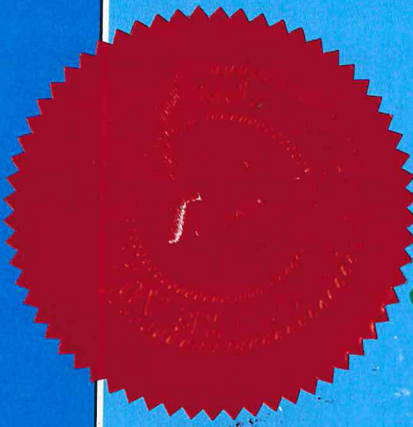


REPUBLIC OF KENYA



**OAG**



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**STATE DEPARTMENT FOR HOUSING  
AND URBAN DEVELOPMENT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

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**FOR EIGHT (8) MONTHS PERIOD ENDED  
30 JUNE, 2019**







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**NATIONAL GOVERNMENT ENTITY**  
**MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN  
DEVELOPMENT**  
**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD NOVEMBER 1, 2018 TO JUNE 30, 2019**

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

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**NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT, INFRASTRUCTURE,  
HOUSING AND URBAN DEVELOPMENT.**

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

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# **STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

## **Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

### **II. KEY ENTITY INFORMATION AND MANAGEMENT**

#### **(a) Background information**

The State Department for Housing and Urban development falls under the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works.

The Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works was formed in June, 2018. At cabinet level, the Ministry is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction.

#### **Departments**

The Ministry consists of the following five State Departments;

State Department for Transport

State Department for Infrastructure

State Department for Housing and Urban Development

State Department for Shipping and Maritime

State Department for Public Works

The State Department of Housing and Urban Development was established through Executive Order NO.1 on 5<sup>th</sup> Day of June, May 2018. The Department is mandated to provide policy direction on matters related to housing and urban development notably: Housing policy management; Coordination and delivery of the Big four Agenda 500,000 new Homes Housing Plan; National secretariat for human settlement; Management of civil servants housing scheme and for disciplined forces; Development and management of government pool housing; Development and management of affordable housing; Shelter and slum upgrading; Public office accommodation lease and management; Urban planning and development; Oversee the establishment of an integrated, efficient, effective and sustainable urban public transport system within Nairobi Metropolitan Area and Maintenance of Inventory of government Housing Property. The State Department for Housing and Urban Development at the Cabinet level is represented by the Cabinet Secretary for Ministry of Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works for the general policy and strategic direction of the entity.

#### **Vision**

To be a globally competitive organization in provision of adequate and decent housing in a sustainable environment and coordinated urban development.

#### **Mission**

To facilitate access to adequate and decent housing and integrated infrastructure for sustainable socio- economic development.

#### **Strategic Goal**

The Strategic goal for the sub-sector is to attain sustainable provision, management and development of a regulated built environment.

## **STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

### **Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

### **Strategic Objectives**

The strategic objectives of the sector are to:-

- i. Facilitate the production of decent and affordable housing and enhanced estates management services.
- ii. Improve infrastructure development, connectivity and accessibility, safety and security within urban areas and Metropolitan Regions.
- iii. Oversee the construction industry and coordinate its development for sustainable socio-economic development
- iv. Provide efficient and effective support services for sustainable housing and urban development.

### **Core Values**

In its endeavour to execute its Mandate, the state department is guided by the following Core Values/Principles:-

- Team spirit
- Prompt customer responsiveness
- Integrity – honesty, accountability and transparency
- Patriotism
- Consultative
- Professionalism
- Gender equity and equality

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

- Directorate of Urban and Metropolitan Development
- Directorate of Housing Development and Human Settlement
- Directorate of General Administration, Planning and Support Services

### **Departments**

The State Department comprises the following;

General Administration and Planning

Housing

Slum Upgrading

Kenya Informal Settlements Improvement Project (KISIP)

Estates;

Civil Servants Housing Scheme (CSHS); and

Urban Development and Metropolitan Development

### **Institutions**

The Nairobi Metropolitan Area Transport Authority

Integrated Project Delivery Unit (IPDU)

Kenya Institute of Housing and Building Technology

Rent Restriction Tribunal






# STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

## Reports and Financial Statements

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### (b) Key Management

During the period under review the department's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Cabinet Secretary	 James Macharia, EGH
2.	Principal Secretary -Accounting Officer	 Charles M.Hinga, CBS
3.	Secretary, Administration	 Florence Amoiti

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**1. Programme 1: Housing Development and Human Settlement**

The objective is to facilitate the production of decent, safe and affordable housing and enhanced estates management services. This programme was allocated Ksh8,862.30Million which represent 26%.

A total of Ksh8,759.10million was spent under the following sub programmes:

- a) Sub – programme S.P 102010000: Housing Development
- b) Sub – programme S.P 102020000: Estate Management

**2. Programme 2: Urban and Metropolitan Development**

The objective is to improve infrastructure development, connectivity and accessibility, safety and security within urban areas and Metropolitan Regions. This programme was allocated Ksh24,449.10M which represents 73%. A total of Ksh. 21,892.10 M was spent under the following sub programmes:

- a) Sub – programme S.P 105020000: Metropolitan Planning & Infrastructure Development
- b) Sub – programme S.P 105040000: Urban Development and Planning services.

**3. Programme 3: General Administration, Planning and Support Services**

The objective is to efficient and effective support services for sustainable housing and urban development. This programme was allocated Kshs200.7M which represent 1%. A total of Kshs205.4M was spent under the following sub programmes:

- a) Sub Programme S.P 106010000: Administration, Planning & Support Services

**Key Performance Highlights**

Below is an overview of the financial performance for the year ended 30th June 2019 as reported in the detailed financial statements together with the commentary and comparative analysis against budget and prior year for the key items in the financial statements.

**Financial Performance Summary**

Actual Performance against Budget for Year to 30th June 2019

Financial Performance	Printed Estimates	Actual	Variance	%
	KShs (Millions)	KShs(Millions)	KShs(Millions)	Utilisation Variance
Total Receipts	33,512.10	30,731.10	2781.10	8%
Total Payments	30,856.60	30,731.10	124.9	0%
<b>Surplus for the Year</b>	-			



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**Budget Utilisation**

The State Department spent KShs. 30,856.60M against an approved budget of KShs. 33,512.10M representing absorption of 92%. Utilisation of the budget was carried out through various activities (economic classifications) as shown in the table below:

