


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

 NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 MAR 2023	DAY: Wed
TABLED BY: <b>OF</b>	Deputy LOM
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**THE AUDITOR-GENERAL**

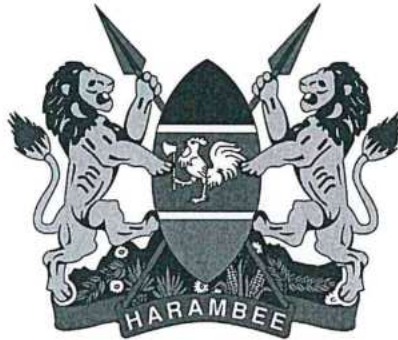
**ON**

**LAND SETTLEMENT FUND**

**FOR THE YEAR ENDED  
30 JUNE, 2022**







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# LAND SETTLEMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
30<sup>TH</sup> JUNE 2022

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*Prepared in accordance with accrual basis of accounting method under the International Public  
Sector Accounting Standards (IPSAS)*

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## **1. Key Fund information and management**

### **a) Background information**

Lands Settlement Schemes Fund was established by and derives its authority and accountability under section 135 of the land Act 2012 as amended by Section 90 of the land laws. The Fund is wholly owned by Government of Kenya and is domiciled in Kenya.

### **b) Principal Activities**

The Fund is charged with the responsibility of:

- Ascertaining land rights and interests through land Consolidation and Adjudication,
- Settlement of poor landless Kenyans under Land Settlement Fund,
- Management of the Land Settlement Fund,
- Administration of Group Ranches
- Arbitration of Land disputes.

Land Settlement Fund (LSF) operations were undertaken by the Director of Land Adjudication and Settlement and administered by “the Fund Administrator” – the Principal Secretary, Ministry of Lands and Physical Planning. The officer administering the Fund therefore hereby submits the report of the Fund and the financial statements for the year ended 30th June 2022 which show the state of the Fund affairs.

There is a committee charged with the responsibility of processing loans from applicants in accordance with laid down approved regulations, setting up a revolving Fund for the disbursement of loans, and supervising the day-to-day operations of the Fund.

#### **Vision**

To have all trust/community land registered and landless Kenyans settled on agricultural viable units of land.

#### **Mission**

To encourage socio-economic development, through transformation of customary land tenure to statutory freehold and provision of sustainable settlement.

#### **Values**

The fund maintains the following values:

1. Customer responsiveness
2. Efficiency and Effectiveness in service delivery

3. Transparency and Accountability
4. Innovativeness and adaptiveness to modern technology
5. Zero tolerance to corruption
6. Professionalism
7. Inclusiveness

### **Strategic Objectives**

The broad objectives of the Fund are:

- i. Settle landless poor on viable agricultural land
- ii. Facilitate registration of land and
- iii. To provide security of land tenure,

### **Strategic Programmes**

- Land Adjudication programmes
- Acquisition of viable agricultural land for Settlement Schemes.
- Finalization of on - going Settlement Schemes.
- Computerization of SFT billing and Accounting System
- Computerize settler Loan Repayments
- Training of Group Ranch Representatives and members

### **Key strategic priorities**

- Facilitation of discharges for issuance of Title deeds.
- Finalize on-going land adjudication sections and settlement schemes.
- Computerization of SFT Billing and Accounting Systems.

### **3. SCHEME/FUND MANAGEMENT COMMITTEE**

The Fund is administered by the Accounting Officer /Principal Secretary of the Ministry for the time being responsible for matters related to ASF.

Management of the Fund is overseen by the Settlement Fund Board Trustees for the reporting period comprising:

- (a) the Cabinet Secretary responsible for land matters who shall be the chairperson;
- (b) the Cabinet Secretary responsible for National Treasury;
- (c) the Cabinet Secretary responsible for Agriculture;
- (d) the Cabinet Secretary responsible for the environment and natural resources;
- (e) the Cabinet Secretary responsible for Internal Security; and



(f) a representative of the National Land Commission.

The scheme is administered by the administrator through the Director of Land Adjudication and Settlement (DLAS) who carries out the day-to-day activities of fund. These daily activities of the fund are executed through the DLAS assisted by staff and accountant teams.

**c) Board of Trustees/Fund Administration Committee**

Ref	Position	Name
1	Chairperson	Ms. Farida Karoney
2	Other trustees	Hon Amb. UkurYataniKanacho
3	Other trustees	Dr Fred Matiangí
4	Other trustees	Mr KeriakoTobiko
5	Other trustees	Hon Peter GatirauMunya
6	Fund Administrator	Dr Nicholas Muraguri

**d) Key Management**

Ref	Position	Name
1	Fund Manager/ Administrator	Dr Nicholas Muraguri
2	Fund Accountant	CPA David Kimotho
3.	Chief Finance Officer	NdungúKiarie
4.	Director of LAS	Kennedy N G Njenga

**e) Fiduciary Oversight Arrangements**

Ref	Position	Name
1	Directorate Internal Audit	

**f) Registered Offices**

ARDHI HOUSE, 8TH Floor, Ngong Road

P.O. Box 30297-00100

NAIROBI

**g) FundBankers**

1. Kenya Commercial Bank Ltd,

Moi Avenue

P O Box 30081- 00100

NAIROBI

**h) AUDITORS**

Auditor General,

P O Box 30084 - 00100

NAIROBI

**i) PRINCIPAL LEGAL ADVISER**

The Attorney General



State Law Office

Harambee Avenue




P.O Box 40112- 00200


Nairobi, Kenya

**2. The Board of Trustees/ Fund Administration Committee**



Name	Details of qualifications and experience
<p>1. Ms. Farida</p>  <p>Karoney</p>	<p>She holds Masters of Business Administration (Strategic Management), a Post Graduate Diploma in Mass Communications from the University of Nairobi and a Bachelor in Education Science (Education, Botany and Zoology) from Kenyatta University.</p>
<p>2. Hon. Amb. UkurYataniKanacho</p> 	<p>Cabinet Secretary, the National Treasury.</p> <p>He has Master of Arts in Public Administration and Public Policy, University of York and Bachelor of Arts in Economics, Egerton University.</p>





