronics and Telecommunication Engineering</p>	<p>Commissioner Hon. Eng. Phillip Okundi EBS. HSC is a seasoned Engineer who has served in various capacities. He was born on 5th March 1941. He holds a Bachelors Degree in Electronics and Telecommunication Engineering from the University of Westminster and a Masters Degree in Telecommunication System Engineering from the University Essex.</p> <p>A highly self-motivated and enthusiastic leader with over 40 years' experience in all aspects of policy making, advising government and setting up the agenda and strategies for communication and implementation of international projects. Extensive experience in harnessing the critical support of the public and private sectors for key infrastructure upgrade objectives and in mobilizing and maintaining the interest of all stakeholders in these activities. Commissioner Okundi has served as a Member of Parliament for Rangwe 2003-2007 and also in various capacities. This includes Chairman of world space International (1995), Managing Director and Chief Executive Kenya Post and Telecommunication Corporation (1977), CEO Kenya Bureau of Standards 1997-2001, CEO Kenya Broadcasting Corporation (KBC), Chairman of the CCK Board of Directors 2008 and Managing Director and Chief Executive Kenya Ports Authority 1984-1993.</p>
4.	 <p>Commissioner Hon. Abdulaziz Farah Chairman Audit and Risk Management Committee</p>	<p>Commissioner Abdulaziz Ali Farah holds an Executive Master of Business Administration (EMBA) from Moi University (<i>Specialized in Strategic Management</i>) and a Bachelor of Education Arts from Kenyatta University, Nairobi. He has over twenty years work experience both in public and business sectors. He has previously worked as a National Civic Education Officer with the Truth, Justice & Reconciliation Commission of Kenya. He has also worked as a Managing Director in charge of several companies operations besides serving as a Member of the Constituency Development Fund Task Force whose report contributed to the</p>



		<p>amendment of the 2003 CDF ACT and CDF Amendment ACT 2007. He was born on 1st January 1969.</p> <p>He is a resourceful and initiative driven leader, public administrator, peace and conflict advocate. He has a background and experience in managing operations of a constituency as a Member of Parliament (MP), Mandera East Constituency, Mandera County, overseeing daily functions of companies and participating in the formulation of strategies and policies that seek to make them run effectively. He has a wide knowledge in the fields of administration and management, overseeing operations, formulating and implementing strategies, conflict management, peace building, and building partnerships.</p> <p>Additionally, he is experienced in formulating and implementing best-practice management principles while fostering a culture that promotes sound work ethics. He is an excellent communicator with great interpersonal skills hence can interact with people from different backgrounds. His goal is to make a difference in society by promoting equality, integration and a conflict-free environment. At the Commission Hon Abdulaziz is a member of the Audit and Risk Management Committee.</p>
5.	 <p>Commissioner Dr Danvas Makori Doctor of Theology Master of Arts Biblical Theology Chairman Finance and General Purpose</p>	<p>Commissioner Dr. Danvas Makori holds a Doctor of Theology from the International Christian University, Masters of Arts in Biblical Theology of the International Christian University and a Bachelors of Arts in Theology from the Jameson Christian College. Commissioner Danvas was the County Executive Committee (CEC) of Finance and County Executive Committee (CEC) Agriculture, Livestock, Development and Fisheries in Nairobi County Government. At the Commission, Dr Makori chairs the Finance and General Purpose Committee. He was born on 18th June 1981.</p>





Commissioner Sam Kona
Masters in Conflict Resolution
Bachelor of Education (Science)
Chairman Technical Committee

Commissioner Sam Kona is a conflict resolution, governance and stability expert with over 25 years' experience in public, private and civil society sectors. He has carried out extensive research and managed dozens projects in sub-Saharan Africa with particular focus on conflict early warning systems, post-conflict reconstruction, peacebuilding, mediation, governance and security. Sam has held senior leadership roles in government, including serving as Chairman of the National Council for Population and Development and Kerio Valley Development Authority.

A distinguished program leader, Sam has worked as a senior manager with international agencies and organizations such as the United States Agency for International Development, Development Alternatives Incorporated, Centre for Conflict Resolution at the University of Cape Town, South Africa, Chemonics International, Centre for Humanitarian Dialogue and Oxfam GB. While at the Centre for Conflict Resolution, he spearheaded national dialogue programs in Sudan, Swaziland, South Africa and Lesotho, in addition to facilitating dialogue and mediation trainings across Africa. Between 2008 and 2011, he led mediation processes and established peace caravans to support the Kofi Annan-mediated Kenya National Dialogue and Reconciliation process in the aftermath of the 2007-2008 post-election violence.

Sam played a major role in the development of conflict early warning mechanisms for Africa's Regional Economic Communities, as well as national early warning systems for Kenya, Uganda, Ethiopia, South Sudan and Sudan. He teaches conflict resolution and dialogue, negotiation and mediation at the Kenya School of Government (KSG) and the International Peace Support Training Centre (IPSTC), respectively.

Sam holds MA in Conflict Resolution from Lancaster University in the United Kingdom and a Bachelor of Education (Science) from Kenyatta University, Kenya. He has received many national and international awards and honours for contributions to the field of conflict resolution and peace processes, and efficient delivery of programs. Commissioner Sam chairs the Programmes and Technical Committee of the Commission. He was born on 21st July 1969.





Commissioner Hon. Dorcas Kedogo
Masters Degree In Business
Administration
Bachelors Degree in Education

Commissioner Hon. Dorcas Kedogo is a seasoned Educationist and has over 30 years experience in education. She holds a Masters Degree in Business Administration from USIU, Bachelor's Degree in Education from the University of Nairobi and a Diploma from Mosoriot Teachers Training College. Commissioner Hon. Kedogo was a Women Representative for Vihiga County. She served as a Women Representative for KNUT and as a representative of Teachers under the Kenya Union of Teachers Vihiga District 2000-2012. She has also served as a teacher in various capacities in her career and spearheaded various developments among the youth as well as the women. She was born on 14th May 1962.



Dr Skitter W. Ocharo HSC
Commission Secretary
Doctor of Philosophy in Physics
Master of Philosophy in Physics
Master in Business Administration
Bachelors Degree in Education Science

Dr. Skitter W. Ocharo is the Commission Secretary/ Chief Executive Officer with over 16 years experience in public service and at Board level in various institutions. She has a rich track record of successful change management, project management and spearheading initiatives that have improved the performance of organizations and lives of many communities. She holds a Doctor of Philosophy in Physics from the University of Eldoret, a Master of Philosophy in Physics from Moi University, a Master in Business Administration from Strathmore University and a Bachelor Degree in Education Science (Physics and Chemistry) from Egerton University.

Prior to her appointment as the Commission Secretary of the National Cohesion and Integration Commission, Dr. Skitter held various key positions that include; County Executive Officer in charge of Trade, Tourism and Industry at the County Government of Kisii, she had also held the same portfolio in charge of Environment, Water and Sanitation; Roads, Transport and Public Works; Education, Labor and Manpower Development in the same County. She served as a Lecturer, Physics Department at the Masinde Muliro University of Science and Technology (MMUST) and Physics and Chemistry teacher at the Teachers Service Commission (TSC).

As a highly motivated critical thinker with problem solving skills, her desire is to create opportunities that improve and transform people's lives. She is a true believer in Africa, of the talent and the need to build on the human capital, so as to market Africa to transform the Continent's fortune on the Global arena. She perceives life as a gift and endeavors to respond with grace and courtesy.





3. MANAGEMENT TEAM




No	Management	Details
1	 <p>Skitter W. Ocharo PHD HSC Commission Secretary Doctor of Philosophy in Physics Master of Philosophy in Physics Master in Business Administration Bachelors Degree in Education Science</p>	Commission Secretary and Accounting Officer
2.	 <p>Ms. Millicent Okatch Masters of Arts Degree in Sociology and Community Development Bachelor of Arts Degree in Sociology and Communication</p>	Director Programmes and Technical Services.