Table 4: Analysis of Programme Expenditure by Economic Classification						
	Approved Budget			Actual Expenditure		
Economic Classification	2016/17	2017/18	2018/19	2017/18	2017/18	2018/19
<b>P.0102 - Housing Development and Human Settlement</b>						
Current Expenditure	393	937.4	355.2	389	818.3	322.7
Compensation to Employees	273	340.3	249	272	340.3	234
Use of goods and services	120	580.7	106	117	461.7	89
Current Grants and Transfers	-	16.4	-	-	16.3	-
Other Recurrent	-	-	-	-	-	-
Capital Expenditure	5,096.40	6,064.70	8,507	4,899.90	5,932.40	8,436.30
Acquisition of Non-Financial Assets	5,096.40	6,064.7	8,507	4,899.90	5,932.40	8,436.30
Capital Grants and Transfers	-	-	-	-	-	-
Other Development	-	-	-	-	-	-
<b>Total Expenditure, P.0102</b>	<b>5,489.40</b>	<b>7,002.10</b>	<b>8,862.30</b>	<b>5,288.90</b>	<b>6,750.70</b>	<b>8,759.00</b>
<b>P.0105 - Urban and Metropolitan Development</b>						
Current Expenditure	287.5	255.79	225.75	284.1	246.62	176.5
Compensation to Employees	79	115.07	56.4	79	115.07	28.4
Use of goods and services	208.5	56.22	149.2	205.1	52.25	128.3
Current Grants and Transfers	0	0	20	0	0	19.8
Other Recurrent	0	84.5	0.15	0	79.3	0
Capital Expenditure	10,969	10,056.20	24,224.50	8,922	8,186.10	21,716.40
Acquisition of Non-Financial Assets	10,969	10,056.20	24,224.50	8,922	8,186.10	21,847.90
Capital Grants and Transfers	0	0	-	0	0	-
Other Development	0	0	-	0	0	-
<b>Total Expenditure, P.0105</b>	<b>11,257</b>	<b>10,311.99</b>	<b>24,450.25</b>	<b>9,206</b>	<b>8,432.72</b>	<b>21,892.90</b>
<b>P.0106 - General Administration, Planning and Support Services</b>						
Current Expenditure	223.04	186.5	200.80	220.8	183.6	205.4
Compensation to Employees	163	149.3	171.8	163	149.3	176.2
Use of goods and services	60	37.2	29	57.8	34.3	29.2
Current Grants and Transfers	-	-	-	-	-	-
Other Recurrent	-	-	-	-	-	-
Capital Expenditure	-	-	-	-	-	-
Acquisition of Non-Financial Assets	-	-	-	-	-	-
Capital Grants and Transfers	-	-	-	-	-	-
Other Development	-	-	-	-	-	-
<b>Total Expenditure, P.0106</b>	<b>223.04</b>	<b>186.5</b>	<b>200.80</b>	<b>220.8</b>	<b>183.6</b>	<b>205.4</b>
<b>Total Expenditure, Vote 1094 - SHUD</b>	<b>17,498</b>	<b>18,409.76</b>	<b>33,513.35</b>	<b>15,242</b>	<b>16,129.94</b>	<b>30,857.30</b>

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**For the Period November 1, 2018 to June 30, 2019**

**II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)**

The diagram above depicts the share of major categories of receipts for the fiscal year ended 30<sup>th</sup> June 2019. The major source of funding for the State Department Housing and Urban Development is exchequer releases that account for 82% of the total receipts.

**Payments**

The State Department's payments mainly comprise of Transfers to Other Government entities i.e. County Governments, Projects, Fund, State Corporations, Semi-Autonomous Government Agencies (SAGAs), use of goods, employee compensation and acquisition of assets.

The total payments for FY 2018/2019 stood at KShs32,080Billion, representing a 104% increase from KShs15, 674 Billion for FY 2017/2018.

**Total Payment Breakdown**

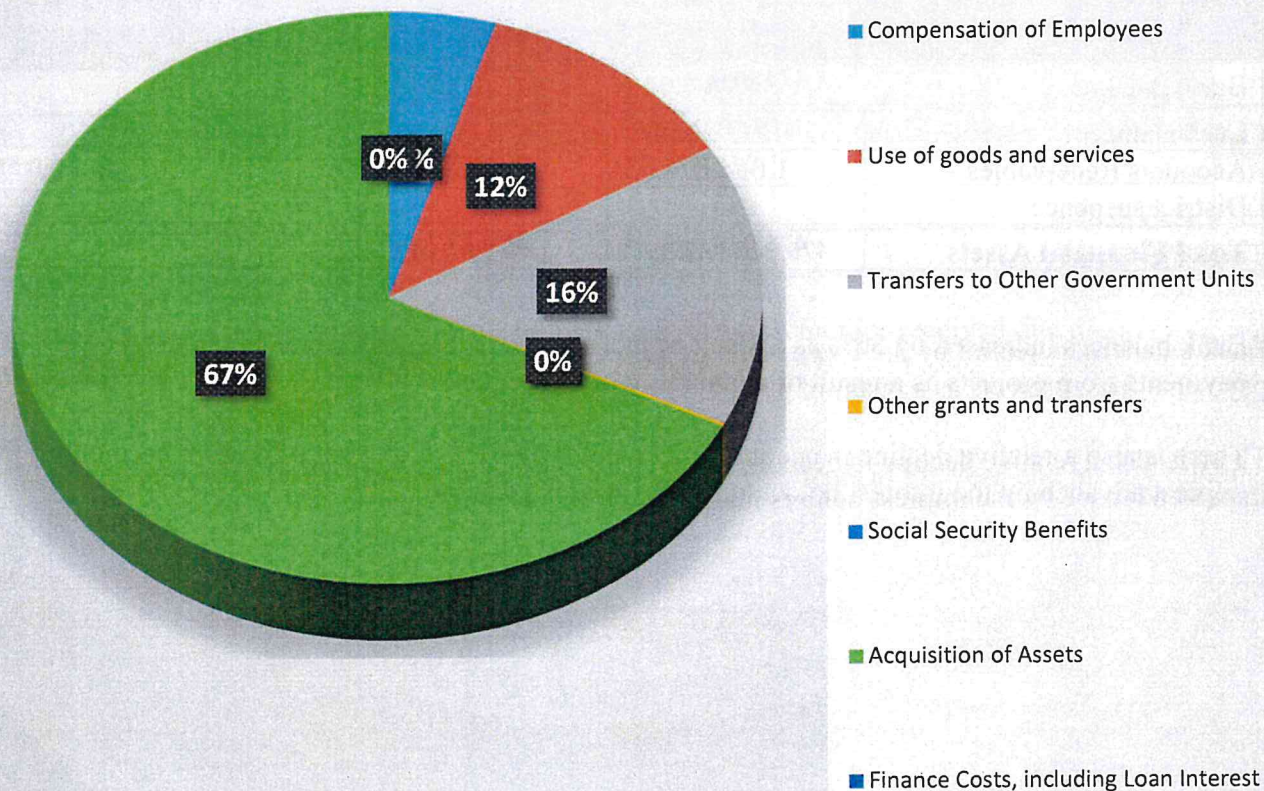
	2018-2019	2017-2018	Change	% change
	Kshs	Kshs		
<b>PAYMENTS</b>				
Compensation of Employees	436,556,337.75	631,878,027.60		
Use of goods and services	751,857,987.20	1,356,191,861.35		
Transfers to Other Government Units	892,254,989	2,286,053,114		
Other grants and transfers	-	17,081,730		
Social Security Benefits	-	1,093,108		
Acquisition of Assets	29,462,914,899.30	11,280,023,160.05		
Finance Costs, including Loan Interest				
<b>TOTAL PAYMENTS</b>	<b>31,543,584,213.25</b>	<b>15,572,321,001.00</b>		

The increase in payments is attributable to a significant increase in Transfers to Other Government entities Projects, State Corporations, Semi-Autonomous Government Agencies (SAGAs) .



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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## Percentage payments



**NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT,  
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**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT  
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**II. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)**

**Cash Flow Activities**

The table below summarizes cash flows generated and used from various activities.

