

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

	
THE NATIONAL ASSEMBLY	
P. 0	
DATE: 15 NOV 2022	DAY: Tuesday
TABLED BY:	Hon. Silvanus Oloro, MP Chief Whip Majority
CLERK-AT THE TABLE:	Halima Suleiman

OF

THE AUDITOR-GENERAL

ON

TOURISM REGULATORY AUTHORITY

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

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

7 JUN 2022

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021

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



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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Tourism Regulatory Authority (TRA) is a State Corporation established under the Tourism Act 2012 under section 4 as a body Corporate to be administered and managed by a Board. The entity is domiciled in Kenya with Headquarters in Nairobi at Utalii House, 5th Floor and has Seven regional offices at Kisumu, Eldoret, Nakuru, Nyeri, Nairobi, Mombasa and Malindi. Although the Authority was operationalised in April 2014 it gained its Financial and Operational independence in September, 2016.

(b) Principal Activities

The principal Activity of the Tourism Regulatory Authority is to regulate the tourism sector in Kenya including all the activities and services listed under the Ninth schedule of the Tourism Act. No. 28 of 2011

Vision

A centre of Tourism Regulatory excellence.

Mission Statement

To develop and promote a conducive regulatory environment for a dynamic competitive and sustainable tourism sector.

Values

- Integrity
- Collaboration
- Team work
- Professionalism
- Innovation

Mandate

The mandate of Tourism Regulatory Authority as set out in the Tourism Act No. 28 of 2011 is to regulate the tourism sector in Kenya. This mandate entails the following functions as prescribed under section 7 (1) of the Tourism Act: -

- a) Formulate guidelines and prescribe measures for sustainable establishments and operations to realize sustainable tourism development throughout the country;

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- b) Regulate tourism activities and services countrywide, in accordance with the national tourism strategy;
- c) Register, licence and grade all sustainable tourism and tourist-related activities and services including cottages and private residences engaged in guest house services
- d) Develop and implement criteria for classification and standardization of tourism facilities and services;
- e) Develop and regulate tourism and hospitality curriculum, examination and certification in collaboration with the Ministry of Education;
- f) Develop and implement the code of practice for the tourism sector;
- g) Deleted;
- h) Deleted;
- i) Monitor and assess tourist activities to ensure conformity to sound principles of sustainable tourism;
- j) Undertake annual assessment and audit of tourism activities and services and prepare annual tourism sector status report in consultation with the Cabinet Secretary and other lead agencies;
- k) Perform any other functions ancillary to the object and purpose of which the Authority is established.

***g & h were removed in December 2018 through the Miscellaneous Amendments.**

(c) Key Management

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

- Board of Directors
- Director General
- Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Ag. Director General	Mr. Kennedy Lwenyi
2.	Director Compliance & Trade Facilitation	Mr. Moses Lesaibile
3.	Director Standards & Quality Assurance	Mr. Fredrick Jack Omondi
4.	Manager Corporate Support Services	Mr. Ernest Sila Mathuva
5.	Manager Finance & Accounts	Ms. Nkatha Mugambi
6.	Manager Human Resource	Ms. Lucy Serem
7.	Legal Officer	Ms. Carolynne Sein
8.	Chief Supply Chain Management Officer	Mr. Samson Ogwel
9.	Chief Audit & Risk Management Officer	Mr. Jeff Mutie Mutiso

(e) Fiduciary Oversight Arrangements

The Authority fiduciary arrangements are as outlined below;

- **Fiduciary duty of Good Faith and Fair dealing**

This requires the officers to deal with honesty good faith & fairness when handling the Authority obligations in their daily tasks of operations.

- **Fiduciary Duty of Disclosure**

This requires the officers to disclose any potential conflict of interest that may arise between their individual interest and those of the Authority.

- **Fiduciary Duty of Loyalty**

It involves putting the welfare and best interest of the Authority above their own personal or other business interest. The officers are not expected to secretly divert or take advantage of the Authority business opportunities for their own personal benefit.

- **Fiduciary Duty of Care.**

This requires use of appropriate care and diligence when acting on behalf of the Authority. One is required to exercise reasonable prudence in carrying out their duties to achieve the best interest of the Entity. Managers are to be held personally liable for failing to exercise reasonable or ordinary care under the circumstances.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- **Fiduciary responsibilities include;**
 - Adhering to the Corporations established and approved policies and guidelines.
 - Maintaining Stringent Internal control while performing their duties.
 - Ensuring compliance with applicable Laws and Regulations.

(f) Entity Headquarters & Contacts

Utalii House, 5th Floor,

P.O BOX 25357 – 00100

Nairobi, Kenya.

Telephone: +254 701 444 777

E-Mail: dg@tourismauthority.go.ke

Website: www.tourismauthority.go.ke

(g) Entity Bankers

1. Kenya Commercial Bank of Kenya

University Way Branch

P.O BOX 48400 – 00100

Nairobi, Kenya.

2. Co-operative Bank of Kenya

University Way Branch

P.O BOX 48321 - 00100

Nairobi, Kenya.

(h) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084 - 00100

Nairobi, Kenya

(i) 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

Board Composition

The Authority's Board comprises of ten (10) members led by a non-executive and independent Chairman, four (4) independent non-executive directors, representatives of the Principal Secretaries responsible for The National Treasury, State department of Planning and Statistics, State department for Tourism & Wildlife, Ministry of Environment and Forestry, and the Ag. Director-General of the Authority. The Composition of the Board is as stipulated in Section 8 of the Tourism Act 2011 and below are their individual profiles;



Ms. Pauline W. Muthigani
Board Chairperson

Ms. Pauline W. Muthigani

Pauline is an all-round communications business professional and a holder of an Executive MBA (New Media and Communications Management), with a bias in Telecommunications and ICT from the University of St. Gallen, Switzerland. She has also undertaken International Communication law course covering Internet and Communications in University of Luxembourg, and Executive Development course in Advance Management from Haas Business School, Berkeley- University of California USA.

Business Development is her passion and her vision is to offer the most valuable intelligence and strategic direction to organizations in these sectors. Pauline has business interests in telecommunications, manufacturing and sports.

With over 20 years of experience in the Communications sector, and hands on experience in strategic planning, advisory and lobbying, she brings in a wealth of experience and insights in Technology and Innovations. Pauline has deep global insights and networks as far as Travel business is concerned, and is committed to contribute to guide TRA and the Tourism Industry into the most needed reforms and global competitiveness. She also brings on the table in-depth knowledge on Public Private Partnerships and relationship building with commercial partners, trade and relevant government institutions.



Mr. Kelvin M. Kalonzo
Independent Director

Mr. Muasya is a highly motivated and results-driven leader with experience in media, banking and management. He holds a Bachelor's degree in Business Management and International Studies and a Master's Degree in International Business and Diplomacy both from Monash University, Australia. He is a member of the Academy of International Business. Kevin believes that people are the life force of any organization and strives to nurture motivated, high performance teams who deliver above their call of duty. He is a servant leader with a track record of excellence, innovation and efficiency. With his inclination to media and hands on experience in setting up media companies from the ground up, Kevin brings to the Board an out-of-the box,

can-do attitude. He has deep global insights and relationships in international trade and tourism which can be leveraged on to create mutually beneficial partnerships. Kevin has served on several Boards of Directors in different industries including education and media and communication. He brings on board a wealth of experience and knowledge.



Mr. Alais L. Momoi
Independent Director

Mr. Alais Lenana Momoi currently serves as the Executive Director of Matonyok Organization, an International Non-Governmental Organization dealing in Agro-Forestry Projects in Kenya and Tanzania. He brings to the Authority a wealth of experience from the education sector in Kenya with a career spanning over 20 years. He attended Entonet Primary School in Kajiado County before joining Kimana Secondary School. He later joined Kilimambogo Teacher's Training College (TTC) for a P.I Course after which he was posted to various schools in Kenya. Mr. Momoi is currently pursuing a Master's Degree in Project Management at the

Kenya Methodist University (KEMU) and holds a Bachelor of Education Degree from the University of Nairobi with specialty in Geography, History and Government studies. He has been a career educator, and an instructor with Outward Bound School of Experiential Learning. He has been a career administrator at South Eastern Kenya University (SEKU)– Kitui County. Previously, he served

as a board member of the Kenya Forest Service, a position he was appointed to due to his commitment to Climate Change and Environmental issues in the region.



Mr. Isaac Njangu holds a Bachelor of Arts Degree in Sociology and History from University of Nairobi. With a span of 24 Years in the Aviation Industry he has attended a combined course in cargo and passenger handling from the East African School of Aviation, Threat assessment and Risk management course at Kenya Airways Pride Centre. He participated in the bullet proof manager program from Crestcom International and Advanced co-operative management course from KUSCO with a specialization course in cargo and passenger handling by Lufthansa GZW1-WA2. Mr Njangu believes that due to

Global Dynamics and changes in the Tourism Industry affecting Human Movement, charter flights and Hotel occupancy there is need to come up with reforms and develop structures that will encourage Local tourism. These reforms require a dedicated and transformative team to guide the industry in the board. Mr. Njangu has served as a director at Siakago Boys High School, Wanandegge Sacco Society and Embu County National Land Commission.



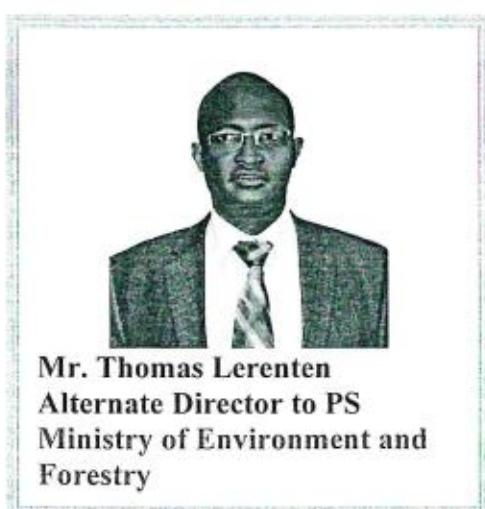
Najma Ismael is a seasoned multimedia journalist with over 15 years' experience in the Media Industry. She holds a Bachelor's Degree in Journalism and Communication from the Kenya Methodist University and is recognized as one of **100 MOST INFLUENTIAL KENYAN MUSLIMS and TOP 30 MUSLIM WOMEN ACHIEVERS IN KENYA**. She brings to the Authority a wealth of experience having worked at Iqra FM as a full-time radio presenter before she moved to Sound Asia FM as a news Editor and News anchor. In October 2006 she successfully joined Radio Africa's KISS

100 FM and CLASSIC 105 FM. Impressed by her authoritative voice the Radio giant employed her as a permanent employee. Najma currently works as a senior news anchor and gender editor as well as being the External Affairs Editorial Liaison Manager at the Standard Group. Najma became **THE FIRST MUSLIM WOMAN TO BROADCAST ENGLISH NEWS IN KENYA WEARING THE HIJAB**. Prior to this, Najma has produced an **Award Winning** news feature "**ALL WOMAN**" that was dedicated to highlighting women issues and celebrating their social economic and political achievements. She also

launched the **FIRST EVER ISLAMIC NEWSPAPER SUPPLEMENT “RAMADHAN SPECIAL”**. This was the first time a daily newspaper published a supplement dedicated to the Muslim community in East Africa. Najma is a local champion for women and girls’ issues. In 2019 Najma’s brand and high level of professionalism, was recognized leading her to be appointed **GOODWILL AMBASSADOR FOR KENYA EDUCATION FUND (KEF)** to provide deserving yet economically disadvantaged students in Kenya with free secondary education.



Ms. Naomi Matheri holds a Master of Arts (in Economics) from the University of Nairobi and Bachelor of Science (Statistics) from Moi University. She has wide experience in macro-economic, fiscal policy, debt management and resource mobilization, having worked in these areas for the last 15 years. She is currently serving as an Assistant Director in the National Treasury. She has had professional trainings from international training institutes including International Monetary Fund (IMF), Macro Economic and Financial Management Institute (MEFMI), and university of Pretoria on areas including: fiscal risks, macroeconomic forecasting, macroeconomic management, financial programming, extractive industries fiscal modelling, macroeconomic diagnostics and debt sustainability analysis. She has also attended management and governance courses and workshops.



Mr. Thomas Lerenten is a Deputy Director of Climate Change Adaptation in the Ministry of Environment and Forestry with the mandate of coordinating climate change adaptation in the country. Mr. Lerenten has a Master’s degree in Environmental Management from Flinders University (Australia), BSc. in Natural Resource Management from Egerton University and a Diploma in Outdoor leadership skills from National Outdoor Leadership School, Wyoming, USA. He is a member of Kenya Society of Environmental, Biological and Agricultural Engineers (KeSEBAE) and Nature Kenya. He is a hard-core conservationist with over 20 years in environmental conservation and climate change fields. His experience spans both state

and non-state organizations. He has done private consultancies on environmental and natural resource management, lectured at Laikipia University and worked as a research assistant at Flinders University (Australia), School of the Environment. He is a sturdy advocate of community ecotourism that enhances both ecosystem and community resilience against vagaries of climate change. Community conservancies is a major form of nature based solutions that addresses both climate change resilience and mitigation. He played an integral role in the development of the National Climate Change Action Plan 2018-2022 having coordinated the development of the adaptation technical analysis report which forms one of the key components of the action plan among other national climate change policies and strategies.

Mr. Lerenten is the EAC Focal point at the Ministry of Environment and Forestry and represents Ministry and the Country at the EAC Regional meetings. He participates in EAC Environment and Natural Resource Sectoral Council of Ministers, Lake Victoria Basin Commission Regional Policy Steering Committee and Sectoral Council of Ministers for Lake Victoria Basin. He also represents the country in the UN Framework Convention on Climate Change Conference of Parties and other climate change-related global and national fora. Mr. Lerenten is a steering committee member of the National Adaptation Plan (NAP) Global Network, a global network with 115 member countries, it supports countries to enhance climate change adaptation and resilience building globally.



Bernard M. Kahuthia
Alternate Director to PS
State Dept. of Tourism

Mr. Bernard Kahuthia is an Assistant Director of Tourism and Acting Head, Tourism Research, Policy and Innovation Directorate, State Department for Tourism, Ministry of Tourism and Wildlife. He has close to 30 years' experience in the Tourism Department specializing in Licensing and marketing. Mr Kahuthia holds a Bachelor of Arts in Political Science and Geography, University of Nairobi and a Post Graduate Diploma in Tourism from the International School of Tourism Sciences, Rome Italy. In addition, Mr Kahuthia acquired a Certificate

in French Language, Kenya School of Government (1998).



Mr. Peterson M. Njenga
Alternate Director to PS.
State Department of
Planning

Peterson Muriithi Njenga holds a Bachelor's Degree in Economics and currently undertaking a Master's Degree in Economics. He joined the then Ministry of Planning, National Development and Vision 2030 in April 2008 as an economist/statistician II and has risen over the years to a level of Chief Economist in the State Department for Planning.

During his working career, he has gotten extensive training and experience in Economic Development, Policy Formulation & Analysis and Strategic Planning and Budgeting in the public sector



Mr. Kennedy Lwenyi
Ag. Director General &
Board Secretary

Mr. Kennedy Lwenyi studied Masters in Management from Gazi Universities in Turkey and holds a Bachelor of Public Administration from Moi University. He has attended a Diploma in Turkish language at Gazi TOMER thus he speaks the Turkish Language in addition to English, Kiswahili and other Kenyan dialects. He has extensive knowledge and experience in Public service spanning 14 years having worked with Provincial Administration before joining the Central Government in various capacities. Prior to joining the Authority, Mr. Lwenyi served in the office of the Cabinet Secretary for Tourism and Wildlife as a senior officer

responsible for all matters pertaining to the office in consultation with the Cabinet Secretary and Senior leadership of the Ministry. Mr. Lwenyi has also undergone rigorous training in various fields including a diploma in Automotive Service Technician offered by the National Skill Development Corporation of India, a Certificate in Control of Marine Plastic Litter by the Open Universities', Netherlands in collaboration with UNEP

He attended a fellowship in Economic Development at The Hague Academy for Local Governance in the Netherlands. In addition, he attended a leadership development program at the Kenya School of Leadership and Adventure as well as the Administration Police Senior Staff College. His strengths are in leadership and governance and motivational management and is passionate with mechatronics and automotive technology.

N/B.

The Authority currently has no Corporation secretary and the Legal Officer has been assisting in duties and responsibilities relating to corporation secretary position

3. MANAGEMENT TEAM

Management	Professional / Academic Qualification
 Mr. Kennedy Lwenyi Ag. Director General	a) Masters in Management from Gazi Universities in Turkey b) Bachelor of Public Administration from Moi University c) Diploma in Turkish language from Gazi TOMER d) Fellowship in Economic Development at The Hague e) Certificate in Leadership development from Kenya School of Leadership and Adventure f) Born in 1983
 Mr. Moses L. Lesaibile Director, Compliance and Trade Facilitation	The Director Compliance and Trade Facilitation is responsible for:- a) Foresee registration, licensing, quality audits and in compliance with the Tourism Act Of 2011 and the Tourism Regulatory Authority Regulations 2014; b) coordination of Regional/Filed offices; c) processing recommendations for custom duty exemptions for the tourism sector; d) formulating incentives for improving standards and quality of service in liaison with other lead agencies; e) Oversee development of the Annual Tourism Sector Status report; f) Conduct research that guides the development of Tourism Policies in order to provide conducive business environment for the sector and inventory assessment and audits for tourism activities and services.



Mr. Fredrick J. Omondi
Director, Standards & Quality
Assurance

The Director department is responsible for:-

- a) Develop and review tourism industry standards, guidelines, codes of practice, and quality audit criteria;
- b) Prepare and manage the Standards and Quality Assurance budget;
- c) Monitor, evaluate and review the impact of Tourism standards on service delivery;
- d) classification and grading of tourism facilities and services;
- e) training and accreditation of classification assessors;
- f) quality audits of the tourism sector establishments;
- g) implementation of national certification programmes and accreditation schemes;
- h) Establish, implement and review the tourism sector workforce occupational standards.



Mr. Mathuva Ernest Sila
Manager,
Corporate Services

The Manager has been performing duties of the Director Corporate Services responsible for supervision of the following functions: -

- a) Finance and Accounts;
- b) Supply Chain Management;
- c) Corporate Communication;
- d) Corporate Strategy, planning & Liaison;
- e) Information Communication Technologies;
- f) Human Capital; and
- g) Transport

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 Ms. Nkatha Mugambi, Manager, Finance & Accounts	In Charge of Finance and Accounting function of the Authority. She is responsible for: - a) Coordinating preparation of budgets; b) Ensuring compliance with financing conditions and ensuring timely payments; c) Preparing cash flow forecasts, scenario analysis and risk assessments. d) Ensuring expenditure controls and payments; e) Maintaining an up to date books of accounts; f) Preparing all financial reconciliations; g) Preparing management and statutory reports including final accounts;
 Ms. Lucy Serem Manager Human Resource	The Manager is in charge of Human Resource and is responsible for: a) Development and implementation of the Human resource policies and procedures; b) Overseeing the processes of selection, recruitment, induction, placement and discipline of staff in the organization; c) Administration of staff remuneration; d) Handling industrial relations disputes and ensuring compliance with labour law and regulations; e) Overseeing employee welfare issues; f) Planning and directing human resource development, coaching, performance appraisals and career development processes and programmes; g) Enforcing safety and security procedures.



Ms. Carolyn Seim
Legal Officer

The Officer has been performing the duties of Legal Affairs Division and has been responsible for: -

- a) Providing legal advice and ensuring the Authority operates within the Law;
- b) Monitoring and reviews regulations governing the operations and ensures compliance with statutory requirements on a continuous basis;
- c) Assist in organizing Board Meetings, preparation of agenda and minutes of the Board Meetings and ensures their circulation;
- d) Ensuring safekeeping of confirmed and signed Minutes of Board Meetings;
- e) Providing advice on all contracts and agreements to be entered into between the Authority and other parties;
- f) Handling the Board's litigation functions in liaison with the State Law Office;
- g) Attending court as appropriate and ensures the Board obtains effective representation as necessary.

4. CHAIRPERSON'S STATEMENT

The financial year 2020/2021 began when the country was still battling the covid-19 pandemic which had brought the tourism industry to a standstill from mid-march 2020. Fortunately, scaling down of the covid-19 containment measures and resumption of local and international flights gave the industry a lifeline. Further, continuous implementation of the Magical Kenya health and safety protocols in the sector throughout the year have seen the tourism sector regain its footing. To this end, the Authority intensified routine quality audits of regulated tourism enterprises, activities and services to ensure compliance with the Magical Kenya health and safety protocols to restore confidence in both the local and international travellers about Kenya as a safe travel destination. On this note, the Authority conducted routine quality assurance audits in a total of 5,475 regulated tourism enterprises throughout the country. The Authority also managed to collect a total of Kshs. 158,609,117 as compliance charges during the year under review.