3	 <p>Mr. Harrison Gikonyo Kariuki Master of Science in Finance Bachelor of Commerce Certified Public Accountant of Kenya CPA(K).</p>	<p>Director Finance, Administration and Human Resource</p>
4	 <p>Mr Liban Guyo Master's Degree in Governance and Development BA in International Relations</p>	<p>Assistant Director Peace Building and Reconciliation</p>

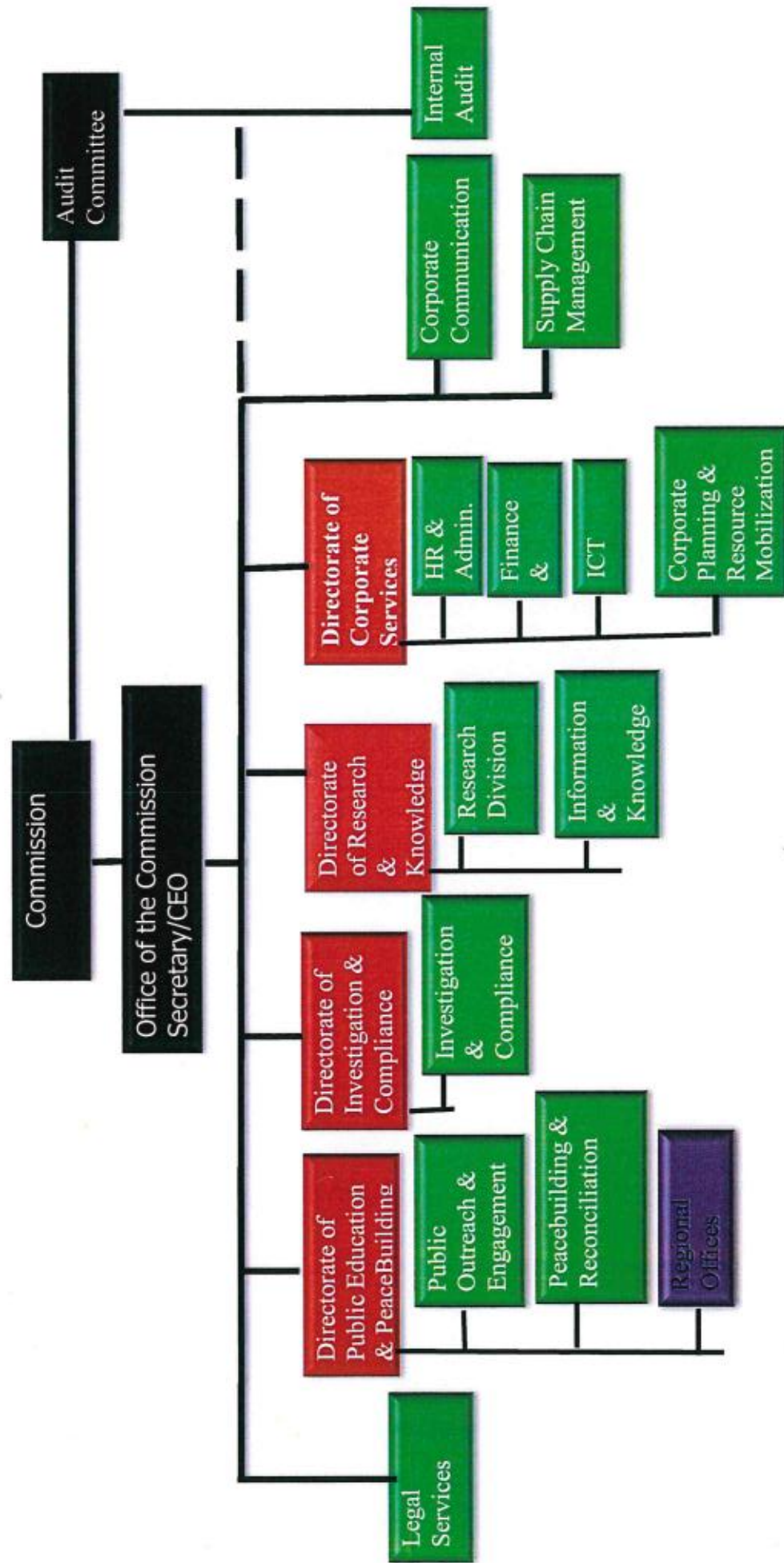


5	 <p>Mr. Kyalo Mwengi Bachelors in Laws (LLB) Diploma in Law from the Kenya School of Law.</p>	Assistant Director Legal Services,
6	 <p>Mr. Killian Nyambu Masters of Education (Med) Educational Administration and Planning Bachelor of Education (Arts)</p>	Assistant Director Civic Education and Advocacy



7	 <p>Dr Sellah Kingoro Doctor of Philosophy in Peace and Conflict Master of Arts in International Relations Bachelor of Education</p>	Assistant Director Research Planning and Policy
8	 <p>Ms Olive C. Metet MPRSK. M-ICA Master of Arts in Communication Bachelor of Arts (Hons) Communication</p>	Assistant Director Communication and Knowledge Management
9	 <p>Ms. Janet Shako Trained Police Diploma in Counseling</p>	Assistant Director Investigations and Compliance

STRUCTURE FOR NATIONAL COHESION AND INTEGRATION COMMISSION





4. CHAIRMAN'S STATEMENT

On behalf of the National Cohesion and Integration Commission (NCIC) I am delighted to present to you our Annual Report and Financial Statement for the year ended 30th June 2021. Notwithstanding the global pandemic of Covid 19, the Commission endeavoured to guarantee peaceful coexistence among Kenyans. Consequently, we developed and implemented strategic programmes and interventions to mitigate the negative impact of Covid-19 besides supporting the Government Communication to educate the public on the need to work together in curbing the spread of the disease. In line with our mandate the Commission rolled out campaigns through electronic media that included National television stations, community radio stations and digital platforms to educate Kenyans on the need to shun discrimination against members of the public who had contracted the disease.

In the year under review I am happy to report that we developed and launched our strategic Plan 2020-2025. The NCIC SP 2020-2025 coincides with the implementation of the Government Big Four Agenda and the Third Medium Term Plan of Vision 2030. Indeed successful implementation of the two initiatives is largely dependent on the facilitation and promotion good relations, harmony and peaceful coexistence between person of different ethnic, racial and religious communities. The plan provides a detailed roadmap of how we shall execute our mandate in the next five year. In the blueprint, we have set out our strategic vision and outlines our key priorities for the Commission as part of our accountability to the people of Kenya. In order to boost efficiency and keep abreast to the technological changes, in consultation with the State Department of Public Service we restructured the Commission.

In order to enhance corporate governance as well as efficiency of the Commission, we prioritised realignment of our functions with the Public Service Commission requirements of Mwongozo Guidelines. Thus the Commission facilitated training for Commissioners by the State Corporation Advisory Committee (SCAC) on the provisions of the guidelines. In addition a detailed Commission Charter that clearly outlines the role of the policy makers.

During the year under review we continued to steer the cohesion and peace agenda in the country through influencing policy. Thus we held meetings with various members of the legislatures that include the Joint Committee on National Cohesion and Equal Opportunity and the National



Cohesion, Equal Opportunity and Regional Integration Committee with an aim of finding better solutions on cohesion and peace in Kenya. These meeting have resulted in commencing the amendments of the National Cohesion and Integration Act of 2008 to enhance the powers of the Commission as well as enhancing inclusion in the distribution of public resources such as employment. Further as a Commission we have continuously engaged the two House Committees in most of our interventions that has resulted in relative peace across the country.

In year under review, the Commission launched the Roadmap to Violence Free Elections 2022 to ensure peaceful electoral processes ahead of the 2022 General Elections. The Roadmap has identified six strategic action area that include; enhancement of trust within between the public and state; building the capacity of civil society and citizens to resist manipulation and maintain peace within political processes; engagement of political parties and politicians in promoting peace during electoral cycle; elimination political incitement, hate speech and ethnic balkanization; Support Conflict Early warning and rapid response and address social, political and economic inequalities.