<b>Cash Flow Activities</b>	<b>Year to 30<sup>th</sup> June 2019</b>	<b>Year to 30<sup>th</sup> June 2018</b>	<b>Change</b>	<b>%</b>
	<b>KShs</b>	<b>KShs</b>	<b>KShs</b>	<b>Change</b>
Net Cash Flows generated from Operating activities	25,5313,239,342	10,477,169,945		
Net Cash Flows used in Investing activities	(29,462,914,899.30)	(11,279,350,266)		
Net Cash Flows generated in Financing activities	5,417,938,814.80	5,027,223,996		
<b>Net decrease in Cash and Cash Equivalents</b>	<b>168,135,090</b>	<b>376,965,561</b>		
<b>Cash and Cash Equivalents at 1 July</b>	<b>307,148,443</b>	<b>684,114,003</b>		
<b>Cash and Cash Equivalents at 30 June</b>	<b>475,283,533</b>	<b>307,148,442</b>		



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**IV. COMMENTARY BY THE CABINET SECRETARY (CONTINUED)**

Net cash flows utilised in operating activities decreased due to an increase in amounts utilised in the transfer to other government entities by the State Department of Housing and Urban development.

Net cash flows utilised in investing activities decreased due to a decline in amounts utilised in the acquisition of assets by the State Department of Housing and Urban development.

**Key achievements of the State Department in the FY 2018/19**

**a) Housing Development**

- 1,370 affordable housing units constructed to 35% completion level
- National Housing Development Fund (NHDF) was established to support the affordable housing programme under the big four agender
- 462 housing units constructed to 92% completion level in Mavoko
- 5 new Appropriate Building and Materials Technology (ABMT) Centres constructed in Kabarnet, Baringo County; Nyakach, Kisumu County; Kigumo, Murang'a County; Balambala, Garissa County; and Olkalau, Nyandarua County.
- 462 housing units constructed to 92% completion level in Mavoko
- 5 new Appropriate Building and Materials Technology (ABMT) Centres constructed in Kabarnet, Baringo County; Nyakach, Kisumu County; Kigumo, Murang'a County; Balambala, Garissa County; and Olkalau, Nyandarua County.
- 3,500 new trainees trained on ABMT
- Under implementation of Kenya informal Settlement Improvement Project (KISIP), 9 counties benefited from installation of infrastructure projects and regularization of tenure security:
  - ✓ 98km access roads;
  - ✓ 7.4 km access roads completed in Obunga, Bandani and Nyalenda;
  - ✓ 8.34km of sewer line completed
  - ✓ 20.1km access road completed in Naivasha
  - ✓ 5.4km of access road in Kericho completed
- 120 housing units (sakiago and Kwa Vonza Police stations) for the National Police were constructed. Another 1,462 housings units are under construction at various completion levels in different Police Stations and Prisons Camps.
- Civil Servants Housing Scheme.
- 250 housing units for Civil Servants completed in Kisumu
- 620 housing units are at 65% completion level on average in Machakos, Embu and Kiambu.
- Mortgage disbursed to 124 Civil Servants to own houses under
- 70 Government pool housing units were refurbished

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**b) Urban and Metropolitan Development**

- Improvement of 10 Nairobi Commuter railway Stations ongoing as follows:
  - i. Ruiru- 99% completion level;
  - ii. Kikuyu – 98% completion level;
  - iii. Kahawa-94% completion level;
  - iv. Dandora – 97% completion level;
  - v. Githurai – 98% completion level;
  - vi. Embakasi village – 97% completion level;
  - vii. Athi river – 95% completion level;
  - viii. Donholm -45% completion level;
  - ix. Mwiki – 99% completion level; and
  - x. Pipeline - 50% completion level.
- Construction of 42km Juja &Thika trunk Sewerage System, treatment plants and reticulation and a waste water treatment plant at 99% completion level
- 13km of Storm Water Drainage in Nairobi City (Dagoretti, Langata, CBD and Embakasi), Thika (CBD and West of CBD), Mavoko and OngataRongaitownship) constructed.
- Construction of 7 markets within Nairobi Metropolitan Region (NMR) as follows:
  - i. Kikuyu Market -60% completion level;
  - ii. Kihara market- 52% completion level;
  - iii. Karandini market-55% completion level;
  - iv. Mwariro market -62% completion level;
  - v. Ruiru market-60% completion level;
  - vi. Juja market-42% completion level; and
  - vii. Ngong market -15% completion level.
- fire stations within NMR constructed as follows:
  - i. Kangundo road fire station -100% and
  - ii. Waithaka fire station-89%
- Construction of the following retail and flagship markets:
  - i. DarajaMbili market to 95% completion level;
  - ii. West lands Market to 96% completion level ;
  - iii. Chaka Market to 75% completion level;
  - iv. Oyugis Bus Park to 65% completion level ; and
  - v. Gikomba Market to 35% completion level.
- Construction of Storm water drainage systems:
  - i. Narok Storm water drainage – 80% completion level; and
  - ii. Kerugoya-Kutus Storm water drainage – 78% completion level.



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**Challenges**

- Legal challenges on implementation of Housing Fund.
- Lack of attractive incentives to spur private sector participation in low cost housing provision
- High land compensation and resettlement costs.
- Lengthy process of acquiring Land ownership documents.
- Inadequate provision for operational costs (logistics, communication, project management costs).
- Untimely release of exchequer causing delays.
- In case of Oyugis buspark, KeNHA is upgrading nearby road but designs for both projects were not harmonized and this has caused distortion and delays. In addition, relocation of existing traders in the project site caused delays

**Recommended way forward**

- Alignment of budget under National Government by both “Big Four” Drivers and Enablers ensures that there is common approach to implementation of key projects.
- Stakeholders involvement (at both National and County level) at all phases of project ensure effective achievement of intended objectives.
- Harmonization of designs across different implementing agencies where different projects are implemented on the same or adjacent site.

**Sign**

**James Wainaina Macharia, EGH**

**Cabinet Secretary**

## **STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

### **Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

### **III STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES**

Section 83 (1) of the Public Finance Management Act, 2012 requires that, at the end of each quarter, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 83 (2(b) )requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department of Housing and Urban Development is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the department for and as at the end of the period ended June 30th 2019.

This responsibility includes:

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

The Accounting Officer in charge of the State Department of Housing and Urban Development accepts responsibility for the entity's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the department's financial statements give a true and fair view of the state of department's transactions during the period ended June 30, 2019, and of the department's financial position as at that date. The Accounting Officer charge of the State department for Housing further confirms the completeness of the accounting records maintained for the department, which have been relied upon in the preparation of the department's financial statements as well as the adequacy of the systems of internal financial control.



## STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT


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For the Period November 1, 2018 to June 30, 2019

The Accounting Officer in charge of the State Department of Housing and Urban Development confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the department's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

#### Approval of the financial statements

The department's financial statements were approved and signed by the Accounting Officer on \_\_\_\_\_ 2019.



Principal Secretary

Name: Charles M. Hinga, CBS



Assistant Accountant General

Name: Fredrick R. Muhul

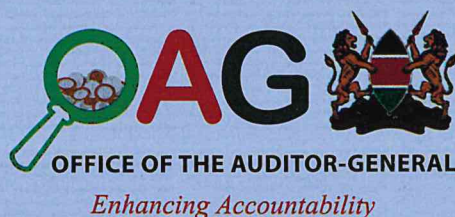
ICPAK Member Number: 6591





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## **REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT FOR EIGHT (8) MONTHS PERIOD ENDED 30 JUNE, 2019**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of State Department for Housing and Urban Development set out on pages 8 to 29, which comprise the statement of assets and liabilities as at 30 June, 2019, and the statement of receipts and payments, statement of cash flows and summary statement of appropriation- recurrent and development combined for the period then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Housing and Urban Development as at 30 June, 2019, and of its financial performance and its cash flows for the period then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Unresolved Prior Year Matters**

The following prior year matters which have a bearing on the accuracy of the financial statements for current period remained unresolved as at 30 June, 2019;

##### **1.1. Inaccuracies in the Financial Statements**

##### **1.1.1. Suspense and Clearance Account**

The Trial Balance presented in support of the financial statements for the comparative period did not balance and had an amount of Kshs.101,740,405 in the suspense and clearance account. The difference has not been investigated nor reconciled.