To enhance management of minimum standards in the tourism and hospitality sector, the Authority gave greater focus to hygiene and safety to restore confidence in both local and international travellers. To this end, the Authority revised the five (5) minimum standards developed in the previous financial year by incorporating health, safety and hygiene aspects in the standards. The five (5) minimum standards were subjected to Regional Stakeholder validation workshops held in Kisumu, Nakuru and Eldoret during the 4th quarter. The Authority also reviewed and incorporated health, safety and hygiene protocols in the six (6) developed drafts of EAC classification criteria namely; Classification criteria for Lodges, Tented camps, Motels, Restaurants, Homestay and Villas, Cottages and Serviced Apartments. Additionally, all the six (6) reviewed classification criteria were subjected to Regional Stakeholder Validation workshops in Eldoret, Kisumu and Nakuru.

To enhance compliance to minimum standards and implementation of the Magical Kenya health and safety protocols in the new normal, a total number of thirty-eight (38) officers who were drawn from the Authority's Regional offices were trained on how to conduct routine quality assurance audits. The Regulator also developed a draft workforce development strategy in a bid to address workforce quality challenges in the tourism sector. To facilitate continuous monitoring of the tourism sector, the Authority undertook an annual assessment and audit of tourism activities and services, measures and initiatives at the National level and prepared a draft National Tourism Sector Status report for the year 2020. Further, to facilitate ease of doing business, the Authority received and processed fifty-seven (57) applications for custom duty exemption with an estimated total value of Kshs 463,726,836.08 with an estimated exemption value of Kshs. 92,745,367.23 for the period under review.

During the financial year, the Authority completed review of the Corporate Strategic Plan (2018-2022) as per the commitments in the PC. Cognizant of the fact that trends in the global marketplace continue to emphasize on high safety and hygiene standards for tourism product offerings, the need for the Regulator to readjust its regulatory model became paramount. The revised Strategic Plan envisions enhancing uptake of quality standards by regulated tourism enterprises to improve destination competitiveness for sustainability.

It is also worth noting that the 3rd quarter of the financial year 2020/2021 seemed to have brought good tidings for the Authority. The court case on appointment of Independent Board members which had been pending was finally thrown out by the High Court on 4th of February on grounds of jurisdiction. This therefore saw the Board members report to the Authority, orientation for the Board members was conducted and the Board held its first full Board meeting in the fourth quarter of the year.

Despite the significant strides the Authority has made, it is imperative to note that a number of challenges have been experienced throughout the year which affected attainment of some targets. To start with, the Authority faced major financial constraints given that some regulated enterprises had closed down due to effects of covid-19 pandemic hence could not renew their licenses. This affected collection of the Appropriation in Aid (A-in-A) for the year. Moreover, Government grants for the Authority were not received on time throughout the year, a case in point being the 3rd and 4th quarter where the grants were received after the close of the quarters. This greatly hampered execution of planned PC and work plan activities. Secondly, inadequate budget allocation has greatly hampered ability of the Authority to enhance uptake of quality standards by regulated tourism enterprises thus curtailing attainment of destination appeal and competitiveness. A case in point, the Authority was not in a position to roll out the safety and hygiene project and the nationwide classification exercise due to the magnitude of finances required which cannot be sourced from the recurrent budget. Thirdly, it is imperative to note that the remuneration structure currently attached to the grading structure has proved to be uncompetitive compared to peer regulators and has thus contributed to low staff morale and greatly affected ability of the Authority to attract and retain best talent.

Moving forward, to enhance Authority's financial muscle, the Authority will continue to appeal for allocation of development grants from the National Treasury and development partners through implementation of the Resource Mobilization strategy. The Authority will also give priority to review of the Human Resource instruments, re-categorization by SCAC and recruitment of a substantive Director General. Cognizant of the heavy mandate of the Authority of regulating the tourism sector

in Kenya, a sector well known for its multidimensional and multi-sectoral nature due to its forward and backward linkages with other sectors of the economy, we are hopeful that through a competitive process, we will attract a competent individual with the requisite knack and zeal to effectively and efficiently steer regulation of the tourism sector in Kenya.



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Pauline W. Muthigani
Board Chairperson

5. REPORT OF THE DIRECTOR GENERAL

During the financial year 2020/2021, the Authority executed her mandate in line with the provisions of the Tourism Act, 2011 and the Tourism Regulatory Authority Regulations, 2014 amidst the challenging environment occasioned by the covid-19 pandemic. During the period under review, the Authority continuously implemented the Magical Kenya health and safety protocols in the sector by conducting routine quality audits in regulated tourism enterprises throughout the year. To this end a total number of 5,475 regulated tourism enterprises were inspected for quality assurance and standards maintenance against a set annual target of 5,166. The Authority also collected Kshs 158,609,117 in Appropriation in Aid (A-in-A) against a reviewed annual target of Kshs 170,000,000. The overall target of Kshs 170 million for the year was not attained because most facilities had not reopened during the first and second quarters of the financial year due to covid-19 containment measures. It is worth noting that the initial target of Kshs 211 million was revised to Kshs. 170 million during supplementary II because most facilities had not reopened during the first and second quarters of the financial year hence it could have been a toll order for the target to be attained.

On management of minimum standards for regulated tourism enterprises, activities and services, the Authority gave greater focus to hygiene and safety to restore confidence in both local and international travellers. To this end, the Authority revised the five (5) minimum standards developed in the previous financial year by incorporating health, safety and hygiene aspects in the standards. These included Hotel Safety and Security standards; Conference and Conventions; Extreme and Adventure Sports; Food Safety and Hygiene and Halal Compliance Standards. The five (5) minimum standards were subjected to Regional Stakeholder validation workshops held in Kisumu, Nakuru and Eldoret during the 4th quarter. The other five regions i.e. Nairobi, Mombasa, Embu, Mara and Machakos which the Authority had envisaged to conduct the workshops as per the commitments in the Performance Contract were not done due to budgetary constraints. The Authority also reviewed and incorporated health, safety and hygiene protocols in the six (6) developed drafts of EAC classification criteria for Lodges, Tented camps, Motels, Restaurants, Homestay and Villas, Cottages and Serviced Apartments. Additionally, all the six (6) reviewed classification criteria were subjected to Regional Stakeholder Validation workshops in Eldoret, Kisumu and Nakuru. Although, the Authority had also planned workshops in Nairobi and Mombasa to validate the reviewed criteria, these were not conducted due to budgetary constraints given that the Authority had not received the 4th quarter grants by the close of the quarter.

To align the industry to the prevailing operating environment of Covid-19 and enhance compliance to minimum standards by regulated tourism enterprises, the Authority trained a total number of thirty-eight (38) officers on quality assurance against a set annual target of forty (40) officers. This is aimed at facilitating routine quality audits to ensure compliance to quality standards as well as implementation of the Magical Kenya health and safety protocols in the new normal hence raise destination's appeal and competitiveness. To enhance professionalism in the tourism and hospitality sector, the Regulator developed a draft workforce development strategy to address workforce quality challenges. To facilitate continuous monitoring of the tourism sector, the Authority undertook an annual assessment and audit of tourism activities and services, measures and initiatives at the National level. On this note, primary data was collected in four regions i.e. Mt. Kenya, Nairobi, Western and North Rift Regions. The data was analysed and a draft Tourism sector status report for the year 2020 was prepared.

To facilitate ease of doing business, the Authority processed all the fifty-seven (57) applications for duty / VAT exemptions from investors submitted during the period under review. This was for recommendations for custom duty exemptions in accordance with the EAC Custom Management Act 2004, and VAT exemption in accordance with the Finance Act 2017. The total cost of items recommended for exemption during the financial year was Ksh. 463,726,836.08 with an estimated value of exemption of Ksh. 92,745,367.23. It is worth noting that the applications processed during the period were both from hotels seeking duty exemption and Tour Operator seeking VAT exemptions respectively.

During the financial year 2020/2021, the Authority undertook review of the 2018-2022 Strategic Plan. The changes in the operating environment occasioned largely by the outbreak of the covid-19 pandemic necessitated the need for the Regulator to review her strategic framework. As such, the challenges in the current environment present a scenario whereby the Authority will continually adjust her regulatory model to conform to the changing tourism environment. In the revised Strategic Plan therefore, the Regulator intends to prioritize facilitating tourism businesses through digitization of tourism services, development & implementation of sector specific safety & security and quality standards for tourism service providers to be able to bounce back. Through the revised strategic framework, the Authority envisions playing a coordinating role of rallying industry players together through collaborative networks to enhance uptake of quality standards in business operations, standards development, and adoption of digital tourism, innovation and technology through technical

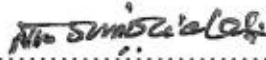
advisory services and capacity building of tourism and hospitality practitioners. It is our utmost belief that these actions will help mainstream ethical practices and quality in the sector and enhance development of a well-regulated tourism sector for competitiveness and sustainability.

During the period under review, execution of Authority set work plan and Performance contract targets was greatly hampered by many externalities. First, some regulated tourism enterprises were closed during the better part of the year hence they could not renew their licenses. This affected the Appropriation in Aid (A-in-A) target in the performance contract and the financial sustainability target in the annual work plan. The Covid-19 pandemic also affected finalization of the ERP system and going live because stakeholder sensitization program which is the last component of the project could not be conducted due to Covid-19 containment measures of scaling down physical stakeholder engagements. Second, late disbursement of allocated government grants for instance, the 3rd and 4th quarter grants having been received after the end of a quarter greatly affected timely execution of PC and work plan activities. Third, inadequate budget allocation has greatly hampered ability of the Authority to enhance uptake of quality standards by regulated tourism enterprises thus curtailing attainment of destination appeal and competitiveness. A case in point, although the Authority developed two project proposals and submitted the same to the Tourism Promotion fund and the Ministry for funding, it was unsuccessful. Hence the Authority was not in a position to roll out the safety and hygiene project and the nationwide classification exercise due to the magnitude of finances required which cannot be sourced from the recurrent budget. Fourth, it is imperative to note that the remuneration structure currently attached to the grading structure has proved to be uncompetitive compared to peer regulators and has thus contributed to low staff morale and greatly affected ability of the Authority to attract and retain best talent. Cognizant of this fact, the Authority endeavoured to address this challenge by conducting a comprehensive review of all jobs for all cadres during the remuneration review cycle for the period 2021/22-2024/25 conducted by the Salaries and Remuneration Commission during the financial year as a stop-gap measure. However, no positive results were received from the Job Evaluation exercise.

Moving forward, the Authority will focus enhancing its financial sustainability through continual appeals to the National Treasury for allocation of development grants and approach development partners through implementation of the Resource Mobilization strategy to enable execution of mega projects on standards and quality assurance to enhance destination competitiveness and appeal. The Authority will also give priority to review of the Human Resource instruments namely Human

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Resource Policy and procedures manual, Career progression guidelines, review of the organization structure and staff establishment and pursue re-categorization of the Authority for competitive remuneration.



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Michael N. Tialal
Ag. Director General

6. STATEMENT OF TRA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

TRA has five Strategic Pillars / thematic areas namely:

1. Institutional Capacity,
2. Co-regulation,
3. Standardization,
4. Corporate Image and
5. Service Delivery

These are mapped onto the four perspectives of the Balanced Score Card (namely stakeholders finance, operations and organizational capacity) and thirteen (13) Strategic Objectives within the current Strategic Plan (2018-2022). The strategic objectives are as follows: -

- 1) Enhance customer satisfaction;
- 2) Enhance national cohesion and values;
- 3) Enhance financial sustainability of the Authority;
- 4) Improve financial management;
- 5) Enhance quality of service within the tourism sector;
- 6) Enhance professionalism in the tourism sector;
- 7) Enhance standards in the tourism sector;
- 8) Facilitate tourism trade;
- 9) Monitor trends in the tourism sector;
- 10) Enhance partnerships and collaborations;
- 11) Improve the human capital;
- 12) Enhance automation at the Authority; and
- 13) Improve the working environment.

TRA develops its annual work plans based on the above thirteen strategic objectives. Some performance outputs in the work plan are also captured in the annual performance contract, hence there is a direct link between the work plan and the Performance Contract. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. TRA achieved its performance targets set for the financial year 2020/2021 period for its 13 strategic objectives as indicated in the diagram below:

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Strategic (BSC Perspective)	Strategic Objective	Key Performance Indicators	Activities	Achievements
Stakeholders	Enhance customer satisfaction	Customer satisfaction index	Implement recommendations of the baseline customer satisfaction survey; Mitigate corruption within the Authority; Finalize development of complaint handling procedures/guideline; Public Relations and CSR Activities; Review and Implement the Communication Strategy	55.56%
	Enhance national cohesion and values;	Number	Sensitize Staff on National Cohesion and values; Implement Commitments as per the Annual President's report on National values and principles of Governance; Reserve 30% under access to Government procurement opportunities (AGPO); Promotion of local content in procurement; Develop disability mainstreaming policy	71.42%
Finance	Enhance financial sustainability of the Authority	Amount of revenue	Increase revenue collection (A-I-A); Implement the Resource Mobilization Strategy	87.5%
	Improve financial management	% of completion-reports	Review internal financial management systems, processes and controls; Implement internal financial management systems, processes and controls; Maintain an up-to-date Asset Register for the Authority; Adopt Programme based budgeting and Participate in Budgeting, MTEF Process & Sourcing of fund; Develop	75%

			and Implement an Integrated Risk Management Framework	
Operations	Enhance quality of service within the tourism sector	No. of regulated enterprises	Undertake inspections and investigations of regulated tourism enterprises; Undertake awareness campaigns on compliance & Health and safety Protocols and minimum standards	33.33%
	Enhance professionalism in the tourism sector	Register	Develop and maintain a register for recognized tourism and hospitality training institutions, Tourism sector Associations, Tourism sector workforce; Conduct a skills inventory of manpower in the tourism sector; Develop a workforce development Strategy	25%
	Enhance standards in the tourism sector	No. of standards/ criteria	Review and incorporate health, safety and hygiene aspects in all standards i.e., safety and security, food safety & hygiene, adventure sports, MICE standards and Halal Compliance standards; Develop a spa and wellness standard; Develop a Tour Driver Guides Accommodation standard; Develop standards and guidelines for digital tourism; Review & incorporate health, safety and hygiene standards in the six (6) EAC Classification Criteria developed in the FY 2019/2020; Stakeholder validation for all the standards in Nairobi, Kisumu,	76.92%

			Mombasa, Nakuru, Eldoret, Embu and Machakos	
	Facilitate tourism trade	% of completion-reports	Process Recommendations for Duty/VAT exemptions; Sensitize stakeholders on available incentives; Conduct a study on the prevailing regulatory environment in collaboration with TRI; Lobby partner States through MoTW for review of the EAC customs Management Act 2004 to broaden incentives	50%
	Monitor trends in the tourism sector	Status report	Undertake an annual assessment and audit of tourism activities and services at National level; Compile the Tourism Sector Status Report for the year 2020	85%
	Enhance partnerships and collaborations	% - reports	Collaborate with other Agencies to enhance compliance; Implement the Stakeholder engagement strategy	66.67%
Organizational capacity	Improve the human capital	% of completion-reports	Undertake institutional skills Gaps Analysis and Training Needs Assessment; Implement Authority's Training Plan; Provide Youth Internship/Industrial attachments/Apprenticeships annually; Timely and Accurate Appraisal of Authority Employees; Develop a Knowledge Management System; Review the 2018-2022 Strategic Plan; Coordinate Corporate performance /PC activities, reporting and evaluation	36.36%

	Enhance automation at the Authority	Procedures; % of completion-reports	Develop and implement ICT roadmap; Develop an interactive Data Repository; Review and Redesign Authority's website to facilitate access to PWD's; Implement a Maintenance Plan for all ICT Equipment within the Authority	22.22%
	Improve the working environment	% of completion	Review the code of conduct and ethics; Management of Occupational Safety and Health throughout the Authority; Prevention and Management of HIV Infections; Ensure consistency in file naming throughout the organization; Develop a performance management framework	44%

7. CORPORATE GOVERNANCE STATEMENT

The Tourism Regulatory Authority corporate governance standards are guided by the guidelines and governance principles as enshrined in various Government manuals and has adopted rules of conduct based on best practices. The Authority undertakes regular stakeholders' engagements in development of regulations and standards as well as to address other emerging issues. The Authority also has elaborate complaints management system which is designed to address stakeholder issues against the Authority as well as mediate issues between licensed enterprises.

The Authority is governed by a Board of the Authority. The Board's main objective is to give guidance on the management of the Authority towards achieving its targets. It should be noted that the Authority operated without a fully constituted Board for the 1st & 2nd Quarter of the Financial Year as the term of the Independent Board members expired on 2nd October 2018 and no appointments had been made until 7th August, 2020 when Four Independent board members were appointed vide Gazette Notice No. 9823/2747(See **Appendix I**). However, due to an existing court order, the independent board members could not take up office until 4th February, 2021 when a Constitutional Petition challenging their appointment was dismissed.

Succession Plan

Section 8(2) of the Tourism Act provides that the members of the Board of the Authority shall be appointed at different times so that the respective expiry dates of their terms of office shall fall at different times for ease of continuity. The Tourism Act under which the Board is constituted also provides for renewal of the term of the Board Members for one additional term of three (3) years. The Act gives the Cabinet Secretary the powers to appoint board members and/or replace a Board member when a vacancy occurs.

Process of Appointment and Removal of Board Members

The Board members of the Authority are appointed or removed as per the provisions of Section 8 and 10 of the Tourism Act. The Chairperson is appointed by the President while the alternates of the Principal Secretaries must be appointed by the Principal Secretary represented in writing. The six non- public officer members are appointed by the Cabinet Secretary competitively taking into account regional balance and gender parity. Two are nominated by the registered tourism sector associations and four are persons who have expertise in tourism or tourism-related disciplines. The Chairperson

and the Independent Board members are appointed for a term not exceeding three years which can be renewed for a further term not exceeding three years.

On removal of members, the Act provides that members of the Board may resign from the office in writing to the appointing Authority. Additionally, other grounds for removal include where a board member has been absent from three consecutive meetings without sufficient cause; is unable to act as a member as may be determined by the Cabinet Secretary or upon death of a member.

Roles and Functions of the Board

The functions of the Board of the Authority are as provided under section 9 of the Tourism Act and include: -

- Ensure the proper and effective performance of the functions of the Authority;
- Approve and ratify the policies of the Authority;
- Manage, control and administer the assets of the Authority in a manner and for purposes that promote the object and purpose of the Authority;
- Receive any gifts, grants, donations or endowments made to the Authority;
- Determine the provisions to be made for capital and recurrent expenditure, and for the reserves of the Authority;
- Open bank accounts for the funds of the Authority;
- Subject to the approval of the Minister for the time being responsible for matters relating to finance, invest any of the Authority funds not immediately required for the purposes of this Act, as it may determine;
- Determine and specify the terms and conditions for the appointment and emoluments of the personnel of the Authority;
- Co-operate with other organizations undertaking functions similar to its own, whether within or outside Kenya as it may consider appropriate and in furtherance of the object and purpose of the Authority;
- Provide for a staff superannuation scheme for the employees of the Authority; and
- Approve the borrowing of funds in consultation with the Minister for the time being responsible for matters relating to finance.

Induction and Training

The Board Members of the Authority on appointment are inducted on the Authority mandate activities and key instruments used by the Authority. The Board members are also facilitated for training and induction on Mwongozo corporate governance provisions and also corporate governance. Other trainings are undertaken from time to time depending on governance or other skill gaps as may be determined by the Board.

Board and Members Performance

The inaugural Board of the Authority performed well during their tenure of the office. This is determined by the annual Board evaluation undertaken after the end of each FY under supervision of State Corporation Advisory Committee (SCAC). However, the Annual Board self-evaluation for this period is yet to be conducted.

Conflict of Interest

Section 11 of the Tourism Act, the Board Charter and the Authority's Code of Conduct and Ethics signed by each Board member provides for disclosure of interest. A member of the Board of the Authority who has an interest in a matter for consideration by the Board of the Authority is expected to disclose the nature of that interest in writing and not participate in any deliberations of the Board of the Authority relating to that matter. The section also provides that a member of the Board who fails to disclose interest shall cease being a member of the Board of the Authority.

Board Remuneration

The Board members are remunerated as guided by Government Guidelines and circulars from time to time. This is in line with section 9(3) of the Tourism Act that provides for members of the Board to paid allowances as determined by the Cabinet Secretary, in consultation with the Minister for the time being responsible for matters relating finance. For the year under review, it is only the Chairman who received monthly honorarium and airtime. Board members were paid sitting and other allowance as approved by the Cabinet Secretary.

Ethics of Governance and other Governance Audit

The Board members are governed by Chapter 6 of the Constitution on Integrity and the Code of Governance for State Corporations (Mwongozo). The Board members also signed the Authority's Code of Conduct and Ethics. The Governance Audit for this Financial Year has not been done as provided by Mwongozo due to budgetary constraints.



