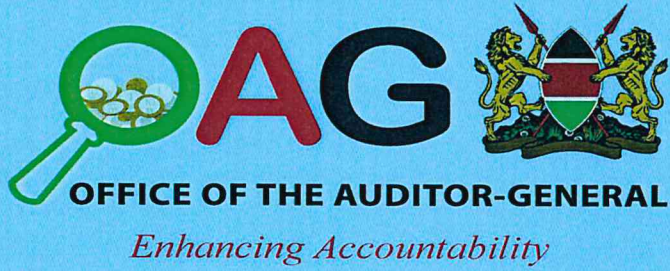


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA NATIONAL INNOVATION
AGENCY (KENIA)**

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



Kenya National Innovation Agency

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
REGISTRY
15 AUG 2022
RECEIVED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

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

Kenya National Innovation Agency
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1. KEY AGENCY INFORMATION AND MANAGEMENT

(a) Background information

The Kenya National Innovation Agency (KeNIA) is a State Corporation established under the Science, Technology and Innovation (STI) Act, No. 28 of 2013 under the Ministry of Education.

(b) Principal Activities

The core mandate of the Agency is to develop and manage the National Innovation System. The Agency is therefore responsible for co-ordination, promotion and regulation of the National Innovation Ecosystem

Our Strategic Priorities

Dissemination & Awareness Innovation takes places in all sectors and levels of society. There is need for coordinated innovation information sharing and dissemination. KeNIA endeavours to keep stakeholders informed and updated on the state and development of our national innovation system. Using a variety of tools and techniques, KeNIA collaboratively harvests and analyzes relevant data and organizes it for dissemination through appropriate channels. By enhancing awareness, KeNIA hopes to inspire more people to get more involved in transforming the nation through innovation.

Capacity Development Innovative mindsets and skills are necessary to spar creation of products and services that are truly problem based and have the potential to impact society. KeNIA is anchored at the Ministry of Education giving access to all academic institutions who are very core to capacity building. KeNIA strives to cause the creation of science and innovation parks, centers of excellence in priority sectors; support the inculcation of relevant skills such as human centered design, design thinking, problem based learning, intellectual property management, innovation leadership, 21st century skills, value proposition development, business modeling among others, to the broader community in the country. KeNIA is working to strengthen both the institutional capacity of the agency and the broader ecosystem. The agency is working to grow capacity of competent persons to support the implementation of the agency.

Commercialization Commercialization is a necessary step for business success of start-up ventures or public and private research efforts. KeNIA works with academic institutions among other partners to improve the level of uptake and commercialization of intellectually protected

products and services. Initiatives include enhancing awareness of the commercialization processes; strengthening operational linkages among the academia, industry and government; organizing forums for exchange of knowledge and experiences; supporting with legal frameworks and the infrastructure to enhance innovation, incubation and commercialization. This priority area requires working very closely with institutions of higher learning, research centers, private sector including manufacturing companies, development partners and the international community.

Policies & Legal Frameworks KeNIA works with a variety of stakeholders to ensure the inclusion of science, technology and innovation in the country's programs and policies at all levels. KeNIA is also mandated to coordinate the implementation of national innovation and commercialization policy. As a mechanism of encouragement and motivation, KeNIA establishes and maintains a variety of award systems for novel innovations subject to prescribed conditions. Working closely with the National Council of Science, Technology, and Innovation (ST&I) and other partners, the agency works to build policies and frameworks that would spur the advancement of research to commercialization and enterprise development

Partnerships & Linkages

KeNIA strives to institutionalize linkages between universities, research institutions, the private sector, the government, and other actors. In collaboration with various partners, KeNIA is establishing a database of innovations, investors, institutions, innovators, enablers among others relevant elements of the ecosystem. KeNIA supports the establishment and maintenance of strategic international and regional innovation cooperation platforms that would foster the sharing of information and expertise between institutions. Further, KeNIA is mandated to identify and establish innovation think tanks to support the growth of the national innovation system.

Funding KeNIA recommends the provision of financial and any other assistance to any person or institution, for the purpose of enabling that person or institution to develop technological innovations. Working with other enablers, KeNIA aims to nurture innovative ideas from individuals, training institutions, the private sector, and similar institutions. Other forms of support include facilitation of applications for grants, development of strategies for resource mobilization for strategic innovation programs, and the development of schemes to fund and support innovation platforms and programs

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(c) Key Management

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

- Board of Directors
- Chief Executive Officer
- Management

(d) Fiduciary Management

The management and day to day operations of KENIA is under the CEO who is supported by officers deployed from the State Department of University Education and Research, comprising of comprising of, Technical officer, finance officer, accountant, Supply Chain Management officer and support staff.

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.	Chief Executive Officer	Dr Tonny Omwansa
2.	Accountant	Bernard Were
3.	Finance officer	Benjamin Kapsir
4.	Supply Chain management Officer	Paul Kiriinya
5.	Human Resource Officer	Kenneth Ijimba
6.	Technical Officer	Dr Gatama Gichini

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(e) Fiduciary Oversight Arrangements

No.	Designation	Name
1.	Chairman of the Board	Prof. Reuben Omwega Marwanga
2.	Chairman, Finance & Administration Committee & Board Member	Prof. Linus Muthuri Gitonga
3.	Chairman, Technical Committee & Board Member	Prof. Simeon Kipkoech Mining
4.	Chairperson, Audit & Risk Management Committee & Board Member	Dr. Rosemary Akunghu Emongor
5.	Board Member	Prof. Samuel Gudu
6.	Board Member	Prof. Esther Wangui Muchira Tirima
7.	Board Member	Dr. Stephen Karimi (Replaced by Prof. Walter Oyawa in March 2021)
8.	Board Member	Dr. Jemimah G. Onsare
9.	Board Member	Dr. Gideon Kivengea
10.	CEO & Secretary to the Board	Dr. Tonny Omwansa

(f) Headquarters

KENIA Headquarters
P.O Box 22269-00100
Ground Floor, NACOSTI Building
Off Waiyaki Way
Nairobi- Kenya

(g) KeNIA Contacts

Telephone: +254-792 446 976
E-mail: info@innovationagency.go.ke
Website: <https://www.innovationagency.go.ke>

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(h) KeNIA Bankers

Kenya Commercial Bank
Kipande House Branch
P.O. Box 48400-00100
Nairobi-Kenya

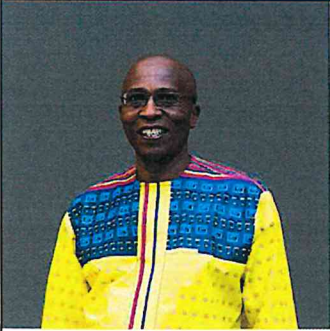
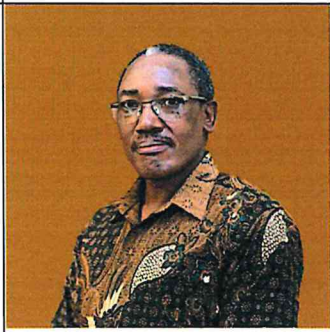
(i) Independent Auditors

