

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

**KENYA SLUM UPGRADING LOW COST
HOUSING AND INFRASTRUCTURE
TRUST FUND**

**FOR THE YEAR ENDED
30 JUNE, 2023**

**STATE DEPARTMENT FOR HOUSING AND
URBAN DEVELOPMENT**

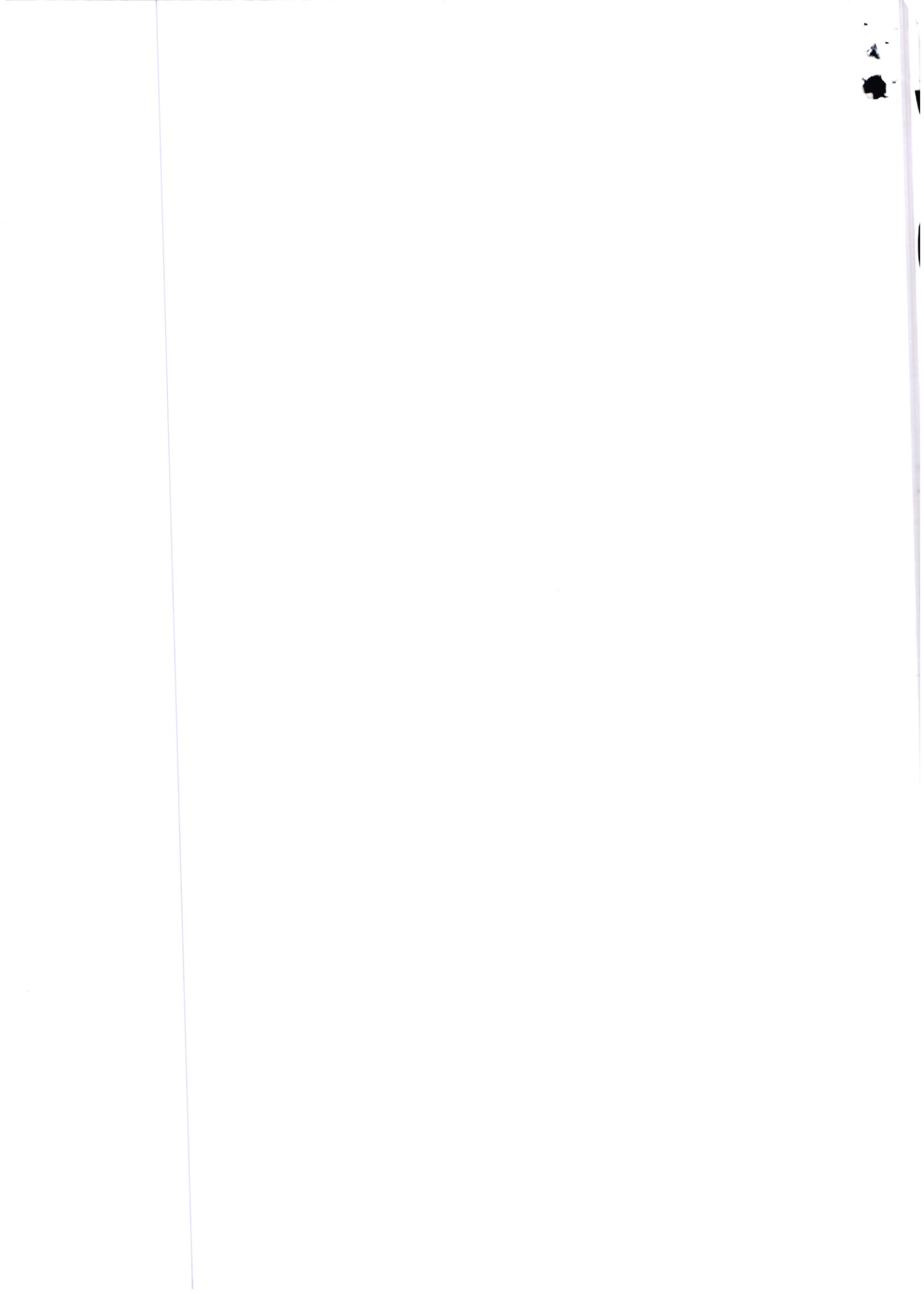
THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 13 MAR 2024

WED

Hon Owen Baya, MP
Deputy Leader, Majority Party
Mazighi Mwale

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Revised 30th June 2023



**KENYA SLUM UPGRADING, LOW-COST
HOUSING AND INFRASTRUCTURE TRUST FUND
(KENSUF)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations and Acronyms

| | |
|-------|--|
| CEO | Chief Executive Officer |
| DG | Director General |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| MD | Managing Director |
| NT | National Treasury |
| OCOB | Office of the Controller of Budget |
| OAG | Office of the Auditor General |
| OSHA | Occupational Safety and Health Act of 2007 |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SAGAs | Semi-Autonomous Government Agencies |

B. Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

2. Key Fund information and management

a) Background information

Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF) was formed on 22nd December 2006, through a gazette notice no. 51, by legal notice no. 168 under the Government Financial Management Act no. 5 of 2004.

At Cabinet level, the Trust Fund is represented by the Cabinet Secretary for Housing and Urban Development who is responsible for the general policy and strategic direction of the fund.

b) Principal Activities

The principal activity of Trust Fund is to provide funds for slum upgrading, low-cost housing and infrastructure programmes to support housing development.

c) Board of Trustees/Fund Administration Committee

| SN | Position | Name |
|-----------|----------------------------------|----------------|
| 1 | Chairperson | Charles Hinga |
| 2 | Other trustees/Committee Members | Charles Omondi |
| 3 | Fund Manager/ Administrator | Mary Ndung'u |

Key Fund and Information Management (Continued)

d) Key Management

| SN | Position | Name |
|----|-----------------------------|--------------------|
| 1 | Fund Manager/ Administrator | Mary Ndung'u |
| 2 | Fund Accountant | David Musau |
| 3. | Procurement Officer | Elizabeth Bosibori |

e) Fiduciary Oversight Arrangements

(Provide a high-level description of the key fiduciary oversight arrangements covering (say)):

| SN | Position | Name |
|----|----------------------------|-------------------|
| 1 | Directorate Internal Audit | Methucella Mokuia |
| | | |

f) Registered Offices

Ardhi House, 2nd Floor
Ngong Road.
P.O. Box 30119-00100
Nairobi, Kenya

g) Fund Contacts

Telephone: (254) 20-2718050
E-mail: PS@ardhihouse.co.ke
Website: www.ardhi.go.ke

h) Fund Bankers

Cooperative Bank of Kenya,
Parliament Road Branch
P.O. Box 48231-0010
Nairobi, Kenya

Housing Finance Company
Rehani House Branch
P.O. Box 30088
Nairobi

Key Fund and Information Management (Continued)



i) Independent Auditor

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




j) Principal Legal Adviser

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

3. The Board of Trustees/ Fund Administration Committee

| Name | Details of qualifications and experience |
|---|--|
|  <p>1. Mr. Charles M. Hinga, CBS, CA(SA) Principal Secretary State Department of Housing and Urban Development</p> | <p><i>Mr. Hinga was born in 1975. He is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University in addition to Bachelor of Accounting Science (Honors) from University of South Africa. His core competencies include project and structured finance, deal structuring and business development. Until the time of his appointment as the Principal Secretary of Housing and Urban Development he was the Group Chairman of an advisory boutique with presence in South Africa and Kenya</i></p> |
|  <p>2. Mary Ndung'u</p> | <p><i>Mary Ndung'u holds a degree in Social Services from University of Nairobi, Masters in Environmental Planning and Management from University of Nairobi, Postgraduate Diploma in Housing. She has 28 years of experience housing and urban development sector.</i></p> |
| | |

4. Management Team

| Name | Details of qualifications and experience |
|---|--|
|  <p>Mary Wanjiku Ndung'u Director</p> | <p>Mary Ndung'u holds a degree in Social Services from University of Nairobi, Masters of Environmental Planning and Management from University of Nairobi, Postgraduate Diploma in Housing. She has 28 years of experience housing and urban development sector.</p> |
|  <p>CPA Charles Liyayi Shidzugane Senior Deputy Accountant General</p> | <p>Charles Liyayi holds a degree in Bachelor of Commerce (Finance Option from CUEA), Masters of Science in Finance and Accounts from KCA University. He is Certified Public Accountant of Kenya (ICPAK). He has over 30 years of experience in financial and auditing sectors.</p> |
|  <p>George Charles Omondi Deputy Director</p> | <p>George Omondi holds a degree in Building Economics from University of Nairobi, Masters in Project Planning and Management from UoN. He has experience of over 30 years in quantity surveying.</p> |
| <p>(Note: The Fund Administrator will feature under both the 'Trustee/Fund committee' and 'Management').</p> | |

5. Chairman's Report

The Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF) implements programmes, projects and activities aimed at improving the lives and livelihood of people living and working in slums/informal settlements countrywide. In its pursuit of this core mandate, the Programme is fulfilling the constitutional mandate under Article 43 (1) (b) of the Constitution of Kenya 2010 which emphasizes the right of every person to accessible and adequate housing and to reasonable standards of sanitation.

Project implementation

The Programme seeks to fulfill two key strategic objectives namely: - To facilitate access to adequate housing and to improve livelihoods of people living and working in slums and informal settlements.