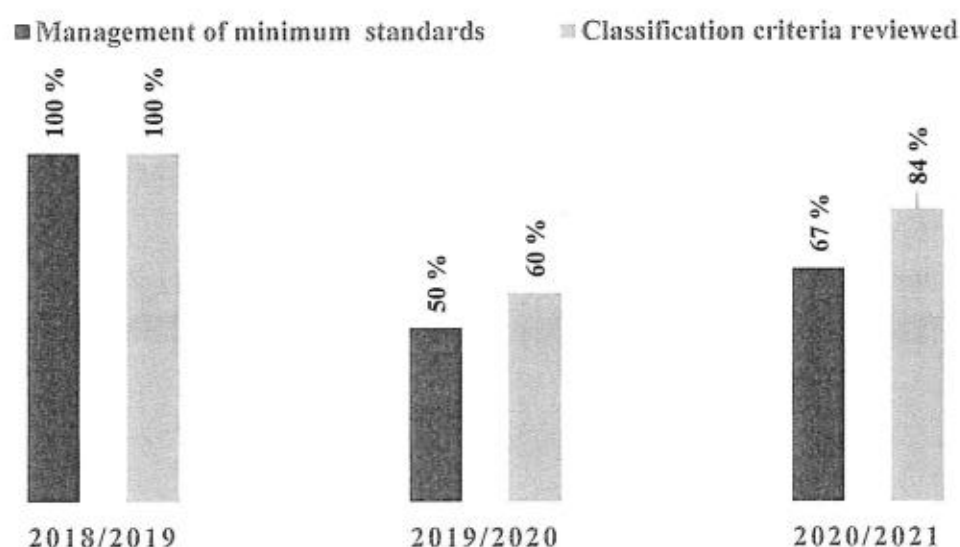
8. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Performance

Management of Minimum Standards for Regulated Tourism Enterprises

During the year under review, on management of minimum Standards for the Authority reviewed the five (5) minimum standards developed in the previous financial year by incorporating health, safety and hygiene aspects. These standards were, Hotel Safety and Security standards; Conference and Conventions; Extreme and Adventure Sports; Food Safety and Hygiene and Halal Compliance Standards. The five (5) minimum standards were subjected to Regional Stakeholder validation workshops held in Kisumu, Nakuru and Eldoret during the 4th quarter. The other five regions i.e. Nairobi, Mombasa, Embu, Mara and Machakos which the Authority had envisaged to conduct the workshops as per the commitments in the Performance Contract were not done due to budgetary constraints. This translated to a total score of 67%. The Authority also reviewed and incorporated health, safety and hygiene protocols in the six (6) developed drafts of EAC classification criteria for Lodges, Tented camps, Motels, Restaurants, Homestay and Villas, Cottages and Serviced Apartments. Additionally, all the six (6) reviewed classification criteria were subjected to Regional Stakeholder Validation workshops in Eldoret, Kisumu and Nakuru. Although, the Authority had also planned workshops in Nairobi and Mombasa to validate the reviewed criteria, these were not conducted due to budgetary constraints given that the Authority had not received the 4th quarter grants by the close of the quarter. This translated to a total score of 87% for the review of classification criteria indicator. A comparative analysis of the performance of these two indicators for the three years is shown in figure 1 below;

Figure 1: Comparative Analysis of performance of Management of minimum standards and classification review indicators

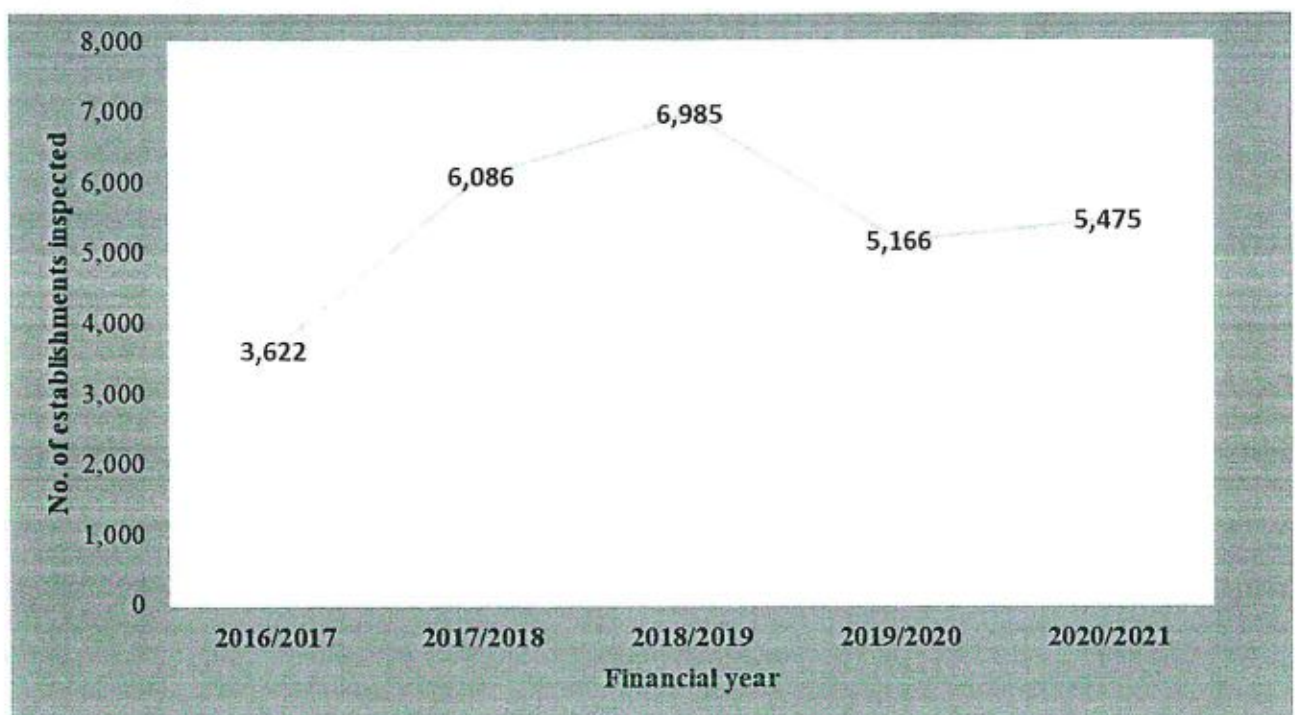


FY 2020/21	FY 2019/20
- Incorporation of Health, Safety & Hygiene aspects into the following; i. The developed Five (5) Minimum Standards ii. The Six (6) EAC Classification Criteria - Held Regional Stakeholder Validation workshops in Kisumu covering the western region, Nakuru covering the South Rift Region, and Eldoret covering the North Rift Region for the Five (5) Minimum Standards and Six (6) EAC Classification Criteria. This was against a target of Eight (8) Regions	- Development of Five (5) Minimum Standards i. Hotel Safety and Security Standards ii. Conference & Convention Standards iii. Extreme and Adventure Standards iv. Food, Safety & Hygiene Standards v. Halal Compliance Standards - Review of Six (6) EAC classification criterion i. Motel Criteria ii. Restaurant Criteria iii. Tented Camp Criteria iv. Lodges & Villas Criteria v. Cottage & Serviced Apartment vi. Homestays Criteria

Quality Assurance Inspections of Tourism Enterprises

To enhance compliance to minimum standards and facilitate implementation of the magical Kenya health and safety protocols, the Authority conducted routine quality audits in a total of 5,475 regulated tourism enterprises during the year under review against a target of 5,166. This is an improvement of 7.92% from the achievement of the previous financial year and set performance target as shown in figure 2 below: -

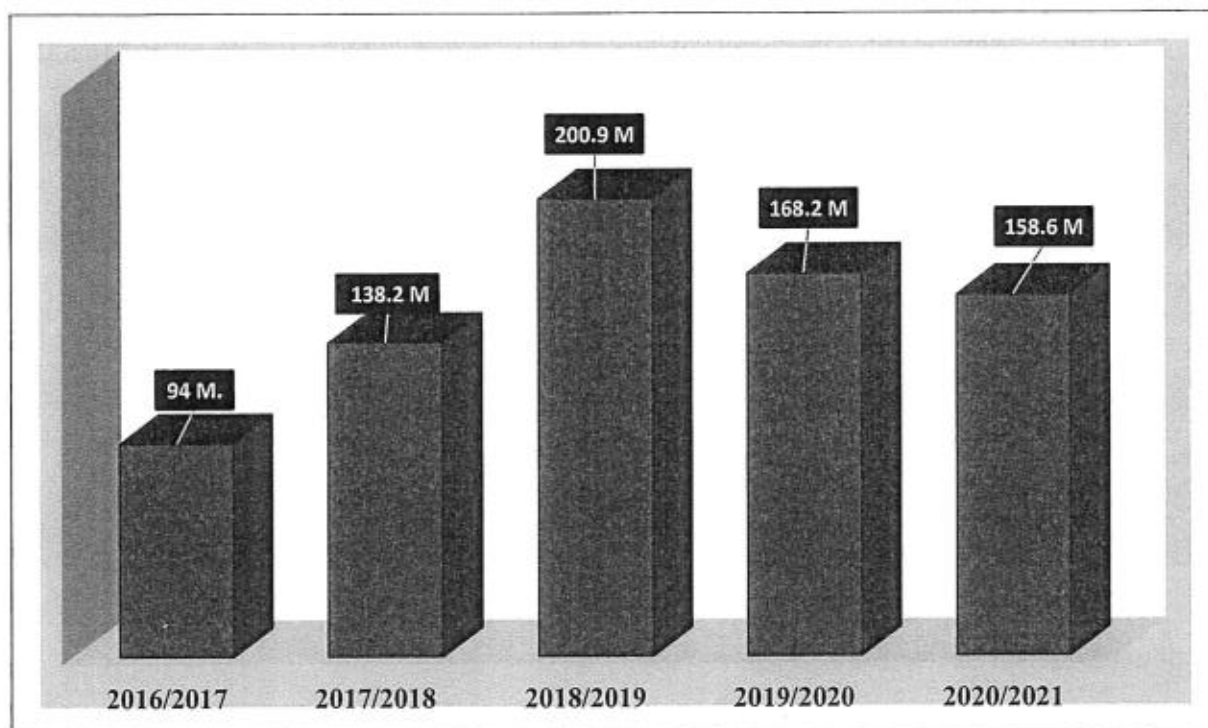
Figure 2: Comparative analysis of No. of establishments inspected for five years



Appropriation in Aid (A-in- A)

The Authority collected Kshs 158,609,117 in Appropriation in Aid (A-in-A) against a reviewed annual target of Kshs 170 million. The overall target of Kshs 170 million for the year was not attained because most facilities had not reopened during the first and second of the financial year due to covid-19 containment measures. It is worth noting that the initial target of Kshs 211 million was revised to Kshs. 170 million during supplementary II because most facilities had not reopened during the first and second quarters of the financial year hence it could have been a toll order for the target to be attained. The achievement for the financial year represents a drop of 5.7% from the achievement of the previous financial year as depicted in figure 3 below: -

Figure 3: Comparative Analysis of Actual Revenue for five years



The key performance indicators for the authority under operational performance is as summarised in the table below.

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Comparison Table on Key Performance Indicators.							
Key Outputs	Key performance indicators	Target			Actual		
		2018/2019	2019/2020	2020/2021	2018/2019	2019/2020	2020/2021
Quality assurance audits of regulated tourism enterprises	No. of regulated tourism enterprises audited	6500	7500	5,166	6,985	5,166	5,475
Appropriation in Aid (A-in-A)	Amount of A-in-A collected (Kshs Million)	150.0	215.0	170.0	200.9	168.2	158.6
Tourism establishments classified and certified	No. of tourism establishments classified and certified	80	N/A	N/A	62	N/A	N/A
Minimum standards developed and Reviewed	No. of minimum standards developed and Reviewed	2	5	5	2	5	5
Automated licensing platform and tourism information systems (ERP)	% completion	100	100	100	95	95	98

National Tourism Sector Status Report Prepared

To enhance adherence to sound principles and practices of sustainable tourism, the Authority undertook an annual assessment and audit of tourism activities and services, measures and initiatives at the national level and prepared a draft national tourism sector status report for the year. On this note, primary data was collected by use of questionnaires and face to face interviews in in four regions i.e. Mt. Kenya, Nairobi, Western and North Rift Regions. The data was analysed and a draft Tourism sector status report for the year 2020 was prepared.

Review of the Strategic Plan (2018-2022)

The lessons learnt and challenges faced during the first implementation period of the current strategic Plan coupled with the changing operating environment, and in specific, the realities presented to the tourism industry by the Covid-19 pandemic necessitated revision of the Strategic Plan 2018-2022. Through this revised strategic framework, the Authority envisages increasing uptake of quality standards by regulated tourism enterprises, activities and services in response to the ‘new normal’ thus make destination Kenya appealing to the needs of the ‘*germaphobic*’ traveler. Overall, this revision aimed at refocusing the Authority to ensure it continues on the path of effective and efficient execution of its mandate.

Processing of Custom Duty / VAT Exemptions.

To Facilitate Tourism Trade, the Authority processes all the application for duty/ VAT exemptions from investors as shown below

Details	FY 2020/21	FY 2019/20
No. of Application	57	94
Value of Goods Applied (Million)	488.70	914.50
Estimated Exemption Value (Million)	97.70	188.20

Conclusion

Although all the targets were not met as expected, we are optimistic that despite the Covid-19 pandemic which greatly affected the activities of the Authority the government will continue to put in place mechanism to ensure normalcy and channel more funds to facilitate uptake of standards, classification and grading of tourism enterprises which will greatly improve destination competitiveness. The Authority too continues to play its regulatory role to enhance the achievement of targets towards its mandate.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Tourism Regulatory Authority seeks to develop and establish a conducive regulatory environment for a dynamic sustainable tourism sector. To this end, the Authority's Corporate Social Responsibility (CSR) involves continuous stakeholder engagement and involvement with a view to gain sustainability in operations, support by the stakeholders and communities and ensure employee sense of belonging. The Authority was however not able to undertake all planned CSR activities during the period under review due to the Covid-19 containment measures which restricted movements and interactions. The following is a brief highlight of the Authority's achievements in each pillar.

1) Sustainability Strategy and Profile

TRA Strategic Plan envisages on Leveraging the Co-Regulatory Framework for Destination Competitiveness and Sustainability. The Authority is thus cognizant of the important role of the stakeholder engagement and community participation. During the year under review, the Authority undertook projects /initiatives such as review of the EAC classification criteria and development of standards and certification programs that encompassed sustainability aspects such as eco-designs, new equipment and technologies in energy and waste resources, renewable energies, equipment and materials for recycling and waste among others.

In the spirit of leveraging the co-regulatory framework, the Authority partnered and collaborated with stakeholders in creating a knowledge sharing system geared towards an enabling regulatory environment that enhances competitiveness and sustainability of destination Kenya. The implementation of the Stakeholder Engagement Strategy created synergies amongst the stakeholders for effective and efficient regulation.

2) Environmental Performance

TRA is committed to protecting the health and safety of all individuals including employees, contractors and the public. To this end, the Authority endeavours to provide a safe and healthy working environment that is considerate to health and safety of any individual. Our goal is to have no accidents and mitigate impacts on the environment by working with our stakeholders and others to promote responsible environmental practices and ensure continuous environmental improvement.

The Authority engaged in various environmental conservation initiatives and participated in activities such as World Wetlands Day at Sabaki Estuary, Kilifi County. In participating and sponsoring the celebration of the World Oceans Day, the Authority was cognisant of the global ocean conservation as espoused by the United Nations. The day sought to raise public awareness on the need, means and institutional frameworks for conserving coastal ecosystems and livelihoods as well as beach clean-up exercise and planting of mangrove.

We also sponsored the World Sea Turtle Festival held in Diani Safari Beach to raise awareness about the importance of supporting this endangered sea turtles and the need to enhance conservation efforts. The visit to “Base Titanium site and tree planting in Kwale County” an activity organized by Ministry of Tourism and wildlife, State Department for Tourism also aimed at identifying potential tourism areas, sites and itineraries was among the activities that the Authority participated in.

In an effort to increase the forest cover as per the presidential directive, the Authority spearheaded tree planting exercise at Kenya School of Government, Matuga that saw over 200 trees being planted.

Towards the sector, the Authority ensured compliance with appropriate environmental standards by ensuring environmental clearance from expert agencies such as National Environment Management Authority (NEMA) and public Health before issuance of the annual Tourism licenses.

The Authority also undertakes routine inspections in which environmental maintenance is one of the aspects considered. In its standards development, including the classification criteria, the Authority ensures that environmental considerations are included.

3) Employee Welfare

The Authority takes cognizance of the fact that employees are important stakeholders and asset. To this end, the Authority endeavours to attract and retain top talent demands a solid commitment to corporate responsibility. Therefore, TRA has developed a well-designed program to engage the workforce, increase employee retention, and enhance productivity. The Authority also undertook employee satisfaction and work environment surveys in the FY 2019/2020 and the recommendations of the surveys are being implemented to further improve employee satisfaction. The Authority also ensured maintenance of occupational Safety and Health throughout the Authority.

Although constrained by budget, the Authority invested in employees' future through training to help employees become more productive. Several employees were sponsored to participate in professional advancement courses while all employees were trained on safety and security including anti-terrorism sensitization, HIV/AIDS prevention among others. To improve the morale of the staff, the Authority implemented an approval of TRA Salary scale from the interim that saw the increment in the basic salary.

4) Market place practices

As a regulator, the Authority has been undertaking several initiatives to achieve market place practices.

a) Responsible Competition Practices

This is achieved through ensuring that all regulated tourism enterprises achieve and maintain the set minimum standards that ensure the customers achieve quality for money. In its classification activities, the Authority also differentiate one establishment to another by guiding the on the level of service. Where a dispute arises between regulated enterprises and its clients or between regulated enterprises, the Authority mediates resolution of the disputes.

b) Responsible Supply Chain and Supplier relations

The Authority ensures responsible supply chain and supplier relations by continually updating and registering of suppliers especially among the preferred categories. To adequately sensitize the

preferred categories, the Authority holds an annual supplier education for the special categories to benefit from supply to the Authority. To ensure transparency and give opportunities to all suppliers, the authority has been uploading the advertisement for tender in its website and in the government tender website. TRA maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices. During the FY, the Authority processed the invoices that are due within the stipulated time. Also, all invoices and contracts that were due for payment and had met all the payment requirement were honored. These efforts ensured that the Authority did not accrue any pending bill by the end of the financial year.

c) Responsible Marketing and Advertising

The Authority marketing practices were done responsibly and advertisement both online and print media maintaining ethical marketing practice, All the adverts were approved by the Government Advertising Agency as per the Government regulations.

d) Product Stewardship

By ensuring quality product and service standards, the Authority undertook its mandate to safeguard consumer rights and interests. Any deviation to the expected standards was addressed and corrected.

5) Corporate Social Responsibility / Community Engagements

The Authority's community engagement encompasses a wide variety of community interactions ranging from information sharing to community consultation and, in some instances, active participation in TRA's decision-making processes. Effective community engagement has allowed the Authority to tap into diverse management perspectives to improve the acceptable and well informed decisions. As such, it has enabled citizens and communities to better understand the processes and functions of the Authority and build their capacity to participate in deliberative processes by gaining confidence, skills, knowledge and experience.

The engagement has either been formal or informal, direct or indirect. These include stakeholder consultations in the development of minimum standards, the annual status report among other regionally coordinated community initiatives. The Authority however did not undertake the targeted community CSR activities due to the factors indicated above. To alleviate the Covid 19 effects to the vulnerable in the society, the Authority produced four hundred (400) branded special facemasks for

special groups for the Deaf. The masks were distributed to students in Tumutumu Special School in Nyeri County for the hearing-impaired students as part of giving back to the society.

To support the local community enterprise, the Authority participated in Madini Mazingira na Ustawi Kwa Jamii Annual Conference and Exhibition held in Diani Beach in 1st to 4th March 2021. The Authority rode on the initiative aimed to establish better working relationship between the development stakeholders and local youth and women. This year, the event focused on peace, environmental conservation and sustainable utilization of natural resources.

The Authority stakeholders have suffered tremendous loss due to business slump associated with Covid 19 restriction. To ensure safe destination and protect the sector workers from Covid 19, the Authority under the overall leadership of the Ministry of Tourism and with support of Ministry of Health and Nairobi Metropolitan Services (NMS) coordinated the sector Covid 19 vaccination exercise. TRA coordinated the exercise that facilitated vaccination of over 2000 industry workers including tour and hospitality workers during the two-weeks exercise in April 2021.

10. REPORT OF THE DIRECTORS

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

Principal activities

The principal activities of the entity continue to be as outlined in the Tourism Act. No.28 of 2011 which is to regulate the tourism sector.

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 6.

Directors

The Board of the Authority is at the apex of the Authority's Structure and ensures implementation of the Authority's Strategic plan, performance contract, annual work plans and Board resolutions/recommendations. The table below summarises the members of the Board of Directors who served during the year under review.