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

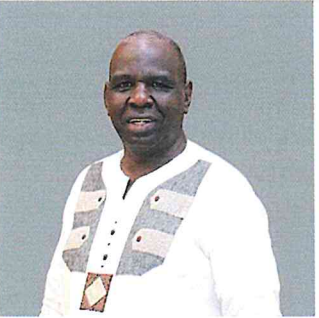


(j) Principal Legal Adviser

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



2. THE BOARD OF DIRECTORS

Ref	Directors	Details
1.		<p>Prof. Reuben Omwega Marwanga Chairman of the Board DoB:: 20-12-1958</p> <p>Prof. Marwanga is the Chairman of Kenya National Innovation Agency (KENIA). He is also an experienced Associate professor at the Technical University of Kenya;. He has also been involved with providing management consulting for start-up technology companies within the Maryland Technology Incubator Network in the USA. He holds a Doctorate of philosophy (Phd) from the Pennsylvania State University (United States) in Industrial Engineering, a Master of Engineering (M.Eng) in Industrial engineering from the University of Sierra Leone (Sierra Leone) and a Bachelor of Science (Bsc), Mechanical engineering from University of Nairobi (Kenya).</p>
2.		<p>Prof. Linus Muthuri Gitonga Chairman, Finance & Administration Committee & Board Member DoB: 28-06-1964</p> <p>Prof. Linus Muthuri Gitonga, is the Chair of Finance and Administration Committee. He is the Deputy Vice Chancellor (Planning, Finance and Administration) at Karatina University. A distinguished scholar, Prof. Gitonga studied at International Centre for Insect Physiology and Ecology (ICIPE) for his PhD in Entomology, specializing in Integrated Pests Management (IPM). He is a member of Entomological Society of America. Prof Gitonga is a graduate of Kenyatta University, where he studied Bachelor of Education (Science) and MSc.</p>



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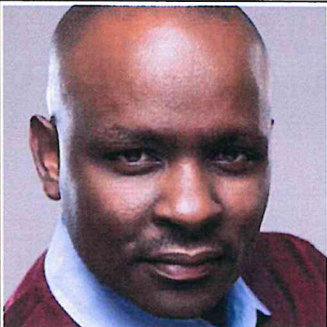
3.		<p>Prof. Simeon Kipkoech Mining Chairman, Technical Committee & Board Member DoB: 10-03-1957</p> <p>Prof Mining, Simeon Kipkoech, is a healthcare practitioner, specialising as a Medical Biological Scientist. Simeon K. Mining is Professor of immunology at Moi University, School of Medicine and Director of Research, Moi University. He holds a PhD (Parasite Immunology) from The University of Liverpool, UK, UK Doctorate in Education from The University of Liverpool, DVM, and an MSc from Moscow Vet Academy, Undergraduate Postgraduate Moscow Vet Academy Institute (USSR) and Undergraduate (Preparatory).</p>
4.		<p>Rosemary A. Emongor Chairperson, Audit & Risk Management Committee & Board Member DoB: 03-03-1963</p> <p>Rosemary A. Emongor holds a PhD in Agricultural Economics from the University of Pretoria, South Africa and MSc in Agricultural Economics and BSc in Agriculture from the University of Nairobi. She is a Senior Principal Research Officer in the Kenya Agricultural and Livestock Research Organization (KALRO) which was formerly KARI. She has over 25 years of professional experience in agricultural and Socio-economic research.</p>
5.		<p>Prof. Samuel Gudu Board Member DoB: 16-08-1956</p> <p>Prof Samuel Gudu has experience in university administration spanning over twenty-five years, part of which as Vice-Chancellor, Deputy Vice-Chancellor; Principal of University College, Director of Research, Ag Dean, and Head of Department at University level. He is a full Professor of Genetics and Plant Breeding. He earned his PhD degree in Plant Genetics & Molecular Biology from the University of Guelph, Ontario, Canada; M.Sc. (Genetics & Plant Breeding) and B.Sc. Hons. (Agriculture) from the</p>

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		University of Nairobi.). He is a member of the American Society of Plant Biologists (ASPB), and the International Association of Plant and Soil Interaction at Low pH (PSILPH)
6.		<p>Dr. Jemimah G. Onsare Board Member DoB: 12-06-1976</p> <p>Jemimah G. Onsare is a Principal Research Officer at the Directorate Research Science and Technology (DRST), State Department of University Education and Research, Ministry of Education and is currently the Ag. Chief Executive Officer NRF. She holds a PhD (Applied Microbiology – Antimicrobials) from Guru Nanak Dev University, Amritsar – India. She represents The National Research Fund at the board</p>
7.		<p>Prof. Esther Wangui Muchira Tirima Board Member DoB: 23-04-1971</p> <p>Prof. Wangui Muchira Tirima has worked for over 20 years in higher education in North America and Kenya Recently, ty. She has served as the Regional Director for GEMS Africa Institutes of Teacher Training in East Africa, a project that GEMS Global conceptualized to enhance teacher training in the region. She currently serves as the inaugural Chair of University Council for the new Bomet University, the first Green University College in Kenya. She has served as a consultant for public and privately funded vocational technical institutions to assist in strategic plan development, curriculum restructuring to course relevance and enhance innovation.</p>

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8.		<p>Prof. Walter O. Oyawa Board Member (Rep. DG NACOSTI) DoB:23.08.1965</p> <p>Prof. Walter O. Oyawa, is currently the Director General of the National Commission for Science, Technology & Innovation (NACOSTI). He is a Professor of Civil Engineering, a holder of a PhD in Civil Engineering, and a holder of ExecutiveMBA.</p> <p>He is endowed with vast experience in research/scholarly work, as evidenced by; extensive publications in peer reviewed journals, several awards and research grants, keynote lectures and conference papers, and supervision of numerous postgraduate students. His research interest is in the area of sustainable construction materials and technologies.</p>
9.		<p>Dr. Gideon Kivengea Board Member (Representative to the PS University Education & Research) DoB: 01-09-1970</p> <p>Dr. Gideon Kivengea is currently a Deputy Director at the Directorate of Research Science and Technology in the State Department of University Education. He has over 20years experience in the Public Service. He has worked in several ministries including Ministry of Agriculture and Fisheries.</p> <p>Dr. Kivengea is currently the Principal Secretaries representative in the KENIA board.</p>

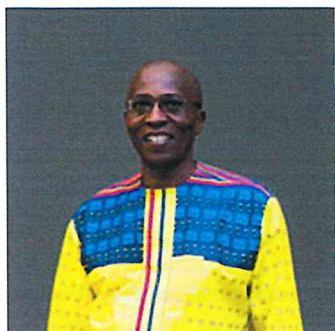
<p>10.</p>		<p>Dr. Tonny Omwansa CEO DoB: 01-09-1977</p> <p>Dr. Tonny Omwansa took over as the first substantive CEO of the Kenya National Innovation Agency (KENIA) on the 2nd September 2020. Dr. Omwansa is the immediate founding Director of the C4DLab, University of Nairobi's Innovation Hub, where he founded and led, among other programs, the famous Nairobi Innovation Week that brings numerous stakeholders shaping Kenya's Innovation Ecosystem. He has been a faculty member of the School of Computing and Informatics, University of Nairobi and is the co-author of “Money, Real Quick: Kenya’s disruptive mobile money innovation”.</p> <p>He holds a PhD in Information Systems and has conducted extensive research on innovation in Africa on designing appropriate and innovative technologies, adoption and impact of technology among others. His various research assignments have been commissioned by organizations like the World Bank, Bill and Melinda Gates foundation, Rockefeller Foundation, Microsoft, Government of Kenya and Economic Commission of Africa among other organizations. He is a recipient of the prestigious Bellagio Fellowship from the Rockefeller Foundation and a member of ISACA, IEEE and has served as a member of the Presidential Taskforce on Digitization of Kenya Government. He also serves as Secretary to the board.</p>
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3. MANAGEMENT TEAM

	Management	Details
1.	Chief Executive Officer	Dr Tonny Omwansa
2.	Accountant	Bernard Were
3.	Finance officer	Benjamin Kapsir
4.	Supply Chain management Officer	Paul Kiriinya
5.	Human Resource Officer	Kenneth Ijimba
6.	Technical Officer	Dr. Gatama Gichini

4. CHAIRMAN'S STATEMENT



Despite a challenging take off, the Kenya National Innovation Agency (KENIA) is now operational. The agency has statutory documents in place including the Strategic plan, Career Progression Guidelines and Salaries and Remuneration Commission approved salary structure. Following the appointment of the inaugural KeNIA board and its reappointment in 2018, the board has made great strides in the operationalization of the agency. These includes appointment of a substantive CEO, and secured approval for recruitment of additional staff in the next financial year in the FY 2021/22; acquired various assorted office equipment including two motor vehicles; the first Kenya Innovation Week is scheduled for December, 2021; a database of innovation experts and advisors is being developed; Guidelines for commercialization of innovations are being developed; a number of delegates have been trained on Intellectual Property (IP) and innovation development; An innovation award system and commercialization grants for the Big Four Agenda among others has been operational for the lasts five years, recognising and supporting numerous innovations each year. The Agency has been consistent in implementing the presidential directives, including and not limited to Attainment of a National Tree Cover of at least 10% by 2022, Promotion of Local Textile Industry, Measures to enhance the efficacy of the management of COVID-19 and protect all Kenyans from its effects, Access to Government Procurement Opportunities (AGPO) and Promotion of Local Content in Procurement.