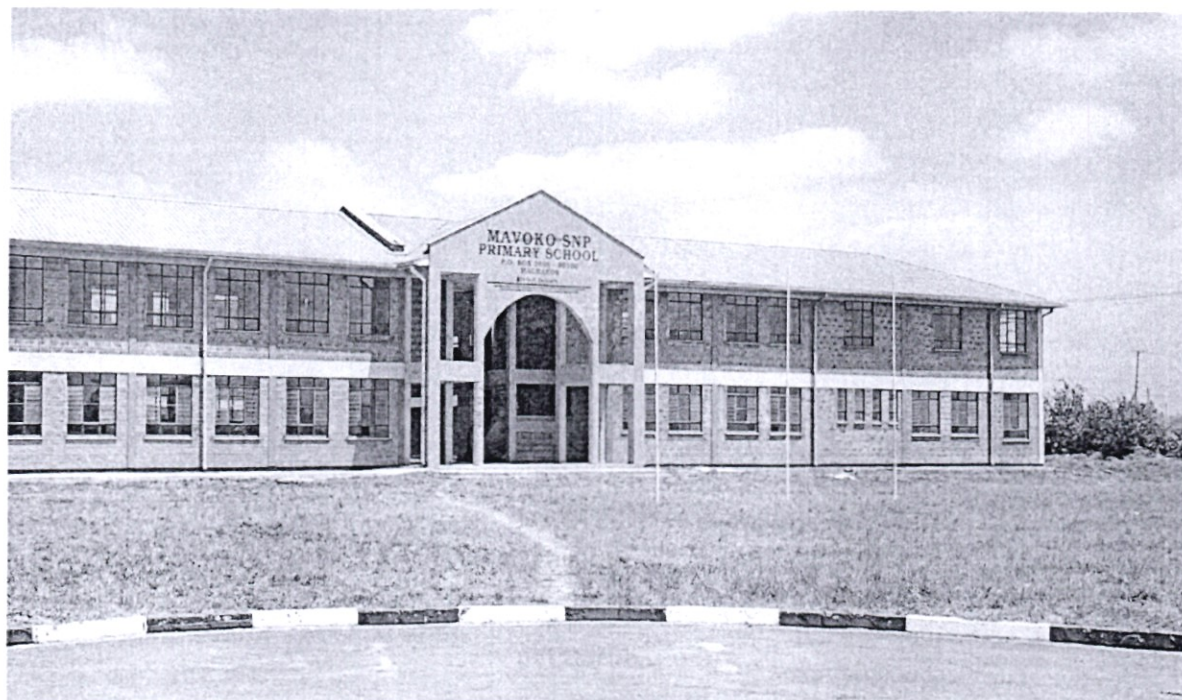
Towards this goal, the Trust Fund has two mega projects that have been part of the Ministerial Performance Contract. These include redevelopment of 822 houses and infrastructure in Kibera Soweto Zone A at a total cost of 2,908,440,769 and construction of 463 houses at Mavoko SNP Athi River at a total cost of 1,340,022,248. The Kibera housing project is 100% complete with housing units fully occupied. The Project has also delivered other social infrastructures such as social halls, youth centre and markets stalls. The Mavoko project on the other hand is 100% complete and is being used in piloting the concept of sustainable neighborhoods.



Impact on the Community

The programme was initiated with a core poverty mandate to upgrade, prevent and eradicate slums in Kenya. The projects supported through this programme are geared towards the provision of

social and physical infrastructure to the residents living and working in slums and informal settlements.



On a pilot basis, the programme has managed to construct a total of 1,284 No. of housing units and provided them at subsidized costs to slum residents. Under this arrangement, a total of 822 households have been allocated decent houses through the Kibera Soweto East Zone 'A' project while the process of identifying beneficiaries of the Mavoko Sustainable Neighborhood Programme is underway. These projects have brought positive impact to the slum communities who are perceived to be marginalized by the mainstream housing market and thus served to uplift their welfare.

Planned projects

The Trust Fund has commenced development of an additional 20,825 social housing units and associated infrastructure. This has started with bedsitter units which is part of the 13,700 houses at the Kenya Meteorological site in Industrial Area. The procurement of contracts for 4,435 houses in Kibera Soweto East Zone 'B', Nairobi is in its final stages while planning for 2,690 units in Mariguini Informal Settlements is ongoing. Additional infrastructure comprising of mass lighting projects, roads and school construction as well as other social amenities has been scheduled in slums and informal settlements in various counties. The projects are estimated to cost Ksh 29,615,418,329.00 in the coming years.



Way Forward

The government remains committed in uplifting the lives of the low income Kenyans through this programme. This is evident from the budget allocations by the National Treasury which has enabled the Trust to progress well with its mandate. However, there is still need for the government to seek other sources of funds including engaging development partners to enable the Trust Fund discharge its mandate more effectively.

Charles M. Hinga, CBS, CA(SA)

Principal Secretary

6. Report Of the Fund Manager/ Administrator

| Objective | Key Performance Indicators | Activities | Achievements |
|---|----------------------------|---|---|
| Pillar/ theme/ issue 1: Construction of Social Housing | | | |
| Improve livelihoods of people living and working in slums and informal areas | No. of units | Construction of 463No. housing units at Mavoko SNP | 463 housing units completed and a cabinet memo on the sale submitted to Cabinet |
| | Percentage of completion | Construction of 13,700 housing units at the Kenya Meteorological Site at Mukuru | Tender awarded |
| | Percentage of completion | Construction of 4,435 housing units at Kibera Soweto Zone 'B' | Tender stage |
| | Percentage of completion | Construction of 2690 social housing units at Mariguini Informal area | Planning ongoing |
| Pillar/ theme/ issue 2: Installation of Physical and Social Infrastructure in Slums and Informal Areas | | | |
| Improve livelihoods of people living and working in slums and informal areas | Percentage of completion | Construction of Uhuru Business Park Kisumu Town, Kisumu County | 100% Completed |
| | Percentage of completion | Uhuru Business Park Kisumu Town, Kisumu County – Civil and other External Works for Phase I (Presidential Directive) | 100% Completed |
| | Percentage of completion | Installation of 6no. Electric high mast floodlighting structures | 100% Completed |
| | Percentage of completion | Installation of 6no. Electric high mast floodlighting structures | 100% Completed |
| | Percentage of completion | Construction and upgrading of 6.5 km sewer line in Athi River, Mavoko | 100% Completed |
| | Percentage of completion | Proposed Upgrading of 3.5KM, Chepareria Town to Propoi Secondary School Road to Bitumen Standards | 100% Completed |
| | Percentage of completion | Construction of Market stalls in Buchifi, Mumias | 100% Completed |
| | Percentage of completion | Construction of Market stalls in Musanda, Mumias, Kakamega County | 100% Completed |
| | Percentage of completion | Construction of Social Hall in Majengo Slums, Meru Town | 100% Completed |
| | Percentage of completion | Construction of 5 No. Classrooms, Administration & Ablution Blocks in Kiwanjani Primary School, Isiolo Town, Isiolo County. | 100% Completed |
| | Percentage of completion | Fencing to Kibera Soweto East Zone 'B' Site | 100% Completed |
| | Percentage of completion | Installation of 6No. Highmast flood lighting structures | 100% Completed |
| | Percentage of completion | Installation of 3No. Highmast flood lighting structures | 100% Completed |
| | Percentage of completion | Installation of 3No. Highmast flood lighting structures | 100% Completed |
| | Percentage of completion | Installation of 3No. Highmast flood lighting structures | 100% Completed |

*Kenya Slum Upgrading, Low Cost Housing and Infrastructure Trust Fund (KENSUF)
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| | | |
|--------------------------|--|----------------|
| Percentage of completion | Installation of 3No. Highmast flood lighting structures | 100% Completed |
| Percentage of completion | Installation of 6No. Electric Powered High Mast Flood Lighting Structures | 100% Completed |
| Percentage of completion | Installation of 6No. Electric Powered High Mast Flood Lighting Structures in Ukunda (Diani) Town. | 100% Completed |
| Percentage of completion | Installation of 6No. Electric Powered High Mast Flood Lighting Structures, in Voi Town | 100% Completed |
| Percentage of completion | Installation of 6no. Electric powered high mast flood lighting structures in, Bungoma town | 100% Completed |
| Percentage of completion | Installation of 6no. Electric high mast floodlighting structures in Thika town | 100% Completed |
| Percentage of completion | Installation of 6no. Electric high mast floodlighting structures in Mwiki | 100% Completed |
| Percentage of completion | Installation of 15no. Electric Powered Highmast Flood Lighting Structures | 100% Completed |
| Percentage of completion | Installation of 5no. Electric Powered Highmast Flood Lighting Structures in Ijara Constituency, Garissa County | 100% Completed |
| Percentage of completion | Installation of 6No. Highmast flood lighting structures in Lodwar | 100% Completed |
| Percentage of completion | Installation of 6No. Highmast flood lighting structures in Nairobi | 100% Completed |
| Percentage of completion | Installation of 9No. Highmast flood lighting structures in Bungoma County | 100% Completed |
| Percentage of completion | Installation of 5No. Highmast flood lighting structures in Kitui County | 100% Completed |
| Percentage of completion | Footbridge connecting Gikomba Market and Landhies Road | 100% Completed |
| Percentage of completion | Footbridge at New Pumwani Road Bridge connecting Machakos Country Bus Stage and Gikomba | 100% Completed |
| Percentage of completion | Upgrading of 3.7KM KCB Slaughter House Road to Bitumen Standards in Mavoko Slum, Mwingi Town- Kitui County | 100% Completed |
| Percentage of completion | Upgrading of 1.5 KM road to murrum standards in Mjini Slums, Meru Town, Meru County. | 100% Completed |
| Percentage of completion | Upgrading of 1.4 km road to cabro standards at Zimmerman settlement | 100% Completed |
| Percentage of completion | Proposed Upgrading of 3.1km Road to Bitumen Standards in Mworoga and Makutano Infomal Settlements | 100% Completed |
| Percentage of completion | Facilitation for the relocation of Kibera Soweto East, Zone 'B' PAPs | 100% Completed |
| Percentage of completion | Construction Civil & other Associated Works for Social Housing Project at Meteorological Site (Lot 1) | 20% Ongoing |