No	Name	Position	Appointment	Retirement
1.	Ms. Pauline Muthigani	Chairman	16 th October, 2019	Ongoing
2.	Mr. Kevin Muasya	Independent Director	7 th August, 2020	Ongoing

3.	Ms. Najma Ismael	Independent Director	7 th August, 2020	Ongoing
4.	Mr. Alais Lenana Momoi	Independent Director	7 th August, 2020	Ongoing
5.	Mr. Isaac Muchiri Njangu	Independent Director	7 th August, 2020	Ongoing
6.	Mr. Benard Kahuthia	Alternate to PS, Tourism	16 th September, 2020	Ongoing
7.	Mr. Peterson Muriithi	Alternate to PS, Planning and Statistics	24 th March, 2021	Ongoing
8.	Ms. Naomi Matheri	Alternate to CS, National Treasury & Planning	10 th May, 2017	Ongoing
9.	Mr. Thomas L. Lerenten	Alternate to PS, Environment & Forestry	28 th June, 2018	Ongoing

Board Committees

The Board has four standing Committees which are required to meet at least quarterly or more frequently as need arises. The Committees are as follows;

i) Audit & Risk Management Committee

The Committee's role is to review and resolve audit issues raised by either the internal or external auditors and provide oversight with regard to risk management as provided by the Treasury Circular No. 3/2009 on the development and implementation of institutional risk management policy framework in the public sector. The composition as appointed on 27th April, 2021 and amended on 28th June, 2021 is as follows;

S.NO	NAME	COMMITTEE POSITION	BOARD MEMBERSHIP
1.	Mr. Isaac Njangu	Chairperson	Independent Board Member
2.	Mr. Kevin Muasya	Member	Independent Board Member
3.	Mr. Bernard Kahuthia	Member	Alternate to PS, State Department of Tourism
4.	Mr. Thomas Lerenten	Member	Alternate to PS, State Department of Environment

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5.	Ms. Naomi Matheri	Member	Alternate to CS, National Treasury & Planning
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ii) Finance & Administration Committee

The Finance and Administration Committee exercises policy oversight of the Authority's information technology, human and financial resources and achievement of the Authority's Objectives through alignment of said resources. The composition as appointed on 27th April, 2021 and amended on 28th June, 2021 is as follows;

S.NO	NAME	COMMITTEE POSITION	BOARD MEMBERSHIP
1.	Mr. Alais L. Momoi	Chairperson	Independent Board Member
2.	Ms. Najma Ismail	Member	Independent Board Member
3.	Mr. Bernard Kahuthia	Member	Alternate to PS, State Department of Tourism
4.	Ms. Naomi Matheri	Member	Alternate to CS, National Treasury & Planning
5.	Mr. Peterson Muriithi	Member	Alternate, Ps, State Department of Planning.

iii) Standard & Quality Assurance Committee

The Standards & Quality Assurance Committee reviews and recommends policies on matters standards, quality assurance, classification results, draft regulations, standards, guidelines, classification criteria and tools to the Board for adoption and approval. The composition as appointed on 27th April, 2021 and amended on 28th June, 2021 is as follows;

S.NO	NAME	COMMITTEE POSITION	BOARD MEMBERSHIP
1.	Ms. Najma Ismail	Chairperson	Independent Board Member
2.	Mr. Kennedy Lwenyi	Secretary	Ag. Director General, TRA
3.	Mr. Alais Momoi	Member	Independent Board Member
4.	Mr. Thomas Lerenten	Member	Alternate to PS, State Department of Environment

iv)Licensing & Tourism Support Services Committee

The Committee reviews and recommends policy guidelines on matters licensing and inspection of tourism enterprises, tourism sector incentives. It further reviews and recommends the Annual Tourism Sector Status Report to the Board for adoption and approval. The composition as appointed on 27th April, 2021 and amended on 28th June, 2021 is as follows;

S.NO	NAME	COMMITTEE POSITION	BOARD MEMBERSHIP
1.	Mr. Kevin Muasya	Chairperson	Independent Board Member
2.	Mr. Kennedy Lwenyi	Secretary	Ag. Director General, TRA
3.	Mr. Isaac Njangu	Member	Independent Board Member
4.	Mr. Peterson Muriithi	Member	Alternate to PS, State Department of Planning

The following is a schedule of Board activities for the period;

SCHEDULE OF ACTIVITIES

Particulars	No of Meetings Held	Members	No of Meetings Attended
Audit & Risk Management Committee	2	1. Ms. Pauline Muthigani	1
		2. Mr. Isaac Muchiri Njangu	2
		3. Ms. Naomi Matheri	2
		4. Mr. Kevin Muasya	2
		5. Mr. Bernard Kahuthia	2
		6. Mr. Thomas L. Lelekoitien	2
Special Audit & Risk Management Committee	1	1. Mr. Isaac Muchiri Njangu	1
		2. Ms. Naomi Matheri	1
		3. Mr. Kevin Muasya	1
		4. Mr. Bernard Kahuthia	1
		5. Mr. Thomas L. Lelekoitien	1
Licensing & Tourism Support Services	2	1. Ms. Pauline Muthigani	1
		2. Mr. Kevin Muasya	2
		3. Mr. Isaac Muchiri Njangu	2
		4. Ms. Naomi Matheri	2

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		5. Mr. Peterson Muriithi Njenga	2
		6. Mr. Bernard Kahuthia	2
Standards & Quality Assurance Committee	2	1. Ms. Pauline Muthigani	1
		2. Ms. Najma Ismael	2
		3. Mr. Alais Lenana Momoi	2
		4. Ms. Naomi Matheri	2
		5. Mr. Thomas L. Lelekoitien	2
		6. Mr. Bernard Kahuthia	2
Special Standards & Quality Assurance Committee	1	1. Ms. Najma Ismael	1
		2. Mr. Alais Lenana Momoi	1
		3. Ms. Naomi Matheri	1
		4. Mr. Thomas L. Lelekoitien	1
		5. Mr. Bernard Kahuthia	1
Finance & Administration Committee	2	1. Ms. Pauline Muthigani	1
		2. Mr. Alais Lenana Momoi	2
		3. Ms. Najma Ismael	2
		4. Ms. Naomi Matheri	2
		5. Mr. Bernard Kahuthia	2
		6. Mr. Thomas L. Lelekoitien	1
		7. Mr. Peterson Muriithi Njenga	2
Special Finance & Administration Committee	1	1. Mr. Alais Lenana Momoi	1
		2. Ms. Najma Ismael	1
		3. Ms. Naomi Matheri	1
		4. Mr. Bernard Kahuthia	1
		5. Mr. Thomas L. Lelekoitien	1
		6. Mr. Peterson Muriithi Njenga	1
Full Board	2	1. Ms. Pauline Muthigani	2
		2. Ms. Najma Ismael	2
		3. Mr. Isaac Muchiri Njangu	2
		4. Ms. Naomi Matheri	2
		5. Mr. Kevin Muasya	2

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		6. Mr. Alais Lenana Momoi	2
		7. Mr. Bernard Kahuthia	2
		8. Mr. Thomas L. Lelekoitien	2
		9. Mr. Peterson Muriithi Njenga	2
Special Full Board	1	1. Ms. Pauline Muthigani	1
		2. Ms. Najma Ismael	1
		3. Mr. Isaac Muchiri Njangu	1
		4. Ms. Naomi Matheri	1
		5. Mr. Kevin Muasya	1
		6. Mr. Alais Lenana Momoi	1
		7. Mr. Bernard Kahuthia	1
		8. Mr. Thomas L. Lelekoitien	1
		9. Mr. Peterson Muriithi Njenga	1
Ad-Hoc Digitization & Communications Committee	3	1. Ms. Pauline Muthigani	1
		2. Ms. Najma Ismael	3
		3. Mr. Bernard Kahuthia	3
		4. Mr. Kevin Muasya	3
		5. Mr. Peterson Muriithi Njenga	2

Additionally, the following board activities were held during the period;

- Briefing of Chairperson on End of FY 2018/2019 Reports & Review of TRA Staff Establishment held on 2nd July, 2020
- Signing of the 4th Quarter Report & Financial Statements for period ended on 30th June, 2020 held on 6th August, 2020
- Brief on Board Appointments & Approved Annual Budget for FY 2020/21 held on 13th August, 2020
- Signing of Authority's Procurement Plan 2020/21 on 27th August, 2020
- Approval of Authority's Performance Contract 2020/21 on 1st September, 2020
- Briefing on Chairperson's Meeting with Cabinet Secretary, Ministry of Tourism & Wildlife & SCAC on 16th September, 2020

- Signing of Annual Financial Statements for the period ending 30th June, 2020 held on 28th September, 2020
- Signing of First Quarter Financial Report for the Period ending 30th September, 2020 held on 23rd October, 2020
- Signing of Negotiated Performance Contract 2020/21 and amendment of Procurement Plan, 2020/21 held on 3rd December, 2020
- Signing of 2nd Quarter Financial Statements for Period ending 31st December, 2020 held on 28th January, 2021
- Chairperson's meeting with Cabinet Secretary, Ministry of Tourism & Wildlife held on 1st February, 2021
- Chairperson's meeting with Principal Secretary, Ministry of Tourism & Wildlife held on 3rd February, 2021
- Courtesy Call to Laikipia County Governments at Nanyuki & Meeting with Stakeholders at Chaka Ranch held on 7th – 9th February, 2021
- Annual Budget for the FY 2021/22 & Medium-Term Projections for FY 2022/23 & 2023/24 held on 12th February, 2021
- Launch of Kenya Meetings, Incentives, Conventions & Events (MICE) Blue Print 2020-2030 held on 18th February, 2021
- Board Induction Exercise & Inauguration by the CS, Ministry of Tourism & Wildlife held on 8th – 10th March, 2021
- Board Orientation of TRA Regional Offices held on 11th – 18th March, 2021
- Chairperson's Meeting with Cabinet Secretary, Ministry of Tourism & Wildlife held on 3th April, 2021
- Induction Exercise on Mwongozo Code held on 20th -24th April, 2021
- Chairperson's meeting with Cabinet Secretary, Ministry of Tourism & Wildlife held on 4th May, 2021
- Signing of 3rd Quarter Financial Statements for the FY 2020/21 held on 6th May, 2021
- Chairperson's Meeting with Consultants for the Mid-term Review of TRA Strategic Plan 2018-2022 held on 26th May, 2021
- Board Retreat on Audit & Risk Management Framework & Corporate Strategic Plan held on 3rd – 5th June, 2021
- Board Training on Corporate Governance held on 7th – 11th June, 2021

- Chairperson's Visit to Kwale Titanium Base Mine held on 15th – 20th June, 2021
- Stakeholder Validation Workshop for Reviewed TRA Strategic Plan, 2018-2022 held on 22nd June, 2021.

Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, Tourism Regulatory Authority (T.R.A) remitted Kshs. 1,428,503 into Consolidated Fund, being ninety per centum of its surplus funds reported in the audited financial statements for FY 2019/20. (See **Appendix II**)

Auditors

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

By Order of the Board



.....
Carolyn Seim
Legal Officer

Date: 3/03/22.

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, requires the Directors to prepare financial statements in respect of TRA, which give a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the TRA for that period. The Directors are also required to ensure that the TRA keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of TRA.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the TRA for and as at the end of the financial year ended on June 30, 2021. These responsibilities include:

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

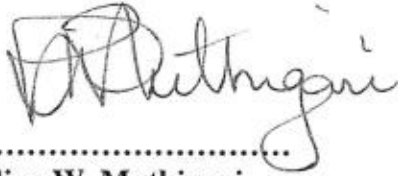
The Directors accept responsibility for the Authority financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Authority financial statements give a true and fair view of the state of TRA transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the Authority 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 TRA will not remain a going concern for at least the next twelve months from the date of this statement.

**Tourism Regulatory Authority
Annual Reports and Financial Statements
For the year ended June 30, 2021**

Approval of the financial statements

The TRA financial statements were approved by the Chairperson on 3rd March, 2022 and signed by:



.....
Pauline W. Muthigani
Board Chairperson



.....
Michael N. Tialal
Ag. Director General

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 TOURISM REGULATORY AUTHORITY 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

Qualified Opinion

I have audited the accompanying financial statements of Tourism Regulatory Authority set out on pages 1 to 33, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tourism Regulatory Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual basis) and comply with the Tourism Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Variance in Revenue from Non-Exchange Transactions

The statement of financial performance reflects Kshs.436,123,595 as revenue from non-exchange transactions which includes Kshs.158,609,117 as license fees. Review of revenue records indicates that license fees amounted to Kshs.154,940,169, resulting to an unexplained and unreconciled variance of Kshs.3,668,948. Further, review of revenue records held at Eldoret, and Kisumu Regional Offices revealed that penalties and fines of Kshs.810,145 and Kshs.3,771,883 respectively were not disclosed separately as per Public Sector Accounting Standards Board reporting template of 30 June, 2021.

In the circumstances, the accuracy, validity and completeness of license fees totalling Kshs.158,609,117 could not be confirmed.

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

Key Audit Matters

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

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 else

has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Over Expenditure on Board Expenses

The statement of financial performance and as disclosed under Note 10 reflects Kshs.14,314,380 in respect to board expenses. Review of this expenditure revealed that the expenses was above 5% of operations and maintenance budget of the Authority. The expenditure exceeded the allowable limit by Kshs.3,732,790 without authority contrary to circular Ref. OP/CAB9/1A dated 11 March, 2020. Part D on Board Budgets part 1 which states that Board expenditure for the financial shall be capped at 30 Million or 5% of the operations and maintenance budget whichever is less.

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

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 of Conclusion

1. Lack of Approved Information and Communication Technology Strategic Plan

Review of the documents provided from Information and Communication Technology (ICT) Department revealed that the Authority had an IT Strategic Plan in draft form that was yet to be approved by the Board. This document serves as a guide to Information and Communication Technology, related decision-making with IT tasks prioritized and implemented using the plan as a framework. In addition, there was no functioning IT Strategic Committee in place.

In the circumstances, existence of effective controls on ICT could not be confirmed.

2. Delayed Implementation of Enterprise Resource Planning(ERP) System

The statement of financial position reflects deferred income amount of Kshs.101,778,172 which includes Kshs.2,100,000 relating to implementation of Phase II of Enterprise Resource Planning (ERP) system by a local supplier. The contract was signed on 20 June, 2019 at a contract sum of Kshs.13,500,000 and a payment of Kshs.4,050,000 made after the signing of the addendum and supply of license. The contract duration was one (1) year ending on 30 September, 2020 which was later extended by six (6) months after expiry to 31 March, 2021.

Phase II of the ERP was to automate the core functions of licensing and registration, corporate support services and ultimately automate payments and related integrations. These deliverables were to be supplied by 31 December, 2019 as per the work plan Annexure III to the contract.

However, review of the ERP system and examination of documents revealed the following issues:

- i. The contract between the supplier and Tourism Regulatory Authority expired on 31 March, 2021 and no evidence of extension was provided for audit verification yet the work was still in progress.
- ii. The deliverables for phase II of the ERP had not been completed within the period stipulated in the work plan. No explanation was provided for non-compliance with the set time-frames.

In the circumstances, it was not possible to confirm whether value for money will be realized by the Authority and when the project will fully be implemented.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain limited assurance as to whether effective processes and systems of internal control, risk management and 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 Board of Directors

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 July , 2022

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

REVENUE	Note	2020/2021	2019/2020
Revenue from non-exchange transactions		Kshs.	Kshs.
License Fees	6	158,609,117	168,181,234
G.o.K Recurrent grants	7 (b)	242,691,250	161,972,793
Deferred Income Recognized	8	<u>34,823,228</u>	<u>433,840</u>
Total Revenue		<u>436,123,595</u>	<u>330,587,867</u>
EXPENSES			
Employee costs	9	192,426,727	169,325,984
Board Expenses	10	14,314,380	2,617,791
Depreciation & Amortization expense	11	23,155,824	29,508,501
Repairs and maintenance	12	2,888,837	2,460,468
Use of goods and services	13	<u>139,279,831</u>	<u>125,087,898</u>
Total expenses		<u>372,065,599</u>	<u>329,000,642</u>
Surplus for the period		64,057,996	1,587,225

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.

The Financial Statement set out on pages 1 to 6 were signed on behalf of Board of Directors by:

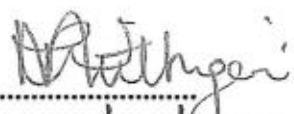
Sign: 
Ag. Director General
Michael N. Tialal

Date: 03/03/2022

Sign: 
Ag. Manager Finance & Accounts
Pauline Munene
ICPAK Mbr. No. 15741

Date: 03.03.2022

Sign: 
Board Chairperson
Pauline W. Muthigani

Date: 
03/03/2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS	Note	2020/2021	2019/2020
Current assets		Kshs.	Kshs.
Cash and cash equivalents	14	174,319,518	187,326,933
Receivables from non - exchange transactions	15	83,352,974	17,865,399
Inventories	16	2,320,853	<u>2,196,440</u>
Total Current Assets		<u>259,993,344</u>	<u>207,388,772</u>
Non-current assets			
Property ,plant and equipment	17	46,028,008	54,954,828
Intangible assets	18	2,388,117	3,822,575
Intangible assets(W.I.P)	18	<u>4,050,000</u>	<u>4,050,000</u>
Total Non-current assets		<u>52,466,125</u>	<u>62,827,403</u>
Total Assets		312,459,469	270,216,175
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	19	28,047,085	23,209,222
Employee benefit obligation	20	3,664,944	3,383,028
Deferred income	21	<u>101,778,172</u>	<u>140,078,695</u>
Total liabilities		<u>133,490,201</u>	<u>166,670,945</u>
Net assets			
Retained Earnings / Surplus	22 (a)	126,503,143	40,717,827
Capital Fund	22 (b)	<u>52,466,125</u>	<u>62,827,403</u>
Total net assets		<u>178,969,268</u>	<u>103,545,230</u>
Total Net Assets & Liabilities		312,459,469	270,216,175

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.

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

	Note	Retained Earnings Kshs.	Capital Fund Kshs.	Total Kshs.
Balance as at 1st July, 2020	22(a)	40,717,826	62,827,403	103,545,229
Remission to National Treasury (90%)	26	(1,428,503)	-	(1,428,503)
Transfer of Depreciation / Amortization from Capital Fund to Retained Earnings	11	23,155,824	(23,155,824)	-
Income Capitalised		-	12,794,545	12,794,545
Surplus for the year		64,057,996	-	64,057,996
Balance as at 30th June, 2021		126,503,143	52,466,124	178,969,267



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

Cash Flow from Operating Activities	Note	2020/2021	2019-2020
Receipts		Kshs.	Kshs.
License Fee		158,609,117	168,181,234
Government grants		<u>189,006,373</u>	<u>196,300,000</u>
Total Receipts		<u>347,615,490</u>	<u>364,481,234</u>
Payments			
Compensation of employees		189,403,783	165,962,956
Board expenses		13,672,380	2,597,791
Contracted services		5,197,330	6,024,889
Use of goods and services		135,431,166	130,158,903
Repairs & Maintenance		2,695,198	
Remission to National Treasury (90%)		1,428,503	66,737,384
Total Payments		<u>347,828,360</u>	<u>371,481,923</u>
Net cash flows from operating activities	23	<u>(212,870)</u>	<u>(7,000,689)</u>
Cash Flow from Investing Activities			
Purchase of property, plant, equipment		(12,794,545)	(8,728,573)
Purchase of intangible assets		<u>-</u>	<u>(4,050,000)</u>
Net cash flows used in investing activities		<u>(12,794,545)</u>	<u>(12,778,573)</u>
Cash Flow from Financing Activities		-	
Increase in deposits		<u>-</u>	<u>-</u>
Net cash flows used in financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(13,007,415)	(19,779,262)
Cash and cash equivalents at 1 July 2020		187,326,933	207,106,195
Cash and cash equivalents As At 30 June 2021	14	174,319,518	187,326,933

Tourism Regulatory Authority presents its cash flow statement using the direct method as recommended in IPSAS 2. Previously, the indirect method was used. For the purposes of these financial statements, cash and cash equivalents includes Cash at hand held by various float handlers. The comparative information has been amended to conform to the direct method of reporting.