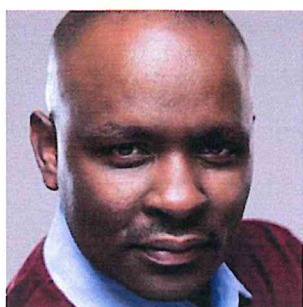
Following are the activities and programs that will need future strategic attention; the boards term is ending in 2021, and a process to set up a new board will need to start, a clear communication strategy and annual report should be developed for the agency

Further, the Five-Year KeNIA Strategic Plan 2018 – 2022 comes to an end in the FY 2021/22. The process of developing the next Strategic Plan 2023 – 2027 should be started and will need to be given priority by the incoming Board.


.....
Chairman of the Board


Prof. Reuben Omwega Marwanga

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Kenya National Innovation Agency (KeNIA) core mandate is to develop and manage the National Innovation System. The agency's functions focus on developing a multi-disciplinary and sectoral approaches to utilization of knowledge through nurturing of innovators, innovation commercialization support and entrepreneurship development for purposes of diffusion of technology, market scale up and competitiveness.

The programmes and activities of KeNIA are guided by the Strategic Plan, 2018-2022, which stipulates five key strategic objectives, namely: to strengthen institutional capacity; to create awareness and disseminate information on innovation; to strengthen and coordinate the innovation system through partnerships and linkages; to harness innovations for transformation of the economy; to mobilize financial resources to support innovation processes; and to develop and review policy, legal and regulatory frameworks.

On strengthening the institutional capacity, KeNIA is focusing on providing adequate infrastructure and equipment; enhancing the human resource capacity through recruitment; and improving the Agency's visibility. As it was mentioned in the chair's report, the process of recruiting independent Members of the KeNIA Board will need to start soon so that a new board is in place before the end of the next financial year. To create awareness and disseminate information on innovation, the Agency will need to aggressively continue to engage innovators and researchers in awareness forums. Further, KeNIA has been collating data on innovators and various actors within the innovation ecosystem in order to support establishment of a database that will support constructive engagement of innovators and dissemination on innovations. For purposes of strengthening and enhancing coordination of the innovation system, KeNIA has been fostering strategic partnerships and linkages with academia and private sector, as well as development partners. The Agency has been engaging with innovation and incubation centres in both public and private institutions, as well as pursuing international collaborative programmes for purposes of resource mobilization and supporting innovation processes. The Agency has been supporting development and commercialization of innovations in order to contribute to job creation and transformation of the economy.

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To contribute to the formulation of National Innovation Policy to guide and support commercialization of innovations, KeNIA has developed a draft policy document that would need to be completed in the FY 2021/22. To achieve its mandate, KeNIA implements the following programmes: National Innovation Award; Leaders in Innovation Programme; National Innovation Academy; Kenya Innovation Week; and Research 2 commercialization.

The National Innovation Award is a programme meant for recognition and awarding of innovators. The purpose of this programme is to motivate innovators, encourage innovation in national priority areas, as well as stimulate and strengthen the innovative capacity and culture within the national system of innovation. The focus for the national innovation award is in line with the national development agenda, hence the call for applications are based on the following thematic areas: Medical Technologies and Health Solution; Built Environment and Housing Technologies; Agricultural and Food technologies; Energy Systems; and Manufacturing, Engineering and ICT. The Agency has recognized forty innovators within the last five years and granted award amounting to KSh. 22.7 million for purposes of product development for the selected innovation projects.

Leaders in Innovation Programme is a collaborative programme between the Kenya National Innovation Agency (KeNIA), the National Research Fund (NRF) and the Royal Academy of Engineering (RAEng) of UK. The programme is implemented under the umbrella of Kenya-UK Newton Fund Partnership Programme. The purpose of the programme is to nurture technological innovators and support commercialization of innovations. The programme is a platform for building capacity on entrepreneurship and commercialization of research outputs, as well as enhancing awareness on intellectual property right issues. Under this programme, innovators have been trained, linked to mentors and incubation/innovation centres. Forty-two innovators have benefited with innovation commercialization grant amounting to over KSh. 140 million.

The KeNIA Innovation Academy is a capacity building program of the institution. In collaboration with relevant institutions the academy trains individuals to build innovative competences in their institutions. The academy builds a culture of innovation and commercialisation, in academia, industry and the government at large, to produce knowledge-based products and services for national socio-economic development. Following are the courses offered by the academy; Effective Intellectual Property Policy Development;

Technology Transfer and Commercialisation of Intellectual Property; and Commercialisation Leadership

Kenya Innovation Week (KIW) is a flagship innovation forum for the country run by the KeNIA. It seeks to showcase the innovativeness of Kenyans under which the national priorities of the Big 4 Agenda and Vision 2030 will be advanced.

Research-2-Commercialization (R2C) program prepares researchers and faculty to accelerate their commercialization to create an economic impact in Kenya by turning research projects into scalable businesses. It's an action-oriented training and coaching program that provides researchers and faculty the needed tools to commercialize as well as connecting them with the potential customers and investors. The long-term strategic objectives of Research 2 commercialization are Return on Investment, Solving Industry Challenges, Culture of Innovation, Employment and SME Development



.....
Dr. Tonny Omwansa
Chief Executive Officer

6. STATEMENT OF KeNIA's PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

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

The agency develops its annual work plans based on six strategic priority areas within the current Strategic Plan for the FY 2018 - FY 2022. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2020/2021 period for its six strategic priorities, as indicated in the diagram below:

Strategic Priority	Objective	Key Performance Indicators	Activities	Achievements
Capacity Development 1:	To strengthen Institutional and National Capacity	<p>KPI 1: Develop the Agency's human resource capacity</p> <p>KPI 2: Develop the National capacity on Intellectual property rights and commercialisation</p>	<p>KPI 1: Recruitment of staff.</p> <p>KPI 2: KeNIA Academy Pilot training program.</p>	<p>KPI 1:</p> <ul style="list-style-type: none"> i. Substantive CEO recruited. ii. The Agency started made a call for recruitment in the 3rd quarter of the financial year. <p>KPI 2: Launch of two capacity building programs on Intellectual Property Policy development and Technology Transfer and commercialisation.</p>
Dissemination & Awareness 2:	To Create awareness and disseminate information on innovation	<p>KPI 1: Develop the Agency Magazine</p> <p>KPI 2: Stakeholder Engagement</p>	<p>KPI 1: Compile information to be presented in the Uvumbuzi magazine</p> <p>KPI 2: Hold stakeholder meetings to disseminate information on innovation</p>	<p>KPI 1: Release of Uvumbuzi magazine on September 2020.</p> <p>KPI 2: Hosted stakeholders for dissemination of innovation information</p>

