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REPUBLIC OF KENYA

THIRTEENTH PARLIAMENT – SECOND SESSION

THE NATIONAL ASSEMBLY

SPECIAL FUNDS ACCOUNTS COMMITTEE

**EIGHTH REPORT
ON THE EXAMINATION OF THE REPORT OF THE AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS FOR THE STREET FAMILIES REHABILITATION
TRUST FUND FOR THE FINANCIAL YEARS 2017/2018 TO 2021 /2022**

 THE NATIONAL ASSEMBLY	
DATE: 07 DEC 2023	
DAY: Thursday	
TABLED BY:	Hon. Rahim Dawood MP Vice chairman
CLERK-AT THE-TABLE:	Ar. Shibuska

Directorate of Audit, Appropriations, and Other Select Committees
National Assembly
Parliament Buildings
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LIST OF ABBREVIATIONS AND ACRONYMS

CoK	-	Constitution of Kenya, 2010
FY	-	Financial Year
MDAs	-	Ministries, Departments and Agencies
PFM	-	Public Finance Management
OAG	-	Office of the Auditor-General
PSASB	-	Public Sector Accounting Standards Board

CHAIRPERSON'S FOREWORD

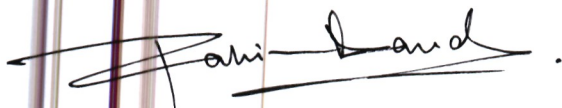
Hon. Speaker, on behalf of the Special Funds Accounts Committee and under Standing Order 199, it is my pleasant duty and honor to present to the House the report of the Committee on the audited financial statements for the Street Families Rehabilitation Trust Fund for the financial years 2017/2018 to 2021 /2022.

Oversight over national revenue and expenditure is amongst the roles of the National Assembly as stipulated under Article 95 (4) (c) of the Constitution of Kenya, 2010. Further, Article 226 of the CoK provides that an Act of Parliament shall provide for the designation of an Accounting Officer in every public entity at the national level who is accountable to the National Assembly for its financial management. In addition, Article 229(8) mandates this House to debate and take appropriate action on audit reports from the Auditor-General.

In fulfilment of these constitutional provisions, the National Assembly established various Committees to examine reports of the Auditor-General to ascertain whether public funds are utilized in a lawful, authorized, effective, efficient, economical, and transparent manner. The Special Funds Accounts Committee, which was established in the Fifth Session of the Eleventh Parliament following the review of the National Assembly's Standing Orders, is one of these Committees.

The Committee received oral and written submissions from Caroline Towett, the Chief Executive Officer for the Street Families Rehabilitation Trust Fund, which formed the basis of its observations, findings, and recommendations. These are also contained in the Minutes and Hansard Reports of Committee proceedings.

Hon. Speaker, I wish to express appreciation to the Honourable Members of the Committee, the Office of the Speaker, and the Clerk of the National Assembly, the Parliamentary Liaison Offices of the Auditor-General and the National Treasury and the Committee Secretariat for facilitating the Committee in the production of this report.



HON. DAWOOD ABDUL RAHIM, HSC, MP
VICE CHAIRPERSON - SPECIAL FUNDS ACCOUNTS COMMITTEE

1.0 PREFACE

1.1 Establishment and Mandate of Special Funds Accounts Committee

1. The Special Funds Accounts Committee is one of the six Watchdog Committees of the National Assembly established under Standing Order 205. It is mandated to examine the reports of the Auditor General on the following:

- i) *Funds established by statute or by subsidiary legislation, except Funds under Standing Order 205B (Decentralized Funds Accounts Committee)*
- ii) *The Equalization Fund; \ The Equalization Fund Advisory Board;*
- iii) *The Political Parties Fund; and*
- iv) *Other funds as may be communicated by the Honorable Speaker*