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

	ORIGINAL BUDGET 2020-2021	ADJUSTMENTS 2020-2021	FINAL BUDGET 2020-2021	ACTUAL ON COMPARABLE BASIS 2020-2021	PERFORMANCE DIFFERENCES 2020-2021
	KShs.	KShs.	KShs.	KShs.	KShs.
Revenue					
Licenses Fee & Arrears	215,000,000	(45,000,000)	170,000,000	158,609,117	(11,390,883)
Government grants and subsidies	175,100,000	76,908,498	252,008,498	252,008,498	-
Other Incomes(Deferred recognized)	34,823,228	=	34,823,228	34,823,228	=
Total income	424,923,228	31,908,498	456,831,726	445,440,843	(11,390,883)
Expenses					
Compensation of employees	187,560,801	10,000,000	197,560,801	192,426,725	5,134,076
Board Expenses	14,390,406	-	14,390,406	14,314,380	76,026
Use of goods and services	185,833,203	21,908,498	207,741,701	139,279,831	68,461,870
Depreciation & Amortization expense	27,090,892	-	27,090,892	23,155,823	3,935,069
Repairs and maintenance	3,890,100	-	3,890,100	2,888,837	1,001,263
Recurrent Grants Capitalised	6,157,826	=	6,157,826	=	6,157,826
Total expenditure	424,923,228	31,908,498	456,831,726	372,065,596	84,766,130
Surplus for the period	-	-	-	73,375,247	73,375,247

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Budget notes

1. IPSAS 24.14 There was a variance of 6.7 % declined in the actual and budgeted amounts resulting from the decline in revenue from the Licenses Fees collection as a result of impact post Covid -19 pandemic where most of the stakeholders are yet to resume operation. Also the Government measures of restricted movements and lesser operational hours has negatively affected the activities of Enforcement and Compliance.
2. (IPSAS 24.29) There was a change of the original budget and the final budget during the year. During the Supplementary I, the Authority A.I.A budget was reviewed downwards from Kshs. 215 Million to 100 Million based on the actual performance in the first Quarter of the FY while the Government funding increased upwards by Kshs.76.9 Million. Under Supplementary II the A.I.A was reviewed again upwards to Kshs 170Million from the 100Million. However, challenges of late approval of the Supplementary II by legislative impacted negatively on the implementation of the same. Late disbursement of voted Government grants where the 4th Quarter grants were received after closure of the financial Year also affected the actual amount implemented on the final budget leading to the reported surplus. (See Appendix III)
3. The surplus under the statement of budget comparison is **Kshs 73,375,247** while under the statement of Financial Performance is **Kshs 64,057,996**. The variance of Kshs **9,317,250** is as a result of recurrent grants of **Kshs 6,157,826** for capital items which was not expensed and **Kshs 3,159,424** deferred from recurrent grants.
4. The performance difference is the amount deferred under the recurrent budget of **Kshs 3,159,424**.

18. NOTES TO THE FINANCIAL STATEMENTS

1) General Information

Tourism Regulatory Authority (TRA) is a body corporate established under section 4 of the Tourism Act No.28 of 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Its mandated under section 7(1) is to regulate the tourism sector in Kenya.

2) Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis. The preparation is in conformity with International Public Sector Accounting Standards (IPSAS) that allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements as disclosed in Note 5.

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

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

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	Applicable: 1st January 2021: 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. 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. 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. 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. The Standard had no impact to the Authority.

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:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The Standard had no impact to the Authority.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (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 entity's financial performance, financial position and cash flows. The Standard had no impact to the Authority
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. 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. The Standard had no impact to the Authority

iii. Early adoption of standards

The entity did not early adopt any new or amended standards in year 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4) Summary of Significant Accounting Policies

a) Revenue recognition

Revenue from non-exchange transactions IPSAS 23

Licenses Fees

The entity recognizes revenues from fees and fines when the event occurs and 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 entity 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

Rendering of services

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

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

Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2020-21 was approved by the National Assembly on June 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs. 33M on the 2018-2019 budget following the governing body's approval.

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

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

c) Property, plant and equipment

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

Property, Plant and equipment are depreciated on a reducing balance basis over their estimated useful lives at the following rates:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

• Motor Vehicles	:	25%
• Furniture and Fittings	:	12.5%
• Office Equipment's	:	12.5%
• Computers and accessories	:	33.3%
• Motor Cycles	:	25%

A full year's depreciation is charged in the year of acquisition and none is charged on the year of disposal.

d) Intangible assets IPSAS 31

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.

Amortization is calculated on a straight line basis over estimated useful lives not exceeding a period of 5 years.

e) Inventories IPSAS 12

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:

- Raw materials: purchase cost using the weighted average cost method
- 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

f) Nature and purpose of reserves

The Entity creates and maintains reserves from the 10% surplus retained after submission of 90% in accordance with Section 219 (2)

g) Changes in accounting policies and estimates

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

h) Employee benefits IPSAS 25

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

i) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

j) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

k) Comparative figures

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

l) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5) Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority 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. The Authority is assumed to operate into the foreseeable future.

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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6) License Fees

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Received License Fee	154,940,169	168,181,234
Un-receipted	3,668,948	-
Total	158,609,117	168,181,234

This revenue refers to the License fees collected under the TRA mandate of regulating the Tourism sector through issuance of Licenses to the Tourism establishments / facilities as outlined under the ninth schedule of Tourism Act, 2012. During the FY under review the Authority had targeted to collect Kshs. 170 Million. However, due to global challenges from the Covid-19 pandemic such as closure of many establishment and lack of wide coverage of enforcement and compliance due to containment measures, there was a short fall in revenue by Kshs. 11,390,883. There was an un-receipted revenue of **Kshs 3,668,949** from the regional offices, this was as a result of the regulated Tourism establishments depositing money in the account and failing to avail the deposit slips to the respective regional offices for receipting. However, the amount of revenue reported under the statement of financial performance of **Kshs 158,609,117** was from the bank reconciliations done during the Financial Year.

Also key to note is that the Kshs. 70 Million was approved under Supplementary Estimate II on 30.06.2021 (See Appendix III) by the parliament rendering it impossible to implement as it was on the closure of FY. The Authority therefore could not commit the funds to goods and services prior before approve as granted as guided by the PFM Act

7) (a) Transfer from Governments

Unconditional grants	2020-2021	2019-2020
	Kshs.	Kshs.
Operational grant	252,008,498	196,300,000
Development Grant	=	=
Total	<u>252,008,498</u>	<u>196,300,000</u>

7 (b) Transfers from Ministries, Departments and Agencies

Entity sending the grant	Amount recognized in Statement of Comprehensive Income	Amount deferred	Amount recognized in capital fund.	Total grants during the year
	Kshs.	Kshs.	Kshs.	Kshs.
State Department of Tourism	242,691,250	7,656,312	1,660,936	252,008,498

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

During the FY 2020-21 a total of Kshs. 252,008,498 was allocated for the Authority recurrent grants. However, as at 30.06.2021 only Kshs. 189,000,373 had been remitted to the TRA bank account. This affected the performance of various programmes and activities that had been projected and planned. The Authority accrued the balance of grant amounting Kshs. 63,008,125 to enable it undertake key activities under the performance contract and also pay the staff emoluments. These funds were remitted to the Authority on 5th July 2021. (See Appendix VI). Part of these funds amounting Kshs. 7,656,312 was deferred to FY 202/-21 for activities that had been approved, initiated and the Authority had committed them but were yet to be completed. This was necessary to ensure there are no pending bills in the coming FY.

8) Deferred Income Recognised

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Deferred Recurrent grants		
Recognized	34,823,228	433,840

This is income from recurrent grants that was deferred in the last FY for carrying out specific activities / programs that had been initiated but had not been completed as at 30th June 2020 and the Authority had not derived economic benefit from these activities. The activities were undertaken during the period under review and hence the income recognized in the income statement.

9) Employee Cost

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Salaries and wages	108,911,090	89,341,616
Employee related costs - contributions to pensions and NSSF	18,830,058	15,055,139
Travel, motor car, and other allowances	23,163,972	22,608,652
Housing benefits and allowances	<u>41,521,605</u>	<u>42,320,577</u>
Total Employee costs	<u>192,426,726</u>	<u>169,325,984</u>

This is expenditure towards compensation of in post staff for the services rendered and based on the various approved human resource documents such as the salary scales by SRC and Human Resource procedures manuals that addressed items such as leave allowances, Gratuity, transfer allowances among others. The annual increment from Kshs. 169.3 Million to Kshs. 192.4 Million is due to the approved Salary scale granted to the Authority whose effective date of

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

implementation was 1st July 2020. (See Appendix V) where previously it had been using an interim salary scale awaiting approval from the SRC.

10) Board Expenses

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Chairman's Honoraria	960,000	960,001
Directors' emoluments (Sitting All)	6,180,000	740,000
Other allowances (Mileage, Subsistence & Airtime)	<u>7,174,380</u>	<u>917,791</u>
Total	<u>14,314,380</u>	<u>2,617,792</u>

This refers to expenses and facilitation of Board of Directors in the activities and programs towards management of the Authority. The increment of Board Expenses is due to the appointment of Substantive Board of Directors who came on board 4th February 2021 following the dismissal of their case court on Constitutional Petition challenging their appointment. (See Appendix IV) Therefore, the Board had to fast track on the many activities that have been pending for the period of two years that the Board was not in place. Other key programmes that were undertaken by directors includes; induction and key training on Mwongozo and Corporate Governance. Previously the Authority had only Chairperson in place.

11) Depreciation and Amortization Expenses

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Property, plant and equipment	21,721,364	28,074,043
Intangible assets	<u>1,434,459</u>	<u>1,434,459</u>
Total	<u>23,155,823</u>	<u>29,508,501</u>

This is the estimated reduction in the value of asset over time, due to wear & tear and amortization of the Assets owned by the Authority both intangible and tangible. The depreciation is applied on a reducing balance basis over the estimated useful life of an asset. A full year's depreciation is charged in the year of acquisition and none on the year of disposal. The Authority 70% of the vehicles have depreciated to zero Value and the Authority has since engaged independent valuers for revaluation and ascertaining of fair value for reporting. The Authority also had minimal

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

additional capital items due to constrained resources and directive on procurements of the same. During the year under review only 6.1M was approved towards funding of capital items.

12) Repairs and Maintenance Expenses

Description	2020-2021	2019-2020
	Kshs.	Kshs.
General Repairs & ICT Consumables	191,158	150,818
M/Vehicles	<u>2,697,679</u>	<u>2,309,650</u>
Total	<u>2,888,837</u>	<u>2,460,468</u>

The expenditure on the repairs and Maintenance has increased from previous year due to high wear and tear on the Motor Vehicles over their useful life which is zero. The Authority is still drawing economic benefit from these assets.

13) Use of goods and services

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Utilities	477,173	426,172
Communication Expenses	2,252,544	2,666,368
Travelling & Subsistence	11,391,218	5,323,275
Advertising Expenses	1,078,963	511,768
Publicity & CSR	595,390	1,040,050
Corporate Expenses	3,660,629	2,412,540
Newspapers & Periodicals	396,901	664,687
Tourism standards & Quality Assurance	8,971,260	7,770,964
Rent & Rates	31,819,769	31,004,791
Printing and stationery	2,382,940	2,027,632
Hospitality Services	2,569,872	2,620,027
Inspection and Enforcements	20,582,600	21,550,700
Temporary Committee	-	868,000
Contracted Services	6,353,079	6,450,839
Internet & ICT Consumables	2,759,064	2,811,629

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Fuel , Oil & Lubricants	3,690,200	2,902,952
Annual Tourism Status Report	4,579,250	3,365,252
Staff Development & Welfare	2,042,296	435,827
Covid-19 Related Expenses	1,106,333	-
Professional Services	419,800	470,000
Bank Charges & Commission	455,181	402,114
Insurances	<u>31,695,370</u>	<u>29,362,311</u>

Total **139,279,831** **125,087,898**

These are expenses relating to the general day to day running of the Authority including utility bills, contractual obligations, general administration and the implementation of core mandate activities. These are programmes relating to Quality Assurance, development of standards, enforcement and compliance and preparation of the Annual Tourism Sector Status Report.

14) Cash and Cash Equivalent

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Current account	173,995,383	186,942,942
Cash In hand	<u>324,135</u>	<u>383,991</u>
Total	<u>174,319,518</u>	<u>187,326,933</u>

14. (b) Current account	2020-2021	2019-2020
Financial institution	Kshs.	Kshs.
Kenya Commercial Bank: ACC- 1178921034	61,502,853	109,319,830
Cooperative Bank of Kenya: ACC-01141173587300	<u>112,492,530</u>	<u>77,623,112</u>
Sub- total	<u>173,995,383</u>	<u>186,942,942</u>

14.(c) Cash in Hand	2020-2021	2019-2020
Description	Kshs.	Kshs.
cash in hand	324,135	383,991
Sub- total	<u>324,135</u>	<u>383,991</u>
Grand total	<u>174,319,518</u>	<u>187,326,933</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The cash and cash equivalents represent the liquidity the Authority had as at the closure of the FY both at the bank and float balances that have been approved and issued to regional offices and units as per the policy for the smooth running of the operations. The Authority operates two bank accounts as listed above, where Cooperative Bank is the Operational Account while the Kenya Commercial Bank is the revenue collection account.

15) Receivable from Non-Exchange

Current Receivables	2020-2021	2019-2020
	Kshs.	Kshs.
Prepayment for Fuel & Oil	806,248	1,133,448
Prepaid Insurances	18,560,221	15,911,171
Debtors	984,380	695,680
Other Prepayments	-	125,100
Accrued Income	<u>63,002,125</u>	<u>=</u>
Total Current Receivables	<u>83,352,974</u>	<u>17,865,399</u>

The above relates to resources / revenues or incomes due to the organizations for services or goods yet to be received. Transactions such as the deposits help to ensuring that key services are carried out without any delays or shortfalls. The increase from Kshs. 17.8 Million to Kshs. 83.3 Million was due to recurrent grants of Kshs. 63 Million for the 4th Quarter which the Authority had not received from the parent Ministry as at closure of FY but accrued for the period in which they related to.

16) Inventories

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Consumable Items	2,320,852.60	2,196,440

These are storable office supplies that are used by the staff in day-to-day operations and requisitioned on need basis. Procurement to replenish the inventory is based on reorder levels in line with the approved procurement plan and upon requisition.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

17) Property, Plant and Equipment

Cost	Motor vehicles KShs.	Furniture & Fitting KShs.	Office Equipment KShs.	Computers & other ICT electronics KShs.	Total KShs.
At 1st July 2019	47,717,800	52,299,527	3,823,799	8,381,100	112,222,226
Additions	-	4,305,803	694,210	3,728,560	8,728,573
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2020	47,717,800	56,605,330	4,518,009	12,109,660	120,950,799
Additions	-	958,868	1,047,820	10,787,857	12,794,545
Disposals	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-
At 30th June 2021	47,717,800	57,564,198	5,565,829	22,897,517	133,745,344
Depreciation & Impairment					
At 1st July 2019	20,402,650	12,261,422	1,129,225	4,128,632	37,921,929
Depreciation	16,479,450	7,119,188	564,751	3,910,653	28,074,043
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-
At 30th June 2020	36,882,100	19,380,610	1,693,976	8,039,285	65,995,971
Depreciation for the Year	7,379,450	7,239,047	695,729	6,407,139	21,721,364
On Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
At 30th June 2021	44,261,550	26,619,657	2,389,705	14,446,424	87,717,336
Net book values					
At 30 June 2021	3,456,250	30,944,541	3,176,124	8,451,093	46,028,009
At 30 June 2020	10,835,700	37,224,720	2,824,033	4,070,375	54,954,828

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18) Intangible Assets-Software

Description	2020-21	2019-2020
Cost	KShs.	KShs.
At beginning of the year	7,172,293	7,172,293
Additions During the year	-	-
At end of the year 2019	7,172,293	7,172,293
Additions Work In progress Yr. 2019	<u>4,050,000</u>	<u>4,050,000</u>
Total Cost At end of the year 2019	<u>11,222,293</u>	<u>11,222,293</u>
Amortization and impairment		
At beginning of the year	3,349,718	1,915,259
Amortization During Yr. 20/21	<u>1,434,459</u>	<u>1,434,459</u>
Total Amortization At end of Yr. 20/21	<u>4,784,176</u>	<u>3,349,718</u>
NBV As At 30 June 2021	6,438,117	7,872,575

Summary

Work In Progress As At 30 June 2021	4,050,000	4,050,000
NBV As At 30 June 2021	2,388,117	3,822,575

The Work in Progress relates to the Phase II of the ERP System that is due for completion under FY 2020-2021

19) Trade and Other Payables from Exchange Transactions

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Trade payables (Merchants)	9,526,365	15,205,351
Accruals	<u>18,520,720</u>	<u>8,003,871</u>
Total	<u>28,047,085</u>	<u>23,209,222</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

The trade payables are present obligations of the entity arising from past events/ programmes or activities. Their settlement is expected to result in an outflow of liquidity in the subsequent period. The Accruals refers to expenses that have been recognized in the books but are yet to be settled since there are in process. These expenses are recorded in the accounting period in which they are incurred in line with general principles of accounting.

20) Employee Obligation

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Statutory Deductions	3,617,376	3,383,028
Salaries	<u>47,568</u>	<u>-</u>
Total	<u>3,664,944</u>	<u>3,383,028</u>

This relates to obligations relating to June 2020 payroll, mainly the statutory deductions which are due on 9th of the presiding month.

Description	Define Contribution benefit (Pension)	Employment Medical Benefit	Other Provision	2020-2021 Kshs.	2019-2020 Kshs.
Current Benefit Obligation	-	-	3,664,944	3,664,944	47,550,078
Non - Current Benefit Obligations	<u>18,830,058</u>	<u>31,695,370</u>	=	=	=
Total Employee Benefit Obligation	<u>18,830,058</u>	<u>31,695,370</u>	<u>3,664,944</u>	<u>3,664,944</u>	<u>47,550,078</u>

The entity operates a defined contribution benefit scheme for all permanent & pensionable employees. Under this scheme the member' and employer' contributions are fixed at a percentage (10% & 20% respectively) of the pensionable earnings. The current contributions are managed under umbrella scheme by CIC. The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21) Deferred Income

	2020-2021	2019-2020
21.(a) Description	Kshs.	Kshs.
G.o.K Deferred Recurrent	73,960,907	105,624,711
G.o.K Deferred Capital	<u>27,817,265</u>	<u>34,453,984</u>
Total	<u>101,778,172</u>	<u>140,078,695</u>

21(b) Deferred income movement is as follows;	2020-2021	2019-2020
Description	Kshs.	Kshs.
Balance Brought Forward	140,078,695	98,971,565
Additions: For the year	7,656,313	34,327,207
Transfer to capital fund	(11,133,608)	(8,728,573)
Transfer to Income Statements	(34,823,228)	(433,840)
Transfer from capital fund to Deferred Income	=	<u>15,942,336</u>
Balance Carried Forward	<u>101,778,172</u>	<u>140,078,695</u>

The deferred income relates to funds transferred from the income statement under government grants to the deferred income accounts. These grants relate to funds received in the year but for which the specific programme / activity had not been implemented and/or was ongoing. Hence the total element of deferred amount is reduced from the revenue accounted in that particular year and recognized in the year its utilized.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22) Retained Earnings / Capital Fund

22.(a) Retained Earnings

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Balance b/f	40,717,826	45,180,861
Additions	-	31,178,624
Remission to KRA (90%) Surplus	(1,428,502)	(66,737,385)
Transfer from capital Fund	23,155,823	29,508,501
Surplus for the period	<u>64,057,996</u>	<u>1,587,225</u>
Total Accumulated Fund	<u>126,503,143</u>	<u>40,717,826</u>

22.(b) Capital Fund

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Balance b/f	62,827,403	96,513,637
Transfer to Deferred	-	(15,942,336)
Income Capitalized	12,794,545	11,764,603
Transfer to Retained Earnings	<u>(23,155,823)</u>	<u>(29,508,501)</u>
Total Capital Fund	<u>52,466,126</u>	<u>62,827,403</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

23) Cash Generated from Operations

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Surplus for the year before tax	64,057,996	1,587,225
Adjusted For:		
Depreciation & Impairment	23,155,824	29,508,501
Contributed Assets	11,133,608	29,508,501
Working Capital Adjustments		
(Increase) / Decrease in Inventory	(124,413)	841,676
(Increase) / Decrease in Receivables	(2,485,449)	3,610,233
Increase / (Decrease) in Payables	5,070,296	(4,138,379)
Increase / (Decrease) in Deferred Income	(38,300,523)	(41,172,903)
Increase / (Decrease) in Employee Obligations	281,916	6,373,191
(Increase) / Decrease in Accrued Income	(63,002,125)	-
Net Cash from Flow from Operating Activities	<u>(212,870)</u>	<u>(3,390,456)</u>

24) Financial Risk Management

TRA's activities expose it to a variety of financial risks including credit and liquidity risks. It'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. TRA does not hedge any risks and has in place a Risk Management Policy to mitigate such incidents.