*Kenya Slum Upgrading, Low Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended 30th June 2023*

| | | |
|--------------------------|---|--------------|
| Percentage of completion | Civil & other Associated Works for Social Housing Project at Meteorological Site (Lot 2) | 20% Ongoing |
| Percentage of completion | Proposed Outbuilding and Associated Electromechanical Services Works for Social Housing Project at Meteorological Site (Lot 3) | 20% Ongoing |
| Percentage of completion | Construction of 4No. Classrooms, Ablution Block& Associated sewer system, Administration Block, Kitchen & 1No. Dormitory at Chiakariga Girls Secondary School | 65% complete |
| Percentage of completion | Construction of Mlimani Primary School, Nakuru | 40% complete |
| Percentage of completion | Construction of Health Centre at Kisumu Ndogo Informal Settlement, Malindi - Kilifi County | 35% complete |
| Percentage of completion | Construction of 4KM Sewerline at Nyagachok, Kericho | 95% complete |
| Percentage of completion | Construction of Market Sheds at Sang'alo Market, Bungoma County | 85% complete |
| Percentage of completion | Construction of Market Sheds at Bondeni area, Kitale, Trans Nzoia County | 80% complete |
| Percentage of completion | Construction of Market Sheds in Ngaru, Kirinyaga County | 95% complete |
| Percentage of completion | Proposed Market sheds in Ijara Constituency, Garissa County | 95% complete |
| Percentage of completion | Construction of a Modern Multipurpose Market, Nakuru County | 40% complete |
| Percentage of completion | Upgrading of 3.5KM road to bitumen standards in Londiani, Kericho County | 95% complete |
| Percentage of completion | Upgrading of Dagoretti Market Access Road to Bitumen Standards – Nairobi City County | 50% complete |
| Percentage of completion | Upgrading of 3.9km Road to Bitumen Standards in Gitogothi, Makaburini and Mariko in Limuru, Kiambu County. | 95% complete |

7. Statement of Performance Against Predetermined Objectives

The Trustees submit their report together with the audited financial statements for the year ended 30th June 2023, in accordance with the provisions of Section 81 of the Public Finance Management Act, 2012.

Principal activities

The mandate of the Trust Fund is to implement programmes, projects and activities aimed at improving the lives and livelihood of people living and working in slums and informal settlements countrywide.

Results

The results for the Trust Fund for the financial year ended 30 June 2023 are set out on page 1.

Trustees

The trustees who held office during the year and to the date of this report are set out on page vi.

Auditors

The Auditor General is responsible for the statutory audit of the Trust Fund's books of account in accordance with the provisions of Article 229 of the Constitution of Kenya and the Public Audit Act, 2015

By order of the Trustees



Charles M. Hinga, CBS, CA(SA)
Principal Secretary

8. Corporate Governance Statement

Section 81 of the Public Finance Management Act, 2012 and Government Financial Trustees Act no.5 of 2004, require the Trustees to prepare financial statements in respect of the Trust Fund, which give a true and fair view of the state of affairs of the Trust Fund at the end of the financial year and the operating results of the Trust Fund for that year. The trustees are also required to ensure that the Trust Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Trust Fund. The trustees are also responsible for safeguarding the assets of the Trust Fund.

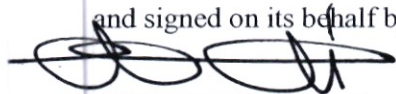
The Trustees are responsible for the preparation and presentation of the Trust Fund's financial statements, which give a true and fair view of the state of affairs of the Trust Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust Fund; (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 Trust Fund; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Trustees accept responsibility for the Trust Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Government Financial Trustees Act. The Trustees are of the opinion that the Trust Fund's financial statements give a true and fair view of the state of Trust Fund's transactions during the financial year ended June 30, 2023, and of the Trust Fund's financial position as at that date. The Trustees further confirm the completeness of the accounting records maintained for the Trust Fund, which have been relied upon in the preparation of the Trust Fund's financial statements as well as the adequacy of the systems of internal financial control.

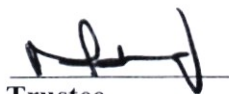
Nothing has come to the attention of the Trustees to indicate that the Trust Fund will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Trust Fund's financial statements were approved by the Trustees on 30.11. 2023
and signed on its behalf by:



Trustee



Trustee

9. Management Discussion and Analysis

Operational Performance of the Fund

The Kenya Slum Upgrading, Low-Cost Housing and Infrastructure Trust Fund (KENSUF) implements programmes, projects and activities aimed at improving the lives and livelihood of people living and working in slums/informal settlements countrywide. In its pursuit of this core mandate, the Programme is fulfilling the constitutional mandate under Article 43 (1) (b) of the Constitution of Kenya 2010 which emphasizes the right of every person to accessible and adequate housing and to reasonable standards of sanitation.

The Programme seeks to fulfill two key strategic objectives namely: - To facilitate access to adequate housing and to improve livelihoods of people living and working in slums and informal settlements.

Towards this goal, the Trust Fund has two mega projects that have been part of the Ministerial Performance Contract. These include redevelopment of 822 houses and infrastructure in Kibera Soweto Zone A at a total cost of 2,908,440,769 and construction of 463 houses at Mavoko SNP Athi River at a total cost of 1,340,022,248. The Kibera housing project is 100% complete with housing units fully occupied.

10. Environmental and Sustainability Reporting

Sustainable Development

Reduction of slums – Reduction and ultimate eradication of slums through slum upgrading.

Decent work and economic growth – Increased productivity as a result of improved infrastructures within the informal settlements

Environmental Performance

To improve quality of life – provision of adequate lighting within the informal settlements through installation of high floodlight masts and improved infrastructure.

To protect the environment through unblocking and drainage of sewerage systems/line.

Community Engagement

Involve the community in public participation in the development and improvement of the informal settlements.

11. Report of The Trustees/ Fund Administration Committee

The Trustees/Fund Administration Committee submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Fund's affairs.

Principal activities

The principal activity of the Fund is improving the lives and livelihood of people living and working in slums/informal settlements countrywide

Performance

The performance of the Fund for the year ended June 30, 2023, is set out on page 1 of the Financial Statements

Trustees

The members of the Board of Trustee / *Administration Committee* who served during the year are shown on page vi.

Auditors

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

By Order of the Board



.....
Chair of the Board/ Fund Administration Committee

12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established *on 22 December 2006, through a gazette notice no. 51, by the legal notice no.168 under the Government Financial Management Act no.5 of 2004* shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

The Administrator of the Fund is responsible for the preparation and presentation of the Fund's financial statements, which give a true and fair view of the state of affairs of the Fund for and as at the end of the financial year ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (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 fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *through a gazette notice no. 51, by the legal notice no.168 under the Government Financial Management Act no.5 of 2004*. The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control. In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern (*disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial*

*Kenya Slum Upgrading, Low Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended 30th June 2023*

statements) or nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

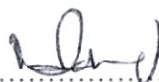
Approval of the financial statements

The Fund's financial statements were approved by the Board on 30.11. 2023 and signed on its behalf by:



Name:

Chairman of the Fund



Name: MARY WINDUNGU

Fund Administrator

REPUBLIC OF KENYA



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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke

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Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENYA SLUM UPGRADING LOW COST HOUSING AND INFRASTRUCTURE TRUST FUND FOR THE YEAR ENDED 30 JUNE, 2023 - STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Slum Upgrading Low Cost Housing and Infrastructure Trust Fund set out on pages 1 to 41 which comprise the

Report of the Auditor-General on Kenya Slum Upgrading Low Cost Housing and Infrastructure Trust Fund for the year ended 30 June, 2023 – State Department for Housing and Urban Development

statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Kenya Slum Upgrading Low Cost Housing and Infrastructure Trust Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Outstanding Pending Bills

The statement of financial position reflects a balance of Kshs.745,644,066 in respect of payables from exchange transaction which includes an amount of Kshs.404,829,430 dues to contractors (pending bills), in respect of works done and certified but not paid. However, Management did not provide reasons for the non- payments of the dues despite having a cash and cash equivalents balance of Kshs.822,574,544 as at 30 June, 2023. Failure to settle bills in the year to which they relate adversely affects the following year's provision to which they form the first charge. In addition, the Fund risk incurring penalties and interest costs due to delayed payments.