1.2 Committee Membership

2. The Committee comprises the following members:

S/N	Name	Constituency	Party
1	Hon. Fatuma Zainab Mohammed, MP (Chairperson)	Migori (CWR)	Independent
2	Hon. Dawood Abdul Rahim, HSC, MP (Vice Chairperson)	North Imenti	Independent
3	Hon. Faith Wairimu Gitau, MP	Nyandarua (CWR)	UDA
4	Hon. Charles Ngusya Nguna	Mwingi West	Wiper
5	Hon. Dr. Christine Ombaka Oduor, MP	Siaya (CWR)	ODM
6	Hon. Erastus Kivasu Nzioka, MP	Mbooni	Wiper
7	Hon. Eve Akinyi Obara, MP	Kabondo Kasipul	ODM
8	Hon. Joseph Majimbo Kalasinga, MP	Kabuchai	FORD-K
9	Hon. Tom Mboya Odege, MP	Nyatike	ODM
10	Hon. Catherine Nakhabi Omanyoo, MP	Busia (CWR)	ODM
11	Hon. Cecilia Asinyen Ngilit, MP	Turkana (CWR)	UDA
12	Hon. Erick Kahugu Wamumbi, MP	Mathira	UDA
13	Hon. Joseph Kimutai Cherorot, MP	Kipkelion East	UDA
14	Hon. Joshua Odongo Oron, MP	Kisumu Central	ODM
15	Hon. Paul Kibichi Biego, MP	Chesumei	UDA

1.3 **Committee Secretariat**

3. The Secretariat facilitating the Committee comprises the following staff:

S/N	NAME	DESIGNATION
1	Mr. Leonard Machira	Principal Clerk Assistant II
2.	Ms. Comfort Achieng	Clerk Assistant III
3	Mr. Silvanus Makau	Clerk Assistant III
4	Mr. Robert Ngetich	Fiscal Analyst II
5	Ms. Judith Kanyoko	Legal Counsel II
6	Ms. Bevaline Mosoti	Research Officer III
8	Ms. Pauline Sifuma	Hansard Officer III
9	Ms. Maryam Gabow	Public Communications Officer III
10	Mr. Peter Mutethia	Hansard Audio Officer III
11	Mr. Benard Omondi	Serjeant At Arms

2.0 GENERAL OBSERVATIONS AND RECOMMENDATIONS

4. The Committee noted the following audit issues as cross-cutting on all the financial years examined.

a) Lack of Ownership Documents for Land

5. The Committee observed that the Fund had various pieces of land which had no ownership documents as of 30 June, 2022. This included Kenya Pipeline Company Limited donated land, Mavoko Town land, and land informally allocated by the defunct Local Authorities in various counties.
6. The Committee further observed that:
- i) The lease in the name of the Trust Fund had been obtained however the Fund was yet to obtain the Title deed of land LR No. 209/11325 donated by the Kenya Pipeline Company Limited KPC;
 - ii) The title deed for Mavoko Town Block 3/2545 has since been registered in the name of the Trust Fund; and
 - iii) The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure to release documents nor enter into any agreement with the Trust Fund despite several attempts.
7. The Committee recommends that:
- i. The Accounting Officer continue pursuing the ownership documents for the Kenya Pipeline Company Limited (KPC) donated land LR No. 209/11325; and
 - ii. Within three months of the adoption of this Report the Accounting officer to provide a status report to the Office of the Auditor General for audit verification.

b) Lack of Information Technology and Risk Management Policies and Data Recovery Strategy

8. The Committee observed that:
- i) The Trust Fund's operations were anchored on the Policy for the mainstream State Department; and
 - ii) The Fund was in the process of developing its own policies; and
9. The Committee recommends that within three months of the adoption of this report, the Accounting Officer submits a status report on the progress of the development of Data Recovery Strategy, Risk Management Policy, and Information Technology Policy to the office of the Auditor - General for audit verification.

c) Weak Internal Controls

10. The Committee observed that:

- i) The Fund did not have its own accounting unit and all its transactions were executed from the accounting unit in the State Department for Social Protection;
- ii) The Fund does not have its own staff but depends on seconded officers deployed from the State Department for Social Protection; and
- iii) The Trust Fund has however been granted an approved establishment by the Public Service Commission and the State Department for Social Protection, through the Ministry of Public Service and has advertised for positions of officers for the Trust Fund.