We acknowledge that prevention is better than cure. We have therefore enhanced our focus on Early Warning and Early Response systems through strategic partnerships with like-minded institutions. We are aware that by closely monitoring all public spaces while creating opportunities for Kenyans and our partners to raise the alarm, we shall be able to stem violence. At the same time creating a rapid response capacity to stop a flare up is not only important but also lifesaving. To this end, the Commission under the invitation of COMESA benched marked with the COMESA EWER system with an aim of enhancing ours for better early warning and early response to conflicts in Kenya.

Despite the Commission's achievements, the Commission faced challenges that hindered effective implementation of its interventions. Consequently, owing to financial limitations, the Commission could not realize its planned expansion in full. For instance, there was inadequate staff, temporary regional presence, and inability to sustain programme activities. All these limited the efficiency and effectiveness of NCIC.

Secondly, the view that the mandate of the Commission is hate speech, monitoring still endures, overriding the Commission's other functions. These misunderstanding increases the anticipations of the citizens on what the Commission can do thus reducing their understanding on on-going work.

Thirdly, execution of social contracts and peace agreements between and amongst communities' fronts a substantial challenge to the Commission as it lacks the financial resources required. Lack of proper follow up and implementation of such agreements creates conditions for the recurrence of violence.

Finally, the fluid and dynamic nature of conflict is exacerbated by political activities, ethnic polarization, violent extremism, re-emergence of organized gangs, incitement to violence and competition for resources. This requires the Commission to be highly innovative and flexible in its operations, characteristics that are not readily accommodated by the available funding resources.

The Commission will continue to enhance awareness creation, issue-based politics as opposed to ethnic, inclusivity and diversity in distribution of public resources, and delivery of peaceful electoral processes as the country prepares for the 2022 General Elections. We assure Kenyans of our determination and commitment to infusing national ethos with an aim of attaining a value-based society that has been eroded over time.



REV. DR. SAMUEL KOBIA CBS

CHAIRMAN

NATIONAL COHESION AND INTEGRATION COMMISSION



5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The financial year 2020-2021 was a remarkable year for the National Cohesion and Integration Commission (NCIC). The Financial Statements are a clear testimony of our achievements as a Commission, despite the global pandemic, Covid-19 that affected all sectors in Kenya. The adverse social economic impact of the pandemic aggravated conflicts that escalated into violence in some parts of the country among communities hence the need for NCIC to step up measures to deter disintegration. Nevertheless, the Commission strived to discharge its mandate of facilitating elimination of all forms of ethnic discrimination, and proactively promotes tolerance, understanding and acceptance of diversity, peaceful coexistence and unity.

To achieve this mandate, the Commission undertook several strategic activities during the year under review. Therefore in Pursuant of sections 25(2) provisions of the National Cohesion Integration Act, 2008, the Commission is responsible for securing, enhancing harmony and peace through promoting arbitration, conciliation, mediation and similar forms of Alternative Dispute Resolution Mechanism (ADR). Consequently, the Commission conducted various mediation and reconciliation dialogues between contending communities in various parts of the Country. As a result, signing of peace pacts that contributed to peaceful coexistence among conflicting communities were signed.

In line with our mandate, the Commission endeavoured to conduct strategic sensitizations and capacity building forums in partnership with key stakeholders under the UWIANO platform targeting youth, women, People With Disabilities (PWDS), religious and community leaders and the general public among others. As a result, the Commission reached out to millions of Kenyans with messages on peaceful coexistence and national unity. The forums aimed at infusing national values among the targeted groups as the country prepares to conduct her 2022 General Elections.

To alleviate hate speech and ethnic contempt, the Commission intensified its processing of complaints, prosecution and enforcement of the relevant laws. In particular, the Commission strengthened its social media and digital monitoring of hate speech by partnering with key relevant institutions that include; Ethics and Anti-Corruption Commission (EACC) ODPP (Office of Director of Public Prosecution (ODPP)), Department of Criminal Investigation (DCI)



among others key stakeholders. To this end, the Commission established a Wall of Shame, and Wall of Fame with an aim of deterring hatemongers from spewing hate through various platforms while encouraging those who uphold peaceful processes in their undertakings.

Furthermore, as part of NCIC strategy for managing peaceful upcoming general elections, the Commission has strengthened its Early Warning and Early Response (EWER) system working in collaboration with the security teams both at national and county levels. The NCIC EWER system is linked to our different key stakeholders to provide better responses to violent conflicts. The system promotes stronger interactions between warners and responders, and exchanges to discuss strategies for response. Further, EWER enhances timely and quick responses to warning as well as designing of nuanced response actions to take into account changes in the conduct of conflicts and violence.

In its effort to promote inclusivity in public service employment, the NCIC conducted ethnic audits in numerous organizations targeting both the national and county public service Boards. Certainly, the ethnic audit has continued to influence policy and guidelines geared towards delivering fair and inclusive recruitment as stipulated in the National Cohesion and Integration Act Section 7 (1).

To ensure effective and efficient service delivery, NCIC strengthened its organisational capacity through developing, launching and implementing key blueprint policy documents. Hence the Commission launched her 2020-2025 Strategic Plan as well as Roadmap to Peaceful Elections. These key blueprints are a clear indication of our commitment to ensuing peaceful electoral process prior, during and after the 2022 General Elections. Further, as a requirement of the Mwongozo Code the Commission strived to develop the Board Charter that clearly outlines the role of the policy makers of the Commission. This indeed is the right trajectory in ensuring effective service delivery.

The Commission recognizes the importance of customer experience through quality service delivery. Therefore in the year under review, the Commission reviewed its Service Citizenry Delivery Charter in line with the Public Service Commission requirements. Hence, the Commission reviewed and translated the service charter into Kiswahili, braille and sign language to ensure reach to the PWDS. The service charter is a clear indication of our



obligation to deliver efficient and effective service to the public.

In addition, the Commission invested significantly in the restructuring of the Commission to enhance efficiency and effectiveness. Thus, the Commission undertook skills audit under training needs audit to identify and address existing. All these were undertaken to improve the Commission's human capital, which is a key pillar to the effective realization of the Commission's mandate. Further, in the year under review, the Commission supported staff for quality training both locally and abroad through an elaborate training blueprint for all staff.

In conclusion, I wish to thank the Commissioners, Management and Staff of the Commission for their continued dedication that facilitated the delivery of these impressive results. I extend our gratitude to the Government of Kenya, the Ministry of Interior and Coordination of National Government, the National Treasury and Development partners for their immense support to our work. I am confident that the Commission has remained and will continue to be focused to its vision of a just and equitable society living in peace, unity and dignity.