(i) Credit risk

TRA 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 management based on prior experience and their assessment of the current economic environment.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Description	Total Amount Kshs.	Fully Performing Kshs.
As At 30 June 2021		
Receivable from non-Exchange Transactions		
Prepayments	19,366,469	19,366,469
Bank Balances	<u>174,319,518</u>	<u>174,319,518</u>
Total	<u>215,215,966</u>	<u>215,215,96</u>
As At 30 June 2020		
Receivable from non-Exchange Transactions		
Prepayments	17,865,399	17,865,399
Bank Balances	<u>187,326,933</u>	<u>187,326,933</u>
Total	<u>205,192,332</u>	<u>205,192,332</u>

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 entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets TRA's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	Less than 1 Month Kshs.	Between 1-3 Months Kshs.	Over 5 Months Kshs.	Total Kshs.
As At 30 June 2021				
Trade Payables	2,587,363	3,989,787	2,949,215	9,526,365
Deferred Income	7,656,313	-	94,121,859	101,778,172
Employee Benefit Obligation	<u>3,664,944</u>	=	=	<u>3,664,944</u>
Total	<u>13,908,619</u>	<u>3,989,787</u>	<u>97,071,074</u>	<u>114,969,481</u>
As At 30 June 2020				
Trade Payables	8,306,549	7,665,065	7,237,608	23,209,222
Deferred Income - Recurrent	16,562,207	-	89,062,504	105,624,711
Deferred Income - Capital	17,765,000	-	16,688,984	34,453,984
Employee Benefit Obligation	<u>3,171,929</u>	<u>3,600</u>	<u>207,499</u>	3,383,028
Total	<u>45,805,685</u>	<u>7,668,665</u>	<u>113,196,595</u>	<u>166,670,945</u>

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv). Capital Risk Management

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

	2020-2021	2019-2020
Description	Kshs.	Kshs.
Retained Earning	126,503,143	40,717,826
Capital Reserves	<u>52,466,125</u>	<u>62,827,403</u>
Total	<u>178,969,268</u>	<u>103,545,229</u>
Total Borrowings	-	-
Less Cash & Bank Balances	<u>174,319,518</u>	<u>187,326,933</u>
Net Debt (Excess Cash & Cash Equivalents	<u>174,319,518</u>	<u>187,326,933</u>
Gearing Ratio	97.40%	180.91%

The Authority has medium / Moderate Gearing ratio hence minimal risk of debt defaulters due to low/ no debts and has the ability to acquire debts against its equity moving forward.

25) Related Party Balances

Nature of related party relationships

These Related parties for Authority include board of Directors, management personnel, their associates and close family members and the government of Kenya. These parties have ability to exercise control or exercise significant influence over its operating and financial decisions.

Government of Kenya

The Government of Kenya is the principal shareholder of the Tourism Regulatory Authority (T.R.A) holding 100% of the entity's equity interest. Other related parties include:

- i) The Parent Ministry;
- ii) Board of Directors
- iii) Key Management

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Description	2020-2021	2019-2020
	Kshs.	Kshs.
(a) Grants from the Government		
Recurrent Grants	252,008,498	196,300,000
(b) Key Management Compensation		
Compensation to Director General	4,427,370.00	5,760,000
Compensation to Directors	10,938,624	10,823,760
Compensation to Key Management	<u>4,126,6728</u>	<u>37,967,040</u>
	<u>54,550,800</u>	<u>54,550,800</u>
Sub – Total		
Total	306,559,298	250,850,800

26) Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority remitted **Kshs 1,428,503** being **90%** of surplus for FY 2019/20 (See Appendix II)

	2020-2021	2019-2020
	Kshs.	Kshs.
Surplus For The Period	64,057,996	1,587,225
Less: Allowable deductions by NT	<u>-</u>	<u>-</u>
90% Computation	<u>57,652,196</u>	<u>1,428,503</u>
	2020-2021	2019-2020
	Kshs.	Kshs.
Payable at Beginning of the Year	57,652,196	1,428,503
Paid during the year	<u>-</u>	<u>(1,428,503)</u>
Payable at the end of the year	<u>57,652,196</u>	<u>(0)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27) Events After the Reporting Period

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

28) Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Tourism & Wildlife. Its ultimate parent is the Government of Kenya.

29) Currency

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

GAZETTE NOTICE No. 5461

THE KENYA NATIONAL QUALIFICATIONS FRAMEWORK ACT

(No. 22 of 2014)

THE KENYA NATIONAL QUALIFICATIONS AUTHORITY APPOINTMENT

IN EXERCISE of the powers conferred by section 10 (1) (a) of the Kenya National Qualifications Framework Act, 2014, the Cabinet Secretary for Education appoints—

MWIRIA VALERIAN KILEMI (DR.)

to be the Chairperson of the Kenya National Qualifications Authority, for a period of three (3) years, with effect from the 7th August, 2020.

Dated the 7th August, 2020.

GEORGE MAGOHA,
Cabinet Secretary for Education.

GAZETTE NOTICE No. 5462

THE TOURISM ACT

(No. 28 of 2011)

APPOINTMENT

IN EXERCISE of the powers conferred by section 8 (1) (g) (ii) of the Tourism Act, the Cabinet Secretary for Tourism and Wildlife appoints—

Kevin Muasya,
Pauline N. Njoroge,
Alais Lenana Mombi,
Isaac Muchiri Njangu,

to be members of the Board of Tourism Regulatory Authority, for a period of three (3) years, with effect from the 7th August, 2020.

Dated the 7th August, 2020.

NAJIB BALALA,
Cabinet Secretary for Tourism and Wildlife.

GAZETTE NOTICE No. 5463

THE TOURISM ACT

(No. 28 of 2011)

APPOINTMENT

IN EXERCISE of the powers conferred by section 77 (1) (e) of the Tourism Act, 2011, as read together with section 51 of the Interpretations and General Provisions Act, the Cabinet Secretary for Tourism appoints—

Anthony Kingi,
Odongo M. Okeyo,

as members of the Tourism Finance Corporation Board, for a period of three (3) years, with effect from the 7th August, 2020. The appointments* of Stephen Kinuthia and Franklin Ndii are revoked.

Dated the 7th August 2020.

NAJIB BALALA,
Cabinet Secretary for Tourism.

*G.N. 4361/2019

GAZETTE NOTICE No. 5464

THE STATE CORPORATIONS ACT

(Cap. 446)

THE KENYA LEATHER DEVELOPMENT COUNCIL ORDER, 2011

(No. 114 of 2011)

APPOINTMENT

IN EXERCISE of the powers conferred by Paragraph 4 (1) (c) of the Kenya Leather Development Council Order, 2011, the Cabinet Secretary for Industry, Trade and Co-operatives appoints—

ALEX OLE MAGELO

to be a member of the Board of the Kenya Leather Development Council, for a period of three (3) years, with effect from the 7th August, 2020.

Dated the 7th August, 2020.

BETTY MAINA,
Cabinet Secretary for Industry, Trade and Co-operatives.

GAZETTE NOTICE No. 5465

THE STATE CORPORATIONS ACT

(Cap. 446)

KENYA FERRY SERVICES LIMITED

APPOINTMENT

IN EXERCISE of the powers conferred by the Memorandum and Articles of Association of the Kenya Ferry Services Limited, the Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works appoints—

SALIM JUMA CHINGABWI

to be the Chairperson of the Kenya Ferry Services Board, for a period of three (3) years, with effect from 7th August, 2020.

Dated the 7th August, 2020.

JAMES MACHARIA,
*Cabinet Secretary, Transport, Infrastructure, Housing,
Urban Development and Public Works.*

GAZETTE NOTICE No. 5466

THE KENYA CIVIL AVIATION ACT

(No. 21 of 2013)

RE-APPOINTMENT

IN EXERCISE of the powers conferred by section 13 (1) (a) and 13 (4) of the Civil Aviation Act, 2013, the Cabinet Secretary, Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works re-appoints—

JOSEPH NAKODAYO NKADAYO (ENG.)

to be the Chairperson of the Kenya Civil Aviation Authority, for a period of three (3) years, with effect from the 7th August, 2020.

Dated the 7th August, 2020.

JAMES MACHARIA,
*Cabinet Secretary, Transport, Infrastructure, Housing,
Urban Development and Public Works.*

GAZETTE NOTICE No. 2741

REPUBLIC OF KENYA
IN THE HIGH COURT OF KENYA AT MALINDI
IN THE MATTER OF THE INSOLVENCY ACT, 2015
IN THE MATTER OF ADJUDICATION OF BANKRUPTCY
INSOLVENCY CASE NO. 1 OF 2021
IN THE MATTER OF LYPHA MUEKE KASIMBI
DEBTOR'S PETITION

NOTICE is given that the debtor herein filed a Debtor's Petition on the 18th February, 2021, under section 32 (1) of the Insolvency Act, 2015 and Regulation 18 (4) of the Insolvency Regulations, 2016.

Dated the 5th March, 2021.

MR/1698453 RUTTOH ERICA & ASSOCIATES,
Advocates for the Debtor.

GAZETTE NOTICE No. 2742

GARAM INVESTMENTS AUCTIONEERS

DISPOSAL OF UNCOLLECTED GOODS

NOTICE is given in pursuant to section 5 of the Disposal of Uncollected Goods Act (Cap. 38) of the laws of Kenya, notice is given to the owners of one bed, two luggage bags, masks, assorted clothes, 6kg cylinder, table top gas cooker, assorted utensils, old blender, plastic basin, mop bucket, mop, 6 by 6 mattress, plastic stools, curtains, extension cable and technicolour router within thirty (30) days from the date of publication of this notice, to take delivery of the said items which are currently lying at L.R. No. Kiambaa/Ruaraka/ 934, Nairobi upon payment of storage charges together with other costs that may be owed including cost of publication and any other incidental costs, failure to which the same shall be disposed by public auction, tender or private treaty and the proceeds of the sale be defrayed against all accrued charges without any other reference to the owner.

Dated 8th March 2021.

MR/1698403 J. M. GIKONYO,
For Garam Investments Auctioneers.

GAZETTE NOTICE No. 2743

AUTO WEICHAI CENTER LIMITED

DISPOSAL OF UNCOLLECTED GOODS

NOTICE is issued pursuant to provisions of the disposal of Uncollected Goods Act (Cap. 38) of the laws of Kenya, to the listed owners of the scrap and salvage vehicles mentioned below to the delivery of the said items from Auto Weichai Center Limited within thirty (14) days from the date of publication of this notice, upon payment of all accrued bills plus storage charges upto date of taking delivery and costs of advertising. Particulars: KCD 377J Eicher, KBB 391K Honda CRV, KCC 770X Nissan Axis, KBJ 781H Nissan Slipky, KCA 766Z Axor, KCD 726L Isuzu NPR, KCN 578R Succeed, KCD 903E Scania R420, KCA 119N FAW 380 and KAY 731J Subaru. Failure to comply with the obligation to the delivery as stipulated above, Auto Weichai Center Limited, will sell the said scrap and salvage vehicles either by public auction or private treaty without any further reference to the owners. The proceeds of the sale shall be defrayed against all accrued charges and the balance, if any, shall remain at the owner's credit, but should there be a shortfall, the owner shall be liable thereof.

MR/1698328

MATHEW KIMANI,
Director.

GAZETTE NOTICE No. 2744

ST. AUSTIN'S SERVICE CENTRE LIMITED

DISPOSAL OF UNCOLLECTED GOODS

NOTICE is given in pursuant to section 5 of the Disposal of Uncollected Goods Act (Cap. 38) of the laws of Kenya, to the owners of Mercedes S320 registration no. KAQ 392G and Mercedes CLK230 registration No. KBB 279D, within thirty (30) days from the date of

publication of this notice, to take delivery of the said motor vehicles which are currently lying at our principal's garage at St. Austin's Service Center Limited of P.O. Box 25053-00603, Nairobi, James Gichuru Road in Lavinton upon payment any outstanding repair costs and accumulated storage charges together with interest, costs publication of this notice and any other incidental costs incurred. Failure of which the said vehicles shall be sold off by either public auction, tender or private treaty and the proceeds thereof be applied to meet all outstanding sums without any further reference to the owners.

Dated 15th January 2021.

MR/1698415 J. GACHUIGA & ASSOCIATES,
St. Austins Service Center Limited.

GAZETTE NOTICE No. 2745

CHANGE OF NAME

NOTICE is given that by a deed poll dated 27th June, 2020, duly executed and registered in the Registry of Documents at Nairobi as Presentation No. 2202, in Volume DI, Folio 197/3439, File No. MDCX, by our client, Bianca Ndanu Kieleko, of P.O. Box 2557-00606, Nairobi in the Republic of Kenya, formerly known as Bianca Latiffa Ndanu formally and absolutely renounced and abandoned the use of her former name Bianca Latiffa Ndanu and in lieu thereof assumed and adopted the name Bianca Ndanu Kieleko, for all purposes and authorizes and requests all persons at all times to designate, describe and address her by her assumed name Bianca Ndanu Kieleko only.

Dated the 10th March, 2021.

MR/1698417 MUSYOKA MURAMBI & ASSOCIATES,
*Advocates for Bianca Ndanu Kieleko,
formerly known as Bianca Latiffa Ndanu.*

GAZETTE NOTICE No. 2746

CHANGE OF NAME

NOTICE is given that by a deed poll dated 5th March, 2021, duly executed and registered in the Registry of Documents at Nairobi as Presentation No. 1121, in Volume DI, Folio 583/2514, File No. MDCX, by our clients, (1) Gilbert Ouko Okumu and (2) Ruth Kanini Ouko (Guardians), both of P.O. Box 7559-00200, Nairobi in the Republic of Kenya, on behalf of Risper Auma Ouko (a minor), of P.O. Box 7559-00200, Nairobi in the Republic of Kenya, formerly known as Risper Violet Auma formally and absolutely renounced and abandoned the use of her former name Risper Violet Auma and in lieu thereof assumed and adopted the name Risper Auma Ouko, for all purposes and authorizes and requests all persons at all times to designate, describe and address her by her assumed name Risper Auma Ouko only.

Dated the 18th March, 2021.

MR/1943683 GILBERT OUOKU OKUMU AND RUTH KANINI OUOKU,
*On behalf of for Risper Auma Ouko (a minor),
formerly known as Risper Violet Auma.*

GAZETTE NOTICE No. 2747

THE TOURISM ACT

(No. 28 of 2011)

APPOINTMENT

IN EXERCISE of powers conferred by section 8 (1) (g) (ii) of the Tourism Act, the Cabinet Secretary for Tourism and Wildlife appoints—

NAJMA ISMAIL

as a member of the Board of Directors of Tourism Regulatory Authority, for a period of three (3) years, with effect from the 7th August, 2020. The Appointment* of Pauline N. Njoroge is revoked.

Dated the 10th February, 2021.

NAJIB BALALA,
Cabinet Secretary for Tourism and Wildlife.



Website: www.tourismauthority.go.ke

Telephone : +254 701 444 777

When replying please quote:

Ref: TRA HQ/3/2

Date: 12th November, 2020

George Muia
Deputy Commissioner,
Public Sector Division,
Kenya Revenue Authority
NAIROBI.



Dear *Sir,*

RE: PAYMENT OF SURPLUS FUNDS BY TOURISM REGULATORY AUTHORITY FOR THE FY 2019/20 - KSHS 1,428,503/=

The above subject Refers.

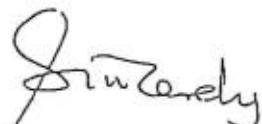
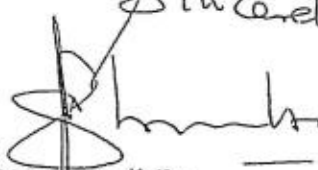
In accordance with PFM Regulations 2015 Section 219 (2) Regulatory bodies are required to submit 90% of its Surplus funds reported in the Audited financial statements into the consolidated funds account. Tourism Regulatory Authority in the annual account and financial reports for the FY 2019-20 submitted to the office of the Auditor General (O.A.G) had a surplus of Kshs. 1,587,225/=

The Authority has since submitted Ninety percent (90%) of the surplus funds for the period under reference amounting to Kshs. 1,428,503/= to the consolidated funds account as indicated below on 12th November, 2020.

Account Name : Income Tax Main Collection Account
Bank Name : Central Bank of Kenya
Branch : Haile Selassie Avenue
Account No. : 1000007338
Swift Code : CBKEKENXCNY

Attached is a copy of the remittance advice from the bank. This is therefore to seek acknowledgement/receipt of the remitted funds.

Yours



Moses Lesaibile
FOR: DIRECTOR GENERAL
Encl.

Copy: Principal Secretary
The National Treasury
Nairobi.
Att: Mr. Stanley Kamau



Website: www.tourismauthority.go.ke

Telephone : +254 701 444 777

When replying please quote:

Ref: TRA HQ/3/2

Date: 12th November, 2020

George Muia
Deputy Commissioner,
Public Sector Division,
Kenya Revenue Authority
NAIROBI.

Mr. Stanley



Dear Sir,

RE: PAYMENT OF SURPLUS FUNDS BY TOURISM REGULATORY AUTHORITY FOR THE FY 2019/20 - KSHS 1,428,503/=

The above subject Refers.

In accordance with PFM Regulations 2015 Section 219 (2) Regulatory bodies are required to submit 90% of its Surplus funds reported in the Audited financial statements into the consolidated funds account. Tourism Regulatory Authority in the annual account and financial reports for the FY 2019-20 submitted to the office of the Auditor General (O.A.G) had a surplus of Kshs. 1,587,225/=

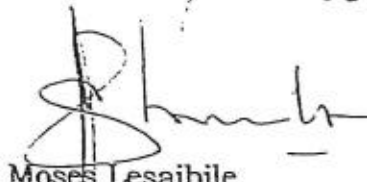
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Yours

Sincerely



Moses Lesaibile

FOR: DIRECTOR GENERAL

Encl.

Copy: Principal Secretary
The National Treasury
Nairobi.
Att: Mr. Stanley Kamau

APPENDIX III



Transaction Reference P752011121729102

Beneficiary Name INCOME TAX ACCOUNT

Amount 800,503.00

Debit Account Number 01141173587300

Status Processed By Bank

Payment type Domestic Fund Transfer

Bene Account Number/IBAN/Mobile 1000007338

Number

Beneficiary Bank CENTRAL BANK OF KENYA

Currency KES

Customer Reference SUP-0068

ErrorNumber --

Remarks

Host Reference

Number

Payee Name --



Transaction Reference P752011121729101

Beneficiary Name INCOME TAX ACCOUNT

Amount 628,000.00

Debit Account Number 01141173587300

Status Processed By Bank

Payment type Domestic Fund Transfer

Bene Account Number/IBAN/Mobile 1000007338

Number

Beneficiary Bank CENTRAL BANK OF KENYA

Currency KES

Customer Reference SUP-0068

ErrorNumber --

Remarks

Host Reference

Number

Payee Name --

Vote R1202 State Department for Tourism

SUPPLEMENTARY RECURRENT EXPENDITURE ESTIMATES SUMMARY 2020/2021

I. SUPPLEMENTARY ESTIMATE of the amount required in the year ending 30th June, 2021 for salaries and expenses of the State Department for Tourism, including General Administration and Planning, Tourism Regulatory Authority, Tourism Research Institute, Tourism Marketing and Promotion, Kenya Utalii College, Kenya Tourism Board, Tourism Fund, Bomas of Kenya, Tourism Promotion Fund, Kenyatta International Convention Centre and Tourism Finance Corporation.

KShs. 112,412,863

FORM 1B

VOTE/ HEAD	APPROVED ESTIMATES 2020/2021			NET AMENDMENTS	AMENDED APPROVED ESTIMATES 2020/2021		
	GROSS	A-I-A	NET		GROSS	A.I.A	NET
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
1202000100 Headquarters Administrative Services	341,243,817	-	341,243,817	73,735,950	414,979,767	-	414,979,767
1202000200 Central Planning and Project Monitoring Unit	14,158,257	-	14,158,257	-	14,158,257	-	14,158,257
1202000300 Tourism Services Headquarters	76,013,756	-	76,013,756	-	76,013,756	-	76,013,756
1202000400 Tourism Regulatory Authority	352,008,500	100,000,000	252,008,500	-	422,008,500	170,000,000	252,008,500
1202000600 Tourism Research Institute - (TRI)	103,851,768	-	103,851,768	-	103,851,768	-	103,851,768
1202000800 Finance Management Services	30,544,787	-	30,544,787	-	30,544,787	-	30,544,787
1202001000 Bomas of Kenya	275,818,040	41,435,382	234,382,658	-	275,818,040	41,435,382	234,382,658

Vote R1202 State Department for Tourism

SUPPLEMENTARY RECURRENT EXPENDITURE ESTIMATES SUMMARY 2020/2021

I. SUPPLEMENTARY ESTIMATE of the amount required in the year ending 30th June, 2021 for salaries and expenses of the State Department for Tourism, including General Administration and Planning, Tourism Regulatory Authority, Tourism Research Institute, Tourism Marketing and Promotion, Kenya Utalii College, Kenya Tourism Board, Tourism Fund, Bomas of Kenya, Tourism Promotion Fund, Kenyatta International Convention Centre and Tourism Finance Corporation.