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Commercialisation 3:	To harness innovations for transformation of the economy	KPI 1: Coordinate the Leadership Innovation Fellowship Program	KPI 1: In collaboration with Royal Academy of Engineering and Newton Fund trained innovators offered capacity building program on entrepreneurship and intellectual property.	KPI 1: Nine innovators graduated in September and three innovators were selected for advance Leadership Innovation Fellowship
Funding 4:	Provision of financial and any other assistance to any person or institution, for the purpose of enabling that person or institution to develop technological innovations	KPI 1: Coordinate National Innovation Awards.	KPI 1: <ul style="list-style-type: none"> - Put up the call for Innovations specifying the themes - Receive evaluate and rank innovations received - Visit innovators to verify and authenticate the innovations presented. - Disbursement of funds to innovators awarded 	KPI 1: Four innovators were awarded funds during the FY 2020/2021
Partnership & Linkages 5:	To strengthen and coordinate the innovation system through partnerships & Linkages	KPI 1: Establish international collaborations and partnerships	KPI 1: Engage partners for support on commercialisation of innovations	KPI 1: Collaborated with Royal Academy of Engineering and Newton Fund for the LIF Program
Policies & Legal Framework 6:	To develop and review policy and legal framework	KPI 1: Develop the National Innovation Policy Framework	KPI 1: Review existing literature and other reference documents to prepare draft framework policy	KPI 1: Draft policy framework developed

FUTURE OUTLOOK

The Board seeks to focus on the following key areas:

Priority 1: Capacity Development

- Recruitment of staff. The Agency targets to interview and recruit staff within the first quarter of the FY 2021/2022.
- To fully develop the curricular for Intellectual Property Policy Development and Technology Transfer & Commercialisation programmes to be anchored under the KeNIA Academy. Introduce two more programs: Commercialisation Leadership and Incubation Management Programme.

Priority 2: Dissemination and Awareness

- Hosting Kenya Innovation Week to bringing together academia, research centres, industry players, government agencies and development partners across the country to share their experiences, listen and grow their network in the innovation system.
- Conduct various stakeholder engagements disseminating

Priority 3: Commercialisation

- Launch of the Research to Commercialisation program to be anchored in the KeNIA Academy.
- Introduce the Institutional Commercialisation Support Program. This is ideally targeting Universities and Research Centres within the country.
- Commercialisation Leadership Workshop.

Priority 4: Funding

- National Innovation Awards call for application and award
- Attracting external funding (Appropriation In Aid) to cater for operationalization of core mandate activities

Priority 5: Partnership & Linkages

- Targeting to attract partners for Kenya Innovation Week and collaboration for other core mandate activities.

Priority 6: Policies & Legal Framework

- Develop a policy and implementation strategy to effectively guide and enable universities, research centres and other institutions of higher learning on the innovations commercialization models and strategies.
- Develop a policy and implementation strategy to effectively manage the rapidly growing networks of innovation hubs in the country.

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14.	Dr. Rosemary Akhungu Emongor	8	7	7 of 8
15.	Prof. Samuel Gudu	8	5	5 of 8
16.	Prof. Esther Tirima	8	4	4 of 8
17.	Prof. Walter O. Oyawa	8	6	6 of 8
18.	Dr. Gideon Kivengea	8	8	8 of 8
19.	Dr. Jemimah Onsare	8	7	7 of 8
20.	Dr. Tonny Omwansa	8	8	8 of 8

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

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

S.No:	Name of the Board Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1.	Prof. Linus Gitonga	7	7	7 of 7
2.	Prof. Simeon Mining	7	6	6 of 7
3.	Prof. Esther Tirima	7	5	5 of 7
4.	Dr. Gideon Kivengea	7	7	7 of 7
5.	Dr. Jemimah Onsare	7	5	5 of 7
6.	Dr. Tonny Omwansa	7	7	7 of 7

ii. Technical Committee: This Committee deals with promotion of good governance, enhancing capacity, and giving strategic direction to the Board and the Secretariat.

S.No:	Name of the Board Member	Number of eligible meetings during the year	Number of meetings attended	Attendance
1.	Prof. Simeon Mining	5	5	5
2.	Dr. Rosemary Akhungu Emongor	5	5	5
3.	Prof. Samuel Gudu	5	4	4 of 5
4.	Prof. Walter O. Oyawa	5	4	4 of 5
5.	Dr. Gideon Kivengea	5	4	4 of 5
6.	Dr. Jemimah Onsare	5	5	5
7.	Dr. Tonny Omwansa	5	5	5

Term of Board Members

The term of the Board is outlined in the STI Act, 2013. Members except ex- officio members shall be appointed by the Cabinet Secretary responsible for Science, Technology and Innovation and serve for a term of not more than three (3) years renewable once for a further term of three years.

Compliance to Laws and other Legal Requirements

KeNIA as a responsible corporate citizen is alive to the tenets of the Constitution of Kenya and is fully compliant with the provisions of the STI Act, 2013 and any other relevant legal and regulatory regime.

Board Remuneration

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

Conflict of Interest and Declaration of Interest

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

Board Charter

The KeNIA board Charter outlines powers and responsibilities of the Board and its members, appointment, remuneration, term of the Board members, conduct of meetings, committee's terms of reference, conflict of interest among others. The Charter is premised on the Mwongozo Code and best Corporate Governance Practices

Board Evaluation

The performance of the Board and its members is expected to be evaluated on a regular basis by the State Corporations Advisory Committee (SCAC). This was aimed at enabling the board and its members to gauge their performance and identify areas of improvement. However, the term of the board lapsed before a board evaluation was conducted.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Kenya National Innovation Agency (KeNIA) is a State Corporation established under the Science, Technology and Innovation (STI) Act, No. 28 of 2013 under the Ministry of Education. The core mandate of the Agency is to develop and manage the National Innovation System. In light with this, the Agency has developed programmes and workshops to achieve its mission and objectives on facilitation of taking ideas to the market. The Agency management has come up with different programmes to achieve its vision and this include. Training on technological transfer of ideas to the market, Training and workshops on intellectual property and Trainings and workshop on commercialisation among activities.

The Agency entirely depends on national exchequer for funding, In the current FY2020/2021, KENIA was allocated an original recurrent budget of KSh.32,875,963.00 to fulfil its mandate and implement the planned programs and target activities. During the fourth quarter, the agency received an additional of 10,000,000/=during the supplementary budget hence a total recurrent budget of 42,875,963/= from the National treasury through the State Department of University Education. The agency also received Kshs 747,927 during the year from various stakeholders as part of its internally generated income.

AGENCY ONGOING KEY PROGRAMMES

The Agency has made key decision on programmes with a roadmap that will ensure the achievement of its mandate. Among the programmes ongoing are: -

a) KeNIA Academy

Innovation Academy is a program of the Kenya National Innovation Agency (KeNIA), supported by several partners working to building innovative capacities of interested individuals and support integration of innovative practices into institutions. Through the academy, KeNIA aims to build an integrated community of passionate individuals interested in developing innovative and actionable solutions to existing challenges that would transform their organizations. Prepare to challenge the status quo and deliver new disruptive policies, products, services and processes.

b) Kenya innovation bridge

Kenya Innovation Bridge helps in the discoverability of innovations in Kenya. The platform is a marketplace that enables innovators, inventors, researchers and startups to introduce their solutions

to partners, funders, customers and users. The goal is to get as many innovations scale by attracting appropriate funding and partnerships.

c) National Innovation Awards

NIA was established in 2016 by the Kenya National Innovation Agency (KeNIA) as a way to support and celebrate up and coming innovators creating solutions with socio-economic impact in Kenya. It runs in an annual cohort format with averagely 5-10 innovations being awarded per year

Working with several industry and government partners, KeNIA has financially supported over 40 innovators with upto KES 50 million under NIA alone.

d) Innovation Champions

The Agency, is building pool of innovation champions across government, private sector, institutions of higher learning, research centers and Technical and Vocational Education and Training (TVETs). The champions become the agents of sustaining innovation momentum in local institutions through capacity building of colleagues, organizing events, scouting innovations, building partnerships, mentoring innovators and startups among others.