11. The Committee recommends that within three months of the adoption of this report, the Accounting Officer submits a status report on employment of the Trust Fund officers to the Auditor General for audit verification.

3.0 EXAMINATION OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF THE STREET FAMILIES REHABILITATION TRUST FUND FOR THE FINANCIAL YEAR 2017/2018 TO 2021/2022

12. Caroline Towett, the Chief Executive Officer for Street Families Rehabilitation Trust Fund appeared before the Committee on Thursday 26th October 2023 to adduce evidence on the audited financial statements for the Street Families Rehabilitation Trust Fund for the Financial Years 2017/2018 to 2021/2022. The minutes of the Committee sitting, and submissions tabled by the Accounting Officer are annexed to this report. He was accompanied by:

- | | |
|----------------------|---------------------|
| 1. Mr. John Kongoh | - Accountant |
| 2. Ms. Candita Njeri | - Programme Officer |

3.1 Examination of the Report of the Auditor General for the Financial Year 2017/2018 Basis for Opinion- Disclaimer

1) Failure to Prepare Financial Statements for the Previous Years

13. The Fund prepared its first financial statements ever for the year 2016/2017 only. Although it is evident that there were activities such as Board meetings held on April 2016 and cash transfer amounting to Kshs.230,000,000 to the Fund's bank account in the 2015/2016 financial year, no satisfactory explanation has been given for failure to prepare the financial statements for that year. Consequently, the closing balances for the year 2016/2017 could not be confirmed in the absence of previous years' financial statements.

Submissions of the Accounting Officer

14. The Accounting Officer submitted that prior to opening a separate bank account and operationalizing it, the Fund operated as a programme within the State Department for Devolution. The financial statements were consolidated with those of the State Department for Devolution until the 2016/2017 financial year, when the Fund was transferred to the State Department for Special Programmes. Therefore, the Fund did not have access to the financial statements for the year 2015-2016.

Observations and Findings of the Committee

15. The Committee observed that:
- (i) The Fund operated as a programme within the State Department for Devolution prior to 2016/17 and therefore the financial statements were consolidated with those of the State Department for Devolution; and
 - (ii) The matter is resolved.

2) Inaccuracies of Accounting Records

16. The operating expenses of Kshs.14,933,782 as reflected on note 4 to the financial statements could not be verified as accurate as the amounts posted in the general ledger which has been used in the preparation of the financial statements differed with the supporting documents made available for audit examination.

Submissions of the Accounting Officer

17. The Accounting officer submitted that the difference was because of clerical errors while capturing the payment vouchers in excel sheet since the report could not be directly generated from IFMIS. The figures have since been amended.

Observations and Findings of the Committee

18. The Committee observed that:
- (i) The inaccuracies were as a result of clerical errors while capturing the payment vouchers in excel sheet and have since been corrected;
 - (ii) The matter is resolved.

Recommendations of the Committee

19. The Committee recommends that Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

3) Initial Capital Fund

20. The Trust Deed indicates that the Fund was to have an initial capital fund of Kshs.5.05 million. This amount is not reflected in the financial statements for 2016/2017 and neither has any details been provided on whether the monies were paid to the Fund at the point of formation as expected and how it was accounted for. Therefore, the capital fund of the Trust Fund could not be confirmed as at 30 June 2018.

Submissions of the Accounting Officer

21. The Accounting officer submitted that the first Board of Trustees proposed to have the stated initial capital fund of Ksh.5.05 million raised through Public Private Partnerships (PPP). This was however not achieved as endeavoured and thus there was no balance which was rolled to the next Board of Trustees which was appointed in the financial year 2015/2016.

Observations and Findings of the Committee

22. The Committee observed that:

- i) No monies were paid to the Fund at the point of formation as initial Capital Fund.
- ii) The matter is resolved.