My opinion is not modified due to the effects of the above matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under Basis for Qualification Opinion section. Although the Fund Management indicated that the issues

have been resolved, no evidence was provided to support this position. These issues therefore remained unresolved contrary to the provisions of Section 149(2)(l) of the Public Finance Management Act, 2012 which require the Accounting Officers designated to try to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Constitute a Board of Trustees for the Fund

Examination of the Fund's records showed that Board of Trustees for the Fund had not been constituted. Further, there was no evidence that the Minister responsible for matters relating to Housing had appointed trustees as stipulated under Regulation 10(2). This is contrary to Regulation 10(1) and (2) of the Government Financial Management (Kenya Slum Upgrading, Low Cost Housing and Infrastructure Fund) Regulation, 2006.

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

2. Delayed Project Implementation

Review of the project implementation status report showed that 32 projects with a total contract sum of Kshs.2,811,550,739 had not been completed despite their completion date having lapsed at between 104% and 385%. The total amounts certified and paid for the projects was Kshs.3,542,449,178.

2.1 Proposed Construction of School Infrastructure - Tharaka Nithi

The Fund entered into contract with a transport and construction company for construction of 4No. Classrooms, Ablution Block and Associated Sewer System, Administration Block, Kitchen and 1No. Dormitory at Girls Secondary School at contract sum of Kshs.79,544,920. The project's commencement and completion date were 13 August, 2020 and 12 August, 2021 respectively. The completion date was revised to 27 January, 2022. However, as at 30 June, 2023, the project had stalled and was at 70% complete with a 214% time lapsed. A sum of Kshs.49,726,437 or 63% of contract sum had been paid. The contractor was issued with a default notices on 22 February, 2022 based on clauses 33.1 and 33.3 of the conditions of contract which states that the employer may terminate the contract if the contractor causes a fundamental breach of the contract. The breach of the contract entailed continued disregard of site instructions issued to the contractor, considerably slowed down progress of works with inadequate labor and materials on site and the contract period has elapsed. However, there was no

evidence to show that the State Department for Housing and Urban Development commenced the process of termination of the contract despite issuing the default notice.

Delayed implementation of project, denied the public benefits that could have accrued from the completed project and value for money for the amount of Kshs.49,726,437 already incurred could not be confirmed.

2.2 Construction of a Health Centre, Kilifi County

The Fund awarded a contract to a Contractor for construction of a Health Centre at Kisumu Ndogo/Muyeye Informal Settlement in Malindi at contract sum of Kshs.48,805,790. The project's commencement and completion date were 6 January, 2021 and 7 September, 2021 respectively. The completion date was revised to 31 January, 2023. However, at 30 June, 2023, the project had stalled at 75% complete with a 417% time lapsed but only a sum of Kshs.19,889,655 or 41% of contract sum had been paid.

On 3 October, 2023, the State Department for Housing and Urban Development invoked Clauses 33.1 (a) which states that the employer may commence the process termination if the Contractor stops work for 30 days and the stoppage has not been authorized by the Project Manager. The contractor was issued with a default notices due to none activity on site. Further, the contract period had expired and the Contractor's performance bond had also expired and has not been renewed.

Inspection of the project revealed that the roof is leaking at the theatre as the joints to the precast concrete tiles have not been sealed and drainage on the roof has not been completed. This has led to rainwater stagnating in some sections. Despite the deficiencies, the State Department for Housing and Urban Development had not commenced the process of termination of the contract. Delayed implementation of the project denied the public benefits that could have accrued from the completed project.

2.3 Proposed Construction of Civil Works for Roads and Other External Works

The Fund entered into a contract with a construction company to do Proposed construction of Civil Works for Roads and Other External Works in Social Housing- Met Site (Lot 1) at a contract sum of Kshs.430,970,890. The project's commencement and completion dates were 25 March, 2021 and 8 September, 2022 respectively. However, completion date was revised to 9 April, 2023. At 30 June, 2023, the project was at 76% complete with 124%-time lapse but a sum of Kshs.427,825,107 or 99% of contract sum had been certified and paid. This is an indication that the actual payments exceed the percentage of the works completed. Delayed implementation of project, denied the public the benefits that could have accrued from the completed project.

In the circumstances, value for money could not be ascertained and project delays and bottlenecks may result to cost variations.

3. Interest Accrued for Non-Payments of Certified Works

The Fund entered into a contract with a construction company for construction, designing, building and financing of housing units and associated infrastructure for Kibera Soweto East Zone B, Nairobi Project.

Clause 33 under the Conditions to the contract on offtake and milestone payments provides that the procuring entity shall pay the contractor the amounts due within 90 days of the date of issue of request for payment. If the procuring entity makes a late payment, the contractor shall be paid simple interest on the late payment in the next payment.

The contractor submitted the request for payment of an amount of Kshs.624,700,160 on 26 October, 2022. The payment became due on 24 January, 2023. However, the State Department did not pay the certificates by the close of the year resulting to accrued interest amount of Kshs.42,375,037 as at 30 June, 2023.

In the circumstances, value for money and effective use of public resources could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements 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 governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 Fund'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 Fund 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 Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

11 January, 2024

Kenya Slum Upgrading, Low Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended 30th June 2023

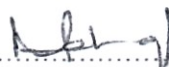
14. Statement of Financial Performance for the year ended 30th June 2023.

| | Note | 2022/2023 | 2021/2022 |
|---|------|----------------------|----------------------|
| | | Kshs. | Kshs. |
| REVENUE | | | |
| Revenue from non-exchange transactions | | | |
| Finance Income | 7 | 19,213,136 | 56,665,607 |
| | | 19,213,136 | 56,665,607 |
| EXPENDITURE | | | |
| Subsidy from Disposal of Houses | 8 | - | 90,150,000 |
| Administrative and Other Operating Costs | 9 | 62,613,396 | 54,151,293 |
| Depreciation and Amortization Costs | 10 | 70,486,085 | 73,385,038 |
| Total expenses | | 133,099,481 | 217,686,331 |
| Deficit/Surplus for the Year | | (113,886,345) | (161,020,724) |

The financial statements were approved on 30.11.2023 by:



Name
Principal Secretary



Name MARU WADUNGU
Director/Fund Administrator



Name
Senior Deputy Accountant
General
ICPAK No. 5068

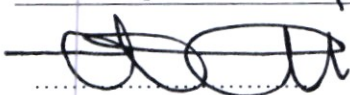
15. Statement of Financial Position as at 30th June 2023

| | Note | 2022/2023 | 2021/2022 |
|---|------|--------------------------|-----------------------|
| | | Kshs. | Kshs. |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 822,574,544 | 518,262,835 |
| Receivables from exchange transactions | 12 | 128,559,990 | 360,709,990 |
| Total Current Assets | | 951,134,534 | 878,972,825 |
| | | | |
| Non-current assets | | | |
| Receivables from exchange transactions | 12 | 1,040,404,418 | 1,210,257,625 |
| Work In Progress | 13 | 9,286,510,854 | 7,818,429,056 |
| Property, plant, and equipment | 14 | 2,631,793,949 | 2,702,280,032 |
| Total Non-Current Assets | | 12,958,709,222 | 11,730,966,714 |
| Total Assets | | 13,909,843,757 | 12,609,939,539 |
| | | | |
| Liabilities | | | |
| Payables from Exchange Transactions | 15 | 745,644,066 | 486,853,503 |
| Total Liabilities | | 745,644,066 | 486,853,503 |
| | | | |
| Net assets | | 13,164,199,691 | 12,123,086,036 |
| | | | |
| REPRESENTED BY: | | | |
| General Reserve | | 184,823,660 | 298,710,005 |
| GOK Development Reserve | | 12,979,376,031 | 11,824,376,031 |
| Total Net Assets and Liabilities | | 13,164,199,691.00 | 12,123,086,036 |

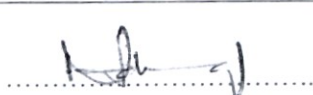
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The Fund financial statements were approved on 30.11 2023 and signed by:

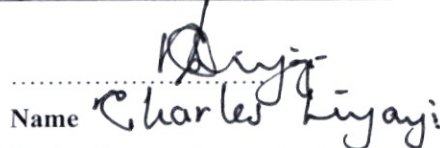
Kenya Slum Upgrading, Low Cost Housing and Infrastructure Trust Fund (KENSUF)
Annual Report and Financial Statements for the year ended 30th June 2023



Name
Principal Secretary



Name MARY W. ADWAGI
Director/Fund Administrator



Name Charles Kiyaji
Senior Deputy Accountant
General
ICPAK No. 5068

16. Statement of Changes in Net Assets for the year ended 30th June 2023

| | General Reserve | GOK Development Reserve | Accumulated surplus | Total |
|----------------------------------|--------------------|-------------------------------|---------------------|-----------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| As at 1 July 2021 | 369,580,729 | 10,699,526,031 | - | 11,069,106,760 |
| Surplus/(deficit) for the period | (161,020,724) | - | - | (161,020,724) |
| Funds received during the year | - | 1,215,000,000 | - | 1,215,000,000 |
| Interest capitalized* | - | - | - | - |
| Transfers | 90,150,000 | (90,150,000) | - | - |
| As at 30 June 2022 | 298,710,005 | 11,824,376,031 | - | 12,123,086,036 |
| Balance as at 1 July 2022 | 298,710,005 | 11,824,376,031 | - | 12,123,086,036 |
| Surplus/(deficit) for the period | (113,886,345) | - | - | (113,886,345) |
| Funds received during the year | - | 1,155,000,000 | - | 1,155,000,000 |
| Interest capitalized* | - | - | - | - |
| Transfers | - | - | - | - |
| As at 30 June 2023 | 184,823,660 | 12,979,376,031 | - | 13,164,199,691 |