<p>3. Dr. Fred Matiangi,</p> 	<p>Cabinet Secretary, Internal Security, holds a PhD in Communication and Comparative Literature from the University of Nairobi, a Master of Arts degree in English from the University of Nairobi, and a Bachelors of Education degree from Kenyatta University</p>
<p>4. Mr. Keriako Tobiko</p> 	<p>Cabinet Secretary for the Ministry of Environment and Forestry is an advocate of the High Court of Kenya and formerly a lecturer at the University of Nairobi. He is an alumni of the University of Nairobi and Cambridge University.</p>
<p>5. Hon. Peter Gatirau Munya</p> 	<p>Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperative. He holds a Bachelor of Law degree from the University of Nairobi and Master's degrees in International Law (International Economic Integration Law) and Public International Law from the universities of Belgium and Georgia.</p>

<p>6. Fund administrator/ Secretary to the Board Dr. Nicholas Muraguri</p> 	<p>Holds a Bachelor's degree in Surgery and Medicine from Moi University Masters in Public Health and Master's degree in Business Administration from the same University.</p>
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## Management Team

Name	Details of qualifications and experience
<p>1. Fund administrator Principal Secretary- Dr. Nicholas Muraguri</p> 	<p>Holds a Bachelor's degree in Surgery and Medicine from Moi University Masters in Public Health and Master's degree in Business Administration from the same University.</p>
<p>2. Director LAS Kennedy N G Njenga</p> 	<p>Holds a BA Government and vast experience in management in public sector</p>



<p>3. Senior Principal Finance Officer Ndung'uKiarie</p> 	<p>MBA - Strategic Management Bcom - Accounting and Taxation</p>
<p>4. Principal Accountant –CPA David Kimotho</p> 	<p>MBA-Finance Bcom – Finance &amp; Accounting CPA(K)</p>

### **Report of the Fund Administrator**

The management of the Fund is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results. The management of the Fund further accepts the responsibility for the maintenance of accounting records, which may be relied upon in the preparation of the financial statements, as well as adequate systems of internal financial control.

The performance of the Fund in the year 2021 – 2022 wasn't as envisaged. However, there is room for improvement. There is need to implement land adjudication sections and settlement schemes as projects so as to fast track issuance of title deeds

### **Challenges**

Implementation of Land Adjudication and Settlement programmes was affected by the following:

- Lack of basic physical infrastructure in Settlement Schemes.
- High cost of settlement land in high agricultural potential areas leading to purchasing land in marginal areas;
- Pending disputes especially objections to the Adjudication registers which hampered finalization of many Adjudication sections;
- Shortage of personnel to carry out core activities;
- Inadequate transport;
- Low collection of SFT land loan due to a depressed economic environment;
- Professional squatting and speculative acquisition of land;
- Increased landlessness and competition for limited available land; and
- Unresolved court cases.

**Conclusion**

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

**3. Report Of the Director of Land Adjudication and Settlement's**

Statement of the Director of Land Adjudication and Settlement's Responsibilities on the Financial Statements for the Year Ended 30th June 2022

Section 168 of the Agriculture Act, Cap 318 and the legal notice No. 352/1963 which established the Fund requires the management of the Fund to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Fund as at the end of the financial year and of its operating results for that year. It also requires the management to ensure proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of the Fund. They are also responsible for safeguarding the assets of the Fund.

The management of the Fund accepts responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Fund's financial regulations and generally accepted accounting principles.



**4. Statement Of The Administrator Of The Fund**

I accept responsibility for the maintenance of accounting records, which may be relied upon in preparation of the financial statements, as well as adequate systems of internal control.

I further accept responsibility for the attached annual accounts, which have been prepared in conformity with internationally accepted accounting standards and appropriate government financial regulations and procedure.

I am of the opinion that the attached appropriations and other financial statements present financial state of affairs of the Agricultural Settlement Fund as at 30th June 2022.

*Dr. Nicholas Mungira*  
Administrator of National Public Fund

**The Principal Secretary,**

**Ministry of Lands and Physical Planning**



## **5. Statement Of Performance Against Predetermined Objectives**

### **Introduction**

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

Lands Settlement Fund/Trust has 5 strategic pillars and objectives within the current Strategic Plan. These strategic pillars are as follows:

- Ascertaining land rights and interests through land Consolidation and Adjudication,
- Settlement of poor landless Kenyans under Land Settlement Fund,
- Management of the Land Settlement Fund,
- Administration of Group Ranches
- Arbitration of Land disputes.

Lands Settlement Fund/Trust develops its work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Fund achieved its performance targets set for its 5 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Ascertaining land rights and interests through land Consolidation and Adjudication	To determine and adjudicate over lands rights and facilitate the consolidation of rights and interests	Number of rights issues raised and adjudicated		
Settlement of poor landless Kenyans under Land Settlement Fund,	To identify and facilitate the settlement needs and requirements for settling of the landless in the country	number of settled landless citizens		
Management of the Land Settlement Fund,	Providing oversight and fiduciary arrangements on the running of the fund	Preparation of annual financial statements and budget utilization reports		
Administration of Group Ranches	Identification of group ranches and generating a register			

	of group ranches for ease of administration			
Arbitration of Land disputes.	Hearings and determination of disputes			



## **6. Corporate Governance Statement**

Composition of the Fund committee consists of representatives from several institutions who serve on a part time basis. These institutions are: The Ministry of interior and Coordination of National Government, The National Treasury, Ministry of lands, Ministry of Environment and Forestry, Ministry of Agriculture Livestock and fisheries. The chairman of the Fund is appointed by the President. A summary of the members and their nominating institutions is as follows:

<b>No.</b>	<b>Member</b>	<b>Nominating institution</b>
1.	Ms. Farida Karoney,	Ministry of Lands and Physical Planning
2.	Amb. Ukur Yatani Kanacho,	National Treasury.
3.	Dr. Fred Matiangi	Interior and Cordination of Government
4.	Mr. Keriako Tobiko	Ministry of Environment and Forestry
5.	Hon. Peter Gatirau Munya	Ministry of Agriculture, Livestock, Fisheries and Cooperative.