4) Unvalued and unsupported Land-Lack of Ownership Documents for Land

23. Records maintained by the Street Families Rehabilitation Trust Fund (SFRTF) indicates that the Fund owns various pieces of land all of which had no ownership documents as of 30 June, 2018 as detailed below:

4.1.1 LR No. 209/11325

24. The land was donated and surrendered to the Fund by the Kenya Pipeline Company Limited (KPC) on 23 August 2007 vide a letter Ref. No. LE/LA/25/4 addressed to the Commissioner of Lands by the Managing Director of the Company. The title was surrendered to the Commissioner of Lands on 6 August 2007 for purposes of transferring and registering the property in the name of the Fund. However, ten years down the line, the transfer has never been affected.

4.1.2 LR No. Mavoko Town Block 3/2545

25. The Fund purchased the land measuring 8.090 hectares at a cost of Kshs.38 million on 6 December 2013. The original title was surrendered to the Ministry of Lands for subsequent transfer in the same month. However, up to date the said property has not been transferred to the Fund.

4.1.3 Unidentified Land in Counties

26. The Board of Trustees in the minutes dated 19 September 2016 indicated that the Fund had been allocated land in various counties by the defunct Local Authorities. The Fund is yet to identify where the pieces of land are located and obtain either the title deeds or any legal documents of allocation. There is real threat of loss of these properties if the Fund does not speed up the process of obtaining ownership documents. In view of the foregoing, the ownership, valuation and safety of the Trust Fund's parcels of land could not be ascertained as at 30 June 2018.

Submissions of the Accounting Officer

4.1.1 LR No. 209/11325

27. The Accounting Officer submitted that the Kenya Pipeline Company Limited KPC donated land LR No. 209/11325 to the Fund and the Title deed was surrendered to the Commissioner of Lands for purposes of transferring it to the Fund. The Lease in the name of the Trust Fund has been obtained however the Trust Fund is yet to obtain the Title deed. The relevant documents indicating the progress of processing registration of the piece of land under the ownership of the Trust Fund was provided for review.

4.1.1 LR No. Mavoko Town Block 3/2545

28. The Accounting officer submitted that Fund purchased land ref. no. LR. No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town whose title deed has since been registered in the name of the Trust Fund.

4.1.3 Unidentified Land in Counties

29. The Accounting Officer submitted that the Fund was informally allocated land by the defunct Local Authorities. However, it is important to note that only Embu, Murang'a and Laikipia counties had promised to allocate land to the Fund. Documents for the land informally allocated by the defunct Local Authorities of Embu, Murang'a and Laikipia were not acquired due to the failure of the local authorities to release them nor enter into any agreement with the Trust Fund despite several visits to their offices. During a Board meeting that was held on 24th February, 2022 it was resolved that the Trust Fund will not continue pursuing parcels of land that were informally promised by the defunct Local Authorities.

Observations and Findings of the Committee

30. The Committee observed that:

- i) The Lease in the name of the Trust Fund has since been obtained however the Fund was yet to obtain the Title deed for LR No. 209/11325 donated by the Kenya Pipeline Company Limited KPC;
- ii) The title deed for Mavoko Town Block 3/2545 has since been registered in the name of the Trust Fund;
- iii) The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure to release documents nor enter into any agreement with the Trust Fund despite several attempts; and
- iv) The matter remained unresolved.

Recommendation of the Committee

31. The Committee recommends that:

- i) **The Accounting Officer to continue pursuing the ownership documents for the Kenya Pipeline Company Limited (KPC) donated land LR No. 209/11325; and**
- ii) **Within three months of the adoption of this Report the Accounting officer to provide a status report to the Office of the Auditor General for audit verification.**

5) Transfers to Other Partner Institutions

32. The transfers to other partner institutions balance of Kshs.273,709,276 as per the statement of receipts and payments for the year 2017/2018 had the following issues noted:

- a. The Board of Trustees approved an amount of Kshs.270,550,089 to be disbursed to partner institutions but amount disbursed as per the documentation provided for audit verifications total to Kshs.274,053,089 resulting in an excess payment of Kshs.3,503,000.
- b. The reported amount of Kshs.273,709,276 has an unexplained variance of Kshs.343,813 with the supported disbursements of Kshs.274,053,089.
- c. There was a double payment to one of the partner institutions amounting to Kshs.1,641,500. Even though the management indicated the amount to have been subsequently refunded, the refund could not be supported by corresponding entry in the bank statement.