AGENCY COMPLIANCE WITH STATUTORY REQUIREMENTS

a. Supply Chain Management

During the year under review, the Agency sustained its efficient procurement processes in acquisition of goods, works and services. The Authority ensured that the Access to Government Procurement Opportunities (AGPO) was maintained above the minimum 30% threshold as prescribed in the PPDA, 2015 & Regulations, 2020. The Authority awarded 40.6% of its total procurement spend on tenders submitted to the special interest groups (Youth, Women & PWD's) through the AGPO and 59.4% to the local content.

b. Human Capital

The Human Resource function supports the achievement of the Agency's mandate as provided in Section 13 of the Act by attracting, training and retaining highly qualified, skilled and motivated staff. During the year under review, the Agency hired its first substantive CEO and made plans to hire 4 key staff in the next financial year.

c. Information and Communication Technology

The Agency has embraced innovation and has worked towards digitisation of its system. This started with adoption of Human Resource Management System which manages the recruitment process. The

automation has reduced use of paper work. Additionally, the Recruitment Portal has facilitated real-time tracking of applications made to the Agency.

The Agency is working hard to adopt an Enterprise Resource Planning system which will integrate all department to one platform.

d. Standing Committee Activities

In compliance with statutory requirements and enhancing the welfare of internal and external stakeholders, the Authority continues to implement workplace policies championed by various committees as follows; HIV & AIDS, Gender Mainstreaming, National Cohesion Value & Principles of Governance, Disability Mainstreaming, Road Safety and Alcohol & Drug Abuse Control Committees

MAJOR RISKS FACING THE AGENCY.

The Agency identified several risks which may hinder it from achieving its mandate. Among identified risks include: Lack of adequate budget to support the Agency to undertake its mandate, inadequate work force to ensure goals and objective are achieved, lack of clearly centralized agency with mandate on innovation, Invisibility of the Agency on the national and international grid and inadequate stakeholder management. In order to address the risks highlighted, the Agency is planning to implement a number of mitigation measures including lobbying for increased budget to undertake the mandate, plan to employ skilled staff to increase capacity. The Agency also is creating a risk management culture and ensure adequate monitoring of risks, the Authority sensitized its staff on risk management.

MATERIAL ARREARS IN STATUTORY AND OTHER FINANCIAL OBLIGATIONS

The Agency has complied with its established Acts and regulations, that is, the PFM Act, 2012, PPADA 2015 among others.

REVIEW OF THE ECONOMY

The Agency is working to contribute to the economy through different folds in its mandate which involves;

- a) Tenders Awarded to Special Interest Groups - The Authority awarded 40.6% of its total procurement spend on tenders submitted to the special interest groups (Youth, Women & PWD's) through the AGPO and 59.4% to the local content.

- b) Issue of Grants to innovators- Through its program National Innovation Awards, the Agency support and celebrate upcoming innovators creating solutions with socio-economic impact in Kenya. The Agency has financially supported over 40 innovators with upto KES 50 million under NIA alone.

REVIEW OF THE SECTOR

The ST&I sector has undergone various changes attributed to globalization and socio-demographic changes. A systematic review of the sector points to a promising future. The following are the key conclusions of the analysis

- i. The importance of the highest level Political & Legal statement on science policy and strategy endorsed by Government;
- ii. The critical importance of the Science and innovation system at all levels (primary, secondary, Technical, Vocational Education and Training (TVET) and University levels) has been encouraged through Science, Engineering, innovation and Technology related training programmes.
- iii. The need to achieve balance and connectivity between discovery research, development and commercialization.

FUTURE OUTLOOK

The Agency seeks to focus on the following key areas:

a) Visibility and Corporate Image

The Agency rolled out initiatives aimed at creating awareness about its role and functions and improving the Agency's corporate image. The Agency intend to use on both traditional and contemporary media platforms where they will articulate various matters on innovation. This will involve print media and social media.

b) Partnerships and Networks

In order to strengthen partnerships, create networks and deepen integration regionally and internationally, the Agency collaborated with difference agencies and institutions on Innovation issues and also sharing of experiences on Intellectual property, commercialization and technology transfer.

c) Stakeholders Engagement

In furtherance of ongoing efforts to enhance engagement with stakeholders through social media platforms, the Authority organized two Twitter Chats during the year under review. These are pre-scheduled virtual conversations undertaken

d) Adoption of International Best Practices

The Agency participated in international conferences aimed at sharing information and experiences, learning and adopting international best practices on innovation, commercialization and technology transfer.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

KeNIA exists to transform lives by creating an enabling ecosystem for innovations to be developed nurtured and commercialised to products, goods and services. KeNIA's goal is to enhance scientific research, upgrade the technological capabilities of industrial sectors nationally, including encouraging innovation and substantially increasing the number of research and development workers as well as support domestic technology development, research and innovation in the country.

i. Sustainability strategy and profile

KeNIA has a sustainable strategy that is largely borrowed from the Kenya Vision 2030 which recognises Science, Technology and Innovation (ST&I) as a key, enabler and accelerator for global transformation towards a prosperous, inclusive and environmentally sustainable economy in developing and developed nations. KeNIA's vision is to be a key enabler of socio-economic development through innovation. KeNIA's mission is to develop and manage a dynamic national innovation system that facilitates taking ideas to the market.

KeNIA in keeping with global trends on sustainable development goals seeks to, promote development of innovations to commercialisable products, goods and services to create industries through technological innovations. Development of this innovative industries and will create decent jobs enhance the national economic growth and infrastructure development. This will help in eradicating hunger, promoting good health and well-being of Kenyans. Economically empowered citizens will easily access quality education for all and bringing about gender equality and equity. The improved economic growth through industries will help the government get resources to provide clean water and sanitation, affordable and clean energy for all hence reducing inequality in the country.

KeNIA is in the process of partnering with other countries globally to develop sustainable cities and communities. To support the industries there will be a need for development of frameworks that will

bring about responsible consumption and production and well as protection of the climate and life below water and on land. To sustainably develop and nature the industries created Kenya requires peace, justice, and strong institutions.

iii. Environmental performance

KeNIA has an environment policy that applies to all staff in the Agency stating that KeNIA will offer a safe and healthy working condition in order to prevent work-related injury or illness. The aim is to eliminate work environmental risks and conserve the environment. KeNIA will comply with all the requirements of current environmental legislation and codes of practice to prevent pollution. Eliminate the generation of waste and reuse or recycle as much of it as possible. Minimize energy and water usage in the building. KeNIA will conserve supplies and minimize consumption of natural resources, especially where they are non-renewable.

KeNIA will operate and maintain company vehicles with due regard to environmental issues as far as reasonably practical and encourage the use of alternative means of transport and car sharing as appropriate.

KeNIA will apply the principles of continuous improvement in respect of air, water, noise, and light pollution from our premises and reduce any impacts from our operations on the environment and local community.

KeNIA will purchase products and services that minimize damage to the environment. Assess the environmental impact of any business changes we intend to introduce in advance. Ensure that all employees understand our environmental policy and contribute to achieving high standards. Investigate complaints about any breach of our environmental policy promptly.