17. Statement of Cash Flows for the year ended 30th June 2023

| | Note | 2022/2023 | 2021/2022 |
|---|------|----------------------|------------------------|
| | | Kshs. | Kshs. |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Mortgage Installments | 12 | 37,242,748 | 28,535,326 |
| Government Grants and Subsidies | 6 | 1,155,000,000 | 1,215,000,000 |
| Proceeds from Sale of houses | 12 | 232,150,000 | 300,000,000 |
| Finance Income | 7 | 1,882,866 | 38,838,842 |
| Net Receipts from related Parties | | - | 750,000,000 |
| Deposits for Houses | 15 | 38,001,334 | 437,000 |
| Total Receipts | | 1,464,276,948 | 2,332,811,168 |
| Payments | | | |
| Goods and Services | 9 | 62,298,492 | 53,662,370 |
| Finance Costs | 9 | 314,905 | 488,922 |
| Purchase of Property Plant and Equipment | 14 | - | 7,589,243 |
| Net Payments to Related Parties | | - | 750,000,000 |
| Contractors | 16 | 1,097,351,842 | 2,585,538,706 |
| Total Payments | | 1,159,965,239 | 3,397,279,242 |
| Net cash flow from operating activities | | 304,311,709 | (1,064,468,074) |
| Net increase/(decrease) in cash and cash equivalents | | 304,311,709 | (1,064,468,074) |
| Cash and cash equivalents at 1 July | 16 | 518,262,835 | 1,582,730,909 |
| Cash and cash equivalents at 30 June | 16 | 822,574,544 | 518,262,835 |

(PSASB has prescribed the direct method of cash flow preparation/ presentation for entities reporting under IPSAS Accrual basis of accounting)

18. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization |
|---------------------------------|----------------------|-------------|----------------------|----------------------------|------------------------|------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | |
| | A | b | C=(a+b) | d | e=(c-d) | F=d/c |
| Revenue | | | | | | |
| Government Grants and Subsidies | 1,155,000,000 | - | 1,155,000,000 | 1,155,000,000 | - | 100% |
| Finance Income | 20,000,000 | - | 20,000,000 | 19,213,136 | - | 96% |
| Total Revenue | 1,175,000,000 | - | 1,175,000,000 | 1,174,213,136 | - | 99.9% |
| | | | | | | |
| Expenditure | | | | | | |
| Finance Costs | 320,000 | - | 320,000.00 | 314,905 | - | 98% |
| Use of Goods and Services | 70,000,000 | - | 70,000,000.00 | 62,298,492 | - | 89% |
| Depreciation and Amortization | 70,486,085 | - | 70,486,085.00 | 70,486,085 | - | 100% |
| Work In Progress | 1,034,193,915 | - | 1,034,193,915 | 1,468,081,798 | - | 142% |
| Total Expenditure | 1,175,000,000 | - | 1,175,000,000 | 1,601,181,279 | - | 136% |
| Deficit for the period | 0 | - | 0 | (426,968,143) | | |

RECONCILIATION

| | |
|--|----------------------|
| Deficit as Per Statement of Budget and Actual Amounts | (426,968,143) |
| Work in Progress | 1,468,081,798 |
| Subsidy from Sale of Houses | - |
| Transfer to Development Reserve | (1,155,000,000) |
| Deficit as per Statement of Financial Performance | (113,886,345) |

19. Notes to the Financial Statements

1. General Information

Kenya Slum Upgrading, Low-cost Housing and Infrastructure Trust Fund (KENSUF) was formed on 22nd December 2006, through a gazette notice no. 51, by legal notice no. 168 under the Government Financial Management Act no. 5 of 2004. At Cabinet level, the Trust Fund is represented by the Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works who is responsible for the general policy and strategic direction of the fund.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, and financial instruments at fair value, impaired assets at their estimated recoverable amounts.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Trust.

The Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) issued by International Public Sector Accounting Standards Board (IPSASB), the Public Financial Management Act, 2012, Public Audit Act, 2015 and Kenya Roads Act 2007. The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

Several new and revised standards and interpretations were effective during the year. The directors have evaluated the impact of the new standards and interpretations and none of them had an impact on the Authority's financial statements.

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

| 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 |

| Standard | Effective date and impact: |
|---|---|
| | <p>statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>This has no impact on the financial statements for the fund</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <p>This has no impact on the financial statements for the fund</p> |
| <p>Amendments to Other IPSAS resulting from</p> | <p>Applicable: 1st January 2023:</p> |

| Standard | Effective date and impact: |
|---------------------------------------|--|
| IPSAS 41, Financial Instruments | <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>This has no impact on the financial statements for the fund</p> |
| Other improvements to IPSAS | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>This has no impact on the financial statements for the fund</p> |

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

| Standard | Effective date and impact: |
|--|--|
| IPSAS 43 | <p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>This has no impact on the financial statements for the fund</p> |
| <p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p> | <p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>This has no impact on the financial statements for the fund</p> |

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Significant Accounting Policies

a. Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Interest income

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

Dividends

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

Rental income

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

Significant Accounting Policies (Continued)

b. Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 9th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The Trust Fund'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 (PPE)

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 Fund 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.

Significant Accounting Policies (Continued)

d. Intangible assets

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

e. Investment property

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

f. Financial instruments

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

Significant Accounting Policies (Continued)

I. Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates

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

Subsequent measurement

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

Amortized cost

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

Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out.

Significant Accounting Policies (Continued)

II. Financial liabilities

Classification

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

g. Contingent liabilities

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

h. Contingent assets

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

i. Nature and purpose of reserves

The Fund creates and maintains reserves in terms of specific requirements.

j. Changes in accounting policies and estimates

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

Significant Accounting Policies (Continued)

k. Foreign currency transactions

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

l. Related parties

The Fund regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Directors/Trustee, the Fund Managers, and Fund Accountant.

m. 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 various commercial banks at the end of the financial year.

n. Comparative figures

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

o. Events after the reporting period

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

p. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the State Department of Housing and Urban Development Its ultimate parent is the Government of Kenya.

q. Currency

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

Significant Accounting Policies (Continued)

5. Significant judgments and sources of estimation uncertainty

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

a) 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. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (*see IPSAS 1.140.*)

b) 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:

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

Notes to the Financial Statements

6. Government Grants and Subsidies

| Description | 2022/2023 | 2021/2022 |
|------------------------------|-----------------|-----------------|
| | Kshs. | Kshs. |
| GOK Development Funds | 1,155,000,000 | 1,215,000,000 |
| Transfer to Development Fund | (1,155,000,000) | (1,215,000,000) |
| Total | - | - |

6(b) Transfers from the Ministries, Departments and Agencies

| Name of the Entity Sending the Grant | Amount recognized to Statement of Financial performance. | Amount recognized in revolving fund. | Total | |
|---|--|--------------------------------------|----------------------|----------------------|
| | | | 2022/2023 | 2021/2022 |
| | Kshs | Kshs | Kshs | Kshs |
| State Department of Housing and Urban Development | 1,155,000,000 | 1,155,000,000 | 1,155,000,000 | 1,215,000,000 |
| Total | 1,155,000,000 | 1,155,000,000 | 1,155,000,000 | 1,215,000,000 |

7. Interest income

| Description | 2022/2023 | 2021/2022 |
|------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Mortgage Interest | 17,330,270 | 17,826,765 |
| Interest on Call Deposits | 1,882,866 | 38,838,842 |
| Other (Specify) | - | - |
| Total Interest Income | 19,213,136 | 56,665,607 |

Notes to the financial statements (continued)

8. Subsidy from Sale of Houses

| Description | 2022/2023 | 2021/2022 |
|----------------------------------|-----------|---------------------|
| | Kshs. | Kshs. |
| Sale Proceeds from Mavoko Houses | - | 632,150,000 |
| Cost of Houses Disposed | - | (722,300,000) |
| Total Other income | | (90,150,000) |

9. Administrative and Other Operating Costs

| Description | 2022/2023 | 2021/2022 |
|-------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Advertising | 2,486,529 | 4,742,077 |
| Other Administration Expenses | 2,415,720 | 1,232,430 |
| Conferences and Delegations | 7,326,885 | 3,475,960 |
| Water Charges | 9,048,627 | 2,794,797 |
| Consumables | 2,699,585 | 2,590,425 |
| Electricity | - | 1,485,439 |
| Vehicle Running Expenses | 7,469,176 | 9,468,132 |
| Insurance | - | 4,583,426 |
| Postage | 201,265 | - |
| Printing and Stationery | 5,332,760 | 2,534,000 |
| Security Costs | 1,135,000 | - |
| Telecommunications Costs | - | 1,929,000 |
| Travelling and subsistence | 13,832,961 | 12,786,625 |
| Training | 9,864,985 | 5,990,059 |
| Bank Charges | 314,905 | 488,922 |
| Miscellaneous Expenses | - | - |
| Legal Fees | - | 50,000 |
| Equipment Repairs | 485,000 | - |
| Total | 62,613,396 | 54,151,293 |

Notes to the Financial Statements (continued)

10. Depreciation and Amortization Costs

| Description | 2022/2023 | 2021/2022 |
|------------------------------|-------------------|-------------------|
| | Kshs. | Kshs. |
| Property Plant and Equipment | 70,486,085 | 73,385,038 |
| Total | 70,486,085 | 73,385,038 |