33. Under the circumstances, the accuracy and completeness of the transfers to other partner institutions balance of Kshs.273,707,276 as at 30 June 2018 could not be confirmed.

Submissions of the Accounting Officer

34. The Accounting officer submitted that Ksh 274,053,089 was disbursed to the partner institutions. The excess Kshs.3,503,000 was an overpayment to two partner institutions; St. Michael Rescue Centre that was overpaid by Kshs.1,821,000 and Little Angles that was overpaid by Ksh 1,861,500. The two institutions returned the excess money to the Trust Fund account as evidenced by the disbursement schedule and deposit slips which were provided for verification.

Observations and Findings of the Committee

23. The Committee observed that

- i. There was an overpayment of Kshs.3,503,000 which was not well supported with relevant documentation.

- ii. There was an unexplained variance of Kshs. 343,813 between the reported amount of Kshs.273,709,276 and the supported disbursements of Kshs.274,053,089; and
- iii. The matter remained unresolved.

Recommendation of the Committee

35. The Committee recommends that:

- i. Within three months of the adoption of this report, the Accounting Officer to provide supporting documentation on the overpayment of Kshs.3,503,000 to the Auditor General for audit verification;
- ii. Within three months of the adoption of this report, the Accounting Officer to reconcile the variance of Kshs. 343,813 provide supporting documentation to the Auditor General for audit verification; and
- iii. The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

6) Chairman's Honoraria

36. Kshs.116,695,980 in respect of other grants transfers and payment which includes Kshs.540,000 in respect of payments for Chairman's honoraria. However, the amount excludes Kshs.180,000 relating to the period from April, 2018 to June, 2018 that was not included in the pending bills even though it was due and payable in the year under review. Consequently, the amount of the Chairman's Honoraria of Kshs.540,000 for the year under review as reported on note 4 of the financial statements is not fairly stated.

Submissions of the Accounting Officer

37. The Accounting officer submitted that the chairperson was paid for nine months. The Trust Fund had made a request in the month of April, 2018 for the chairman's honoraria for the months of July 2017 to March, 2018. However, the Fund did not proceed to raise another request for the next three months of April, May and June 2018. This was an oversight and the pending honoraria will be paid in the current financial year.

Observations and Findings of the Committee

38. The Committee observed that:

- i) The Chairman's honoraria amounting to Kshs.540,000 paid for 9 months instead of the whole year,
- ii) The Kshs.180,000 was not included in the pending bills although it was a payable.

iii) The matter remained unresolved.

Recommendation of the Committee

39. **The Committee recommends that within three months upon the adoption of this report the Accounting officer to pay the Chairman's honoraria of Kshs. 180,000 and submits supporting documentation to the Auditor General for audit verification.**

3.2 Examination of the Report of the Auditor General for the Financial Year 2019/2020

1) Lack of Ownership Documents

40. The property, plant and equipment as at 30 June 2019 balance of Kshs.1,738,520 excludes the values of various parcels of land that have no ownership documents as indicated below:

1.1. Land - LR No. 209/11325 at Mukuru Kwa Njenga Slum

41. The Kenya Pipeline Corporation (KPC) donated and surrendered to the Trust Fund a piece of land L.R No.209/11325 on 23 August, 2007 vide a letter Ref. No. LE/LA/ 25/4 addressed to the Commissioner of Lands by the Managing Director of the Company. The title was surrendered to the Commissioner of Lands on 6 August, 2007 for purposes of transferring and registering the property in the name of the Trust Fund.
42. A review of the position in the month of March, 2020, twelve (12) years after the donation revealed that the transfer has not been affected and the land in Mukuru Kwa Njenga slums has since been encroached upon by members of the public.