Employee welfare

Kenya National Innovation Agency has a welfare policy that recognizes all its employees as the most valuable resource and the welfare of all staff is essential in achieving the Agency's Vision and Mission. The Agency is committed to providing a caring and supportive working environment which is conducive to the welfare of all staff to enable them develop and optimize their full potential. However, staff welfare is a joint responsibility and members of staff are expected to contribute and participate effectively. This policy therefore gives highlights on the benefits staff will enjoy as well as their expected responsibilities.

This policy is guided by the KeNIA's Human Resource Policy, and other Kenya National Innovation Agency approved Policies. The stewardship of the Agency is hinged on the principles of good corporate governance and integrity, all geared towards the transparent, efficient and effective delivery

of services, so as to maintain public confidence in the integrity of the institution, within the Vision and Mission of the Agency.

Members of staff, being the most important resource in the Agency, are crucial to the Agency's success. In order for the Agency staff to work effectively, they need to have support from the Agency for their relevant professional development, good working environment and life after retirement. This is based on the recognition that staff whose individual needs are met feel valued and appreciated and will be more productive in the execution of their duties.

The Agency therefore looks forward to an energized and productive work force that will propel the Agency to greater heights.

The hiring appraisal and reward of staff is guided by the human resource manual that is guided by merit. The policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) is largely guided by the Work environment policy.

iv. Market place practices-

a) Responsible competition practice.

KeNIA ensure transparency and accountability in all its endeavours appertaining to recruitment of positions advertises in the agency as well as Board member placements. The Agency also greatly upholds merit in issuing competitive innovation awards that are undertaken annually by use of external experts to evaluate innovations to avoid any bias. All recruitment and competitive award processes are done on the institutional website and all applicants can follow the transparent process.

b) Responsible Supply chain and supplier relations

KeNIA strictly follows all rules, regulations and guidelines in procurement and follows the Public Procurement and Asset Disposal Act, 2015. Payments are always made in time and the bidder who competitively win gets to supply the Agency. The whole procurement process is done on the institutional website and all bidders can follow the transparent process. The agency has no pending bill to date due to prudent processes and resource allocation.

c) Responsible marketing and advertisement

KeNIA follows all the nation rules and regulations that guide on marketing and advertising and as guided by the ST&I Act. The agency used mainstream media as well as social media to advertise for jobs, awards and tenders when the need arises appropriately.

d) Product stewardship

In line with KeNIA's mandate of creating a conducive environment for innovation, the agency has been training innovation champions on their intellectual property rights to ensure they do not lose their innovative products to unscrupulous investors. The innovator are taught on how to negotiate even if they choose to sell their innovative products to the highest bidder within the stipulated rules and regulations. This way innovators are informed on their product stewardship.

e) Corporate Social Responsibility / Community Engagements

KeNIA has been upholding its corporate social responsibility by encouraging and nurturing innovation by institutions and individuals by rewarding innovative institutions and innovators.

10. REPORT OF THE DIRECTORS

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

i) Principal activities

The core mandate of the Agency is to develop and manage the National Innovation System

ii) Results

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

iii) Directors

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

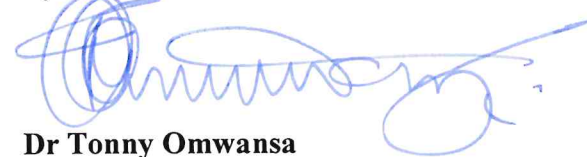
iv) Surplus remission

The Agency did not make any remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board



Dr Tonny Omwansa

Chief Executive Officer /Secretary to the Board

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are also responsible for safeguarding the assets of the Agency. The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency 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 Agency; (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 Agency; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2021, and of the Agency's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Kenya National Innovation Agency
Annual Reports and Financial Statements
For the year ended 30 June, 2021.

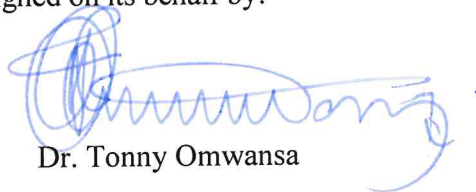
Approval of the financial statements

The Agency's financial statements were approved and signed on its behalf by:



Prof. Walter O. Oyawa

Director

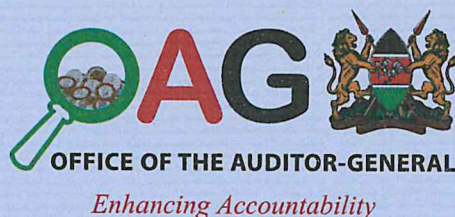


Dr. Tonny Omwansa

Chief Executive Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON KENYA NATIONAL INNOVATION AGENCY (KENIA) 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 Kenya National Innovation Agency set out on pages 1 to 36, which comprise of 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 the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya National Innovation Agency 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 and the Science, Technology and Innovation (ST&I) Act, 2013.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya National Innovation Agency (KENIA) 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.

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.51,913,000 and Kshs.43,875,963 respectively resulting to an under-funding of Kshs.8,037,037 or 15% of the budget. Similarly, the Agency spent Kshs.38,914,938 against an approved budget of Kshs.51,913,000 resulting to an under-expenditure of Kshs.12,998,062 or 25% of the budget.

The underfunding and underperformance affected the planned activities of the Agency and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, 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

Penalties on Late Remittance of Pay-As-You-Earn Statutory Deductions

The statement of financial performance reflects expenditure on use of goods and services of Kshs.11,828,002 as disclosed in Note 8 to the financial statements. The expenditure includes fines and penalties amounting to Kshs.523,656. The penalties arose due to delay in remittance of PAYE deducted from employees and Board's allowances.

In the circumstances, the Agency risks incurring avoidable costs in form of penalties and interest in line with Section 37(2) of the Income Tax Act, Cap 470 of the Laws of Kenya which allows the Commissioner for Income Tax to impose a penalty of 25% of the amount of tax involved if an employer paying emoluments to an employee fails to deduct tax or account for tax deducted.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Hold Audit Committee Meetings

During the year under review the Agency's Board of Directors did not hold any audit committee meeting. This is contrary to Section 1.7 of the Mwongozo Code of Governance for State Corporations on Committees of the Board which states that the Board shall establish an Audit Committee to discharge the entity's functions on governance, risk, finance, compliance, technical matters, strategy and human resource. Further, Regulation 179 of the Public Finance Management (National Government) Regulations, 2015 requires the audit committee to meet at least once every three months (quarterly).

In the circumstances, the Agency did not benefit from the oversight role of the Board committee.

2. Lack of Staff Establishment

Review of records revealed that the Agency did not have an approved staff establishment in place. Further, Management did not provide the approved organization structure for the Agency. As a result, there was no clarity on roles and responsibilities of various staff deployed at the Agency and there were no documented career progression guidelines. Further, review of records revealed the Chief Executive Officer was employed by the Agency while six (6) office staff were on secondment from the parent Ministry. Without its own human resources, the Agency may not be able to execute its mandate effectively.

In the circumstances, lack of an approved staff establishment may hinder the Agency from executing its mandate in an efficient and effective way.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue 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 Agency or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency'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 Agency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 September, 2022

Kenya National Innovation Agency
Annual Reports and Financial Statements
For the year ended 30 June 2021.

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

	Notes	2020-2021	2019-2020 /Restatement
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	42,875,963	35,226,363
Transfer of asset from state dept			*4,574,600
		42,875,963	39,800,963
Revenue from exchange transactions			
Rendering of services Income	7	1,000,000	-
Total revenue		43,875,963	39,800,963
Expenses			
Use of goods and services	8	11,828,002	3,909,086
Employee costs	9	5,414,205	2,684,272
Remuneration of directors	10	6,685,671	3,054,422
Depreciation and amortization expense	11	5,453,372	**1,534,647
Repairs and maintenance	12	398,294	-
Core Mandate expenses	13	9,135,394	8,648,308
Total expenses		38,914,938	19,830,735
Surplus for the Year		4,961,025	***19,970,228

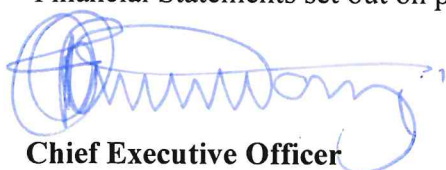
*This figure includes assets worth Ksh 2,734,600 transferred from the state department of University education in 2019 which had been omitted in the financial statements for 2019/2020 and has now been restated and adjustments made in the prior year to reflect this addition.