Consequently, the accuracy and completeness of the comparative financial statements balance could not be established.

### **1.1.2. Cash and Cash Equivalent**

As disclosed under Note 10A to the financial statement, the statement of financial position reflects comparative bank balance of Kshs.307,147,816. The following unsatisfactory observations were made: -

#### **1.1.2.1. Variance in Recurrent and Development Bank Balances**

Included in the comparative bank balance is recurrent and development balance of Kshs.7,034,044 and Kshs.3,703,183 respectively. However, the Trial Balance presented in support of the financial statements reflects a balance of Kshs.697,948,449 for the recurrent account and Kshs.786,532,000 for the development account resulting to unexplained variances of Kshs.690,914,405 and Kshs.782,828,817 respectively. Further, the bank confirmation certificate as at 30 June, 2018 reflected a balance of Kshs.38,413,152 for the recurrent account and Kshs. 14,944,099 for the development account for which no bank reconciliation statements have been provided to explain the discrepancies.

#### **1.1.2.2. Variance in Deposits Bank Account Balance**

Also included in the comparative bank balance is the deposit account balance of Kshs.296,410,590 whereas the Trial Balance reflected a balance of Kshs.417,668,946 resulting to unexplained variance of Kshs.121,258,356.

### **1.1.3. Cash in Hand and Cash in Transit**

The statement of financial position reflects comparative cash in hand of Kshs.627 while the Trial Balance in support reflects a balance of Kshs.10,177,007,503 resulting to an unreconciled variance of Kshs.10,177,006,876. Further, the Trial Balance reflects cash in transit balance of Kshs.9,971,930,237 that has been omitted from the financial statements.

In the circumstance, it was not possible to ascertain the completeness and accuracy of the comparative bank and cash balances of Kshs.307,147,816 and Kshs.627 respectively as at 30 June, 2019.

## **1.2. Accounts Receivables**

### **1.2.1. District Suspense and Prepayments**

The Trial Balance availed for audit included District Suspense and other debtors - prepayments balances of Kshs.101,740,405 and Kshs.5,742,838 respectively that have not been incorporated in the financial statements.



### **1.2.2. Temporary Imprest**

Note 11 to the financial statements discloses comparative Government Imprests balance of Kshs.2,069,419. However, the Trial Balance in support reflected a negative balance of Kshs.14,079,569 resulting to a difference of Kshs.16,148,988 which has not been explained or unreconciled.

From the foregoing, the accuracy and fair statement of the comparative accounts receivables balance of Kshs.2,069,419 could not be established.

### **1.3. Accounts Payables**

Note 12 to the financial statements discloses comparative accounts payables balance of Kshs.296,410,591 which varies with the Trial Balance figure of Kshs.114,124,090 resulting to a difference of Kshs.182,286,501 which has not been explained or unreconciled.

From the foregoing, the accuracy and fair statement of the comparative accounts payables balance of Kshs.296,410,591 could not be established.

### **1.4. Exchequer Releases**

The statement of receipts and payments reflects comparative Exchequer releases amount of Kshs.10,477,169,945 which differs from the Trial Balance figure of Kshs.10,818,621,490 resulting to unexplained and unreconciled difference of Kshs.341,451,545. Further, supporting documents availed on Exchequer releases were for Kshs.10,150,397,275 while the balance of Kshs.326,772,670 was not supported.

In the circumstances, the accuracy and completeness of the comparative Exchequer releases amounting to Kshs.10,477,169,945 as at 30 June, 2019 could not be ascertained.

### **1.5. Rent Income**

The statement of receipts and payments reflects comparative rent income of Kshs.156,530,113 while the Trial Balance in support reflects a nil balance. Further, the rent income declined from Kshs.249,561,252 in 2016/2017 to Kshs.156,530,113 in 2017/2018 with no satisfactory explanation being rendered for the reduction.

In the circumstances, the accuracy and completeness of the comparative rent income for the period ended 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Housing and Urban Development in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The summary statement of appropriation - recurrent and development combined reflects final receipts budget and actual on comparable basis of Kshs.39,405,937,539 and Kshs.30,991,916,611 respectively resulting to a shortfall of Kshs.8,414,020,828 or 21% of the approved budget.

The revenue under performance may have negatively affected service delivery to citizens due to failure to implement the planned programmes and activities.

#### **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 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. Disputed Ownership of Property**

The Department developed and sold a block of apartments on property LR No. 209/3217 located at Nairobi, Kileleshwa - Makueni Road, to Civil Servants who have since taken occupation. Available information indicates that, on 28 June, 2016, the Court awarded a claimant to the property Kshs.100,000,000 being compensation for the land. However, the awarded amount which had not been appealed against had remained unpaid as at 30 June, 2019 and accrued interest amounting to Kshs.36,953,342. No explanation has been rendered for failure to adhere to the court order.

The Department is at risk of incurring further interest penalties with the continued breach of the Court ruling.



## 2. Abandoned Projects

The State Department has five (5) projects under implementation with a total contract sum of Kshs.639,402,174. The projects had been abandoned as at the time of audit as detailed below: -

Project Name	Scope	Contract Sum Kshs	Status
1. Construction of Housing Units for National Police and Prison Services - Shimo La Tewa Prison	Construction of 100 Housing units	137,395,968	Abandoned
2. Construction of Housing Units for National Police and Prison Services - Emali AP Training Camp	Construction of 100 Housing units	136,705,536	Abandoned
3. Construction of Housing Units for National Police and Prison Services - Kakamega Prison	Construction of 60 Housing units	118,621,630	Abandoned
4. Construction of Housing Units for National Police and Prison Services - Narok Prison	Construction of 60 Housing units	123,718,295	Abandoned
5. Construction of Housing Units for National Police and Prison Services - Kajiado Police Post	Construction of 100 Housing units	122,960,745	Abandoned

No measures have been put in place to restart the projects and ensure their logical completion. In the circumstances, it has not been possible to confirm if and when value for money will be realized from the public funds committed to the five projects.