KShs. 112,412,863

FORM 1B

VOTE/ HEAD	APPROVED ESTIMATES 2020/2021			NET AMENDMENTS	AMENDED APPROVED ESTIMATES 2020/2021		
	GROSS	A-I-A	NET		GROSS	A.I.A	NET
1202001100 Kenya Tourism Board	429,359,500	63,000,000	366,359,500	-	429,359,500	63,000,000	366,359,500
1202001200 Kenya Utalii College	677,362,000	194,200,000	483,162,000	38,676,913	716,038,913	194,200,000	521,838,913
1202001500 Tourism Fund	1,140,000,000	1,140,000,000	-	-	1,140,000,000	1,140,000,000	-
1202001600 Manna Ngina Waterfront Management Board	8,407,539	-	8,407,539	-	8,407,539	-	8,407,539
1202001800 Tourism Promotion Fund (TPF)	1,973,580,000	1,973,580,000	-	-	1,973,580,000	1,973,580,000	-
1202001900 Kenyatta International Convention Centre	400,000,000	-	400,000,000	-	400,000,000	-	400,000,000
1202002000 Tourism Finance Corporation	86,402,000	-	86,402,000	-	86,402,000	-	86,402,000

VOTE 1202 State Department for Tourism

I. RECURRENT EXPENDITURE SUMMARY 2021/2022 AND PROJECTED EXPENDITURE ESTIMATES FOR 2022/2023 - 2023/2024

I. ESTIMATE of the amount required in the year ending 30th June, 2022 for salaries and expenses for the State Department for Tourism, including general administration, planning and support services, Tourism Regulatory Authority, Tourism Research Institute, Kenya Tourism Board, Bomas of Kenya Ltd., Tourism Fund, Kenya Utalii College and Tourism Promotion Fund.

HEAD	Approved Expenditure 2020/2021	Estimates 2021/2022		Net Expenditure	Projected Estimates	
		Gross Expenditure	Appropriations in Aid		Estimates 2022/2023	Estimates 2023/2024
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
I202000100 Headquarters Administrative Services	414,979,767	378,466,694	40,000,000	338,466,694	307,608,100	314,794,302
I202000200 Central Planning and Project Monitoring Unit	14,158,257	17,553,040	-	17,553,040	18,233,630	18,925,878
I202000300 Tourism Services Headquarters	76,013,756	89,575,904	-	89,575,904	92,050,344	99,697,130
I202000400 Tourism Regulatory Authority	252,008,500	405,599,000	215,000,000	190,599,000	411,700,000	413,710,000
I202000600 Tourism Research Institute - (TRI)	103,851,768	113,700,000	-	113,700,000	117,400,000	118,700,000
I202000800 Finance Management Services	30,544,787	35,405,794	-	35,405,794	36,957,586	37,172,989
I202001000 Bomas of Kenya	234,382,658	264,897,548	40,656,548	224,241,000	332,940,000	334,950,000
I202001100 Kenya Tourism Board	366,359,500	310,190,000	63,000,000	247,190,000	400,830,000	403,700,000
I202001200 Kenya Utalii College	521,838,913	276,393,750	175,123,750	101,270,000	453,870,000	454,750,000
I202001500 Tourism Fund	0	1,700,000,000	1,700,000,000	0	2,398,751,000	2,398,751,000
I202001600 Mania Ngina Waterfront Management Board	8,407,539	15,035,445	-	15,035,445	17,187,217	19,446,578
I202001800 Tourism Promotion Fund (TPF)	0	643,000,000	643,000,000	0	643,000,000	643,000,000
I202001900 Kenyatta International Convention Centre	400,000,000	715,783,415	715,783,415	0	968,312,152	968,312,152
I202002000 Tourism Finance Corporation	86,402,000	241,718,562	241,718,562	0	327,975,000	327,975,000
TOTAL FOR VOTE 1202 State Department for Tourism	2,508,947,445	5,207,319,152	3,834,282,275	1,373,036,877	6,526,815,029	6,553,885,029

APPENDIX III

REPUBLIC OF KENYA
IN THE EMPLOYMENT AND LABOUR RELATIONS COURT OF KENYA AT
NAIROBI

PETITION E025 OF 2020

LAW SOCIETY OF KENYA PETITIONER

VERSUS

THE CABINET SECRETARY FOR TOURISM AND WILDLIFE...1ST RESPONDENT

THE TOURISM REGULATORY AUTHORITY BOARD 2ND RESPONDENT

THE HON. ATTORNEY GENERAL 3RD RESPONDENT

AND

KEVIN MUASYA 1ST INTERESTED PARTY

ALAIS LENANA MOMOI 2ND INTERESTED PARTY

ISAAC MUCHIRI NJAGU 3RD INTERESTED PARTY

PAULINE NJOROGI 4TH INTERESTED PARTY

NAJMA ISMAEL 5TH INTERESTED PARTY

JUDGEMENT

The petitioner is seeking the following orders;

- i. A declaration that the Interested Parties do not meet the required constitutional and statutory requirements, standards, qualifications and experience to be appointed to the position of members of the Tourism Regulatory Authority Board.
- ii. A declaration that the purported appointment of the Interested Parties to the position of members of the Tourism Regulatory Authority Board vide Gazette Notice Vol. CXXII-NO. 150 NO. 5462 dated 7th August, 2020 did

not meet the laid down substantive and procedural constitutional requirements applicable in public service appointments and is therefore unconstitutional, unlawful, irregular, null and void for being in contravention of Articles 10,27, 73(2) and 232 of the Constitution of Kenya, 2010

- iii. A declaration that the 1st Respondent's purported handpick and appointment of the Interested Parties vide Gazette Notice Vol. CXXII-NO. 150 NO. 5462 dated 7th August, 2020 to the position of members of the Tourism Regulatory Authority Board without following the laid down substantive and procedural constitutional and statutory requirements applicable in public service appointments; the said purported handpick and appointment is unconstitutional, unlawful and irregular for being in contravention of Articles 10,27, 73(2) and 232 of the Constitution of Kenya, 2010*
- iv. An order quashing Gazette Notice Vol. CXXII-NO. 150 NO. 5462 dated 7th August, 2020 vide which the Cabinet Secretary for Tourism and Wildlife purported to appoint Kevin Muasya, Alais Lenana, Momoi Njoroge, Isaac Muchiri Njangu and Najma Ishmael as members of the Tourism Regulatory Authority Board.*
- v. A declaration that Najib Balala's conduct in the appointment of the Interested Parties to the position of members of the Tourism Regulatory Authority Board violates Article 10, Chapter six and thirteen of the Constitution of Kenya and for that reason Najib Balala is unsuitable to hold Public Office appointive or elective*
- vi. An order directing the Respondents to ensure that future appointments to the Members of the Tourism Regulatory Authority Board whose membership is not automatic by virtue of their offices pursuant to Section 8 (1) (g) of the Tourism Act No. 28 of 2011, strictly adhere to the substantive and constitutional and statutory requirements applicable in the Public Service.*
- vii. Costs of this Petition be borne by the Respondents.*
- viii. Such other orders this Honourable Court shall deem fit pursuant to Article 23(3) of the Constitution of Kenya 2010*

PETITION

The petitioner is a body corporate established under the Law Society Act. The 1st respondent is established under Article 152 of the Constitution and responsible for policy matters with respect to tourism and wildlife. The 2nd respondent is a corporate body established under section 4 of the Tourism Act and mandated to regulate the tourism sector in Kenya. The 3rd respondent is a public office under Article 156 of the constitution and the principal government advisor.

The 1st, 2nd, 3rd and 4th interested parties are adults whose appointments as members of the Tourism Regulatory Authority Board vide Gazette Notice Vol.CXXII-No.150 No.5462 dated 7th August, 2020 is challenged in this petition.

The 5th interested party is an adult and whose appointment as member of the Tourism Regulatory Authority Board vide press release dated 8th August, 2020 by the 1st respondent is under challenge in this petition.

The petitioner has filed the petition pursuant to the provisions of Article 2, 10, 19, 20, 21, and 22 of the constitution and which provisions requires all persons and state orders be subject to the constitution and ensure the national values and principles of governance are applied and including human dignity, social justice, human rights, inclusiveness, equality, integrity, transparency, accountability, non-discrimination and fair administrative action.

Under these provisions a party may institute proceedings to claim that their rights and or fundamental freedoms have been denied, violated or infringed and under articles 23, 159, 160(1), 162(2) (a), 165 and 258 of the constitution the court has jurisdiction to hear and determine all employment and labour relations disputes and related matters on the enforcement of the constitution.

The petition is that Parliament enacted the Tourism Act (the Act) establishing the 2nd respondent with statutory mandate to provide and develop, manage market and regulate sustainable tourism and related activities. Under section 8 of the Act, the 2nd respondent once established is to be governed by a Board constituted as follows;

- a) *A chairperson appointed by the President;*
- b) *The permanent secretary in the Ministry for the time being responsible for matters relating to tourism or his representative;*

- c) *The permanent secretary in the ministry for the time being responsible for matters relating to planning and national development or his representative;*
- d) *The permanent secretary in the ministry for the time being responsible for matters relating to finance of his representative;*
- e) *The permanent secretary in the ministry for the time being responsible for matters relating to environment or his representative;*
- f) *The director – general of the authority who shall be the secretary;*
- g) *Six members, not being public officer, nominated or selected through a competitive process taking into account regional and gender parity and appointed by the Minister, of whom –*
 - (i) *To shall be nominated by the registered tourism sector associations; and*
 - (ii) *Four shall be persons who have expertise in tourism or tourism – related disciplines.*

Pursuant to section 8(1)(g) of the Act, the 1st respondent vide Gazette Notice Vol.CXXII-NO.150 No.5462 dated 14th October, 2019 purported to appoint the interested parties herein as members to the Tourism Regulatory Authority Board (the Board) for a period of 3 years with effect from 7th August, 2020.

The appointment of the interested parties contravenes that provisions of section 8(1) (g) of the Act which requires that members be nominated or selected through a competitive process taking into account expertise in tourism or tourism-related disciplines. Before appointment, the interested parties as per section 8(3) of the Act were to be laid before the National Assembly for approval. This appointment of the interested parties is challenged by the petitioner for being unconstitutional and being contrary to the law and public service appointments.

The petition is also that by virtue of the constitution defining 'public service', 'public office', 'public officer' and 'public body' under article 260 of the constitution and section 9(3) of the Act providing remuneration of the members of the Board from the public coffers, the members of the Board are public officers.

The petition is also that the Board members are therefore servants of the people engaged or employed within a framework of constitutional and statutory provisions as well as lawful policies and practices applicable to public service appointments.

The substantive law applicable to such members' employment ranging from declaration of vacancy, recruitment and selection procedures, appointment procedure and termination procedures would be the applicable public service constitutional and statutory provisions.

The petitioner's case is also that this petition relates to employment within the complex framework of public service or public sector employment and thus qualifies as an employment and labour dispute within the meaning of article 162(2)(a) of the constitution and section 12 of the Employment and Labour Relations Court Act and this court has jurisdiction.

The petition is also that whereas a majority of the Board members are automatic by virtue of the office they hold having been appointed to those offices through a competitive process applicable in the public service, before the 1st respondent can appoint any appointee to the membership of the board, the nominee must have been recruited through a fair, open, competitive, merit-based and inclusive recruitment process applicable in the public service to determine personal integrity, competence and suitability as required under the constitution and the law.

Under section 8(3) of the Act a person shall be qualified for appointment as a member of the board upon approval by Parliament.

In this case the 1st respondent appointed the interested parties without the due process of the law. he acted contrary to article 10 of the constitution, as there was no transparency and accountability; contrary to article 73(3) which demands that appointments conform to a selection on the basis of personal integrity, competence and suitability; he acted contrary to article 232 requires that the appointment conform to the principles and values of accountability, transparency and fair competition.

Section 36(1) of the Public Service Act provide for personal integrity, merit, equity, aptitude and suitability with prescribed qualifications, provable experience and efficiency as the criteria of appointment in public office. The law also requires for fair competition and merit and section 22 of the Public Ethics Act requires that public officers shall practice and promote the principle of integrity, competence and suitability.

The petitioner has mandate to assist and advice government on matters relating to the administration of justice pursuant to section 4 of the Law Society Act and under Article 22 of the constitution has the right to institute these proceedings on behalf of the public in respect to a violation of the constitution. the petitioner has a legitimate expectation that the criteria of appointment and recruitment of the members of the board will ensure of hiring of persons of demonstrable and predetermined expertise and that the process of appointment will meet constitutional and legal threshold to ensure that the holders of the offices are not beholden to partisan interests but will be free to discharge their mandate fairly, independently, without fear or favour and according to the law.

The 1st respondent has not demonstrated that the recruitment of the interested parties did not meet the constitutional and legal threshold, is justifiable in any way or is one that was done in the public interest as a remedial and or temporary measure and or falls within legal expectations and or exemption. The 1st respondent is guilty of abuse of office for blatant violation of section 8(1) (g) of the Act, Article 10 of the constitution, the Public Service Act, the Public Service (Values and Principles) Act, the leadership and Integrity Act and the Public Officer Ethics Act and should therefore be declared unsuitable to hold public, appointive and elective office and the petition be allowed as prayed.

The petition is supported by the Affidavit of Collins Odhiambo the Deputy Chief Executive Officer for the petitioner and who avers that via Gazette Notice Vol.CXXII.NO.150 No.5462 dated 7th August, 2020 and by press release dated 8th August, 2020 where the 2nd respondent communicated that the appointment of the 4th interested party as contained in Gazette Notice Vol.CXXII.NO.150 No.5462 had been revoked and the 5th interested party appointed as her replacement.

Mr Odhiambo also avers that pursuant to section 8(1)(g) of the Act the 1st respondent appointed the interested parties as board members for a period of 3 years but pursuant to article 260 of the constitution and section 9(3) of the Act the members of the board are servants of the people and engaged in employment within a framework of constitutional and legal provisions and should be subject to an open, competitive, merit-based and inclusive recruitment process applicable in the public

service to determine the nominee's personal integrity, competences and suitability. Upon nomination such persons should attend before Parliament for approval.

In this regard, contrary to the public expectation and that of the petitioner, the 1st respondent proceeded and appointed the interested parties as board members of the 2nd respondent contrary to the constitutional values and principles and the applicable statutory provisions.

Respondents

In reply, the respondents relied on the Replying Affidavit of Hon. Safina Kwekwe Tsungu (Hon. Kwekwe) the principal secretary, state department for Tourism in the Ministry of Tourism and Wildlife and on the onset the court has no jurisdiction to decide on matters concerning the appointment of directors as these are not employees but owners or representatives of the owners of the legal entity. The court also lacks jurisdiction as the petition does not fit under the parties described under section 12 of the Employment and Labour Relations Court Act as held in **Kenya Council of Employment and Migration Agencies & another versus Samuel Mwongera Arachi & 2 others** [2015] eKLR.

Hon. Kwekwe also avers that the appointment under Gazette Notice Vol.CXXII-NO.150 No.5462 of 7th August, 2020 was lawful and done in line with the Tourism Act which under section 8(1) (g) provides that;

Six other members, not being public officers, appointed by the Cabinet Secretary taking into account regional balance and gender parity, of whom –

- i. Two shall be nominated by the registered tourism sector association; and*
- ii. Four shall be persons who have expertise in tourism or tourism-related discipline.*

The petition is based on a law that has since been amended through the **Statute Law (Miscellaneous Amendment) Act, 2014** which deleted the introductory portion to section 8(1) (g) of the Tourism Act No.28 of 2011.

The petition relies on section 9(3) of the Tourism Act No.28 f 2011 which has since been amended and in this regard the court is enjoined by the principle of that the law

governing specific subject matters overrides a law which only governs general matters.

It is the respondent's case that the petitioner has not demonstrated that the decision to appoint the Board members was unreasonable, irrational or illegal and that the appointed persons lacked in skill, competency and qualifications. The 1st respondent acted as per the mandate provided under the constitution and the law. The orders sought are against public interest and public policy and will if granted occasion grave hardship to the respondents and affect the constitutionally granted mandate. The petitioner has not demonstrated any reasonable cause to warrant issuance of the orders sought and the petition should be dismissed with costs.

Interested parties

The 1st to 4th interested parties did not enter appearance.

The 5th interested party in her replying affidavit avers that she was appointed to the Board vide press release dated 8th August, 2020 by the 1st respondent and is aware the under section 8(1)(g) of the Act there is mandate to appoint as done. For of the board members should have expertise in tourism or tourism-related disciplines and she has not been a public officer and was nominated pursuant to section 8(1) (g) (ii) of the Act for being an expert on tourism matters. There is academic qualifications for appointment as member of the Board and has had an industrious career in journalism which has prepared her to serve in the Board.

The 5th interested party also avers that under section 36(2) of the Public Service Commission Act 'merit' means that one has the abilities, aptitude, skills, qualifications, experience and personal qualities relevant to carrying out of the duties in question. Has the potential for development and meet the criteria of appointment and which she does possess and the petition should be dismissed with costs.

In reply, the petitioner filed the Further Affidavit of Collins Odhiambo and who avers that the petition is filed under the provisions of articles 20, 21 and 22 of the constitution and under article 23 read with section 12(3) of the Employment and Labour Relations Court Act this court has jurisdiction to grant appropriate relief and including declaratory, conservatory and injunctive orders.

Under article 153(4) (a) a Cabinet Secretary in performing his duties should act in accordance with the constitution. This matter relates to the employment and labour relations dispute. The appointment of the interested parties is a matter for this court to address.

The appointments of the interested parties failed to observe the guidelines on open interviews and vetting objective selection criteria based on qualification and the most suitable candidate in the circumstances of the appointments herein.

Mr Odhiambo also avers that the respondents have failed to appreciate that constitutional requirements on appointment of public officer have not been provided for in the Statute Law (Miscellaneous) Amendments, 2014 or in the Act and the same is provided under the Public Service (Values & Principles) Act; Fair Administrative Action and the Leadership and Integrity Act. The respondents are estopped from interpreting the law in a manner that favour them.

The 5th interested party has not submitted any evidence with regard to her credentials making her fit for appointment as alleged and even where such are not in dispute the process leading to her appointment were irregular and unlawful. Though well versed in journalism, there is nothing to suggest any expertise in tourism or tourism-related matters a requirement of section 8(1) (g) (ii) of the Act. The 5th respondent has not been gazetted upon the reversal of the 4th interested parties nomination to the Board and on this basis the petition should be allowed as prayed.

Written submissions

The petitioner relied on the written submissions with regard to the Notice of Motion.

The respondents submitted that petitioner has no *prima facie* case and the petition is based on a law which has since been amended. The legal provisions which required nominees to the Board be subjected to a parliamentary approval vide section 8(3) of the Act have since been amended. The basis of the petition is lost.

There are no violations of the constitution and the law as alleged and the orders sought should not issue. The 1st respondent has a statutory mandate under section 8(1)(g) of the Act to appoint 6 board members and which was done on 7th August, 2020 vide Gazette Notice NO.150 No.5462 which is legal and constitutional.

Determination

On the petition, the affidavits and submissions, the issues which emerge for determination can be summarised as follows;

Whether the court has jurisdiction;

Whether the orders sought should issue; and

Who should pay costs.

The Issue of jurisdiction was addressed by the court vide ruling dated 22nd October, 2020 and since there is no challenge of this ruling, I will not dwell on the subject.

The petition is based on the application of articles 2, 3, 10, 19, 20, 21, 23, 165(3), 258 and 259 of the Constitution, 2010 and on the grounds that there is contravention of the national values and principles, the principles of leadership and integrity, and the values and principles of public service.

The petition is also grounded on the alleged contravention of section 8(1)(g)(ii) and (3) of the **Tourism Act No.8 of 2011**.

In this regard, the petitioner has challenged the appointment of the 1st to 4th interested parties to the Board vide Gazette Notice Vol.CXXII-NO.150 No.5462 dated 7th August, 2020. By a press release the 5th interested party was appointed to the Board by the 1st respondent upon the reversal of the 4th interested party appointment.

Section 8 of the Tourism Act, 2011 provided as follows;

8. Board of the Authority

(1) There shall be the Board of the Authority which shall consist of—

(a) a chairperson appointed by the President;

(b) the Permanent Secretary in the ministry for the time being responsible for matters relating to tourism or his representative;

(c) the Permanent Secretary in the ministry for the time being responsible for matters relating to planning and national development or his representative;

(d) the Permanent Secretary in the ministry for the time being responsible for matters relating to finance or his representative;

(e) the Permanent Secretary in the ministry for the time being responsible for matters relating to environment or his representative;

(f) the Director-General of the Authority, who shall be the secretary;

(g) six other members, not being public officers, nominated or selected through a competitive process taking into account regional balance and gender parity and appointed by the Minister, of whom—

(i) two shall be nominated by the registered tourism sector associations; and

(ii) four shall be persons who have expertise in tourism or tourism-related disciplines.

(2) The members of the Board of the Authority shall be appointed at different times so that the respective expiry dates of their terms of office shall fall at different times.

(3) The names of persons proposed for appointment under subsection (1)(a) and (g) shall, before they are appointed, be laid before the National Assembly for approval. [underline added].