SKITTER W. OCHARO, PHD. HSC

COMMISSION SECRETARY/ CHIEF EXECUTIVE OFFICER



6. STATEMENT OF NATIONAL COHESION AND INTEGRATION COMMISSION PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

The National Cohesion and Integration Commission has four strategic Key Result Areas (KRAs) and 12 objectives within the current Strategic Plan for the FY 2020- FY 2021. These strategic Key Result Areas are as follows:

KRA 1: Elimination of ethnic discrimination in public institutions

KRA 2: Peaceful Co-existence between and among ethnic communities

KRA 3: Reduction of hate speech, ethnic contempt and ethnic based political Violence

KRA 4: Organisation capacity strengthening

The Commission develops its annual work plans based on the above four KRAs. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Commission achieved its performance targets set for the FY 2020/2021 period for its four KRAs, as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
KRA 1: Elimination of ethnic discrimination in public institutions	Improve inclusivity in public employment opportunities	Number of audits undertaken	Develop Guidelines on Equity Employment Plan for Counties Conduct ethnic audits in public institutions	Ethnic audits conducted and data validated in 28 Counties Improved compliance with the CGA Act and appreciation of diversity and inclusivity
	Increase public understanding and practice of non-discrimination	Number of forums conducted	Awareness creation and trainings on peace, cohesion and national values for youth. Women, elders, political actors and the general public	30 trainings and sensitization forums conducted in 30 Counties reaching 7,065 people



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KRA 2: Peaceful Co-existence between and among ethnic communities	Strengthen EWER on conflict and violence prevention	Number of EWER systems identified and strengthened	Create and strengthen Early Warning and Early Response (EWER) systems	EWER baseline mapping conducted in 6 Counties (<i>Narok, Nandi, Kakamega, Mombasa, Nairobi and Nairobi</i>) to assess the existing EWER mechanisms
	To mitigate and resolve violent conflicts,	Number of dialogues/ mediation forums conducted	Facilitate intra and inter community dialogues/mediation to resolve conflicts and violence	11 peace dialogue and reconciliation forums conducted in 11 Counties targeting Elders, youth, women and political leaders. 8 WhatsApp platforms for peace and security stakeholders established to coordinate early warning and early response.
	To increase knowledge appreciation and embracing of diversity of race religion and culture	Number of stakeholder engagements conducted	Foster partnerships with key stakeholders to disseminate messages on non-discrimination and inclusivity	2 peace actors forums reaching 65 peace actors and stakeholders to strengthen coordination and linkages conducted and resolutions and strategies to promote peace passed
KRA 3: Reduction of hate speech, ethnic contempt and ethnic based political Violence	To reduce incidences of hate speech in public spaces	% of complaints processed and feedback given	Receive and process complaints	13 cases on hate speech and ethnic contempt are on-going in Court 1 Guideline on Faming and Shaming perpetrators of hate speech and ethnic contempt developed



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		% of cases investigated and forwarded from social and print media	Monitor incidences of hate speech on social and print media	74 hate speech and ethnic contempt incidences flagged and are under forensic analysis. 24 forwarded for investigations
		Number of officers trained on investigation and prosecution of hate speech	Capacity building for officers from National police Service and Director of Public Prosecution	364 security officers/investigators from 2 counties of Kisumu and Nyeri trained on hate speech management
	To reduce incidences of ethnic-based violence during political processes	Number of conflict scans and scenario building sessions conducted	Prevent ethnic political violence	Rapid Conflict Assessments to establish conflict dynamics and drivers. Conducted in 13 Counties (<i>Narok, Nakuru, Kisumu, Kakamega, Nandi, Trans Nzoia, Uasin Gishu, Machakos, Mombasa, Kilifi, Kiambu, Nyeri and Nairobi</i>)
KRA 4: Organisation capacity strengthening	Enhance efficient, effective and quality services delivery	Number of Service Charters reviewed	Review Service Delivery Charter Develop the Commission Charter	NCIC Service Delivery Charter translated into Swahili and braille and operationalised. Commission Charter developed and operationalised Enhanced performance and service delivery
		Number of partnerships established	Establish collaborative partnerships	4 MoUs developed and signed with University of Nairobi, Tangaza University.

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				Kenyatta University and NACADA
	Improve visibility and perception of NCIC image and reputation	Number of policies developed	Develop strategic plan 2020-2025 Develop a roadmap to Peaceful elections Develop a communication strategy	NCIC Strategic Plan 2020-2025 developed, printed launched and disseminated. A Roadmap To Peaceful Elections developed, launched and disseminated Communication Strategy developed Targeted media campaigns in 12 media houses and social media platforms conducted reaching 127,000 social media users and 5 million viewers. 7 types (brochures, wrist bands, banners, leaflets, T-Shirts, lessos and caps) of IEC materials totalling 15,500 developed and disseminated
		Types of IEC materials produced and disseminated	Produce and disseminate branded IEC materials on peace and cohesion	
	Enhance capacity and productivity at the workplace.	Training needs assessments reports developed	Undertake training needs assessments	Training needs assessment for staff undertaken and recommendations adopted
		Number of staff	Training of staff on required	7 Commissioners and 1 CEO trained



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		Trained	capacity areas	on peace and reconciliation 7 Commissioners and the CEO trained on Mwongozo code 3 Commissioners and the CEO trained on Public Financial Management 2 Officers trained on Ethics and Leadership 15 Officers trained on Job Evaluation 15 Officers trained on Leadership and Conflict Management Skills
		Number of officers recruited	Recruit qualified and competent staff	2 officers recruited
		Procurement plan developed and utilised	Develop annual procurement plans	Annual procurement plan developed and implemented



7. CORPORATE GOVERNANCE STATEMENT

The National Cohesion and Integration Commission is a statutory Commission with a Chairman and seven (7) full time members as its top governing organ. These Commissioners are recruited competitively by a panel appointed by the Public Service Commission which nominates the chair and seven members. The nominees are forwarded to the National Assembly for vetting upon which they are submitted to the President for appointment. The process of removal of a Commissioner of NCIC is as provided by the Constitution of Kenya 2010 the Chapter on Independent Commissions and Offices. Currently there are seven (7) Commissioners as one (1) who also served as the vice chair died by natural attrition.

Roles and functions of Commissioners

The roles of the Commissioners of the National Cohesion and Integration Commission are to lead in formulating policy and directions in adherence to the functions that are laid down in the NCI Act 2008, inter alia the chairing of the Committees and Sub Committees of the Commission, budget consideration and approval, considering performance reports of the various Departments and giving visibility and representation of the Commission with external stakeholders.

Induction and training of the Commissioners and its Committees

The Commissioners and Committees receive induction and orientation after their appointment on the key areas of Commission governance which include;

- i) Program focus and thematic areas mainstreaming;
- ii) The Strategic Plan implementation and monitoring;
- iii) Budget allocation and oversight procedures;
- iv) Considering external and internal audit reports and findings and follow-up.

A training needs assessment and skills gap has also been conducted on the team and same is being addressed in intervals as per budgetary allocations. So far Commissioners have received training on:



1. Principles and Practice of Corporate Governance: Conduct of Board Affairs under Mwongozo Code,
2. Values, Ethics and Integrity in the Public Service: Principles, Standards and Best Practice
3. Harnessing Human Resource for Peak Performance
4. Budgeting, Resource Mobilization and Investment
5. Public Procurement and Asset Disposal Framework
6. Internal and External Accountability: Audit and Risk Management; Financial Reporting
7. Protective Security in State Corporations
8. Oversight of State Corporations: Role of Inspector General State Corporations, Appeals Tribunal, Legal Compliance and Emerging Trends
9. Alignment of Board Agenda to National and Global Strategic Goals
10. Board Performance Evaluation
11. Branding, Communication and Reporting in Board

Existence of a Commission Charter

There is in place a Commission Charter that defines service delivery by the Commission and its officers both to the external as well as internal stakeholders. It outlines the several services provided at the Commission, the time frame within which such service will be reasonably rendered as well as feedback mechanism for processing of complaints and compliments from the stakeholders.

Number of Commission meetings held for the Financial Year 2020 / 2021

NO.	Organ of Commission	No. of Meetings
1	Full Commission Meetings	9
2	Finance & Administration Committee Meetings	4
3	Legal Complaint and Investigations Committee	4
4	Civic Education and Advocacy Committee	4
5	Research, Policy and Planning Committee	4
6	Peacebuilding & Reconciliation Committee	4
7	Audit Committee	0



Attendance to meetings by members

NCIC Commissioners serve on a full time basis. none of the Commissioners missed more than three consecutive meetings in the period under review. The Commissioners were members of the above Committees before the implementation of the new Organizational structure that streamlined NCIC operations.

Commission and Member performance

The Commission's performance rating is pegged on several programs, activities, events, engagements etc it has implemented, initiated and participated in. These are reported in depth and length elsewhere in this report. The individual members of the Commission are either chairs or members of the several committees of the Commission. A Commissioner may sit in a Committee as a chair or as a committee member. The Secretariat is headed by the CEO who is also the Commission Secretary. The Commission is organized along directorates, departments and divisions.