### **Board diversity**

Members, who have experience in Lands governance, administration, economics, engineering the Fund's mandate, constitute the Board.

### **Roles and Responsibilities of Fund Management**

The roles and responsibilities of members are outlined in the enabling legislation. These roles and responsibilities are also detailed in the Ministry's Performance Contracting Strategic objectives for the FY 2021/2022.

**Management Discussion and Analysis**

During the year under review the Fund was allocated a total of Ksh 200,000,000 from the Ministry to finance its activities 50% of which was received in the first half of the financial year and a further 50% remained as receivable in the fund as at 30<sup>th</sup> June of the year this marked an increase of 50,000,000 from the previous period representing 25% increase in allocation. A big portion of these funds were channelled towards facilitating the Fund carry out its core mandate as well as putting up the Fund's systems and structures to improve efficiency. In the current reporting period, Ksh 490,791,871 was spent on use of goods and services from Ksh 519,874,324 from the past year mainly due to the fact that major works were carried out the prior period than the current year and also due to the late disbursement of funds from the parent Ministry, Ksh 7,970,042 was spent on Repair and maintenance costs and Ksh 97,877 finance cost toward the completion of repayment on the borrowing facility on Board members expenses. Going forward the Fund plans to build capacity amongst the staff, put up a fully-fledged lands management system to enable it to discharge its mandate effectively.

## **7. Environmental And Sustainability reporting**

The Lands Settlement Fund exists to transform lives. The management is committed to environmental and sustainability reporting as the driving force to deliver its strategy, putting the citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Authority's activities that promote sustainability.

### **i. Sustainability strategy and profile.**

The fund \ through its objective of facilitating the settlement and adjudication of lands issues as well as catering for the needs of the landless in the country of thus ensuring that that the security of the citizens is enhanced in collaboration with the Partner Ministries.

### **ii. Environmental performance**

The Fund believes in environmental conservation as well as a safe working environment. The Authority adopts various measures to ensure that its employees remain safe from the Pandemic that continues to cause health and economic challenges within the country. The Fund adopts the following measures and protocols as a way of curtailing the transmission of the novel virus; remote working as employees are provided with adequate working tools, such as laptops. Offering psychosocial support through sensitization; Constant communication by giving regular feedback to issues affecting staff through virtual informal staff meetings; provision of masks, adequate and accessible hand sanitizers, among others.

### **iii. Employee welfare**

The Fund continues to hire more staff to strengthen the Secretariat to ensure the Fund achieves its mandate.

The Fund also facilitated staff to undertake Continuous Professional Development Programmes (CPDs) for effective management and career progression.

### **iv. Market place practices**

The Fund believes in responsible competition practice, fair competition, and respect for competitors in business practices and treating suppliers responsibly and respecting payment practices. The authority also believes in ethical market practices as well as consumer rights

and interests. This is emphasized through adherence to the public procurement and disposal arrangements as enshrined in the PPAD Act.

**v. Corporate Social Responsibility**

In the financial year 2021/22, the Fund was not able to undertake any corporate social responsibility due to Covid-19 protocols and logistical challenges. The Fund will however endeavor to carry out an activity to give back to the Society.



**8. 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, 2022, which show the state of the Fund affairs.

**Principal activities**

The principal activities of the Fund is the management of settlers and settlement schemes

**Performance**

The performance of the Fund for the year ended June 30, 2022, is set out on pages 2 to 32

**Trustees**

The members of the Fund Administration Committee who served during the year are shown on page x to xv for this report

**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**

## **9. 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 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, 2022. 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. 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, 2022, 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 and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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 Trustees on 31<sup>st</sup> Dec 2022 and signed on its behalf by:

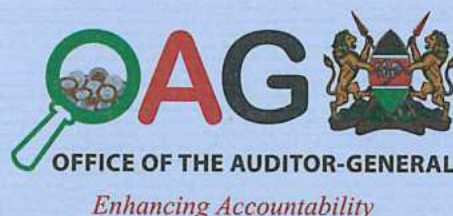
.....  
*muraguri*  
**Name: Dr. Nicholas Muraguri**  
**Fund Administrator**

.....  
*[Signature]*  
**Name: CPA David Kimotho**  
**Fund Accountant**



# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON LAND SETTLEMENT FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Land Settlement Fund set out on pages 1 to 36, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

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*Report of the Auditor-General on Land Settlement Fund for the year ended 30 June, 2022*



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, 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 Land Settlement Fund as at 30 June, 2022, 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 Qualified Opinion**

#### **1. Long Outstanding Receivables from Exchange Transactions**

As disclosed in Note 12 to the financial statements, the statement of financial position reflects under non-current assets receivables from exchange transactions amounting to Kshs.12,039,439,278. Included in the balance are land loans due and development loans issued of Kshs.6,811,916,396, and Kshs.68,966,377 respectively. Review of records provided revealed that some of these loans were issued to settlers as far back as the year 1962 and have remained outstanding to date. In addition, Fund Management has no clear policy on evaluation of the account receivables from time to time to determine the recoverability of the outstanding loans.

In the circumstances, the accuracy and recoverability of the non-current receivables from exchange transactions amounting to Kshs.12,039,439,278 could not be confirmed.