1.2 Parcels of Land in Embu, Murang'a and Laikipia

43. Information available indicates that the defunct Local Authorities of Embu, Murang'a and Laikipia allocated land to the Trust Fund informally as captured in the Minutes dated 19 September, 2016. The Trust Fund is however, yet to identify where the pieces of land are located or to obtain either title deeds or any legal or formal documents of allocation. In addition, Management has not demonstrated any efforts put in place to acquire ownership documents.

1.3. LR. NO. Mavoko Town Block 312545

44. As was reported in the previous year, the Trust Fund purchased land measuring 8.090 hectares in Mavoko Town at a cost of Kshs.38 million on 6 December, 2013. The original title was surrendered to the Ministry of Land for subsequent transfer in the same month. A review of the position during the audit, in the month of March, 2020, revealed that the said property had not been transferred to the Trust Fund and no further information was available for audit verification.
45. In the circumstances, it has not been possible to confirm the completeness and accuracy of the property, plant and equipment balance of Kshs.1,738,520 reflected in the statement of financial position as at 30 June, 2019.

Submissions of the Accounting Officer

46. The Accounting officer submitted that the Kenya Pipeline Company Limited KPC donated land LR No. 209/11325 to the Fund and the title deed was surrendered to the Commissioner of Lands on 6th August 2007 for purposes of transferring it to the Fund. The Lease in the name

of the Trust Fund has been obtained but The Fund is yet to finalize the process of acquiring its title deed due to the current digitization of title deeds at the Ministry of Lands.

47. Accounting Officer also submitted that the Fund wrote to all Governors requesting for land to set up street families rehabilitation centres as formally agreed by the then defunct local authorities. However, only Embu, Murang'a and Laikipia counties responded and promised to allocate land to the Fund but later follow up visits of the same did not materialize. During a Board meeting that was held on 24th February, 2022 it was resolved that the Trust Fund will not continue pursuing parcels of land that were informally promised.
48. Accounting officer further submitted that Fund purchased land Ref. no. LR. No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town at a cost of kshs.38 million whose title deed has since been registered in the name of the Trust Fund.

Observations and Findings of the Committee

49. The Committee observed that;

- i. The Lease in the name of the Fund had been obtained however the Fund was yet to obtain the Title deed of land LR No. 209/11325 donated by the Kenya Pipeline Company Limited KPC;
- ii. The title deed for Mavoko Town Block 3/2545 has since been registered in the name of the Fund;
- iii. The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure to release documents nor enter into any agreement with the Trust Fund despite several attempts; and
- iv. The matter remained unresolved.

Recommendation of the Committee

50. The Committee recommends that:

- iii) **The Accounting Officer to continue pursuing the ownership documents for the Kenya Pipeline Company Limited (KPC) donated land LR No. 209/11325; and**
- iv) **Within three months of the adoption of this Report the Accounting Officer to provide a status report to the Office of the Auditor- General for audit verification.**

2) Budget Control and Performance

51. The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.244,358,492 and Kshs.153,000,000 respectively, resulting to an over-funding by Kshs.91,358,492 or 37% of the budget. Similarly, the Trust Fund expended Kshs.147,104,302 against an approved budget of Kshs.244,358,492 resulting to an under-expenditure of Kshs.97,254,190 or 40% of the budget. In the circumstances, the Trust

Fund's objective of spearheading National Government response to restore dignity to street families and the strategic goal of safeguarding and promoting the rights of street families and addressing the concerns of all homeless, destitute, and vulnerable people in urban areas, may not have been achieved as planned.

Submissions of the Accounting Officer

52. The Accounting Officer submitted Executive Order No. 1 of June 2018 (Revised) transferred the Trust Fund from the State Department for Correctional Services to the State Department for Social Protection. However, the Fund did not access its budgetary allocation of Ksh.249, 345,400 for the financial year 2018/19 due to delays in effecting the budgetary transfer until March 2019. This caused delay in implementation of the planned activities for the financial year thus causing the under expenditure of Kshs.97, 254,190.