These provisions allowed the President to appoint the chairperson of the Board and other members by virtue of their office for tourism, planning and national development, finance, environment and the director general as Board members. The law also provided for 6 members to the Board nominated or selected member through a competitive process and who should be nominated taking into account regional balance and gender parity and who are then appointed by the Minister.

The law further provided that, the Minister in appointing the 6 Board members should take into account that *two* were nominated by registered tourism sector associations

and *four* to be persons who have expertise in the tourism or tourism-related discipline.

Further to the nomination and meeting the set criteria pursuant to section 8(1)(a) and (g) of the Act, the nominated persons proposed for appointment were [*shall*] be laid before Parliament for approval. That was the applicable threshold. It has since changed.

These provisions as relied upon by the petitioner were amended through **The Statute Law (Miscellaneous Amendment) Act, 2014**. There was a fundamental shift in the nomination, appointment and taking over of office by members of the Board.

Do the interested parties meet the threshold set in the law?

Taking the above provisions into account, through **The Statute Law (Miscellaneous Amendment) Act, 2014** the Tourism Act, 2011 the introductory part to paragraph (g) of section 8(1)(g) of the Act was deleted and substituted with the following provisions;

(g) six other members, not being public officers, appointed by the Cabinet Secretary taking into account regional balance and gender parity, of whom - [(i) two shall be nominated by the registered tourism sector associations; and (ii) four shall be persons who have expertise in tourism or tourism-related disciplines.]

Subsequently, section 8(3) of the Act was deleted. This previously required the submission and approval by Parliament of the nominated persons.

The remainder of section 8(g) of the Act following these amendments pursuant to **The Statute Law (Miscellaneous Amendment) Act, 2014** is as set out above that the Cabinet Secretary has power and or mandate to;

[Appoint] six other members, not being public officers, appointed by the Cabinet Secretary taking into account regional balance and gender parity, of whom -

*(i) two shall be nominated by the registered tourism sector associations;
and*

- (ii) *four shall be persons who have expertise in tourism or tourism-related disciplines.*

Previously, the Minister was required to appoint six other members, not being public officers, nominated or selected through a competitive process taking into account regional balance and gender parity and appointed by the Minister.

These amendments took effect upon publication on 24th November, 2014.

These amendments substantially changed the process of appointment of board members under the Act and giving the Cabinet Secretary the right to appoint 6 Board members unlike the previous provisions where nominated board members were required to go through a competitive process and to be laid out before the National Assembly for approval before appointment.

Under section 10 of the Act, Board members are appointed for a term of three (3) years and are non-executive and only sit in terms of the Second Schedule thereof and at least once in every three months to conduct the business of the Board and pursuant to section 9(3) of the Act;

(3) Members of the Board of the Authority shall be paid allowances determined by the Minister, in consultation with the Minister for the time being responsible for matters relating finance

The Board Members appointed are not in the full time employment of the Board. The requirement is to sit at least once in every three months to conduct the business of the Board. the members are paid an allowance. Such is not a wage, salary or remuneration ordinarily paid to an employee or an indentured learner so as to accrue rights and benefits which would ordinarily arise in an employment relationship.

The Board members appointed by the Cabinet Secretary are drawn from persons who are not public officers and the core criteria is that these are persons nominated by association(s) in the tourism sector and or have expertise in tourism or tourism-related disciplines. It has not been challenged that the interested parties have met that threshold for appointment or that there are objections, complaints or other matter raised by association(s) in the tourism sector against the interested parties.

recognising that the petitioner carry a public duty in accordance with Articles 19, 20, 21 and 22 of the Constitution, 2010; the law upon which the petition is premised has since been amended. The foundation of the petition does not exist.

Article 2 of the Constitution, 2010 not only asserts the supremacy of the Constitution but it also, in the same vein, removes any doubt on constitutionality of a law enacted contrary to the Constitution; it reads as follows:

2. Supremacy of this Constitution

(1) This Constitution is the supreme law of the Republic and binds all persons and all State organs at both levels of government.

(2) No person may claim or exercise State authority except as authorised under this Constitution.

(3) The validity or legality of this Constitution is not subject to challenge by or before any court or other State organ.

(4) Any law, including customary law, that is inconsistent with this Constitution is void to the extent of the inconsistency, and any act or omission in contravention of this Constitution is invalid.

Through an Act of Parliament, the 1st respondent appointed the 1st to 4th interested party as members of the Board. Such mandate is secured under the Act as amended through **The Statute Law (Miscellaneous Amendment) Act, 2014**. the 5th interested party was also appointed and through a press release announced to the public.

The 1st to 4th interested party have been gazetted vide Gazette Notice Vol.CXXII – NO.150 No.5462 of 7th August, 2020. The appointment of the 5th interested party remains to be regularised.

It has not been challenged that the interested parties are public officers; that there is no regional balance and or gender parity. A cursory look at the names listed under the interested parties a determination of region, gender or other factors is not possible to outline. The petition premised on the challenge contravention of the constitution and the law, the burden was on the petitioner to articulate these factors.

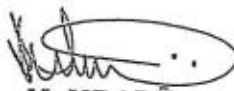
The interested parties were appointed for a given term and with legal duties outlined under section 9 of the Act. such legal mandate is not equivalent to an employment contract or a contract of service as regulated under the Employment Act, 2007.

The court finds no illegality in the action of the 1st respondent in the appointment of the interested parties. The only outstanding matter is to regularise the appointment of the 5th interested party.

The petition is based on a law that has since been amended through the **Statute Law (Miscellaneous Amendment) Act, 2014** which deleted the introductory portion to section 8(1)(g) of the Tourism Act No.28 of 2011. The overriding effect is that the petition lacks merit and is hereby dismissed with costs to the respondents. As the 5th interested party appointment is yet to be gazetted and regularised, she shall bear own costs.

Accordingly, the petition is hereby dismissed. costs to the respondents.

Delivered in open court at Nairobi this 4th day of February, 2021.


M. MBARU

JUDGE

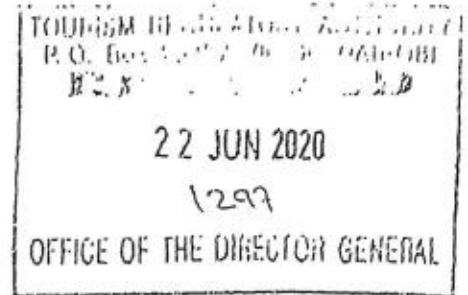
In the presence of:

Court Assistance: Okodoi..... and
.....

Handwritten: Anna / #1 / SA Manager
 P4 vehicle
Signature



Salaries & Remuneration
 Commission
 Rewarding productivity



Ref. No. SRC/TS/JE/SRSC/3/33/4 Vol. IX (77)

17th June, 2020

Mr. Kipkorir Langat
 Director General
 Tourism Regulatory Authority
 P.O. Box 25357 -00100
NAIROBI

Dear *Mr. Langat*

IMPLEMENTATION OF JOB EVALUATION RESULTS: BASIC SALARY STRUCTURE FOR TOURISM REGULATORY AUTHORITY

Reference is made to your letter Ref. No. TRA HQ /2/211(15) dated 14th February, 2020 forwarding salary data and the Salaries and Remuneration Commission's letter Ref. No. SRC/TS/JE/SRSC/3/33/4 Vol. IX (21) dated 15th January, 2020 communicating the results of the Job Evaluation (JE) grading structure for Tourism Regulatory Authority.

The Commission in its 242nd meeting held on 4th March, 2020 approved a basic salary structure for your institution based on the JE exercise. The structure is determined within a framework of affordability and fiscal sustainability arising from the resultant cost implications.

Based on the JE exercise and following consultations with the National Treasury and Planning, the Commission therefore, releases the salary structure for your institution within the budget ceiling of Kshs. 15,343,319 for the review as approved by the National Treasury and Planning as per the enclosed **Table**. The new JE basic salary structure is to be implemented in full w.e.f 1st July, 2020.

The purpose of this letter therefore, is to convey the Commission's advice for your further necessary action. The Commission appreciates your continued support on the JE process.

Yours

Mrs. Anne R. Gitau, MBS
COMMISSION SECRETARY/CEO

Copy to:

Dr. Julius Muia, PhD, CBS
Principal Secretary
National Treasury
NAIROBI

The Auditor General
Kenya National Audit Office
NAIROBI

The Controller of Budget
BIMA House
NAIROBI

Encl.

CONFIDENTIAL



REPUBLIC OF KENYA
NATIONAL TREASURY AND PLANNING

Telegraphic Address: 22921
FINANCE - NAIROBI
Fax No. 315770
Telephone: 2252299

THE NATIONAL TREASURY
P.O. Box 30097 - 00100
NAIROBI
KENYA

When replying please quote

Ref: TNT/ZZ 44/122/04/P (131)

29th May, 2020

Mrs. Anne R. Gitau, MBS
Commission Secretary/CEO,
Salaries & Remuneration Commission
NAIROBI

Dear Anne,

RE: IMPLEMENTATION OF JOB EVALUATION RESULTS: SALARY STRUCTURE
FOR VARIOUS INSTITUTIONS

Reference is made to your letter Ref. No. SRC/TS/JE/SRSC/3/33/4 Vol. IX dated 18th May 2020, on the above subject.

The National Treasury has noted your request amounting to Ksh.49,176,630 for implementation of basic salary structure for JE for Public Officers serving in various institutions. We have reviewed the request and noted that the total cost of the salary review amounts to Ksh.49,176,630 as indicated in the table below:

Cost Implications for the Implementation of Salary Structures for JE for Various Institutions	
Institution	Cost Implication (Kshs) for 4 years w.e.f 1st July, 2017
1 Kenya Animal Genetics Resource Centre (KAGRC)	
2 Pests Control and Products Board (PCPB)	1,353,958
3 Tourism Regulatory Authority (TRA)	12,746,937
4 Kenya National Trading Corporation Ltd (KNTC)	15,343,319
5 Agricultural Finance Corporation (AFC)	9,697,782
Total	9,834,634
	49,176,630

We wish to point out that the Recurrent Budgets for Kenya (KNTC) and Agricultural Finance Corporation (AFC) are not funded. In this regard, we wish to advise that the cost implication should be met through their own revenue.

In view of the above, the National Treasury has granted an approval of Kshs. 29,644,214 to KAGRC, PCPB and TRA for implementation of JE w.e.f 1st July 2020. Further, we advise you to inform KNTC and AFC to meet the JE requirement of Kshs. 19,532,416 from their own revenue.

You may therefore wish to take necessary action.

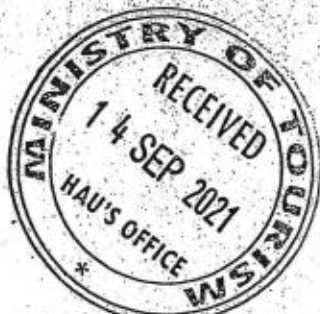
Yours

for a/c



HON. (AMB.) UKUR YATANI, EGH
CABINET SECRETARY/THE NATIONAL TREASURY & PLANNING

APPENDIX VI



MINISTRY OF TOURISM AND WILDLIFE STATE DEPARTMENT FOR TOURISM

COPY
TRA

Telephone: +254-20-2724725/2724646

Email: ps@tourism.go.ke

Website: www.tourism.go.ke

When replying please quote:

REF: MOT/ACCTS/5/21/VOL.III/(8)

The Chief Executive Officer
Tourism Regulatory Authority
P.O. Box 25357-00100
NAIROBI

NSSF Building, Block A 15th Floor

Bishops Rd

P.O. BOX 30027-00100

NAIROBI

Date: 6th September, 2021

TOURISM REGULATORY AUTHORITY
P.O. Box 20097 - 00100, NAIROBI
RECEIVED

07 SEP 2021

OFFICE OF THE DIRECTOR GENERAL

F8A

Disc TNA
8/9/21

INTER-ENTITY CONFIRMATION LETTER

The State Department for Tourism wishes to confirm the amounts disbursed to you as at 30th June 2021 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column 'E' in the table below. Then please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by (Tourism Regulatory Authority) as at 30 th June, 2021							
Reference Number	Date Disbursed	Amounts disbursed by State Department for Tourism As at 30 th June, 2021				Amount Received By (SAGA/SC/ Fund/project) as at 30/6/2021 (Kshs.) (E)	Difference (Kshs.) (F) = (D-E)
		Recurrent (Kshs) (A)	Development (Kshs) (B)	Inter-ministerial (Kshs.) (C)	Total (Kshs.) (D) = (A+B+C)		
FT20220ZHC7	7.08.2020	43,775,000.00			43,775,000.00		
FT20322W7W9N	17.11.2020	43,775,000.00			43,775,000.00		
FT21047HWW94	16.02.2021	38,454,250.00			38,454,250.00		
FT21124MTCRK	4.05.2021	63,002,125.00			63,002,125.00		
FT21186DMG49	5.07.2021	63,002,125.00			63,002,125.00		
TOTAL		252,008,500.00			252,008,500.00		

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

Head of Accounts Department

NAME: I. MUGAMBI

Date: 13/09/2021

Signature: [Signature]

Manager
Finance & Accounts

[Signature]

Richard Mwangi
FOR: PRINCIPAL SECRETARY

c.c.: Director General Accounting Services and Quality Assurance,
The National Treasury

Website: www.tourismauthority.go.ke
Telephone : +254 701 444 777

DATE: 24th August, 2021

When replying please quote:

Ref: TRA1/3/3

Principle Secretary
State Department for Tourism,
Ministry of Tourism & Wildlife,
P.O BOX 30430 – 00100,
NAIROBI.

Att: Head of Accounts Department

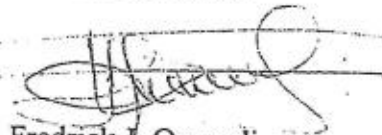
INTER ENTITY CONFIRMATION LETTER ON RELEASED GRANTS FOR FY 2020 / 2021

This is in reference to the above subject matter

During the period under review, Tourism Regulatory Authority received Recurrent grants totaling to Kshs. 252,008,500 from the State Department of Tourism as per the analysis below;

	DATE RECEIVED	RCPT REF.	AMOUNT RECEIVED	PERIOD
1.	07.08.2020	RCT-0168	43,775,000	FY 2020-2021
2.	17.11.2020	RCT-0169	43,775,000	FY 2020-2021
3.	16.02.2021	RCT-0177	38,454,250	FY 2020-2021
4.	04.05.2021	RCT-0185	63,002,125	FY 2020-2021
5.	05.07.2021	RCT-0202	63,002,125	FY 2020-2021
		Total	252,008,500	

This is therefore to request that you confirm the amount shown above are correct for reporting in the annual report and Financial statements for FY 2020-21 as per the guidelines issued by the National Treasury.


Fredrick J. Omondi
For: Ag. Director General



Transaction Summary

Report generated on AUG 3, 2021 by PAULINE N MUNENE

Total Search Results: 55

Transaction Date	Narrative	Debit	Credit	Running Balance
30-07-2021	Online Monthly access May 21595	200.00	0.00	154,225,180.25
30-07-2021	Online Monthly access June 21 616	200.00	0.00	154,225,380.25
30-07-2021	Online Monthly access May 21 595	1,000.00	0.00	154,225,580.25
30-07-2021	Online Monthly access June 21 616	1,000.00	0.00	154,226,580.25
30-07-2021	[MULTI UTILITY PAYMENT]BANK COMMISSION FOR :C716072111030174	120.00	0.00	154,227,580.25
30-07-2021	Kenya Power 126754395 C716072111030174	9,403.00	0.00	154,227,700.25
30-07-2021	[TAX PAY]BANK COMMISSION FOR :C782290721134507	120.00	0.00	154,237,103.25
30-07-2021	KRA 2020210002151192 P0515329885 Tourism Regulatory Authority	47,220.00	0.00	154,237,223.25
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817380 C788290721133906	1,200.00	0.00	154,284,443.25
30-07-2021	C788290721133906 TRA CONSOLIDATED DEBIT ENTRY (SDMC	1,269,306.80	0.00	154,285,643.25
30-07-2021	[TAX PAY]BANK COMMISSION FOR :C71290721134657	120.00	0.00	155,554,950.05
30-07-2021	KRA 2020210002147353 P0515329885 Tourism Regulatory Authority	15,222.00	0.00	155,555,070.05
30-07-2021	[TAX PAY]BANK COMMISSION FOR :C713290721135445	120.00	0.00	155,570,292.05
30-07-2021	NHIF 06687691 06687691 TOURISM REGULATORY AUTHORITY	174,900.00	0.00	155,570,412.05
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296818006 C740290721140657	1,200.00	0.00	155,745,312.05
30-07-2021	C740290721140657 TRA CONSOLIDATED DEBIT ENTRY (SDMC	1,275,252.00	0.00	155,746,512.05
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817917 C757290721135818	1,080.00	0.00	155,721,764.05
30-07-2021	C757290721135818 TRA CONSOLIDATED DEBIT ENTRY (SDMC	78,828.00	0.00	155,022,844.05
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817814 C780290721135320	480.00	0.00	155,101,672.05
30-07-2021	C780290721135320 TRA CONSOLIDATED DEBIT ENTRY (SDMC	109,097.00	0.00	155,102,152.05
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817441 C781290721133933	1,320.00	0.00	155,211,249.05
30-07-2021	C781290721133933 TRA CONSOLIDATED DEBIT ENTRY (SDMC	2,116,562.90	0.00	155,212,569.05
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817414 C780290721133855	1,200.00	0.00	155,329,131.95
30-07-2021	C780290721133855 TRA CONSOLIDATED DEBIT ENTRY (SDMC	137,180.50	0.00	155,330,331.95
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817930 C791290721135925	600.00	0.00	155,467,512.45
30-07-2021	C791290721135925 TRA CONSOLIDATED DEBIT ENTRY (SDMC	2,359,202.30	0.00	155,468,112.45
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817445 C794290721134055	120.00	0.00	161,827,314.75
30-07-2021	C794290721134055 TRA CONSOLIDATED DEBIT ENTRY (SDMC	51,771.00	0.00	161,827,434.75
30-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107296817240 C732290721133640	13,920.00	0.00	161,879,205.75
30-07-2021	C732290721133640 TRA CONSOLIDATED DEBIT ENTRY (SDMC	6,225,058.95	0.00	161,893,125.75
21-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107196640090 C789190721103950	1,200.00	0.00	168,118,164.70
21-07-2021	C789190721103950 TRA CONSOLIDATED DEBIT ENTRY (SDMC	1,805,921.00	0.00	168,119,384.70
21-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107166619124 C752160721110946	240.00	0.00	169,925,305.70
21-07-2021	C752160721110946 TRA CONSOLIDATED DEBIT ENTRY (SDMC	95,000.00	0.00	169,925,545.70
21-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107166618898 C728160721110000	480.00	0.00	170,021,545.70
21-07-2021	C728160721110000 TRA CONSOLIDATED DEBIT ENTRY (SDMC	706,459.00	0.00	170,022,025.70
21-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107166619047 C749160721110113	480.00	0.00	170,728,494.70
21-07-2021	C749160721110113 TRA CONSOLIDATED DEBIT ENTRY (SDMC	41,889.50	0.00	170,728,984.70
15-07-2021	CHQ NUMBER 000816	80,007.00	0.00	170,770,854.20
14-07-2021	CHQ NUMBER 000815	121,365.00	0.00	170,850,861.20
13-07-2021	CHEQUE NO: 817 PAULINE MUNENE 4117358730	1,680.00	0.00	170,972,226.20
09-07-2021	P752106306084572	40.00	0.00	170,973,906.20
08-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107076492433 C729070721184927	840.00	0.00	170,973,946.20
08-07-2021	C729070721184927 TRA CONSOLIDATED DEBIT ENTRY (SDMC	227,026.00	0.00	170,974,786.20
08-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107076492808 C772070721190325	2,160.00	0.00	171,201,812.20
08-07-2021	C772070721190325 TRA CONSOLIDATED DEBIT ENTRY (SDMC	478,242.50	0.00	171,203,972.20
08-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107076492610 C733070721190657	120.00	0.00	171,682,214.70
08-07-2021	C733070721190657 TRA CONSOLIDATED DEBIT ENTRY (SDMC	7,800.00	0.00	171,682,334.70
08-07-2021	[BULK UPLOAD]BANK COMMISSION FOR :P752107086494642 C780080721101121	360.00	0.00	171,690,134.70
08-07-2021	C780080721101121 TRA CONSOLIDATED DEBIT ENTRY (SDMC	227,830.00	0.00	171,690,494.70
06-07-2021	01002000186-01#00011003[CHQ:000814]longoro	16,000.00	0.00	171,918,324.70
06-07-2021	[TAX PAY]BANK COMMISSION FOR :C765050721161020	120.00	0.00	171,934,444.70
06-07-2021	KRA 2020210001875632 P0515329885 Tourism Regulatory Authority	3,584,210.00	0.00	175,518,654.70
05-07-2021	STATE DEPT FOR TOURISM/REC/1202009685	0.00	63,002,125.00	175,518,654.70
02-07-2021	CHQ NUMBER 000813	49,440.00	0.00	112,516,529.70