#### **2. Long Term Outstanding Interest Receivables**

The non-current receivables from exchange transactions balance of Kshs.12,039,439,278 disclosed in Note 12 to the financial statements includes an amount of Kshs.5,158,556,505 relating to outstanding long term interest receivables. However, the latter is at variance with the amount of Kshs.5,163,007,149 reflected in the supporting schedule provided for audit resulting in an unreconciled variance of Kshs.4,450,644. Further, the interest has accumulated over the years on loans issued to settlers since the year 1962. It was observed that the Fund continued to compound cumulative interest as long as the loan remained outstanding without due consideration to the recoverability.

In the circumstances, the accuracy and recoverability of the outstanding long-term interest receivables balance of Kshs.5,158,556,505 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Land Settlement 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 qualified opinion.



## **Key Audit Matters**

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

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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. Undistributed Land**

##### **1.1. Kisima Njoro for Resettlement of Internally Displaced Persons (IDPS) in Nakuru County**

As previously reported, Kisima Njoro land was purchased at Kshs.396,984,000 as per agreement for sale dated 3 October, 2012 for resettlement of internally displaced persons. However, as of October, 2022 the land had not been surveyed or sub-divided and therefore, the beneficiaries had not been settled ten (10) years after the purchase of the land.

In the circumstance, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2022.

##### **1.2. Mikanjuni Farm in Kilifi County**

As previously reported, the Fund purchased Mikanjuni farm at a cost of Kshs.377,000,000 as per agreement for sale dated 22 April, 2020 for resettlement of squatters. Although a list of beneficiaries was provided by the Land Adjudication and Settlement Officer of Kilifi County, as of October, 2022 the farm was still listed as undistributed by the Fund. No justification was given for not allocating and settling squatters.

In the circumstance, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2022.

##### **1.3. Kadza Ndani Land in Mombasa County**

As previously reported, the Fund purchased Kadza Ndani LR NO 241/1MN(CR.849), 243/1/MN (CR.847) and 244/1/MN(CR.848) in Mombasa County at a cost of Kshs.378,000,000 as per sale agreement dated 11 September, 2020 for resettlement of squatters. Although a list of beneficiaries was provided by the Land Adjudication and Settlement Officer of Mombasa County, as of October, 2022 the land was still listed as unallocated. No justification was given for not allocating and settling squatters.

In the circumstance, the objective for which the land was acquired and value for money had not been achieved as at 30 June, 2022.

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 comply, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

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

### Basis for Conclusion

#### 1. Lack of Risk Management Policy

During the year under review, the Fund did not have in place an institutionalized Risk Management Policy hence no formal approved processes and guidelines on how to mitigate operational, legal and financial risks.

In the circumstances, the Management of the Fund is not in a position to evaluate, rank and prioritize critical risks and channel resources towards mitigating identified risks.

#### 2. Weak Control Environment in Field Offices

Field verification during the month of September, 2022 in all the ten (10) sampled land adjudication and settlement offices namely: Mombasa, Kilifi, Malindi, Wundanyi, Taveta, Naivasha, Nakuru, Nanyuki, Kitale and Machakos revealed the following unsatisfactory matters;

- i. Under-staffing of the stations with none having an accountant or an officer with financial management background to manage the funds disbursed to the stations.
- ii. The stations operate a bank account for funds received for the office administration but do not maintain a cash book. Further, the monthly bank reconciliation statements had not been prepared and submitted to The National Treasury with a copy to the office of Auditor-General as stipulated under regulation 90(1) of the Public Finance Management (National Government) Regulations, 2015.
- iii. Inadequate office space, no filing cabinets and a filing system making it difficult to retrieve a records.

In the circumstances, internal controls, risk management and governance systems were not effective.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal controls, 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Fund's ability to sustain its 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 controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls.
- 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 the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 December, 2022







## 12. Statement of Financial Position as at 30th June 2022

	Note	2021/22 Kshs	2020/21 Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	202,347,278	449,892,932
Receivables from non-exchange transactions	12	100,000,000	-
Receivables from exchange transactions	13	16,009,002	15,957,220
Prepayments	14	277,046	4,450,644
Inventory	15	755,000,000	755,000,000
<b>Total Current Assets</b>		<b>1,073,633,325</b>	<b>1,225,300,797</b>
<b>Non-current assets</b>			
Receivables from exchange transactions	13	12,039,439,278	12,172,419,838
<b>Total assets</b>		<b>13,113,072,604</b>	<b>13,397,720,634</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	199,842	-
<b>Long Term Liabilities</b>			
Long term Loan Liability	17	-	1,997,085
<b>Total liabilities</b>		<b>199,842</b>	<b>1,997,085</b>
<b>Net assets</b>			
Accumulated surplus ( <i>Reserves</i> )	18	13,112,872,761	13,395,723,549
<b>Total net assets and liabilities</b>		<b>13,113,072,603</b>	<b>13,397,720,634</b>

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 14 Dec 2022 and signed by:

.....  
  
Name Dr. Nicholas Muraguri  
Fund Administrator

.....  
  