**This figure has been restated to reflect change in depreciation of Ksh 880,197 to reflect depreciation of the assets earlier omitted in the 2019/2020 financial statements.

*** This figure has been restated by Ksh 1,854,403 to reflect the additional Net book value of the asset.

The notes set out on pages 7 to 35 form an integral part of these Financial Statements.

Financial Statements set out on pages 1 to 37 were signed on behalf of the Board of Directors by:



Chief Executive Officer

Dr Tonny Omwansa

Date 12/8/2022



Accountant

Mary Maina

ICPAK No 23927

Date 12th August 2022



Director

Prof. Walter O. Oyawa

Date 12th August 2022

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14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	Restated 2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	7,466,633	8,886,888
Receivables from Exchange transactions	15 (a)	202,073	-
Receivables from non-exchange transactions	15 (b)	48,400	-
Prepayment	16	426,415	184,785
Inventories	17	1,232,244	-
Total Current Assets		9,375,766	9,071,673
Non-Current Assets			
Property, plant and equipment	18	18,442,397	**11,798,555
Total Non- Current Assets		18,442,397	11,798,555
Total Assets		27,818,163	20,870,228
Liabilities			
Current Liabilities			
Trade and other payables	19	2,886,910	900,000
Total Current Liabilities		2,886,910	900,000
Total Liabilities		2,886,910	900,000
Net assets			
Accumulated surplus		24,931,253	** 19,970,228
Total Net Assets and Liabilities		27,818,163	20,870,228

*** Assets worth Ksh 2,734,600 transferred from the state department of University education in 2019 which had been omitted in the financial statements for 2019/2020 and has now been restated and adjustments made in the prior year to reflect this addition. This figure has been restated by Ksh 1,854,403 to reflect the additional Net book value of the assets.



Chief Executive Officer

Dr Tonny Omwansa

Date

12/8/2022



Accountant

Mary Maina

ICPAK No 23927

Date

12th August 2022



Director

Prof. Walter O. Oyawa

Date

12th August 2022

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

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Surplus for the year		4,961,025	19,970,228
Adjustments for items not involving cash movements			
Depreciation	11	5,453,372	1,534,647
Surplus before Working capital Changes		10,414,397	21,504,875
Increase in Account Receivable-Exchange transactions	15(a)	(202,073)	
Increase in Account Receivable- Non-exchange transactions	15(b)	(48,400)	
Increase in Prepayments	16	(241,630)	(184,785)
Increase in Inventories	17	(1,232,244)	-
Increase in Payables	19	1,986,910	900,000
Net cash flows from operating activities		10,676,959	22,220,090
Cash flows used in investing activities			
Purchase of Fixed Assets	18	(12,097,214)	(13,333,202)
Net cash flows used in investing activities		(12,097,214)	8,886,888
Net increase/(decrease) in cash and cash equivalents		(1,420,255)	8,886,888
Cash and cash equivalents at period Start	14	8,886,888	-
Cash and cash equivalents at Period end	14	7,466,633	8,886,888

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

Period	Accumulated surplus
	KShs
Balance as at 1 July 2019	
Surplus/(deficit) for the period	**19,970,228
Balance as at 30 June 2020	19,970,228
Balance as at 1 July 2020	19,970,228
Surplus/(deficit) for the period	4,961,025
Balance as at 30 June 2021	24,931,253

**Assets worth Ksh 2,734,600 acquired from the state department of University education in 2019 which had been omitted in the financial statements for 2019/2020 and has now been restated and adjustments made in the prior year to reflect this addition. This figure has been restated by Ksh 1,854,403 to reflect the additional Net book value of the assets

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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	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies	32,876,000	10,000,000	42,876,000	42,875,963	0	100%
Rendering of services Income	0	150,000	150,000	1,000,000	(849,963)	667%
Total income	32,876,000	10,150,000	43,026,000	43,875,963	(849,963)	667%
Expenses						
Compensation of employees	8,174,000	(1,788,000)	6,386,000	5,414,205	971,795	85%
Goods and services	8,008,000	10,084,000	18,092,000	11,828,002	6,263,998	62%
Remuneration of directors	4,814,000	2,775,000	7,589,000	6,685,671	903,329	88%
Core Mandate expenses	11,677,000	(1,921,000)	9,756,000	9,135,394	620,606	94%
Repairs and Maintenance	203,000	1,000,000	1,203,000	398,294	804,706	33%
Depreciation				5,453,372		
Total expenditure	32,876,000	10,150,000	43,026,000	38,914,938	4,111,062	90 %
Surplus for the period				4,961,025		

Explanation of variations between budgeted amounts and actual amounts.

1. Rendering of services- The Agency held a workshop and was able to raise income which it had not anticipated
2. Compensation of Employees – The Agency did not manage to recruit additional staff in the FY as it had planned due to the COVID 19 pandemic.
3. Remuneration of directors – The Agency was not able to hold audit committee meetings due to delay in setting up the internal audit department of the Agency
4. Repairs and Maintenance - Most assets of the Agency's assets are still new and therefore maintenance cost is low especially for ICT equipment's
5. During the year the Agency was allocated a further 10,000,000 supplementary budget and the board laid down plans for earning revenue which and set a target of Ksh 150,000.

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

KeNIA is established by and derives its authority and accountability from The Science, Technology and Innovation Act, 2013. KeNIA is wholly owned by the Government of Kenya and is domiciled in Kenya. KeNIA's principal activity is to develop and manage the Kenya National Innovation System

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Agency’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Agency’s risk management strategy and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Agency provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Agency; (b) The key features of the operation of those social benefit schemes; and

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Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Agency's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

- a) Revenue recognition
- i) Revenue from non-exchange transactions

Fees, taxes and fines

The KeNIA recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the KeNIA and the fair value of the asset can be measured reliably.

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

Rendering of services

The KeNIA recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly in 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the KeNIA upon receiving the respective approvals in order to conclude the final budget. Accordingly, the KeNIA recorded additional appropriations of ksh 10,000,000 on the 2020-2021 budget following the governing body's approval.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The Agency'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 of these financial statements.

c) Taxes

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Agency and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

Depreciation on property plant and equipment is calculated on straight line method over its estimated useful life using the following annual rates;

Motor Vehicle 20%

Furniture & fitting 12.5%

Computers 33.33%

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Agency. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Agency will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

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

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

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

- i) The debtors or an Agency of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Agency determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Agency.

k) Provisions

Provisions are recognized when the Agency 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 Agency 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

Currently the Agency does not have any retirement benefit plans as it has no permanent employee

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements

The Agency analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Agency recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Agency also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) 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.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available

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)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant from the Ministry of Education	42,875,963	35,226,363
Other grants	-	-
Total Unconditional Grants	42,875,963	35,226,363

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

Name of the Agency 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
State Department of University Education	42,875,963	-	-	42,875,963	35,226,363
Asset Acquired from State department of University Education		-	-	-	4,574,600
Total	42,875,963	-	-	42,875,963	**39,800,963

7. Rendering of Services Income

Description	2020-2021	2019-2020
	KShs	KShs
Technology Transfer and IP Commercialization Workshop	1,000,000	-
Total revenue from the rendering of services	1,000,000	-