An independent audit Committee has now been fully constituted in accordance with the audit committee guidelines issued by the National Treasury though this has happened way after the financial year of reporting ended.

Conflict of Interest Management

In every business of the Commission, its Committees and sub-committees before any proceedings are tabled and deliberated all members are invited to look at the agenda items and express themselves on whether they have any personal interest in the items for discussion. Such declaration of interest or lack of the same is recorded in a register called the '**declaration of interest register**' as is kept by the Secretary of the Commission, Committees, or Sub-Committee. This process is observed with strict adherence to best corporate governance practice without fail.

Commissioners Remuneration

The Commissioners of the NCIC are State Officers thus their emoluments are processed and paid by the National Treasury. During full Commission sittings as well as Committee Meetings except for



the Audit and Risk committee members, Commissioners and Members do not receive any sitting allowances.

The exception with members of the Audit and Risk Committee is that two of them are independent persons competitively recruited with one Commission Representative and one National Treasury Representative. These are paid sitting allowances in accordance with the SRC set rates for Audit Committees.

Ethics, Conduct and Governance Audit procedure

The Commissioners and Officers of the NCIC are all guided by the public service values and ethics of openness, transparency, accountability, professionalism, objectivity, impartiality and integrity. The Commission undertakes regular governance audits as conducted by the Internal Audit Department which is headed by a Certified Public Accountant.

Succession Planning at the Commission

The NCI Act 2008 as amended provides that the term of the current Commissioners will be for six (6) years. The current Commissioners were appointed in November 2019. The term of the current Commissioners therefore will end in October 2025. A vacancy of a member of the Commission has occurred following the demise of one Commissioner the late Mrs Fatuma Tabwara in December, 2019. It is therefore upon the Public Service Commission to initiate the process of filling up this position in accordance with the NCI Act 2008 as amended.

8. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and financial performance

During the period under review, the Commission successfully implemented strategic interventions as envisioned in the Roadmap to Peaceful Elections and the Strategic Plan 2020-2025. The key interventions were also informed by the Commission's statutory mandate of promoting national unity, and elimination of all forms of ethnic discrimination by facilitating equality of opportunities, peaceful resolution of conflicts and respect for diversity among Kenya communities.

In support towards the Government's long-term development goals, the Commission has continuously undertaken conflict resolution, sensitization and capacity building programmes, promoting early warning and early response mechanisms and rapid conflict analysis to inform strategies aimed at averting conflicts. In addition, the Commission has been promoting inclusivity in employment and resource allocation in public institutions. In order to address hate speech and ethnic contempt, the Commission receives and processes complaints while undertaking investigations and recommending for prosecution individuals violating provisions of the NCI Act 2008.

In particular, the Commission strengthened peacebuilding, national values and cultural systems in institutions of learning on conflict resolution and peaceful co-existence; influenced the Cohesion and Integration Agenda in Public Institutions raising the bar of accountability and inclusion of minority communities and recruitment in the public institutions; enhanced inter and intra communal relations through peace dialogue and reconciliation processes for conflicting communities leading to the signing of 25 permanent peace agreements and de-escalating inter and intra community conflicts; enhance the capacity of communities and other stakeholders on Alternative Dispute Resolution Mechanisms (ADRM); Promoted compliance through enforcement on hate speech and ethnic contempt significantly reducing perpetration of hate speech and ethnic incitement through deterrence, litigation and conciliation efforts; The Commission investigated over 3,000 cases on hate speech and ethnic contempt and recommended Prosecution; Sensitized, trained and build the capacity of over 20,000 youth, women, PWDS and elders; strengthened Early Warning and Early Response Mechanisms through mapping and enhancing coordination of peace actors; increased generation of knowledge on cohesion issues through research providing empirical data on challenges to national cohesion and providing policy recommendations. To implement the key



initiatives the Commission utilised funds received from the Government of Kenya amounting to Kshs 550million and funds from funding partners amounting to Kshs31 million

Compliance with Statutory Requirements

During the period under review, the Commission complied with all its statutory obligations in the implementation of its mandate.

Major Risks facing the Commission

The Commission has put in place a risk management framework aimed at identifying and mitigating risks. Further, the Commission has mainstreamed risk management in the entire cycle of all its operations, which includes conceptualisation, planning, implementation and evaluation. The Commission has identified the following as key risks to its operations;

- **Strategic Risks-** These risks affect realisation of the long term goals and objectives of the commission and include; unresolved and intractable conflicts, weak NCI Act and limited political goodwill.
- **Financial Risks-** These risks include inadequate funding that have inhibited full operations especially in responding to programme needs.
- **Organisational Risks-** these risks include those associated effective processes, systems and compliance.
- **Technological Risks-** These risks include rapid changes and evolvement of technology including weak cyber security regulation that have increased perpetration of hatespeech, incitement and cybercrime.
- **Operational Risks-** This risk involves inability to provide the core services especially to the clientele (public) resulting from inadequate internal processes, resources, limited county presence and pandemics such as COVID-19 that have affected the Commissions operations and service delivery
- **Legal Risks-** This risk involves compliance, regulatory aspects and policy and legal matters, which may affect the organisation in the course of its operations. The Petition No.284 of 2019 as consolidated with petition No. 353 of 2019, which involves the Senate against the National Assembly with regard to legislative functions. Between 2017 and 2019, the National Assembly passed 23 Acts of Parliament without involving the Senate. One of those Acts of Parliament is the NCI Amendment Act 2019. The Court declared that all the Acts

passed by the National Assembly are a contravention of the Constitution and are null and void. The Speaker of the National Assembly appealed, however if the appeal is not successful all appointments and decisions made by the Commission after the amendment shall become void.

Review of the Sector

The security, peacebuilding and conflict resolution sector under which the Commission operates has over time experienced increased illegal small arms and weapons, increased crime rates, conflicts among and within communities. This is compounded by Kenya's proximity to countries with porous borders and have experienced protracted civil wars. Terrorism remains a big threat to peace and security to-date and has led to recruitment of vulnerable Kenyan youths, divisions along ethnic and religious lines, and radicalisation.

Climate change have negatively disrupted and affected the livelihoods as evidenced in prolonged drought leading to social tensions and violent conflicts among pastoralist communities. Cybersecurity is a new front where online hate is being perpetrated leading to racial, religious intolerance and social disintegration. Growing unemployment and inequality has increased the gap between the rich, poor, and social unrest impacting negatively on peace and security efforts.

Currently, the sector faces a myriad of challenges that continue to threaten security, peace, cohesion and the integration agenda. Some of them include inequitable distribution of resources, ethnic antagonism and divisive political competition, insecurity, land and boundary disputes, rising radicalization and violent extremism incidences, corruption, as well as political intolerance. In particular, intra and inter-ethnic conflicts, hate speech and ethnic contempt have permeated both the public and private spheres. Social media provides a new platform for expressing hate, extremist messaging and recruitment into violent groups. Intra and inter-communal violence have materialized between different ethnic groups and sub-clans in competition for resources and opportunities at the county level.



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Commission exists to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of the different ethnic and racial communities. The Commission in its clarion call of “*One Nation, One People One Destiny*” rallies all Kenyans towards promoting peace, cohesion and the integration agenda. In all its initiatives, the Commission endeavours to inculcate a culture of peace, appreciation of diversity for national unity and sustainable development. Below is an outline of the organisation’s policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Commission continuously strives to promote sustainability in respect to human, social, economic, and environmental fronts. The Commission has reinforced the importance of human sustainability by investing in the Kenyan citizenry through programmes that promote appreciation and respect for diversity, which enhances understanding and co-existence. The Commission promotes social sustainability by building relationships between and among communities with an aim of enhancing harmony. The Commission has progressively endeavoured to embrace and support sustainability best practices by promoting dialogue, reconciliation among communities as well as embracing diversity and non-discrimination.

ii) Environmental performance

The Commission in its operations have embraced efforts geared towards environmental sustainability through economic and prevention strategies. To this end the Commission has adopted environmental friendly technology and equipment for instance printers that enable printing back to back in addition to encouraging staff to use electronic documents which have resulted in reduction of carbon footprints. The Commission has also invested in a fleet of vehicles that are efficient. Eco-friendly and low on carbon emissions. All these efforts are aimed at promoting environmental management practices and procedures that are sustainable.

iii) Employee welfare

The Commission is guided by the Constitution of Kenya 2010 that stipulates that not more than one third of employees should be from the same gender. The Commission has been keen to ensure that is upheld at all levels in the Commission. The Commission ensures this by ensuring that the one third rule is observed in shortlisting and in appointment of the interview committee.