Name CPA David Kimotho  
Fund Accountant  
ICPAK M/No9180




**13. Statement of Changes in Net Assets for the year ended 30<sup>th</sup> June 2022**

Description	Accumulated surplus Kshs.	Total Kshs.
As at 1 July 2020	13,754,964,978	13,754,964,978
(deficit) for the period	(359,241,429)	(359,241,429)
As at 30 June 2021	13,395,723,549	13,395,723,549
Balance as at 1 July 2021	13,395,723,549	13,395,723,549
(deficit) for the period	(282,850,788)	(282,850,788)
As at 30 June 2022	13,112,872,761	13,112,872,761

*muraguri*

.....  
Name Dr. Nicholas Muraguri  
Fund Administrator



.....  
Name CPA David Kimotho  
Fund Accountant  
ICPAK M/No 9180

## 14. Statement of Cash Flows for the year ended 30th June 2022

Description	Note	2021/22 Kshs.	2020/21 Kshs.
<b>Cashflows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Parent Ministry		100,000,000	150,000,000
<b>Total receipts</b>		<b>100,000,000</b>	<b>150,000,000</b>
<b>Payments</b>			
Use of goods and services		486,618,273	376,619,548
Repairs & Maintenance		7,970,042	5,102,703
Finance cost		97,877	221,623
<b>Total payments</b>		<b>494,686,191</b>	<b>381,943,874</b>
<b>Net cash flow from operating activities</b>	18	<b>(394,686,191)</b>	<b>(231,943,874)</b>
<b>Cash flows from investing activities</b>			
Land acquisitions in the year		-	(378,000,000)
Increase/Decrease in Non-Current Receivables		148,937,780	133,691,753
Proceeds from loan principal repayments			
Loan disbursements paid out			
<b>Net cash flows used in investing activities</b>		<b>148,937,780</b>	<b>(244,308,247)</b>
<b>Cashflows from financing activities</b>			
Repayment of Borrowings		(1,997,084)	(1,873,339)
Deposits collected		199,842	
<b>Net cash flows used in financing activities</b>		<b>(1,797,242)</b>	<b>(1,873,339)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(247,545,654)</b>	<b>(478,125,460)</b>
Cash and cash equivalents at 1 July	11	449,892,931	928,018,391
<b>Cash and cash equivalents at 30 June</b>	11	<b>202,347,277</b>	<b>449,892,931</b>

.....  
 Name Dr Nicholas Muraguri  
 Fund Administrator

.....  
 Name CPA David Kimotho  
 Fund Accountant  
 ICPAK M/N 9180

15. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2022

Description	Original budget Kshs. A	Adjustments Kshs. b	Final budget Kshs. C=(a+b)	Actual on comparable basis Kshs. d	Performance difference Kshs. e=(c-d)	% of utilization F=d/c
<b>Revenue</b>						
Rolled over Resources		449,892,932	449,892,932	449,892,932	-	100%
Settlement Revenue	200,000,000	0	200,000,000	100,000,000	100,000,000	50%
<b>Total Revenue</b>	<b>200,000,000</b>	<b>449,892,932</b>	<b>649,892,932</b>	<b>549,892,932</b>	<b>100,000,000</b>	<b>85%</b>
<b>Expenses</b>						
Administration Costs	47,250,000	100,000,000	147,250,000	137,667,694	9,582,306	93%
Repairs and Maintenance	1,500,000	6,500,000	8,000,000	7,970,042	29,958	100%
Pre-Settlement Dev Cost	24,000,000	2,000,000	26,000,000	24,729,875	1,270,125	95%
Total General Expenses	25,150,000	341,392,932	366,542,932	328,671,348	37,871,584	90%
Finance Cost	2,100,000	-	2,100,000	2,094,962	5,038	100%
Acquisitions	100,000,000		100,000,000	-	100,000,000	-
<b>Expenditure</b>	<b>200,000,000</b>	<b>449,892,932</b>	<b>649,892,932</b>	<b>501,133,921</b>	<b>48,759,011</b>	<b>77%</b>
<b>Surplus for the period</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>48,759,012</b>	<b>51,240,989</b>	

*Nmurg*  
Name Dr Nicholas Muraguri

Fund Administrator

  
Name CPA David Kimotho

Fund Accountant

ICPAK M/No 9180



**16. Notes to the Financial Statements**

**1. General Information**

Lands Settlement Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is settlement of Kenyans.

**2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Fund'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.

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

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



**3. Adoption Of New and Revised Standards**

**i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022**

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

Notes to the Financial Statements (Continued)

- ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2022.**

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of anFund’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between anFund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul> <p><i>The fund does not maintain any financial instruments and is not anticipating to be affected by the this standard once it come to effect</i></p>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The</p>

Standard	Effective date and impact:
	<p>information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Fund;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.</p> <p><i>The fund does not *provide for social security benefits and will therefore not be affected adversely or otherwise by the introduction of this fund</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>The fund reports its financial statements on IPSAS and has not applied any transitional provided for in IPSAS 33</i></p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul>

Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b> Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul> <p><i>Fund does not maintain financial instruments and exists under the umbrella of the Ministry of lands</i></p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The fund has not entered into any lease arrangements</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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><i>The fund holds its for sale/distribution noncurrent assets as inventory held for distribution in the ordinary course of business of the scheme</i></p>

iii. **Early adoption of standards**



The Fund did not early – adopt any new or amended standards in the year 2021/22.

#### **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.

##### **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 applied this yield to the principal outstanding to determine interest income for each period.

##### **b. Budget information**

The original budget for FY 2021/22 was approved on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget.

The Fund's budget is prepared on a different basis from 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

**Significant Accounting Policies (Continued)**

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.

**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. Financial instruments**

**1) Financial assets**

***Initial recognition and measurement***

Financial assets within the scope of IPSAS 29 Financial Instruments; Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans

**Significant Accounting Policies (Continued)**

and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition.

***Loans and receivables***

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

***Held-to-maturity***

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



## **Significant Accounting Policies (Continued)**

### ***Impairment of financial assets***

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund offinancial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset oftheFund is deemed to be impaired if, and only if,there is objective evidence of impairment as a result of one or more events that has occurred after the initialrecognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cashflows of the Fundthat can be reliably estimated. Evidence of impairmentmay include the following indicators:

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

## **2) Financial liabilities**

### ***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus ordeficit or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities atinitial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directlyattributable transaction costs.

**Significant Accounting Policies (Continued)**

**f. 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.

**g. 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.

**h. Nature and purpose of reserves**

The Fund creates and maintains reserves in terms of specific requirements. (*Fund to state the reserves maintained and appropriate policies adopted*).