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 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 (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the State Department 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 overall 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 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 State Department'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 State Department 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 State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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



**Nancy Gathungu**  
**AUDITOR GENERAL**

**Nairobi**

**10 November, 2020**

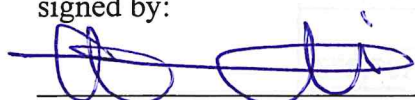


**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**Reports and Financial Statements**  
**For the Period November 1, 2018 to June 30, 2019**

**V. STATEMENT OF RECEIPTS AND PAYMENTS**  
**FOR THE PERIOD ENDING 30TH JUNE 2019**

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>RECEIPTS</b>			
Transfers from National Treasury	1	25,313,239,342	10,477,169,945
Proceeds from Foreign Borrowings	2	5,418,632,414	5,027,223,996
Other Revenues	3	260,044,856	156,530,113
<b>TOTAL REVENUES</b>		<b>30,991,916,611</b>	<b>15,660,924,054</b>
<b>PAYMENTS</b>			
Compensation of Employees	4	462,902,941	631,878,028
Use of goods and services	5	810,179,308	1,451,710,046
Transfers to Other Government Units	6	892,254,989	2,190,447,714
Other grants and transfers	7	-	17,081,730
Social Security Benefits	8	-	1,093,108
Acquisition of Assets	9	29,567,367,709	11,382,250,345
<b>TOTAL PAYMENTS</b>		<b>31,732,704,946</b>	<b>15,674,460,971</b>
<b>SURPLUS/DEFICIT</b>		<b>(740,788,335)</b>	<b>(13,536,917)</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:



Principal Secretary  
Name: Charles M. Hinga, CBS



Assistant Accountant General  
Name: Fredrick R. Muhul  
ICPAK Member Number:


**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**For the Period November 1, 2018 to June 30, 2019**

**VI. STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT 30TH JUNE 2019**

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	10A	970,473,190	307,147,816
Cash Balances	10B	-	627
<b>Total Cash And Cash Equivalents</b>		<b>970,473,190</b>	<b>307,148,443</b>
Accounts Receivables - Outstanding Imprest and Clearence Accounts	11	1,054,375	2,069,419
<b>TOTAL FINANCIAL ASSETS</b>		<b>971,527,564</b>	<b>309,217,862</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	12	473,603,683	296,410,590
<b>NET FINANCIAL ASSETS</b>		<b>497,923,882</b>	<b>12,807,273</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	12,807,273	26,344,190
Prior year adjustments	14	1,225,904,942	-
Surplus/Defict for the year		(740,788,335)	(13,536,917)
<b>NET FINANCIAL POSSITION</b>		<b>497,923,881</b>	<b>12,807,273</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:

  
Principal Secretary  
Name: Charles M. Hinga, CBS

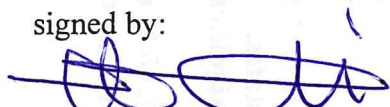
  
Assistant Accountant General  
Name: Fredrick R. Muhul  
ICPAK Member Number: 6591




**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**Reports and Financial Statements**  
**For the Period November 1, 2018 to June 30, 2019**  
**VII. STATEMENT OF CASHFLOWS**  
**AS AT 30TH JUNE 2019**

	Note	2018/2019	2017/2018
		Kshs	Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Transfers from National Treasury	1	25,313,239,342	10,477,169,945
Other Revenues	3	260,044,856	156,530,113
		<b>25,573,284,198</b>	<b>10,633,700,058</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	4	462,902,941	631,878,028
Use of goods and services	5	810,179,308	1,451,710,046
Transfers to Other Government Units	6	892,254,989	2,190,447,714
Other grants and transfers	7	-	17,081,730
Social Security Benefits	8	-	1,093,108
		<b>2,165,337,237</b>	<b>4,292,210,626</b>
<b>Adjusted for:</b>			
Changes in receivables		1,015,044	24,190,759
Changes in payables		177,193,093	(387,619,402)
Adjustments during the year	14	1,225,904,942	
<b>Net cashflow from operating activities</b>		<b>24,812,060,040</b>	<b>5,978,060,789</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9	(29,567,367,709)	(11,382,250,345)
<b>Net cash flows from Investing Activities</b>		<b>(29,567,367,709)</b>	<b>(11,382,250,345)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	2	5,418,632,414	5,027,223,996
<b>Net cash flow from financing activities</b>		<b>5,418,632,414</b>	<b>5,027,223,996</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>663,324,745</b>	<b>(376,965,560)</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>307,148,443</b>	<b>684,114,003</b>
<b>Cash and cash equivalent at END of the year</b>		<b>970,473,188</b>	<b>307,148,443</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:

  
Principal Secretary  
Name: Charles M. Hinga, CBS

  
Assistant Accountant General  
Name: Fredrick R. Muhul  
ICPAK Member Number: 6591



STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

Reports and Financial Statements

For the Period November 1, 2018 to June 30, 2019

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED FOR THE PERIOD ENDED 30TH JUNE 2019

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation Difference to Final Budget f=d/c %
<b>RECEIPTS</b>						
Exchequer releases		33,326,433,519	33,326,433,519	25,313,239,342	8,013,194,177	76%
Proceeds from Foreign Borrowings		5,698,086,547	5,698,086,547	5,418,938,815	280,147,732	95%
Proceeds from Sale of Assets		37,000,000	37,000,000	0	37,000,000	0%
Other Receipts		344,417,473	344,417,473	260,044,856	84,372,618	76%
<b>Total Receipts</b>	<b>0</b>	<b>39,405,937,539</b>	<b>39,405,937,539</b>	<b>30,991,223,012</b>	<b>8,414,714,527</b>	<b>79%</b>
<b>Payments</b>						
Compensation of Employees		477,403,173	477,403,173	462,902,941	14,500,232	97%
Use of goods and services		940,619,085	940,619,085	810,179,308	130,439,778	86%
Transfers to Other Government Units		1,680,807,100	1,680,807,100	892,254,989	788,552,111	53%
Social Security Benefits		150,000	150,000	0	150,000	0%
Acquisition of Assets		30,571,871,634	30,571,871,634	29,567,367,709	1,009,149,841	97%
<b>Grand Total</b>	<b>0</b>	<b>33,670,850,992</b>	<b>33,670,850,992</b>	<b>31,732,704,946</b>	<b>1,942,791,962</b>	<b>94%</b>
<b>Surplus/Deficit</b>	<b>0</b>	<b>5,735,086,547</b>	<b>5,735,086,547</b>	<b>(740,788,335)</b>	<b>6,471,922,565</b>	

(a) The revenue items form part of the AIA of which 67% was collected. 33% due rent not submitted from the collection points under the department of estates.

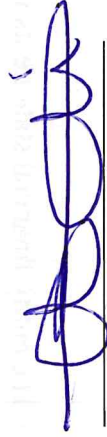
(b) Below are commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)

- Exchequer releases was 76% due to Exchequer under issues during the year under review
- Proceeds from Sale of Assets are at 0% since no any assets were disposed during the financial year 18/19.

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**Reports and Financial Statements**  
**For the Period November 1, 2018 to June 30, 2019**

- iii. Use of goods and services are at 86% due to stringent procurement processes and receipt of exchequers days before the closure of the financial year 18-19
- iv. Transfers to other Government Units is at 53% due to Exchequer under issues during the financial period under review
- v. Social Security Benefits was at 0% since the payments of gratuities had not been paid but were factored in the budget.

The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:



Principal Secretary

Name: Charles M. Hinga, CBS



Assistant Accountant General

Name: Fredrick R. Muhul

ICPAK Member Number: 6591



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

**IX. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT  
FOR THE PERIOD ENDED 30TH JUNE 2019**

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
<b>RECEIPTS</b>						
Exchequer releases		780,514,779	780,514,779	708,321,100	72,193,679	91%
<b>Total</b>	-	<b>780,514,779</b>	<b>780,514,779</b>	<b>708,321,100</b>	<b>72,193,679</b>	<b>91%</b>
<b>PAYMENTS</b>						
Compensation of Employees		477,403,173	477,403,173	462,902,941	14,500,232	97%
Use of goods and Services		283,156,606	283,156,606	227,383,136	55,773,470	80%
Transfers to Other Government Units		18,807,100	18,807,100	17,254,989	1,552,111	92%
Social Security Benefits		150,000	150,000	-	150,000	0%
Acquisition of Assets		997,900	997,900	898,300	99,600	90%
<b>Grand Total</b>	-	<b>780,514,779</b>	<b>780,514,779</b>	<b>708,439,365</b>	<b>72,075,414</b>	<b>91%</b>