The Commission has developed career progression guidelines that provide for career growth for different careers among staff members. This will ensure that employees do not stagnate in the career but over time get the additional qualifications needed to help them move up the career ladder. The Commission is currently developing a performance management system that will stipulate rewards and sanctions to be accorded to staff members according to the ratings scored during performance appraisal.

The Commission is housed in a building fitted with smoke detectors, a fire sprinkler system, strategically placed fire extinguishers and properly marked emergency exits. There is also a specialised evacuation holding for people with disability that will ensure easy access for emergency rescue. The washrooms for people with disability are also fitted with an easily accessed nurse call point for emergency call. The lift lobbies in the Commission are pressured so that in the event of fire, the fire does not get in the core of the building. The fire alarm is connected to the access control system so that in the event of an emergency the access system is disabled for quick evacuation.

During the Covid 19 Pandemic the Commission facilitated employees to work from home and on resumption of physical office attendance the Ministry of Health protocols and regulations are followed by ensuring social distancing, provision of sanitizers and face masks.

iv) Market place practices-

The Commission has made an effort to ensure:

a) Responsible Supply chain and supplier relations



Our suppliers are experts in the wide range of goods and services we require to help the commission in achieving its objectives. By working with them, we not only deliver services to the public responsibly, but improve our collective impact, ensuring sustainable supply chains, reducing our environmental impact and making positive contributions to society.

v) Corporate Social Responsibility / Community Engagements

In the spirit of the Commissions clarion call of “One Nation One People One Nation “ the Commission undertook impactful Corporate Social Responsibility (CSR) initiatives reaching out to the public and enhance its brand visibility. These initiatives include sports for peace tournaments, environmental care such as tree planting, school clinics to inculcate peace and cohesion among the youth, and sponsorship of awards and cultural events at community and institutional level.

During the period under review, the Commission supported football for peace tournaments targeting vulnerable youths in Nairobi- Kibra, Kwale and Mombasa Counties, donated branded football kits including footballs, jerseys and trophies, and reached out to 240 youth.

The Commission also sponsored the National Diversity and Inclusion Awards and Recognition (DIAR), which is an annual programme that recognises champions of diversity and inclusion in Kenya with an aim of promoting patriotism, respect and appreciation of cultural and ethnic diversity for sustainable peace and cohesion.

The Commission has institutionalised an elaborate internship programme aimed at offering on the job learning and training opportunities for graduates. During the period under review the internship programme benefitted a total of 19 graduates (7 male and 12 females) drawn from 12 Counties across the Country.

10. REPORT OF THE COMMISSIONERS

The Commissioners submit their report together with the audited financial statements for the year ended June 30, 2021, which show the state of the Commission's affairs.

i) Principal activities

The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

ii) Results

The results of the entity for the year ended June 30, 2021, are set out on page 1 - 5

iii) Commissioners


The Commissioners who served during the year are shown on pages v - xi.

iv) Auditors

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

By Order of the Commission

Skitter W. Ocharo, Ph.D, HSC
CEO/ Commission Secretary



Signature

29/09/21
Date



11. STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2015 and section 14 of the *State Corporations Act*, require the Commissioners to prepare financial statements in respect of that Commission, which give a true and fair view of the state of affairs of the Commission at the end of the financial year/period and the operating results of the Commission for that year/period. The Commissioners are also required to ensure that the Commission keeps proper accounting records which disclose with reasonable accuracy the financial position of the Commission. The Commissioners are also responsible for safeguarding the assets of the Commission.

The Commissioners are responsible for the preparation and presentation of the Commission's financial statements, which give a true and fair view of the state of affairs of the Commission for and as at the end of the financial year (period) ended on June 30, 2021. 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 Commission; (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 Commission; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Commissioners accept responsibility for the Commission'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 and the State Corporations Act. The Commissioners are of the opinion that the Commission's financial statements give a true and fair view of the state of Commission's transactions during the financial year ended June 30, 2020, and of the Commission's financial position as at that date. The Commissioners further confirm the completeness of the accounting records maintained for the Commission, which have been relied upon in the preparation of the Commission's financial statements as well as the adequacy of the systems of internal financial control.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL COHESION AND INTEGRATION COMMISSION FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of the National Cohesion and Integration Commission set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2021 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 the National Cohesion and Integration Commission as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion on whether, in all material respects, 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, in accordance with the provisions of Article 229(6) of the Constitution, and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Commission's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Commission to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Commission to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


22 April, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021


	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other government entities	5	450,140,000	382,050,250
Public contributions and donations	6	130,850,701	-
Total revenue		580,990,701	382,050,250
Expenses			
Employee costs	8	180,815,999	174,015,830
Depreciation and amortization expense	9	29,785,467	22,139,229
Repairs and maintenance	10	29,023,618	17,814,352
General Expenses	7	262,736,687	142,142,932
Total expenses		502,361,770	356,112,343
Other gains(losses)			
Surplus/(deficit) for the period/year		78,628,931	25,937,907

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commission by:


Commission Chairman
Rev. Dr. Samuel Kobia CBS

29th September, 2021


Commission Secretary
Skitter W. Ocharo, PhD, HSC

29th September, 2021


Director Finance
Harrison Kariuki
ICPAK M No.19779
29th September, 2021

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14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	12	64,013,363	116,146,001
Receivables from non-exchange transactions	13	124,584,282	19,193,886
Total current assets		188,597,646	135,339,887
Non-current assets			
Property, plant and equipment	14	144,635,205	79,965,371
Intangible assets	15	2,295,177	3,442,593
Total non-current assets		146,930,382	83,407,964
Total Assets		335,528,028	218,747,852
Liabilities			
Current Liabilities	16	81,745,588	44,638,342
Non-Current Liabilities	16(b)	5,676,000	4,632,000
Total Liabilities		87,421,588	49,270,342
Equity and Reserves			
Accumulated surplus		239,259,440	160,630,510
Capital Fund		8,847,000	8,847,000
Total Equity and Reserves		248,106,440	169,477,510
Total Equity and Reserves		335,528,028	218,747,852


The Financial Statements set out on pages 1 to 5 were signed on behalf of the Commissioners by:


Commission Chairman
Rev. Dr. Samuel Kobia CBS

29th September, 2021


Commission Secretary
Skitter W. Ocharo, PhD, HSC

29th September, 2021


Director Finance
Harrison Kariuki
ICPAK M No.19779
29th September, 2021

15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021


	Capital Fund	Retained Earnings	Total
At July 1, 2018	8,847,000	143,653,821	152,500,821
Total comprehensive deficit for the period	-	(8,961,218)	(8,961,218)
At June 30, 2019	8,847,000	134,692,603	143,539,603
Total comprehensive surplus for the period	-	25,937,907	25,937,907
At June 30, 2020	8,847,000	160,630,510	169,477,510
Total comprehensive surplus for the period	-	78,628,931	78,628,931
At June 30, 2021	8,847,000	239,259,440	248,106,440