Observations and Findings of the Committee

53. The Committee observed that:

- i) The underperformance was caused by transitioning from the State Department for Correctional Services to the State Department for Social Protection which caused delay in implementation of the planned activities;
- ii) The planned activities had since been implemented; and
- iii) The matter is resolved.

3) Lack of Information Technology and Risk Management Policies and Data Recovery Strategy

54. A review of the internal controls at the Trust Fund revealed weaknesses that included the absence of documented Data Recovery Strategy, Risk Management Policy or an Information Technology Policy. There were no measures in place to counter risks. Thus, the Trust Fund is exposed to threats in terms of loss of strategic data and information regarding its operations, exposure to cyber-attacks, poor response to fire outbreaks and unsafe storage of information technology resources.

Submissions of the Accounting Officer

55. The Accounting Officer submitted that it was true that the Trust Fund did not have its own Information Technology Policy, Risk Management Policy and Data Recovery Strategy. This is because the Trust Fund's operations were anchored on the Policy for the mainstream State Departments where it belonged. However, the Trust Fund has organized a consultative forum with the Ministry of ICT, ICTA and the State Department of Social Protection ICT Unit to design the above policies (See Annex 2.5). The output of the consultative forum will be an effective Information Technology, Risk Management Policy, and a data recovery strategy.

Observations and Findings of the Committee

56. The Committee observed that:

- iii) The Trust Fund's operations were anchored on the Policy for the mainstream State Department.
- iv) The Fund was in the process of developing its own policies; and
- v) The matter remained unresolved.

Recommendations of the Committee

57. The Committee recommends that within three months of the adoption of this report, the Accounting Officer submits a status report on the progress of the development of Data Recovery Strategy, Risk Management Policy and Information Technology Policy to the office of the Auditor - General for audit verification.

4) Weak Internal Controls

58. A review of internal controls at the Trust Fund revealed weaknesses that included lack of effective accounting function since all the accounting transactions are executed from the State Department for Social Protection. The Trust Fund also largely depends on the staff seconded from the State Department for Social Protection to discharge its mandate, which negatively affects its operations due to a lean staff establishment.

Submissions of the Accounting Officer

59. The Accounting Officer submitted Fund does not have its own accounting unit and all its transactions are executed from the accounting unit in the State Department for Social Protection. However, the Fund has been granted an approved establishment by the Public Service Commission and the State Department for Social Protection, through the Ministry of Public Service advertised for the positions of officers in the Fund. The recruiting process was on – going.

Observations and Findings of the Committee

60. The Committee observed that:

- i. The Fund did not have its own accounting unit and all its transactions were executed from the accounting unit in the State Department;
- ii. The Fund does not have its own staff but depends on seconded officers deployed from the State Department for Social Protection;
- iii. The Fund has however been granted an approved establishment by the Public Service Commission and the State Department for Social Protection, through the Ministry of Public Service and has advertised for positions of officers for the Trust Fund; and
- iv. The matter remained unresolved.

Recommendations of the Committee

61. **The Committee recommends that within three months of the adoption of this report, the Accounting Officer submits a status report on recruitment of officers to serve in the Fund to the Auditor General for audit verification.**

5) Lack of Assets Register

62. During the year under review, the Trust Fund did not maintain assets register and the assets acquired in the financial year had not been tagged. From the foregoing, the ownership, valuation, and safety of the Trust Fund's assets could not be ascertained or confirmed.

Submissions of the Accounting Officer

63. The Accounting Officer submitted that the Fund did not maintain an asset register as it was relying on the procurement unit in the State Department for Social Protection for procurement services. However, the Fund has since tagged its assets and it has its own independent and updated assets register.

Observations and Findings of the Committee

64. **The Committee observed that;**

- i) The Trust Fund did not maintain an asset register as it was relying on procurement unit at the State Department for their procurement services;
- ii) The Fund has since developed its own assets register and tagged its assets;
- iii) The matter is resolved.