11. Cash and cash equivalents

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| Current Accounts & Deposits on Call | 822,574,544 | 518,262,835 |
| Total Cash and Cash equivalents | 822,574,544 | 518,262,835 |

Detailed analysis of the cash and cash equivalents

| Financial Institution | Account number | 2022/2023 | 2021/2022 |
|----------------------------|----------------|-----------------------|-----------------------|
| | | Kshs. | Kshs. |
| Co-operative Bank OF Kenya | | 630,432,597.00 | 218,263,555.00 |
| Housing Finance Company | | 192,141,947.00 | 299,999,280.00 |
| G Total | | 822,574,544.00 | 518,262,835.00 |

Notes to the Financial Statements (continued)

12. Receivables

(a) Receivables from Exchange Transactions

| Description | 2022/2023 | 2021/2022 |
|---|----------------------|----------------------|
| | Kshs. | Kshs. |
| Current Receivables | | |
| Mortgage Receivables | 28,559,990 | 28,559,990 |
| Civil Servants Housing Fund | 100,000,000 | 332,150,000 |
| Total Current Receivables | 128,559,990 | 360,709,990 |
| | | |
| Non-Current Receivables | | |
| Advance Payments | 210,721,630 | 349,169,394 |
| Mortgage Receivable | 536,969,011 | 556,881,489 |
| Contract Retention Money | 292,713,777 | 304,206,742 |
| Total Non- Current Receivables | 1,040,404,418 | 1,210,257,625 |
| Total Receivables | 1,168,964,408 | 1,570,967,615 |
| | | |
| The movement in the mortgage balances during the year is as shown below: | | |
| As at start of the year | 585,441,479 | 596,150,040 |
| Interest for the year | 17,330,270 | 17,826,765 |
| Recoveries during the year | (37,242,748) | (28,535,326) |
| As at 30 June | 565,529,001 | 585,441,479 |
| | | |
| Receivables | | |
| Current | 28,559,990 | 28,559,990 |
| Non- Current | 536,969,011 | 556,881,489 |
| | 565,529,001 | 585,441,479 |

Receivables constitute both short –term and long – term liquid assets which are recoverable. Mortgage loans represent fund due from beneficiaries for the sale of the low –cost houses and are recoverable in accordance with the contract terms. Contract retention money represents funds retained from the contractors which are held by the parent ministry. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Mortgage loans are secured by the title to the houses which are only surrendered on full recovery of the loan. The trust fund does not hold any collateral as security for the retention receivable. The aged analysis of receivables is as follows:

Notes to the Financial Statements (continued)

| | Less Than 1 Month | Between 1-3 Months | Between 3-12 Months | Over One Year | Total |
|-----------------------------|-------------------|--------------------|---------------------|----------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Mortgage Receipts | - | - | 28,559,990 | 536,900,469 | 565,460,459 |
| Contract Retention Money | - | - | - | 292,713,777 | 292,713,777 |
| Grant Receivable | - | - | - | - | - |
| Civil Servants Housing Fund | - | - | 100,000,000 | - | 100,000,000 |
| Contract Advance | - | - | - | 210,721,630 | 210,721,630 |
| Total | - | - | 128,559,990 | 1,040,335,877 | 1,168,895,867 |

13. Work In Progress

| Impairment allowance/ provision | 2022/2023 | 2021/2022 |
|---------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| As at 1 st July | 7,818,429,056 | 8,264,280,247 |
| Additions | 1,468,081,798 | 276,448,809 |
| Disposals | - | (722,300,000) |
| As at 30 th June | 9,286,510,854 | 7,818,429,056 |

Work In Progress comprise of incomplete houses and infrastructure. In the opinion of Trustees, the carrying amounts of the work in progress approximate to their fair value.

Notes to the Financial Statements (continued)

14. Property, Plant, and Equipment

| Description | Land and Buildings | Furniture, fittings, and office equipment | Computers and Office Equipment's | Total |
|--|----------------------|---|----------------------------------|----------------------|
| | Kshs. | Kshs. | Kshs. | Kshs. |
| Cost/ Valuation | | | | |
| As at 1 July 2021 | 3,125,721,982 | 17,333,600 | 28,216,466 | 3,171,272,048 |
| Additions during the year | - | 2,724,500 | 4,864,743 | 7,589,243 |
| As At 30th June 2022 | 3,125,721,982 | 20,058,100 | 33,081,209 | 3,178,861,291 |
| Additions during the year | - | - | - | - |
| At 30th June 2023 | 3,125,721,982 | 20,058,100 | 33,081,209 | 3,178,861,291 |
| | | | | |
| Depreciation | | | | |
| As At 1 July 2021 | 371,661,804 | 7,251,231 | 24,283,184 | 403,196,221 |
| Charge for the year | 68,851,504 | 1,600,859 | 2,932,675 | 73,385,038 |
| At 30th June 2022 | 440,513,308 | 8,852,090 | 27,215,859 | 476,581,261 |
| | | | | |
| Charge for the year | 67,130,217 | 1,400,751 | 1,955,117 | 70,486,085 |
| At 30th June 2023 | 507,643,525 | 10,252,841 | 29,170,976 | 547,067,345 |
| | | | | |
| Net book values | | | | |
| At 30 th June 2022 | 2,685,208,674 | 11,206,010 | 5,865,350 | 2,702,280,033 |
| At 30 th June 2023 | 2,618,078,457 | 9,805,259 | 3,910,233 | 2,631,793,949 |

Notes to the Financial Statements (continued)

15. Payables from Exchange Transactions

Non- Current

| Description | 2022/2023 | 2021/2022 |
|--|--------------------|--------------------|
| | Kshs. | Kshs. |
| House Purchase Deposits | 48,100,859 | 10,099,525 |
| Due to Contractors | 404,829,430 | 172,547,235 |
| Contract Retention Money | 292,713,777 | 304,206,742 |
| Total Payables from Exchange Transactions | 745,644,066 | 486,853,503 |

16. Payment to Contractors

| | 2022/2023 | 2021/2022 |
|-------------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| Balance as at 1 st July | 172,547,235 | 2,143,259,301 |
| Expenditure during the year | 1,468,081,798 | 672,081,133 |
| Net advance payment | (138,447,764) | (57,254,491) |
| Balance as at 30 June | (404,829,430) | (172,547,235) |
| Net Payments during the year | 1,097,351,840 | 2,585,538,708 |

17. Financial risk management objectives and policies

The Trust Fund has an integrated risk management framework/ strategy. The Trust Fund's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The Trust Fund recognizes the critical role the risk management will continue to play in its endeavour to carry out its business in a dynamic environment. The Trustees are committed to ensure that corporate governance and risk management are deeply entrenched in the Trust Fund's strategy and culture. An elaborate risk management strategy that will provide direction on matters of policy and guide the implementation and control has been developed.

The Trust Fund core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

(i) **Operational risks** are events, hazards, variances or opportunities which could influence the achievement of the Trust Fund's compliance and operational objectives.

(ii) **Strategic risk** is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

(iii) **Business continuity risks** are those events, hazards, variances and opportunities which could influence the continuity of the entity.

Trustees have the overall responsibility for the establishment and oversight of the Trust Fund's risk management framework. The Trust Fund has delegated its risk management to the Audit and Risk Committee of the parent ministry. One of the responsibilities of this committee is to review risk management strategies to ensure that an effective efficient and transparent system of risk management is maintained for sustainable management of the Trust Fund.

The Trust Fund's exposure to risks, its objectives, policies and processes for managing the risk and the methods used to measure it have been consistently applied in the years presented, unless otherwise stated. The Trust Fund aims therefore to achieve an appropriate balance between the risk and return and minimize potential adverse effects on its financial performance. The financial management objectives and policies are as outlined below:

a) Liquidity Risk

Liquidity risk is the risk that the Trust Fund will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/ operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc. Funding risk arises when the necessary liquidity to fund illiquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational and capital commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The Trust Fund has adopted an overall balance sheet approach which consolidates all sources and uses of liquidity, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The Trust Fund's liquidity and funding management process includes:

i) Projecting cash flows and considering the cash required and optimizing the short-term requirements as well as the long-term funding, maintaining balance sheet liquidity ratios,

ii) Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The Trust Fund has an established corporate governance structure and process of managing risks regarding guarantees and contingent liabilities.

The primary sources of revenue for the Trust Fund are mainly Grants from the central Government.

The table below summarizes the maturity analysis for financial liabilities to their remaining contractual maturities.

Year Ended 30 June 2023

| | Less Than 1 Month | Between 1-3 Months | Between 3-12 Months | Over One Year |
|-------------------------|-------------------|--------------------|---------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| House Purchase Deposits | - | - | | 48,100,859 |
| Due to Contractors | - | - | 404,829,430 | - |
| Contract Retention | - | - | | 292,713,777 |
| Total | - | - | 404,829,430 | 340,814,636 |

Year Ended 30 June 2022

| | Less Than 1 Month | Between 1-3 Months | Between 3-12 Months | Over One Year |
|-------------------------|-------------------|--------------------|---------------------|--------------------|
| | Kshs | Kshs | Kshs | Kshs |
| House Purchase Deposits | - | - | | 10,099,525 |
| Due to Contractors | - | - | 172,547,235 | - |
| Contract Retention | - | - | | 304,206,742 |
| Total | - | - | 172,547,235 | 314,306,267 |

b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The Trust Fund is exposed to the following market risks:

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

The Trust Fund is not exposed price risk.