16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Surplus for the Period		78,628,931	25,937,907
Adjustments For			
Depreciation	9	29,785,467	22,139,229
Loss on Disposal	11	20,435,271	
Operating surplus before working capital changes		128,849,669	48,077,136
Increase in trade and other receivables		(105,390,396)	(3,594,168)
Increase in trade and other payables		38,151,245	42,568,958
Net cash flows from operating activities		61,610,518	87,051,926
Cash flows from investing activities			
Purchase of property, plant, equipment	14	(118,564,156)	(14,803,480)
Purchase of intangible assets		-	(4,856,340)
Proceeds from disposal	11	4,821,000	-
Net cash flows used in investing activities		(113,743,156)	(19,659,820)
Net increase / (decrease) in cash and cash equivalents		(52,132,638)	67,293,606
Cash and cash equivalents at 1 July 2020		116,146,001	48,753,895
Cash and cash equivalents at 30 June 2021		64,013,363	116,146,001

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:


Commission Chairman
Rev. Dr. Samuel Kobia CBS


Commission Secretary
Skitter W. Ocharo, PhD, HSC


Director Finance
Harrison Kariuki

ICPAK M No.19779
29th September, 2021

29th September, 2021

29th September, 2021



17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2020-20201	2020-20201	2020-20201	2020-20201	2020-20201
Revenue	Kshs	Kshs	Kshs	Kshs	%
Transfers from other government entities	350,140,000	100,000,000	450,140,000	450,140,000	-
Public contributions and donations	30,850,701	100,000,000	130,850,701	130,850,701	-
Total income	380,990,701	200,000,000	580,990,701	382,050,250	-
Expenses					
Compensation of employees	197,270,000	-	197,270,000	180,815,999	8.3
Rent paid	40,560,000	-	40,560,000	43,920,352	(8.3)
Repairs and Maintenance	25,000,000	-	25,000,000	29,023,618	(16.1)
Other expenses	118,160,701	200,000,000	318,160,701	248,601,802	21.86
Total expenditure	380,990,701	200,000,000	580,990,701	502,361,770	13.53
Surplus for the period	-	-	-	78,628,931	

Budget note

- The increase in other expenses is attributed to the donation of Ksh 100million from the Ministry of Interior and coordination of National Government that was received in the second quarter, to boost the critically underfunded areas
- Increase in repairs and maintenance was occasioned by the dilapidated state of the Commission's vehicles. Further, the Commissioned did an overhaul of two gear boxes and an engine.



18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Commission is a statutory body established under the National Cohesion and Integration Act (Act No. 12 of 2008). The Commission is an independent Commission and is domiciled in Kenya. The principal activities of the Commission are to facilitate and promote equality of opportunity, good relations, harmony and peaceful co-existence between persons of different ethnic and racial communities of Kenya, and to advise the Government on all aspects thereof.

2. Statement of Compliance and Basis of Preparation

The Commission's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the indirect method.

The financial statements are prepared on accrual basis.

The financial statements have been prepared in accordance with the PFM Act, the National Cohesion and Integration Act (Act No. 12 of 2008) and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

The Commission did not adopt any new or amended standards in year ended June 2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i. Revenue from non-exchange transactions

Public Contributions and Donations

The Commission recognizes grants from development partners as and when received from such organizations. The Memoranda of understanding clearly stipulates the nature of agreement and how the monies are to be utilized.

ii. Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 5 of these financial statements.

c) Property, plant and equipment

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

Full year depreciation is charged in the year of purchase and none in the year of disposal. Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates.

	<u>Rate - %</u>
Motor vehicles	25
Furniture & Fittings	12.5
Computers, copiers & faxes	33.33%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) 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. . Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life at an annual rate of 33.3%. The useful life of the intangible assets is assessed as either finite or indefinite.

e) Inventories

The Commission's stock is in the form of low cost consumables which were expensed at the point of purchase hence there is no reflection of closing inventory in the financial statements.

f) Provisions

Provisions are recognized when the Commission 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 Commission 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.

g) Employee benefits

Retirement benefit plans

The Commission provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The NCIC Staff Pension Scheme was established under irrevocable trust. It commenced on 1 July 2012 and is governed by Trust Deed and Rules. Employees who are the members contribute to the scheme at the rate of **7.5%** of their basic salary while the employer, also Founder, contributes at the rate of **15%** of the Member's basic salary. In addition, members are allowed to make additional voluntary contributions.

The Pension Scheme is run by the Board of Trustees (BOT) who have subcontracted KCB as the custodians, Pacific Insurance Brokers (EA) Ltd as the Administrators and ICEA Lion as the Fund Managers. These service providers are registered by the relevant regulators. The Retirement Benefit Authority is the apex oversight body but the BOT has contracted VC Karani and Associates CPAs as its auditors and holds Quarterly meetings where performance of the scheme is reported.

h) Related parties

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 8 full time commissioners. The Commissioners are charged with policy formulation and direction while the key management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

i) 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 various commercial banks at the end of the financial year.

j) Accounts payables

The Commission in line with PFM Regulations recognizes that at the beginning of the year, creditors hold first charge in the budget

k) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

l) 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, 2021.

m) Provisions

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	450,140,000	382,050,250
Total government grants and subsidies	450,140,000	382,050,250

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total transfers 2020/21 KShs	Prior year 2019/2020 KShs
Ministry of Interior and Coordination of National Government	450,140,000	-	-	450,140,000	382,050,250
Total	450,140,000	-	-	450,140,000	382,050,250

6. Public Contributions and Donations

Description	2020-2021	2019-2020
	KShs	KShs
Transfers from development partners	30,850,701	-
Donation from GOK	100,000,000	-
Total transfers and sponsorships	130,850,701	



NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. General Expenses

Description	2020-2021	2019-2020
	Kshs	KShs
Advertising, Printing, Information supplies	10,793,951	3,169,305
Audit fees	1,044,000	1,044,000
Bank charges	678,231	509,868
Hospitality & Conferences	18,553,554	8,980,521
Confidential expenditure	30,000,000	-
Contracted guards and cleaning services	3,649,808	3,472,197
Contracted professional services	4,272,980	907,000
Domestic travel and subsistence	66,218,795	37,751,899
Electricity	512,140	1,160,805
Foreign travel and subsistence	10,072,174	4,804,225
Fuel and oil	6,247,832	6,729,035
Hire charges	5,614,674	-
Insurance	25,195,050	13,106,342
Internet connectivity	1,173,000	1,738,187
Loss on Disposal	20,435,271	-
Membership fees, dues, subscriptions	792,572	785,385
Parking charges	-	3,150
Postage	295,515	67,835
Office and general supplies	8,008,485	13,191,889
Project sponsorships	725,000	1,921,853
Rental	43,920,352	38,144,939
Telecommunication	2,885,424	1,789,367
Training	1,647,878	2,865,129
Total general expenses	262,736,687	142,142,932

The Ksh 43,920,352 under Rent above was paid to KMA and Britam Towers LLP in the year under review as Ksh 24,857,879 and Ksh 19,062,472 respectively.