The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:



Principal Secretary  
Name: Charles M. Hinga, CBS



Assistant Accountant General  
Name: Fredrick R. Muhul  
ICPAK Member Number: 6591

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

**X. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT**

**FOR THE PERIOD ENDED 30TH JUNE 2019**

Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
<b>RECEIPTS</b>						
Exchequer releases		32,545,918,740.00	32,545,918,740.00	24,604,918,242.00	7,941,000,498.00	76%
Proceeds from Foreign Borrowings		5,698,086,547.00	5,698,086,547.00	5,418,938,814.80	280,147,732.20	95%
Proceeds from Sales of Assets		37,000,000.00	37,000,000.00	-	37,000,000.00	0%
Other Receipts		344,417,473.00	344,417,473.00	260,044,855.50	84,372,617.50	76%
<b>Total</b>	-	<b>38,625,422,760.00</b>	<b>38,281,005,287.00</b>	<b>30,991,916,611</b>	<b>7,998,103,374.70</b>	<b>79%</b>
<b>PAYMENTS</b>						
Use of goods and Services		657,462,479.00	657,462,479.00	582,796,171.80	74,666,307.20	89%
Transfers to Other Government Units		1,662,000,000.00	1,662,000,000.00	875,000,000.00	787,000,000.00	53%
Acquisition of Assets		30,570,873,734.00	30,570,873,734.00	29,566,469,409	1,004,404,325	97%
<b>Grand Total</b>	-	<b>32,890,336,213.00</b>	<b>32,890,336,213.00</b>	<b>31,024,265,581</b>	<b>1,866,070,632</b>	<b>94%</b>

**(a) Below are commentary on significant underutilization (below 90% of utilization) and any overutilization (above 100%)**

- Proceeds from domestic and foreign grants are at 0% since we did not receive any donor grants hence the reduction under supplementary budget.
- Exchequer releases are at 76% due to lack of funds from the National Treasury
- Proceeds from Foreign Borrowings are at 95% due to lower loans given by our development partners.
- Proceeds from Sale of Assets are at 0% since no any assets were disposed during the financial year 18-19
- Use of goods and services are at 88% due to stringent procurement processes and receipt of exchequers days before the closure of the financial year 18-19
- Transfers to Other Government Units is at 53% due to late submission of the exchequers from the National Treasury



## STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

The entity financial statements were approved on \_\_\_\_\_ 2019 and signed by:

10

Principal Secretary

Name: Charles M. Hinga, CBS

Assistant Accountant General

Name: Fredrick R. Muhul

ICPAK Member Number: 6591

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

**XI. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES  
FOR THE PERIOD ENDED 30TH JUNE 2019**

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - Non Programmatic	0	(94,120,026.20)	94,120,026.20
	0	Default - Non Programmatic	0	(94,120,026.20)	94,120,026.20
102000000		Housing Development and Human Settlement	6,829,049,702.00	6,722,474,763.95	1,106,574,938.05
	102010000	Housing Development	4,928,715,201.00	4,024,626,203.15	1904,088,997.85
	102020000	Estate Management	1,937,782,609.00	1,295,521,761.40	642,260,847.60
105000000		Urban and Metropolitan Development	25,681,436,074.00	25,149,083,568.80	532,352,505.20
	105020000	Metropolitan Planning & Infrastructure Development	7,1284,158,991.00	7,304,841,588.85	(20,682,597.85)
	105040000	Urban Planning, Investment and Research	17,897,277,083.00	17,344,241,979.95	553,035,103.05
	105050000	Urban Markets Development	0	0	0
106000000		General Administration Planning and Support Services	1,160,365,216.00	689,088,903.40	471,276,312.60
	106010000	Administration, Planning & Support Services	1,160,365,216.00	689,088,903.40	471,276,312.60
		<b>Grand Total</b>	<b>33,670,850,992.00</b>	<b>31,732,704,945.95</b>	<b>1,942,791,961.05</b>



**NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT,  
INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT.**

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

**XII. SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of these financial statements are set out below:

The principle accounting policies adopted in the preparation of these financial statements are set out below:

**1. Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy notes below.

This cash basis of accounting has been supplemented with accounting for;

- a) Receivables that include imprests and salary advances and District suspense's
- b) Payables that include deposits of rent received and retentions.

The receivables and payables are disclosed in the Statement of Assets and Liabilities. The Statement of Assets and Liabilities is not mandatory statement under the IPSAS Cash basis but is encouraged in order to disclose information on assets and liabilities.

The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of the entity all values are rounded to the nearest Kenya Shilling. The accounting policies adopted have been consistently applied to all the years presented.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

**2. Reporting entity**

The financial statements are for the State Department of Housing and Urban Development. The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012 and also comprise of the following development projects implemented by the entity

KENSUF

KISIP-Road construction, street lighting and drainage and sewerage

City of Kisumu-Road construction, markets, dumpsites

Korogocho slum upgrading-

Secondary schools

NAMSIP

**3. Recognition of receipts and payments**

**a) Recognition of receipts**

The State Department of Housing and Urban Development recognizes all revenues from the various sources when the event occurs and the related cash has actually been received by the State Department for University Education. In addition, it recognizes all expenses when the event occurs and the related cash has actually been paid out by the State Department for Housing and Urban Development.

## **STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

### **Reports and Financial Statements**

**For the Period November 1, 2018 to June 30, 2019**

### **SIGNIFICANT ACCOUNTING POLICIES- Continued**

#### **Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

#### **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

#### **Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

#### **Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements the time associated cash is received.

#### **b) Recognition of payments**

The entity recognizes all expenses when the event occurs and the related cash has actually been paid out by the entity.

#### **Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

#### **Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

#### **Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of disclosure. This summary is disclosed as an annexure to the entity's financial statements.



# STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

## Reports and Financial Statements

For the Period November 1, 2018 to June 30, 2019

### SIGNIFICANT ACCOUNTING POLICIES- Continued

#### 4. In-kind contributions

In-kind contributions are donations that are made to the State Department for Housing and Urban Development in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the State Department of Housing and Urban Development includes such value in the statement of receipts and payments both as receipts and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

#### 5. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

#### 6. Accounts Receivable

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

#### 7. Non-current assets

Noncurrent assets are expensed at the time of acquisition while disposal proceeds are recognized as receipts at the time of disposal. However, the acquisitions and disposals are reflected in the entity fixed asset register a summary of which is provided as a memorandum to these financial statements.

#### 8. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the State Department of Housing and Urban Development at the end of the year. Pending bill form a first charge to the subsequent year budget and when they are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

#### 9 Budget

The budget is developed on the same accounting basis (cash basis), the same accounts classification basis, and for the same period as the financial statements. The State Department of Housing and Urban Development's budget was approved as required by Law and as detailed in the Government of Kenya Budget Printed Estimates. A high-level assessment of the State Department of Housing and Urban Development's actual performance against the comparable budget for the financial year under review has been included in an annex to these financial statements.

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**Reports and Financial Statements**  
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**SIGNIFICANT ACCOUNTING POLICIES- Continued**

**10 Comparative figures**

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

**11 Subsequent events**

Events subsequent to submission of the financial year end financial statements to the National Treasury and other stakeholders with a significant impact on the financial statements may be adjusted with the concurrence of National Treasury.