The Agency held Technology Transfer and IP Commercialization Workshop which brought together Innovation Champions drawn from Kenyan institutions, to discuss Innovation in Kenya and the role of stakeholders in enhancing the Kenyan Innovation Ecosystem. The attendees were charged an attendance fee and through this the Agency was able to raise Ksh 1,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Use of Goods and Services

Description	2020-2021	2019-2020
	KShs	KShs
Motor Vehicle Operations	238,472	98,904
Printing and stationery	252,904	707,840
Hospitality	213,373	88,496
Advertising & Publicity	1,825,731	951,380
Travel and accommodation	1,760,291	1,054,676
Motor Vehicle Insurance	267,736	92,392
Bank commission and Charges	77,151	15,398
Training	2,310,135	-
Audit Fees	900,000	900,000
Rental	2,889,270	-
Medical Insurance	127,379	-
Fines and Penalties	523,656	-
Subscriptions	150,000	-
Telecommunication	291,903	-
Total Use of Goods and Services	11,828,002	3,909,086

9. Employee Costs

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	5,414,205	2,684,272
Employee costs	5,414,205	2,684,272

The Agency employed the Chief Executive officer in this year. It also had staff deployed from the Ministry of Education

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Remuneration of Directors

Description	2020-2021	2019-2020
	KShs	KShs
Chairman/Directors' Honoraria	960,000	1,120,000
Sitting allowances	3,544,000	1,276,000
Induction and Training	395,850	-
Travel and accommodation	1,701,821	560,422
Other allowances	84,000	98,000
Total	6,685,671	3,054,422

11. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	5,453,372	1,534,647
Total depreciation and amortization	5,453,372	1,534,647

12. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Property	304,848	-
Vehicles	92,101	-
Computers and accessories	1,345	-
Total repairs and maintenance	398,294	-

NOTES TO THE FINANCIAL STATEMENTS (Cont)

13. Expenses relating to Core mandate

Description	2020-2021	2019-2020
	KShs	KShs
Innovations awards	4,928,800	4,000,000
Stakeholder initiatives and programs	2,182,260	3,300,308
Development of National Innovation policy frameworks and Innovation Survey Index	2,024,334	1,348,000
Total Expenses relating to Core mandate	9,135,394	8,648,308

14. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	KShs	KShs
Current account	7,466,633	8,886,888
Total cash and cash equivalents	7,466,633	8,886,888

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

		2020-2021	2019-2020
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1236339398	7,466,633	8,886,888
Grand total		7,466,633	8,886,888

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Receivables from Exchange Transactions

15(a) Current Receivables from Exchange Transactions

	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Current Receivable	202,073	-
Total current receivables	202,073	-

This relate to Workshop fees that had not been paid at the end of the financial year

15(b) Current Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	KShs	KShs
Current Receivables		
Staff Advance	48,400	-
Total current receivables	48,400	-

This relates to Imprest that had not been surrendered as at the end of the financial year

16. Inventories

Description	2020-2021	2019-2020
	KShs	KShs
Consumable stores	1,232,244	-
Total inventories	1,232,244	-

These are consumable goods that had been purchased but not used as at the end of the financial year

17. Prepayment

Description	2020-2021	2019-2020
	KShs	KShs
Prepayment	426,415	184,785
Total current receivables	426,415	184,785

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Property, Plant and Equipment

	Motor vehicles		Furniture and fittings		Computers		Total	
	Shs	20%	Shs	12.5%	Shs	33.3%	Shs	Shs
Cost								
Depreciation Rate								
As at 1 July 2019	-	-	*1,990,000	12.5%	*2,584,600	33.3%	4,574,600	
Additions	8,489,000				269,602		8,758,602	
Disposals	-		-		-		-	
Transfers/adjustments	-		-		-		-	
30 June 2020	8,489,000		1,990,000		2,854,202		13,333,202	
1 July 2020	8,489,000		1,990,000		2,854,202		13,333,202	
Additions	5,840,000		3,351,000		2,906,214		12,097,214	
Disposals	-		-		-		-	
Transfer/adjustments	-		-		-		-	
30 June 2021	14,329,000		5,341,000		5,760,416		25,430,416	
Depreciation and impairment								
1 July 2019	-		-		-		-	
Depreciation	424,450		248,750		861,447		1,534,647	
30 June 2020	424,450		248,750		861,447		1,534,647	
1 July 2020	424,450		248,750		861,447		1,534,647	
Depreciation	2,865,800		667,625		1,919,947		5,453,372	
30 June 2021	3,290,250		916,375		2,781,394		6,988,019	
Net book values NBV								
30 June 2021	11,038,750		4,424,625		2,979,022		18,442,397	
30 June 2020	8,064,550		1,741,250		1,992,755		11,798,555	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Trade and Other Payables

Description	2020-2021	2019-2020
	KShs	KShs
Trade payables	2,886,910	900,000
Total trade and other payables	2,886,910	900,000

20. Financial Risk Management

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

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

i) Credit risk

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	202,073	202,073	-	-
Receivables from non-exchange transactions	48,400	48,400	-	-
Bank balances	7,466,633	7,466,633	-	-
Total	7,717,106	7,717,106	-	-
As at 30 June 2020				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	8,886,888	8,886,888	-	-
Total	8,886,888	8,886,888	-	-

Financial Risk Management

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

The customers under the fully performing category are paying their debts as they continue trading.

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

ii) Liquidity risk management

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	458,643	628,267	1,800,000	2,886,910
Total	458,643	628,267	1,800,000	2,886,910
As at 30 June 2020				
Trade payables	-	-	900,000	900,000
Total	-	-	900,000	900,000

Financial Risk Management

iii) Market risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The Agency's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	-	-
Retained earnings	24,931,253	19,970,228
Capital reserve	-	-
Total funds	24,931,253	19,970,228
Total borrowings	-	-
Less: cash and bank balances	7,466,633	8,886,888
Net debt/(excess cash and cash equivalents)	7,466,633	8,886,888
Gearing	0%	0%

21. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Agency, holding 100% of the Agency's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the KeNIA, both domestic and external.

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Other related parties include:

- i) Ministry of Education;
- ii) The National Research Fund.
- iii) National Commission for Science, Technology and Innovation
- iv) Key management;
- v) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
b) Purchases from related parties		
Rent expenses paid to govt agencies- NACOSTI	2,889,270	-
Total	2,889,270	-
b) Grants /Transfers from the Government		
Grants from National Govt	42,875,963	35,226,363
Total	42,875,963	35,226,363
c) Key management compensation		
Directors' emoluments	6,685,671	3,054,422
Compensation to key management	4,385,580	2,684,272
Total	11,071,251	5,738,694

22. Events after the Reporting Period

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

23. Ultimate and Holding Entity

The Kenia is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

24. Currency

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

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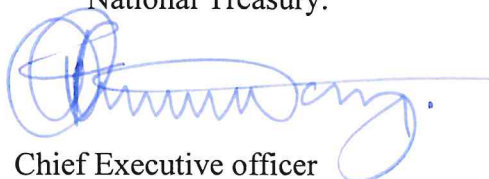
I. APPENDIX
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR
RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A				

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Agency responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.


 Chief Executive officer

Date... 12/8/2022

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APPENDIX II: INTER-AGENCY TRANSFERS

NAME:		THE KENYA NATIONAL INNOVATION AGENCY		
Break down of Transfers from the State Department of University Education				
	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>
		18.08.2020	8,218,990	2020/2021
		06.01.2021	8,218,991	2020/2021
		04.02.2021	8,218,991	2020/2021
		10.05.2021	18,218,991	2020/2021
		Total	42,875,963	

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

Mary Maina

ICPAK No 23927

Accountant

KeNIA

Sign



Head of Accounting Unit
 Ministry

Sign-----

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