Insurance costs in the year under review increased as a result of adding new staff and dependants to the cover as well as additional benefits to the staff including a COVID cover

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	168,736,892	161,882,696
Employer contribution to pension schemes and medical aids	12,045,507	11,596,400
Contributions to Medical aids	33,600	536,734
Employee costs	180,815,989	174,015,830

9. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	28,638,051	20,418,191
Intangible assets	1,147,416	1,721,038
Total depreciation and amortization	29,785,467	22,139,229

10. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Vehicles	24,693,657	10,300,496
Furniture and fittings	1,021,333	5,670,954
Computers and accessories	3,308,628	1,842,902
Total repairs and maintenance	29,023,618	17,814,352

11. Gain (Loss) on disposal of Assets

Description	2020-2021	2019-2020
	KShs	KShs
Cost of Asset		-
Net book value	24,006,462	-
Proceeds from sale	4,821,000	-
Total gain/ (loss) on disposal of assets	(20,435,271)	-

The Commission incurred a loss on disposal relating to donation of partitions, fittings and air conditioning equipment to the National Youth Service and a gain on disposal relating to four motor vehicles sold in the year under review vide a public tender.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	64,013,363	116,146,001
Total cash and cash equivalents	64,013,363	116,146,001

12 (a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank	11189199238	61,566,677	116,069,929
National Bank of Kenya	01020060864600	2,446,687	2,170
Standard Chartered Bank	0102815036400	-	73,902
Sub- total		64,013,363	116,146,001

13 Receivables from Non-Exchange Contracts

Description	2020-2021	2019-2020
		KShs
Current receivables		
Imprest		
GOK	6,936,882	3,138,550
SIDA	3,225,750	3,225,750
Total imprest	10,162,632	6,364,300
Staff advances	1,374,970	1,513,733
Bank Guarantee	1,700,000	1,700,000
Prepayments	11,346,681	8,920,853
Other receivables	100,000,000	695,000
Total current receivables	124,584,282	19,193,886

The Ksh 1,700,000 bank guarantee is a security for the credit line the Commission utilizes for the provision of Fuel by TotalEnergies Marketing Kenya PLC issued by the Commission's banker Kenya Commercial Bank Ltd



NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Property, Plant and Equipment

	Motor vehicles 25%	Furniture and fittings 12.5%	Computers 33.33%	Total
Cost	Shs	Shs	Shs	Shs
As at 1 July 2018	160,322,940	92,432,241	48,490,686	301,244,867
Additions during the year	-	6,522,050	2,109,400	8,631,450
As at 30 June 2019	160,322,940	98,954,291	50,600,086	309,877,317
Additions during the year	11,170,000	1,616,480	2,017,000	14,803,480
As at 30 June 2020	171,492,940	100,570,771	52,617,086	324,680,797
Additions during the year	7,913,000	108,311,160	2,339,996	118,564,156
Disposals	(16,645,317)	(66,497,265)	-	(83,142,581)
As at 30 June 2021	162,760,623	142,384,666	54,957,082	360,102,581
Depreciation and impairment				
As at 1 July 2018	122,526,351	47,319,269	32,522,995	202,368,615
Depreciation	9,449,148	6,454,378	6,025,094	21,928,620
As at 30 June 2019	131,975,499	53,773,647	38,548,089	224,297,235
Depreciation	9,879,360	5,849,641	4,689,190	20,418,191
As at 30 June 2020	141,854,859	59,623,288	43,237,279	244,715,426
Depreciation	9,075,318	15,656,523	3,906,210	28,638,051
Disposal	(15,395,508)	(42,490,802)	-	(57,886,3110)
As at 30 June 2021	135,534,669	32,789,008	47,143,489	215,467,167
Net book values				
At 30 June 2021	27,225,954	109,595,658	7,813,593	144,635,205
At 30 June 2020	29,638,081	40,947,483	9,379,807	79,965,371
At 30 June 2019	28,347,441	45,180,644	12,051,977	85,580,082

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Intangible Assets

Description	2020-2021	2019-2020
		KShs
Cost		
At beginning of the year	5,859,740	1,003,400
Additions	-	4,856,340
At end of the year	5,859,740	5,859,740
Amortization and impairment		
At beginning of the year	2,417,147	696,109
Amortization	1,147,416	1,721,038
At end of the year	3,564,563	2,417,147
NBV	2,295,177	3,442,593

16 Trade and Other Payables

a) Current Liabilities

Description	2020-2021	2019-2020
		KShs
OAG	1,044,000	1,044,000
Commissioner of domestic taxes	395,869	1,061,692
Life Insurance claims payable	-	39,200,000
Other creditors	80,305,719	3,332,650
Total current liabilities	81,745,588	44,638,342

b) Non- Current Liabilities

Description	2020-2021	2019-2020
		KShs
OAG	2,088,000	1,044,000
Life Insurance claims payable	3,588,000	3,588,000
Total current liabilities	5,676,000	4,632,000

17 Current Provisions

Description	Gratuity Provision		
	Kshs		
Balance b/d (1.07.2020)	-		
Additional Provisions	1,319,980		
Total provisions as at 30.6.2021	1,319,980		

18 Deferred Income

Description	2020-2021	2019-2020
	KShs	KShs
National government	100,000,000	-
International funders	-	-
Public contributions and donations	-	-
Total deferred income	100,000,000	-

The deferred income movement is as follows:

	National government
Balance brought forward	-
Additions	100,000,000
Transfers to Capital fund	-
Transfers to income statement	(100,000,000)
Other transfers	-
Balance carried forward	-

19. Financial Risk Management

(i) Credit Risk Management

Trade payables – these are denominated in Kenya Shillings and thus are payable at the agreed contractual price without earning any interest.

(ii) Employee Benefit Obligations

A retirement scheme of NCIC staff approved by RBA. The Commission has therefore transferred this obligation to a duly registered entity and is subject to oversight by auditors and scheme managers.

(iii) Liquidity Risk Management

The Commission has non-discretionary budget items that are fully funded by the GoK as allocated by the National Treasury and Parliament. These are Personnel Emoluments, Rent and Utilities. This therefore ensures the Commission is a going concern in the midterm.

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Programmatic activities are partly funded by GoK and development partners funding. NCIC has managed its bills and only commits purchase when there is a provision for it in the budget.

(iv) Market Risk

NCIC is not exposed to market risk.

(v) Capital Risk Management

To ensure the going concern principle at NCIC the National Treasury and National Assembly annually allocate funds for the smooth and predictable running of this Commission.

20. Related Party Disclosures

The Commission regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Commission's operating and financial decisions. The Commissioners and key management are considered as the Commission's related parties. The Commission has 8 full time commissioners. The Commissioners are charged with policy formulation and direction while the key management led by the Commission secretary (who is the CEO) are charged with the implementation and day-to-day running of the Commission.

i) Key management;

a) Key management compensation		
	2020-2021	2019-2020
Compensation to key management		
CEO/Commission Secretary	4,258,000	-
Director Finance, HR & Admin	3,038,067	
Director Programs & Technical Services	5,345,667	5,277,687
Ass. Director Communication & Knowledge Management	3,995,333	3,494,682
Ass. Director Civic Education & Advocacy	3,995,333	3,995,333
Ass. Director Research	3,995,333	3,995,333
Ass. Director Legal and Complaints	3,995,333	3,995,333
Ass. Director Peace Building & Reconciliation	3,995,433	3,995,433
Assistant Director Investigations	712,400	3,163,010
Ag. Director Finance	-	2,424,010
Total	33,330,898	31,170,793

21. Events after the Reporting Period

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

22. Ultimate And Holding Entity

The Commission is a Semi- Autonomous Government Agency under the Ministry of Interior and coordination of National Government. Its ultimate parent is the Government of Kenya.

23. Currency

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

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the Ministry of Interior and Coordination of National Government				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			87,535,000	2020/2021
			87,535,000	2020/2021
			87,535,000	2020/2021
			87,535,000	2020/2021
			100,000,000	2020/2021
		Total	450,140,000	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			13,147,600	2020/2021
			17,703,101	2020/2021
			100,000,000	2020/2021
		Total	130,850,701	

The above amounts have been communicated to and reconciled with the parent Ministry

Director Finance
National Cohesion and Integration
Commission

Sign



Head of Accounts
National Cohesion and Integration
Commission

Sign



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APPENDIX III: RECORDING OF 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	Where Recorded/recognized			Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	
Ministry of Interior and Coordination of National Government	12/08/2020	Recurrent	87,535,000	87,535,000	-	-	87,535,000
Ministry of Interior and Coordination of National Government	09/11/2020	Recurrent	87,535,000	87,535,000	-	-	87,535,000
Ministry of Interior and Coordination of National Government	09/02/2021	Recurrent	87,535,000	87,535,000	-	-	87,535,000
Ministry of Interior and Coordination of National Government	29/04/2021	Recurrent	87,535,000	87,535,000	-	-	87,535,000
Ministry of Interior and Coordination of National Government	05/07/2021	Recurrent	100,000,000	100,000,000		100,000,000	100,000,000