**12 Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
**Reports and Financial Statements**  
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**XIII. NOTES TO THE FINANCIAL STATEMENTS**

**1 EXCHEQUER RELEASES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Total Exchequer Releases for quarter 1	-	1,404,518,434
Total Exchequer Releases for quarter 2	13,982,868,309	3,299,373,485
Total Exchequer Releases for quarter 3	2,311,881,792	1,944,126,400
Total Exchequer Releases for quarter 4	9,018,489,241	3,829,151,626
<b>Total</b>	<b>25,313,239,342</b>	<b>10,477,169,945</b>

The budget for exchequer was 12,759,992,995.00 while the actual received was 10,477,169,945.00

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2 PROCEEDS FROM FOREIGN BORROWINGS**

	2018-2019	2017-2018
	Kshs	Kshs
Foreign Borrowing - Direct Payments	5,418,632,414	5,027,223,996
<b>Total</b>	<b>5,418,632,414</b>	<b>5,027,223,996</b>

(These payments were for NAMSIP project from IDA)

**3 OTHER REVENUES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Rents	260,044,856	156,530,113
Other Property Income e.g.	-	-
<b>Total</b>	<b>260,044,856</b>	<b>156,530,113</b>

(These are rental income received from civil servants occupying government rental residential buildings)

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 COMPENSATION OF EMPLOYEES**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Basic salaries of permanent employees	299,395,866	411,288,592
Basic wages of temporary employees	6,555,662	7,999,990
Personal allowances paid as part of salary	156,951,413	7,999,990
<b>Total</b>	<b>462,902,941</b>	<b>631,878,028</b>

**5 USE OF GOODS AND SERVICES**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Utilities, Supplies and Services	11,748,973	10,838,990
Communication, Supplies and Services	6,049,588	6,304,192
Domestic Travel and Subsistence, Other Transportation Costs	11,035,380	27,422,786
Foreign Travel and Subsistence, and other transportation costs	1,022,556	1,864,938
Printing , Advertising and Information Supplies and Services	1,456,450	25,616,273
Rentals of Produced Assets	106,659,211	119,632,525
Training Expenses	3,417,444	3,342,533
Hospitality Supplies and Services	4,302,216	4,989,510
Insurance Costs	-	-
Specialized Materials and Supp	9,230,758	28,263,836
Office and General Supplies and Services	6,377,909	43,640,638
Fuel Oil and Lubricants	12,292,429	16,547,357
Other Operating Expenses	624,595,515	1,060,100,304
Routine Maintenance - Vehicles	7,148,717	10,985,833
Routine Maintenance - Other Assets	4,842,162	92,160,330
<b>TOTAL</b>	<b>810,179,308</b>	<b>1,451,710,046</b>



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019	2017-2018
	Kshs	Kshs
Transfers to National Government entities		
Projects	17,254,989	686,060,752
Civil Service Housing Scheme	875,000,000	1,500,000,000
<b>TOTAL</b>	<b>892,254,989</b>	<b>2,186,060,752</b>

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent	Development	Total	2018 -2019
	Kshs	Kshs	Kshs	Kshs
<b>Transfers to SAGAs and SCs</b>				
Civil Service Housing Scheme fund	-	875,000,000	875,000,000	875,000,000
	-	-	-	-
<b>Transfers to Projects-GoK counterpart funding</b>				
Projects		17,254,989	17,254,989	17,254,989
Project				
<b>TOTAL</b>		<b>892,254,989</b>	<b>892,254,989</b>	<b>892,254,989</b>

We have confirmed these amounts with the recipient entities and attached these confirmations as an Appendix to this financial statements

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7 OTHER GRANTS AND TRANSFERS**

<b>Explanation</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Membership dues and subscriptions to international organizations		17,081,730
<b>Total</b>		<b>17,081,730</b>

**8 SOCIAL SECURITY BENEFITS**

<b>Explanation</b>	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
Government pension and retirement benefits*		1,093,108
<b>Total</b>		<b>1,093,108</b>

(These relates to gratuities paid to former key management officers who have since left the service)

**9 ACQUISITION OF ASSETS**

	<b>2018-2019</b>	<b>2017-2018</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Non Financial Assets</b>		
Construction of Building	300,129,145	402,383,807
Refurbishment of Buildings	258,375,358	36,989,531
Construction of Roads	199,999,084	787,388,473
Construction and Civil Works	26,102,127,648	9,354,967,586
Overhaul and Refurbishment of Construction and Civil Works	2,063,380,408	228,856,100
Purchase of Vehicles and Other Transport Equipment	39,613,085	30,588,000
Overhaul of Vehicles and Other Transport Equipment	-	376,200
Purchase of Office Furniture and General Equipment	139,133,423	41,059,613
Purchase of Specialized Plant, Equipment and Machinery	414,610,087	433,191,225
Research, Feasibility Studies, Project Preparation and Design, Project Supervision	49,999,472	66,449,810
<b>TOTAL</b>	<b>29,567,367,709</b>	<b>11,382,250,345</b>



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**10A: Bank Accounts**

Name of Bank, Account No. & currency	Amount in bank account currency	Exch rate	2018-2019	2017-2018
			Kshs	Kshs
<i>CBK, 100395516-Recurrent, KShs</i>	KES	1	14,649	7,034,044
<i>CBK, 1000395583-Development, KShs</i>	KES		24,192	3,703,183
<i>CBK, 1000395672-Deposit, KShs</i>	KES		473,603,683	296,410,590
<i>AIA</i>	KES		188,274	-
<i>Namsip Donor</i>	KES		193,110,210	-
<i>Namsip CF</i>	KES		70,352,446	-
<i>KUSP</i>	KES		233,179,736	-
<b>Total</b>			<b>970,473,190</b>	<b>307,147,816</b>

**10B: CASH IN HAND**

	2018-2019	2017-2018
	Kshs	Kshs
Cash in Hand – Held in domestic currency	-	627
<b>Total</b>		<b>627</b>

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

Cash in hand should also be analysed as follows:

	2018-2019	2017-2018
	Kshs	Kshs
Location 1. Recurrent Cash book HQ Accounts Dept	-	627
<b>Total</b>		<b>627</b>

Certificate of board of survey attached.

**11: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

Description	2018-2019	2017-2018
	Kshs	Kshs
Government Imprests	-	2,069,418.45
District suspense	1,054,375	-
<b>Total</b>	<b>1,054,375</b>	<b>2,069,418.45</b>

**12. ACCOUNTS PAYABLE**

Description	2018-2019	2017-2018
	Kshs	Kshs
Deposits-Retention	473,603,683	296,410,590
Rent Deposits		
<b>Total</b>	<b>473,603,683</b>	<b>296,410,590</b>

**13. FUND BALANCE BROUGHT FORWARD**

	2018-2019	2017-2018
	Kshs	Kshs
Bank accounts	307,147,816	684,112,357
Cash in hand	627	1,646
Receivables - Outstanding Imprests	2,069,419	26,260,178
Payables - Deposits	(296,410,590)	(684,029,992)
<b>TOTAL</b>	<b>12,807,272</b>	<b>26,344,189</b>



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14. PRIOR YEAR ADJUSTMENTS**

Description of the error	2018-2019	2017-2018
	Kshs	Kshs
Adjustments on bank account balances	(10,737,227)	
Adjustments on cash in hand	(627)	
Adjustments on receivables	(2,069,419)	
Others (Brought Forward Project Balances)	1,238,712,215	
	<b>1,225,904,942</b>	

*(Adjustments on the bank & cash account balances relate to recurrent and development bank balances returned to the consolidated fund for the previous financial period as well as outstanding receivables, the brought forward project account balances are with respect to project balances of the state department projects that opened the books in the period under review).*