**i. 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.

**j. 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.

**Significant Accounting Policies (Continued)**

**k. 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.

**l. 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 (*remove if not applicable*) and at various commercial banks at the end of the financial year.

**m. Comparative figures**

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

**n. Events after the reporting period**

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

**o. Ultimate and Holding Fund**

The Fund is established under Section 24 (4) PFM Act under the Ministry of Lands & Physical Planning of xxx/ State Corporation. Its ultimate parent is the Government of Kenya.

**p. 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.

*(State all judgements, estimates, and assumptions made e.g.)*

**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. Transfers from the Parent Ministry/SC/SAGA**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from Government entities– operations	200,000,000	150,000,000
<b>Total</b>	<b>200,000,000</b>	<b>150,000,000</b>

**7. Interest income**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest Income From Loans	16,009,002	15,957,220
<b>Total Interest Income</b>	<b>16,009,002</b>	<b>15,957,220</b>

**8. Use of Goods and Services**

Description	2021/22	2020/21
	Kshs.	Kshs.
Pre settlement development costs	24,729,875	11,462,620
General office expenses	1,365,610	3,774,335
Administration fees	318,973,607	241,501,789
Telephone a Communication expenses	72,780	47,120
Bank charges	96,387	100,272
Accommodation And subsistence Allowance	137,390,648	112,361,203
Land development costs	-	147,705,420
Fuel & oil	5,410,216	2,563,765
Other	2,752,748	357,800
<b>Total</b>	<b>490,791,871</b>	<b>519,874,324</b>

**9. Repairs & Maintenance**

Description	2021/22	2020/21
	Kshs.	Kshs.
Property Plant and Equipment	7,970,042	5,102,703
Intangible assets	--	-
<b>Total</b>	<b>7,970,042</b>	<b>5,102,703</b>

**Notes to the Financial Statements continued**

**10. Finance costs**

Description	2021/22	2020/21
	Kshs.	Kshs.
Interest on Loans from financing Institutions	97,877	221,623
<b>Total</b>	<b>97,877</b>	<b>221,623</b>

**11. Cash and cash equivalents**

Description	2021/22	2020/21
	Kshs.	Kshs.
SFT Operational Account	202,334,755	449,883,179
Cash	12,523	9,753
<b>Total Cash and Cash equivalents</b>	<b>202,347,278</b>	<b>449,892,932</b>

**11 a) Detailed analysis of the cash and cash equivalents in banks approved by National Treasury in line with Section 28 of the PFM Act are as follows:**

Financial Institution	Account number	2021/22	2020/21
		Kshs.	Kshs.
<b>LSF Fund Account</b>			
Kenya Commercial Bank Account		202,334,755	449,883,179
<b>Sub- Total</b>		<b>202,334,755</b>	<b>449,883,179</b>
Cash On Hand		12,523	9,753
Mobile Money		-	-
<b>Sub- Total</b>		<b>12,523</b>	<b>9,753</b>
<b>Grand Total</b>		<b>202,347,278</b>	<b>449,892,932</b>



Notes to the Financial Statements continued

**12. Receivables from exchange transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Current Receivables</b>		
Grants from MOLPP	100,000,000	-
<b>Total Current Receivables</b>	<b>100,000,000</b>	<b>-</b>
<b>Total Receivables From Exchange Transactions</b>	<b>100,000,000</b>	<b>-</b>

**13. Receivables from exchange transactions**

Description	2021/22	2020/21
	Kshs.	Kshs.
<b>Current Receivables</b>		
Interest Receivable for the Year	16,009,002	15,957,220
<b>Total Current Receivables</b>	<b>16,009,002</b>	<b>15,957,220</b>
<b>Non-Current Receivables</b>		
Long Term Loan Repayments Due	6,811,916,396	6,896,185,412
Long term Interest Receivable Outstanding	5,158,556,505	5,206,414,878
Development Loan Issued	68,966,377	69,819,548
<b>Total Non- Current Receivables</b>	<b>12,039,439,278</b>	<b>12,172,419,838</b>
<b>Total Receivables From Exchange Transactions</b>	<b>12,055,448,280</b>	<b>12,188,377,058</b>

**14. Prepayments**

Description	2021/22	2020/21
	Kshs.	Kshs.
Temporary Imprest	277,046	4,450,644
<b>Total</b>	<b>277,046</b>	<b>4,450,644</b>

**15. Inventory**

Description	2021/22	2020/21
	Kshs.	Kshs.
Land Purchase - Held For Redistribution Inventory	755,000,000	755,000,000
<b>Total</b>	<b>755,000,000</b>	<b>755,000,000</b>



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**Notes to the Financial Statements continued**

**16. Property, Plant, and Equipment**

Description	Land	Buildings and Civil works	Motor vehicles	Furniture, fittings, and office equipment	ICT Equipment	Capital Work in progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>Cost</b>							
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 1 <sup>st</sup> July 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Additions	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Depreciation and impairment</b>							
At 1 July 2020	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At July 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Depreciation	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Net book values</b>							
At 30 <sup>th</sup> June 2021	xxx	xxx	xxx	xxx	xxx	xxx	xxx
At 30 <sup>th</sup> June 2022	xxx	xxx	xxx	xxx	xxx	xxx	xxx

**Notes to the Financial Statements continued**

**17. Trade and other payables**

Description	2021/22	2020/21
	Kshs.	Kshs.
Trade payables	-	-
Deposits & retentions	199,842	-
<b>Total trade and other payables</b>	<b>199,842</b>	<b>-</b>

**18. Long Term Liability**

Description	2021/22	2020/21
	Kshs.	Kshs.
GOK Loan (1989)		1,540,525
GOK Loan (1990)		456,560
<b>Total trade and other payables</b>	<b>-</b>	<b>1,997,085</b>