(iii) Interest Rate Risk

The Trust Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Trust Fund does not have any borrowings.

c) Credit Risk

The maximum exposure of the Trust Fund to credit risk as at the balance sheet date is as follows:

Year Ended 30 June 2023

| | Fully Performing | Past Due But Not Impaired | Past Due and Not Impaired | Total |
|--------------------|----------------------|---------------------------|---------------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Contract Retention | 292,713,777 | - | - | 292,713,777 |
| Contract Advance | 210,721,630 | - | - | 210,721,630 |
| Mortgage Loans | 565,460,459 | - | - | 565,460,459 |
| Trade Receivables | 100,000,000 | - | - | 100,000,000 |
| Cash at Bank | 822,643,086 | - | - | 822,643,086 |
| Total | 1,991,538,953 | - | - | 1,991,538,953 |

Year Ended 30 June 2022

| | Fully Performing | Past Due But Not Impaired | Past Due and Not Impaired | Total |
|--------------------|----------------------|---------------------------|---------------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| Contract Retention | 304,206,742 | - | - | 304,206,742 |
| Contract Advance | 349,169,394 | - | - | 349,169,394 |
| Mortgage Loans | 585,441,479 | - | - | 585,441,479 |
| Trade Receivables | 332,150,000 | - | - | 332,150,000 |
| Cash at Bank | 518,262,835 | - | - | 518,262,835 |
| Total | 2,089,230,450 | - | - | 2,089,230,450 |

d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Trust Fund's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior.

The Trust Fund seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The Trust Fund's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Trust Fund's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

(i) Requirements for appropriate segregation of duties, including the independent authorization of transactions.

(ii) Requirements for the reconciliation and monitoring of financial transactions.

(iii) Compliance with regulatory and legal requirements.

(iv) Documentation of controls and procedures.

(v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.

(vi) Requirement for the reporting of operational losses and proposed remedial action.

(vii) Training and professional development.

(viii) Ethical and business standards; and

(ix) Risk mitigation, including insurance where it is effective.

Operational risks are managed by the Internal Audit function established at the parent ministry to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the business.

e) Compliance and Regulatory Risk

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. The Trust Fund has complied with all externally imposed requirements throughout the year.

f) Legal Risk

Legal risks are the risk of unexpected loss, including reputational loss, arising from defective transactions or contracts, claims being made or some other event resulting in a liability or the loss for the Trust Fund, failure to protect the title to and inability to control the rights to assets of the Trust Fund (including intellectual property right), changes in law, or jurisdictional risk.

The Trust Fund manages legal risk through the legal function, legal risk policies and procedures and the effective use of internal controls and external lawyers.

18. Explanation for budget variances

The original budget for FY 2022-2023 was approved by the National Assembly on 9th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. Significant budget variances exhibited is due to underfunding during the year.

19. Related Parties Balances and Transactions

The Trust Fund 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 Trust Fund, or vice versa. Members of key management are regarded as related parties and comprise the Principal Secretary and senior managers in the Slum Upgrading department.

(a) Related party transactions

The following transactions were carried out with related parties during the year.

Receipts and transfers

| | | |
|---|----------------------|----------------------|
| State Department of Housing and Urban Development | 1,155,000,000 | 1,215,000,000 |
| Kenya Informal Settlement Improvement Project | - | 750,000,000 |
| Total Receipts and Transfers | 1,155,000,000 | 1,965,000,000 |

(b) Outstanding balances arising from non-exchange transactions.

The following were outstanding balances with related parties as at 30th June 2023

| | | |
|-----------------------------|-------------|-------------|
| Civil Servants Housing Fund | 100,000,000 | 332,150,000 |
|-----------------------------|-------------|-------------|

20. Fair value

The trustees consider that there is no material difference between the fair value and carrying value of the Trust Fund's financial assets and liabilities, where fair value details have not been presented.

21. Events after the balance sheet date

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

22. Capital Commitments

All capital commitments contracted for/authorized at the reporting period end have been recognized in the financial statements.

23. Ultimate holding entity

The Trust Fund is a Semi-Autonomous Government Agency under the Ministry of Housing and Urban Development. Its ultimate parent is the Government of Kenya.

24.Currency

The financial statements are presented in Kenya Shillings (Ksh)

20. Annexes

Annex I: Progress on Follow Up of Prior Year Auditor’s Recommendations

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

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status:(Resolved / Not Resolved) | Timeframe: |
|---|---|----------------------------|---|-------------------|
| 1 | Unauthorized administrative and other operating expenses | | Resolved | |
| 2 | Unsupported subsidy from the sale of houses | Subsidy fully supported | Resolved | |
| 3 | Unsupported cash and cash equivalents | | Resolved | |
| 4 | Undisclosed imprest balance | | Resolved | |
| 5 | Unsupported current receivables from exchange transactions | Supported | Resolved | |
| 6 | Unsupported Noncurrent receivables from exchange transactions | Supported | Resolved | |
| 7 | Unsupported work in progress | supported | Resolved | |
| 8 | Innaccuracies in the statement of cashflows | rectified | Resolved | |
| 9 | Lack of updated Fixed Assets Register | Process ongoing | Resolved | |

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Projects Implemented by the Trust Fund

| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|--|----------------------------|--------------------------------|-----------------|------------------------------|-------------------------|---------|
| 1 | Upgrading of 3.9km Road to Bitumen Standards in Gitogothi, Makaburini and Mariko in Limuru, Kiambu County. | 3rd September 2020 | 2 ND September 2021 | 52 Weeks | 148,254,469.20 | 122,981,629.55 | CENTRAL |
| 2 | Construction of Market Sheds in Ngaru, Kirinyaga County | 22 nd July 2020 | 5 th May 2021 | 42 Weeks | 47,461,725.00 | 37,912,733.70 | |
| 3 | Installation of 3No. Highmast flood lighting structures in Kiambu County | 11th July 2020 | 2nd February 2021 | 24 Weeks | 11,089,293.00 | 9,945,328.00 | |
| 4 | Installation of 6no. Electric high mast floodlighting structures in Thika town, Kiambu County | 21st February 2020 | 5th June 2020 | 15 Weeks | 26,362,144.69 | 25,149,058.92 | |
| 5 | Installation of 3No. Highmast flood lighting structures in Muranga County | 28th July 2020 | 27th January 2021 | 20 Weeks | 10,498,423.50 | 10,407,235.50 | |
| 6 | Proposed Construction of Health Centre at Kisumu Ndogo Informal Settlement, Malindi, Kilifi County | 13th January 2021 | 29th September 2021 | 36 Weeks | 48,805,790.00 | 12,668,705.66 | COAST |
| 7 | Installation of 6No. Electric Powered High Mast Flood Lighting Structures in Ukunda (Diani) Town. | 17th February 2020 | 1st June 2020 | 15 Weeks | 26,362,144.69 | 25,801,122.96 | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|--|--------------------|--------------------|-----------------|------------------------------|-------------------------|---------------|
| 8 | Installation of 6No. Electric Powered High Mast Flood Lighting Structures, in Voi Town | 17th February 2020 | 1st June 2020 | 15 Weeks | 26,935,339.50 | 26,059,249.07 | |
| 9 | Proposed Market sheds in Ijara Constituency, Garissa County | 17th December 2020 | 7th October 2021 | 42 Weeks | 49,751,610.00 | 38,612,203.00 | EASTERN |
| 10 | Installation of 5no. Electric Powered Highmast Flood Lighting Structures in Ijara Constituency, Garissa County | 1st September 2020 | 5th March 2021 | 24 Weeks | 16,343,602.50 | | |
| 11 | Installation of 5No. Highmast flood lighting structures in Kitui County | 3rd September 2020 | 18th February 2021 | 24 Weeks | 18,599,150.00 | | LOWER EASTERN |
| 12 | Upgrading of 3.7KM KCB Slaughter House Road to Bitumen Standards in Mavoko Slum, Mwingi Town- Kitui County | 3rd September 2020 | 2nd September 2021 | 24 Weeks | 137,707,776.00 | 125,462,459.42 | |
| 13 | construction of 462 Housing units under Sustainable Neighbourhood Housing Project (SNP) in Mavoko | | | 52 Weeks | 1,102,264,208.75 | 974,487,396.30 | |
| 14 | Construction and upgrading of 6.5 km sewer line in Athi River, Mavoko in Machakos County | 20th February 2020 | 4th June 2020 | 15 Weeks | 99,011,793.00 | 96,533,333.56 | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|---|------------------------------|-------------------------------|-----------------|------------------------------|-------------------------|------------|
| 15 | Construction of Social Hall in Majengo Slums, Meru Town | 18th December 2019 | 8th April 2020 | 16 Weeks | 17,794,315.00 | 17,794,315.00 | |
| 16 | Installation of 15no. Electric Powered Highmast Flood Lighting Structures in Meru | 23rd July 2020 | 7th January 2021 | 24 Weeks | 51,791,830.80 | 51,791,193.73 | |
| 17 | Upgrading of 1.5 KM road to murrum standards in Mjini Slums, Meru Town, Meru County. | 18th December 2019 | 8th April 2020 | 16 Weeks | 9,909,350.00 | 7,168,072.40 | |
| 18 | Proposed Upgrading of 3.1km Road to Bitumen Standards in Mworoga and Makutano Infomal Settlements in Meru | 22nd July 2020 | 5th May 2021 | 44 Weeks | 126,230,424.00 | 126,230,424.00 | |
| 19 | Construction of 4KM Sewerline at Nyagachok, Kericho County | 11 TH August 2020 | 10 TH January 2021 | 24 Weeks | 23,933,062.00 | 7,529,648.68 | SOUTH RIFT |
| 20 | Proposed Upgrading of 3.5KM road to bitumen standards in Londiani, Kericho County | 17th July 2020 | 16th July 2021 | 52 Weeks | 119,295,857.00 | 104,397,662.69 | |
| 21 | Installation of 6No. Electric Powered High Mast Flood Lighting Structures in Kajiado County | 17th February 2020 | 1st June 2020 | 15 Weeks | 26,362,144.69 | 26,067,882.96 | |
| 22 | Installation of 6No. Highmast flood lighting structures in Nakuru | 13th July 2020 | 27th October 2020 | 24 Weeks | 20,730,108.00 | - | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|--|--------------------|--------------------|-----------------|------------------------------|-------------------------|---------|
| 23 | Proposed civil works for roads and other external works in social housing- met site (Lot 1) in Nairobi County | 14th April 2021 | 31st December 2022 | | 430,970,890.17 | - | NAIROBI |
| 24 | Civil & other Associated Works for Social Housing Project at Meteorological Site (Lot 2) in Nairobi County | 14th April 2021 | 31st December 2022 | | 729,120,820.81 | 212,794,685.25 | |
| 25 | Proposed Outbuilding and Associated Electromechanical Services Works for Social Housing Project at Meteorological Site (Lot 3) in Nairobi County | 14th April 2021 | 23rd March 2022 | | 611,978,135.00 | 43,833,762.50 | |
| 26 | Upgrading of Dagoretti Market Access Road to Bitumen Standards in Nairobi City County | 3rd September 2020 | 2nd September 2021 | 52 Weeks | 245,719,419.00 | 77,188,841.57 | |
| 27 | Fencing to Kibera Soweto East Zone 'B' Site in Nairobi | | | | 3,933,688.00 | 3,438,585.89 | |
| 28 | Installation of 3No. Highmast flood lighting structures in Nairobi | | | | 12,691,511.58 | 12,520,689.60 | |
| 29 | Installation of 6no. Electric high mast floodlighting structures in Mwiki, Nairobi | 12th February 2020 | 27th May 2020 | 15 Weeks | 26,362,144.69 | 25,578,458.16 | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|--|--------------------|---------------------|-----------------|------------------------------|-------------------------|------------|
| 30 | Installation of 6No. Highmast flood lighting structures in Nairobi | | | | 20,749,520.00 | 7,929,740.00 | |
| 31 | Footbridge connecting Gikomba Market and Landhies Road, Nairobi | 22nd July 2020 | 21st December 2020 | 24 Weeks | 8,286,786.00 | 8,285,752.40 | |
| 32 | Footbridge at New Pumwani Road Bridge connecting Machakos Country Bus Stage and Gikomba, Nairobi | | | | 8,286,786.00 | 8,285,764.00 | |
| 33 | Upgrading of 1.4 km road to cabro standards at Zimmerman settlement in Nairobi | 16th December 2019 | 21st September 2020 | 40 Weeks | 78,713,888.00 | 78,713,888.00 | |
| 34 | Facilitation for the relocation of Kibera Soweto East, Zone 'B' PAPs in Nairobi | 1st October 2019 | 30th July 2020 | 40 Weeks | 280,000,000.00 | 200,541,000.00 | |
| 35 | Excavation of Meteorological Site for 13700No. Social Housing Units in Nairobi | - | - | | 86,194,178.03 | 86,194,178.03 | |
| 36 | Installation of 6No. Highmast flood lighting structures in Lodwar, Turkana | 15th October 2020 | 18th March 2021 | 24 Weeks | 21,227,500.00 | 20,227,500.00 | NORTH RIFT |
| 37 | Construction of Market and supporting infrastructure at Dede Market, Migori County | 18th March 2021 | | | 17,953,728.32 | 12,909,033.64 | NYANZA |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|---|-------------------------------|-------------------------------|-----------------|------------------------------|-------------------------|---------------|
| 38 | Uhuru Business Park Kisumu Town, Kisumu County - Phase I(Presidential Directive), Kisumu County | 4th December 2019 | 31st May 2020 | 24 Weeks | 349,448,585.09 | 339,083,806.31 | |
| 39 | Uhuru Business Park Kisumu Town, Kisumu County – Civil and other External Works for Phase I (Presidential Directive), Kisumu County | 14th September 2020 | 24th December 2021 | | 248,131,327.85 | 247,979,662.79 | |
| 40 | Construction of Mlimani Primary School in Nakuru County | 23 th July 2020 | 22 th July 2021 | 52 Weeks | 116,952,418.00 | 30,458,631.00 | SOUTH RIFT |
| 41 | Construction of a Modern Multipurpose Market, Nakuru County | 9 th November 2020 | 7 th November 2022 | 104 Weeks | 511,118,328.00 | 377,487,956.00 | |
| 42 | Construction of 4No. Classrooms, Ablution Block& Associated sewer system, Administration Block, Kitchen & 1No. Dormitory at Chiakariga Girls Secondary School in Tharaka Nithi County | 13 th August 2020 | 12 th August 2021 | 52 Weeks | 79,544,920.00 | 36,690,547.98 | UPPER EASTERN |
| 43 | Construction of 5 No. Classrooms, Administration & Ablution Blocks in Kiwanjani Primary School, Isiolo Town, Isiolo County. | 15th February 2020 | 16th September 2020 | 30 Weeks | 19,809,805.00 | 19,189,801.00 | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|-------|---|--------------------|--------------------|-----------------|------------------------------|-------------------------|---------|
| 44 | Installation of 6no. Electric high mast floodlighting structures in Tharaka Nithi | 11th February 2020 | 26th May 2020 | 15 Weeks | 22,382,698.80 | 17,956,603.80 | |
| 45 | Proposed Upgrading of 3.5KM, Chepareria Town to Propoi Secondary School Road to Bitumen Standards, West Pokot | 10th July 2020 | 10th July 2021 | 52 Weeks | 192,353,156.00 | 124,653,882.37 | |
| 46 | Construction of Market Sheds at Sang'alo Market | 11th December 2020 | 10th May, 2021 | 24 Weeks | 52,285,296.00 | 43,035,940.80 | WESTERN |
| 47 | Construction of Market Sheds at Bondeni area, Kitale, Trans Nzoia County | 22nd February 2021 | 31st December 2021 | 44 Weeks | 55,677,445.00 | 25,971,817.44 | |
| 48 | Installation of 6no. Electric powered high mast flood lighting structures in, Bungoma town | 26th February 2020 | 27th May 2020 | 12 Weeks | 26,935,359.50 | 26,905,339.50 | |
| 49 | Proposed 9 No High masts in various settlements in Bungoma County | 21st July 2020 | 12th January 2021 | 30 Weeks | 31,644,783.18 | 27,134,045.98 | |
| 50 | Installation of 6no. Electric high mast floodlighting structures in Kakamega County | 8th January 2020 | 22nd April 2020 | 15 Weeks | 30,210,831.20 | 30,210,667.77 | |
| 51 | Construction of Market stalls in Buchifi, Mumias, Kakamega County | 24th July 2020 | 27th December 2020 | 24 Weeks | 54,687,190.00 | 53,783,380.00 | |

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| S/NO. | PROJECT | START DATE | END DATE | CONTRACT PERIOD | CONTRACT SUM/ESTIMATE (KSHS) | AMOUNT CERTIFIED (KSHS) | COUNTY |
|--------------|--|-------------------|------------------|------------------------|-------------------------------------|--------------------------------|---------------|
| 52 | Construction of Market stalls in Musanda, Mumias, Kakamega County | 16th January 2020 | 13th August 2020 | 30 Weeks | 37,823,090.00 | 36,010,316.00 | |
| 53 | Installation of 3No. Highmast flood lighting structures in Kakamega County | 5th November 2020 | 5th May 2021 | 24 Weeks | 10,356,749.70 | 9,946,223.73 | |
| 54 | Installation of 9No. Highmast flood lighting structures in Bungoma County | | | | 31,644,783.18 | 19,592,255.46 | |

Annex II: Fund Transfers and Receipt

| Confirmation of amounts received by Kenya Slum Upgrading Low Cost Housing and Infrastructure Trust Fund (KENSUF) as at 30 th June 2023 | | | | | | | |
|---|----------------|--|-------------------------|-----------------------|-------------------------|---|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by State Department of Housing and Urban Development (Kshs) as at 30 th June 2023 | | | | Amount Received by [KENSUF] (Kshs) as at 30 th June 2023 (E) | Differences (Kshs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | 16-June-2023 | 0 | 45,000,000.00 | 0 | 45,000,000.00 | 45,000,000.00 | - |
| | 27-June-2023 | 0 | 25,000,000.00 | 0 | 25,000,000.00 | 25,000,000.00 | - |
| | 3-July -2023 | 0 | 407,500,000.00 | 0 | 407,500,000.00 | 407,500,000.00 | - |
| | 4-July-2023 | 0 | 677,500,000.00 | 0 | 677,500,000.00 | 677,500,000.00 | - |
| Total | | = | 1,155,000,000.00 | = | 1,155,000,000.00 | 1,155,000,000.00 | - |

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

Head of Accountants department of beneficiary Fund:

Name Charles Kirya Sign [Signature] Date 30.11.2023