**17. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the state department of Housing and Urban Development

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

**Related party transactions:**

	2018-2019	2017-2018
	Kshs	Kshs
Key Management Compensation	-	-
<b><u>Transfers to related parties</u></b>		
Transfers to other MDAs		
Transfers to SCs and SAGAs	892,254,989	2,186,060,752
Transfers to Development Project		
Transfers to County Governments		
Transfers to non reporting secondary and primary Schools		-
<b>Total Transfers to related parties</b>	<b>892,254,989</b>	<b>2,186,060,752</b>
<b><u>Transfers from related parties</u></b>		
Transfers from the Exchequer		
Transfers from other MDAs		-
(Insert any other transfers received)		-
<b>Total Transfers from related parties</b>	<b>892,254,989</b>	<b>2,186,060,752</b>

**NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT,  
INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT.**

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT  
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**XIV. OTHER IMPORTANT DISCLOSURES**

**18.1: PENDING ACCOUNTS PAYABLE (See Annex 1)**

Description	2018-2019	2017-2018
	Kshs	Kshs

**18.2: PENDING STAFF PAYABLES (See Annex 2)**

	2018-2019	2017-2018
	Kshs	Kshs
Senior management		
Middle management		
Unionisable employees		
Others ( <i>specify</i> )		

**18.3: OTHER PENDING PAYABLES (See Annex 3)**

	2018-2019	2017-2018
	Kshs	Kshs
Amounts due to National Government entities		
Amounts due to Entity entities		
Amounts due to third parties		
Others ( <i>specify</i> )		



**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**For the Period November 1, 2018 to June 30, 2019**

**XV. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**


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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Note					

**Guidance Notes:**

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

  
Principal Secretary

  
Assistant Accountant General

**Xv. FINANCIAL YEAR AND COMPARATIVES**

The financial statement for the State Department of Housing and, Urban Development has been prepared for the period 1<sup>st</sup> November 2018 to 30<sup>th</sup> June 2019.

There are no comparatives since the accounts were prepared for only 8 months.

NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT.

STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

Reports and Financial Statements

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XVI. ANNEXES

ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX	Comments
	A	B	C	d=a-c		
Construction of buildings						
1.						
2.						
3.						
Sub-Total						
Construction of civil works						
4.						
5.						
6.						
Sub-Total						
Supply of goods						
7.						
8.						
9.						
Sub-Total						
Supply of services						
10.						
11.						
12.						
Sub-Total						
Grand Total						



NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT.

STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

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ANNEX 2 - ANALYSIS OF PENDING STAFF PAYABLES

Name of Staff	Job Group	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2019	Outstanding Balance 2018	Comments
		a	b	c	d=a-c		
<b>Senior Management</b>							
1.							
2.							
3.							
<b>Sub-Total</b>							
<b>Middle Management</b>							
4.							
5.							
6.							
<b>Sub-Total</b>							
<b>Unionisable Employees</b>							
7.							
8.							
9.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
10.							
11.							
12.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

NATIONAL GOVERNMENT ENTITY - MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT.

STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

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ANNEX 3 - ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 20XX	Outstanding Balance 20XX	Comments
Amounts due to National Govt Entities		a	b	c	d=a-c		
1.							
2.							
3.							
Sub-Total							
Amounts due to CountyGovt Entities							
4.							
5.							
6.							
Sub-Total							
Amounts due to Third Parties							
7.							
8.							
9.							
Sub-Total							
Others (specify)							
10.							
11.							
12.							
Sub-Total							
Grand Total							



# STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

## Reports and Financial Statements

For the Period November 1, 2018 to June 30, 2019

### ANNEX 4-SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs)	Additions during the period (Kshs)	Disposals during the period (Kshs)	Historical Cost c/f (Kshs)
Land	-	-	-	-
Buildings and structures	21,458,858,117	550,135,808		22,008,993,925
Construction of Civil Works		28,215,062,113		28,215,062,113
Transport equipment	58,234,628	39,613,085		97,847,713
Office equipment, furniture and fittings	52,608,440	131,281,844		183,890,284
ICT Equipment, Software and Other ICT Assets	-	-		-
Other Machinery and Equipment	107,146,657	376,630,389		483,777,046
Heritage and cultural assets	-			-
Intangible assets	453,476,667	49,999,470		503,476,137
Construction of roads		199,999,084		199,999,084
<b>Total</b>	<b>22,130,324,510</b>	<b>29,562,721,793</b>	<b>-</b>	<b>51,693,046,303</b>

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)

# STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

## Reports and Financial Statements

For the Period November 1, 2018 to June 30, 2019

### ANNEX 5—LIST OF PROJECTS IMPLEMENTED BY THE STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	KENSUF	Upgrading of slums	Charles M Hinga	NO
2	KISIP-road construction,street lighting and drainage and sewerage	Informal settlements	Charles M Hinga	NO
3	City of Kisumu-road construction,markets,dumpsites	road construction,markets,dumpsites	Charles M Hinga	NO
4	NAMSIP	Improvement of infrastructure within the metro region,	Charles M Hinga	NO
5	Korogocho slum upgrading-	Korogocho slum upgrading	Charles M Hinga	NO



# STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

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### ANNEX 6-LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Ref	SC, SAGA or Public Fund's name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done?(yes/no)
1	Civil service scheme fund	Scheme Fund	Charles M. Hinga	375,000,000.00	yes
2	NAMATa	Saga	Francis Gitau	521,737,615.00	yes

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**ANNEX 7- LIST OF OUTSTANDING IMPRESTS FOR THE STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**ANNEX 8- ANALYSIS OF THE DEPOSIT ACCOUNT (RETENTIONS NOT PAID 2018/2019 As at 30th JUNE 2019)**

S/NO.	PAYEE	AMOUNT
	From state department of housing and public works	217,943,742.96
1	M/S Sululer Innovation Enterprises	396,068.00
2	M/S Spanworld Enterprises	173,950.00
3	M/S Harrikajim Enterprises	190,078.00
4	M/S Unicom Builders Ltd	162,078.00
5	M/S Waden Enterprises	177,831.00
6	Pinnie Agency Limited	4,775,774.30
7	Black Heath Builders and Constructors	1,919,017.60
8	High Point Agencies	12,442,009.25
9	Rhino Technical Works	4,166,187.80
10	Spanworld Enterprises	154,816.00
11	Ibel Construction	3,639,444.30
12	Mwangaza General Suppliers	1,145,908.60
13	Mjengo & Allied Company Ltd	247,674.65
14	Multiplex Construction Co. Ltd	2,981,813.73
15	Runyaji International Ltd	148,496.20
16	M/S Cykka Works Ltd	2,463,204.90
17	M/S Bud-ken Building and Construction Co. Ltd	1,276,179.40
18	M/S Cykka Works Ltd	2,614,717.10
19	RHINO TECHNICAL WORKS	1,622,130.65
20	KIANGO GENERAL	242,588.10
21	Rent Deposits-Revenue	29,199,555.55
22	Rhino Technical Works	2,000,000.00
23	Maki and Sons Constructions	339,695.00



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24	Mineco House limited	938,644.16
25	Sululer Innovation and Enterprises	344,936.80
26	Kiango General Supplies	2,102,080.00
27	KENSUF	2,499,460.60
28	Njuca Consolidated	2,717,224.15
	<b>Totals</b>	<b>473,603,682.70</b>

**STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**  
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**ANNEX 9- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes



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