**19. Revenue Reserves**

Description	2021/22	2020/21
	Kshs.	Kshs.
Bal b/f	13,395,723,549	13,754,964,978
Surplus for the Year	(282,850,788)	(359,241,429)
<b>Total trade and other payables</b>	<b>13,112,872,761</b>	<b>13,395,723,549</b>

**20. Net cash flows from operating activities**

	2021/22	2020/21
	Kshs.	Kshs.
<b>Surplus/ (deficit) for the year before tax</b>	<b>(282,850,788)</b>	<b>(359,241,429)</b>
<b>Adjusted for:</b>		
<b>Imprest</b>		
Interest income	(116,009,002)	(15,957,220)
Prepayments	(277,046)	(4,450,644)
Prepayments applied during the period	4,450,644	-
<b>Working capital adjustments</b>	<b>(11,835,404)</b>	<b>(20,407,864)</b>
Changes in inventory	-	147,705,420
<b>Net cash flow from operating activities</b>	<b>(394,686,191)</b>	<b>(231,943,874)</b>

**21. Reconciliation of Surplus Between Budget and Financial Performance Reports**

surplus as per budget	48,759,012
less Rolled over resources	(449,892,932)
Add Accrued interest for the year	16,009,002
Add Accrued revenues	100,000,000
Add Back principal on borrowing	1,997,085
Add Imprest outstanding	277,045
<b>surplus as per financial performance</b>	<b>(282,850,788)</b>

**Other Disclosures**

**22. Financial risk management**

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

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

**a) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

**b) Liquidity risk management**

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

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed



**Other Disclosures Continued**

in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month Kshs.	Between 1-3 months Kshs.	Over 5 months Kshs.	Total Kshs.
<b>At 30 June 2022</b>				
Trade Payables	-	-	199,842	199,842
<b>Total</b>	-	-	<b>199,842</b>	<b>199,842</b>
<b>At 30 June 2021</b>				
Trade Payables	-	-	-	-
<b>Total</b>	-	-	-	-

**c) Market risk**

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

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

The Fund's Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

**Other Disclosures Continued**

**d) Interest rate risk**

Interest rate risk is the risk that the Fund's financial condition may be adversely affected as a result of changes in interest rate levels. The Fund's interest rate risk arises from bank deposits. This exposes the Fund to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Fund's deposits.

***Management of interest rate risk***

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

***Sensitivity analysis***

The Fund analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

**e) Capital risk management**

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

Description	2021/22	2020/21
	Kshs.	Kshs.
Revolving fund	-	-
Accumulated surplus ( <i>Reserves</i> )	13,012,872,761	13,012,872,761
<b>Total funds</b>	<b>13,012,872,761</b>	<b>13,012,872,761</b>
Less: cash and bank balances	( 202,347,278 )	(449,892,932 )
Net debt/(excess cash and cash equivalents)	2,810,525,484	2,562,979,829
<b>Gearing</b>	<b>64%</b>	<b>28%</b>

**Other Disclosures Continued**

**23. Related party balances**

**a) Nature of related party relationships**

Entities and other parties related to the Fund include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. The fund/scheme is related to the following entities:

- a) National government Ministry
- b) Key management;
- c) Board of Trustees/Committee; etc

**b) Related party transactions**

**i. Transfers from related parties**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from Ministry of Lands	200,000,000	150,000,000

Of the total transfers received from the Ministry in the year under review Kshs. 100,000,000 was received at the start of the month following the end of the financial year and was thus treated as a receivable in the year under review.



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**17. 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.

<b>Folio</b>	<b>Issues raised</b>	<b>Responses</b>	<b>Responsible Person</b>	<b>Status</b>	<b>Time Frame</b>
1	<b>Long Outstanding Trade Receivables</b>	<p><i>It is true that as disclosed in Note 9 to the financial statements, the statement of financial position reflects trade receivables balance of Kshs. 12,188,377,058 and also included in this amount is land loans and development loan issued amounting to Kshs. 6,896,185,412 and Kshs. 69,819,548 respectively. It was however noted that the loans were issued to settlers as far back as the year 1962 and have remained outstanding to date. Further, the Fund management does not have clear policy on evaluation of the account receivables from time to time to determine the recoverability of the outstanding loans.</i></p> <p><i>The Fund assures recoverability of amounts outstanding through a Loan Repayment and Discharge process which ensures that before a parcel is discharged for registration, all outstanding amounts are paid. This way, the Fund has always been able to recover all amounts due from settlers</i></p>	PS	Unresolved	30 <sup>th</sup> June 2023



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2	<p><b>Long Outstanding Interest Receivables</b></p>	<p>who wish to process land titles for their parcels and hence considers all dues as recoverable, save for unforeseen executive pronouncements on waivers and issuance of free/charged titles.</p>	PS	Unresolved	30 <sup>th</sup> June 2023
<p>It is true that as disclosed in Note 9 to the financial statements, the statement of financial position reflects trade receivables balance of Kshs. 12,188,377,058 and also an amount of Kshs. 5,222,372,098 relating to interest receivable which has accumulated over the years on loans issued to settlers since 1962. It was also observed that Land Settlement Fund continued to compound cumulative interest as long as the loan remained outstanding without due consideration to the recoverability. In the circumstances, the accuracy and recoverability of the long outstanding interest receivable balance of Kshs. 5,222,372,098 as at 30 June, 2021 could not be confirmed. The Fund assures recoverability of amounts outstanding through a Loan Repayment and Discharge process which ensures that before a parcel is discharged for registration, all outstanding amounts are paid. This</p>					



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4	<p><b>1.Undistributed land</b></p> <p><b>1.1.KisimaNjoro LR No. 9216 for resettlement of Internally Displaced Persons (IDPS) in Nakuru County</b></p>	<p><i>process of acquisition is complete.</i></p> <p><i>It is true that KisimaNjoro Land was purchased at Kshs 396,984,000 as per agreement for sale dated 3<sup>rd</sup> October 2012 for the re-settlement of internally displaced persons (IDPs). It is also true that during physical verification of the farm in the month of September 2019, it was observed that the beneficiaries had not been re-settled since the land had not been surveyed nor sub-divided.</i></p> <p><i>As stated, the farm had initially been planned and surveyed for the re-settlement of 433 Internally Displaced Persons (IDPs). However, a group of forty-five (45) former employees of the farm felt that they had a stake in the farm since they were already squatters on the farm. They filed a suit at the High Court of Kenya in the Nakuru Environment and Land Court (ELC) as Case No. 173 of 2012 thereby occasioning a delay.</i></p> <p><i>The matter was subsequently settled out of court and the settlement agreement adopted by the Court through a consent order dated 19<sup>th</sup> May, 2016</i></p>	PS	unresolved	30 <sup>th</sup> June 2023
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		<p>whereby, the Court directed that the land be subdivided and the 45 former workers be given One (1) acre each.</p> <p>In observance of the court orders, the Director of Physical Planning was requested to re-plan the farm to cater for the 45 farm workers. The plan was finalized on 23<sup>rd</sup> January 2020 and the process of survey and demarcation commenced.</p> <p>However, as the re-survey was ongoing, E.L.C suit no. 19 of 2020 (Maryanne Chepkorir and Nathan William Hinga vs NyoikeNjengaHinga, Charles KibandiKaguoya and others) restraining the defendantis from interfering with the land parcel was filed and the court ordered that the survey works be suspended until the case was heard and determined. This matter is still pending in court.</p>		
5	<p><b>1.2 Mikanjuni Farm LR No. MN/IV/14 in Kilifi County</b></p>	<p>It is true that during the year under review the Fund purchased at cost of Kshs 377,000,000 as per agreement for sale dated 22 April 2020 for resettlement of squatters. It is also true that during a field visit to the farm in the month of October, 2021, the list of beneficiaries was availed by the Land adjudication and Settlement officer, Kilifi and that</p>	PS	Unresolved  30 <sup>th</sup> June 2023



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		<p><i>the Farm was still listed as undistributed in the financial statements.</i></p> <p><i>The reason for holding the land as inventory is because planning of the land to cater for amenities such as access roads and public utility parcels is still on-going and the final allocation in terms of acreage per informal settler is yet to be determined. Once the exercise is finalized, it will be possible to distribute the land to the allottees and hence be able to determine and apply the amounts receivable from each beneficiary</i></p>			
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6	<p><b>1.3 KadzaNdani LR NO 241/1MN (CR.849), 243/1/MN (CR.847) and 244/1/MN (CR.848) in Mombasa County</b></p>	<p><i>It is true during the year under review the Fund purchased KadzaNdani LR NO 241/1MN (CR.849), 243/1/MN (CR.847) and 244/1/MN (CR.848) in Mombasa County at cost of Kshs. 378,000,000 as per agreement for sale dated 11 September 2020 for resettlement of informal settlers.</i></p> <p><i>It is also true that during a field visit to the farm in the month of October, 2021, the list of beneficiaries was availed by the Land adjudication and Settlement officer, Mombasa but the financial statements reflect the land as undistributed.</i></p> <p><i>As with the Mikanjuni farm, the land is held as inventory because planning of the land to cater for amenities and public utility plots is still on-going and the final allocation in terms of acreage per informal settler is yet to be determined.</i></p> <p><i>Once the exercise is finalized, it will be possible to distribute the land to the allottees and hence be able to determine and apply the amounts receivable from each beneficiary</i></p>	PS	Unresolved	30 <sup>th</sup> June 2023
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7	<p><b>EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b> <b>1. Inactive Audit Committee</b></p>	<p><i>It is true that during the financial year under review, the Fund did not have an audit committee in place. However, the Fund is established under the Land Act, 2012 and hence falls under the ambit of the Ministerial Audit Committee whose members were appointed as noted in the minutes of Ministerial Human Resource Management Advisory Committee meeting held on 24<sup>th</sup> October, 2019. The chairperson of the Audit Committee was appointed vide letter Ref: MOLPP 11/79/8(84) dated 17<sup>th</sup> December, 2019..</i></p>	PS	resolved	
8	<p><b>2. Lack of a risk management policy</b></p>	<p><i>It is true that the Fund did not have in place an Institutional Risk Management policy hence no formal approved processes and guidelines on how to mitigate operational, legal and financial risks. However, given that the Fund is established under the Land Act, 2012, it operates under the parent Ministry of Land and Physical Planning and is therefore covered under the Ministry's Institutional Risk Management Policy in line with Treasury Circular No. 3/2009 of 23<sup>rd</sup> February, 2009.</i></p>	ps	resolved	

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Fund Manager/Accounting Officer (enter title of head of Fund)

Dr. Nicholas Muraguri



Principle Secretary

Date.....



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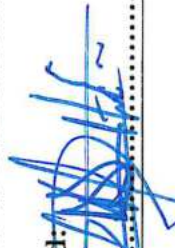
**Annex II: Inter-Fund Confirmation Letter**  
**[Insert your Letterhead]**

*[Ministry of Lands]  
[Ardhi House Building]*

The *[Lands Settlement Trust Fund]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30 <sup>th</sup> June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 <sup>th</sup> June 2022			Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June 2021 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
N/A						
N/A						
Total						

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

Head of Accountants department of beneficiary Fund: 

Name David Kimani..... Sign [Signature]..... Date 17 Dec 2022

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**Annex III: Reporting of Climate Relevant Expenditures**

Name of the Organization  
Telephone Number  
Email Address  
Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications) .....

Project Name	Project Description	Project Objectives	Project Activities	Project				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
N/A									

**Annex IV: Disaster Expenditure Reporting Template**