Recommendations of the Committee

65. **The Committee recommends that the Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.**

3.3 Examination of the Report of the Auditor General for the Financial Year 2019/2020.

1. Property, Plant and Equipment

1.1 Land LR No.209/11325 at Mukuru Kwa Njenga Slum

66. As previously reported, the Kenya Pipeline Company (KPC) donated and surrendered to the Trust Fund a parcel of land L.R No.209/11325 on 23 August, 2007. The title deed was surrendered to the Commissioner of Lands on 6 August, 2007 for purposes of transferring and registering the property in the name of the Trust Fund. However, review of the matter during the month of January, 2021, thirteen (13) years after the donation, revealed that the transfer has not been affected and the land in Mukuru Kwa Njenga slum has since been encroached upon by members of the public.

1.2 Parcels of Land in Embu, Murang'a and Laikipia

67. Information available indicates that the defunct Local Authorities of Embu, Murang'a and Laikipia allocated land to the Trust Fund informally as captured in the Minutes dated 19 September, 2016. The Trust Fund is however, yet to identify where the parcels of land are located or to obtain title deeds or any legal or formal documents of allocation. In addition, Management has not demonstrated any efforts put in place to acquire ownership documents.

1.3. LR. NO. Mavoko Town Block 3/2545

68. As was reported in the previous year, the Trust Fund purchased land measuring 8.09 hectares in Mavoko Town at a cost of Kshs.38 Million on 6 December, 2013. The original title was surrendered to the Ministry of Land for subsequent transfer in the same month. A review of the position during the audit, in the month of January, 2021, revealed that the said property had not been transferred to the Trust Fund.

Submissions of the Accounting Officer

69. Accounting Officer submitted the Kenya Pipeline Company Limited KPC donated land LR No. 209/11325 to the Fund and the title deed was surrendered to the Commissioner of Lands on 6th August 2007 for purposes of transferring it to the Fund. The Lease in the name of the Fund has been obtained but The Fund is yet to finalize the process of acquiring its title deed due to the current digitization of title deeds at the Ministry of Lands.
70. Accounting Officer further submitted that the defunct Local Authorities of Embu, Murang'a and Laikipia had informally promised to allocate land to the Trust Fund as captured in the minutes of 19th September 2016. However, follow up efforts on the same did not materialize as the local authorities failed to release the said parcels of land nor enter into any agreement with the Fund despite several visits to their offices. During a Board meeting that was held on 24th February 2022 it was resolved that the Fund will not continue pursuing parcels of land that were informally promised.

71. Accounting officer also submitted that the Fund purchased land ref. no. LR. No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town at a cost of kshs.38 million whose title deed has since been registered in the name of the Fund.

Observations and Findings of the Committee

72. The Committee observed that;

- i. The Lease in the name of the Fund has since been obtained however the Fund was yet to obtain the Title deed of land LR No. 209/11325 donated by the Kenya Pipeline Company Limited KPC;
- ii. The title deed for Mavoko Town Block 3/2545 has since been registered in the name of the Fund;
- iii. The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure to release documents nor enter into any agreement with the Fund despite several attempts;and
- iv. The matter remained unresolved.

Recommendation of the Committee

73. The Committee recommends that:

- i. The Accounting Officer to continue pursuing the ownership documents for LR No. 209/11325 donated to the Fund by the Kenya Pipeline Company Limited (KPC); and
- ii. Within three months of the adoption of this Report the Accounting officer to provide a status report to the Office of the Auditor General for audit verification.

Other Matter

2. Budget Control and Performance

74. The statement of comparative budget and actual amounts reflects budgeted and actual expenditure of Kshs.245,000,000 and Kshs.274,587,264 respectively resulting into an over expenditure of Kshs.29,587,264 or 12% which has not been explained in the notes to the financial statements.

Submissions of the Accounting Officer

75. The Accounting Officer submitted that the over-expenditure was occasioned by increased activities in the partner institutions. Such as the increased number of street families who were seeking rescue during the Covid -19 pandemic curfew. There was also increased activities to assess and respond to the situation of street families during the pandemic which had a negative toll on them. This was financed by the balance carried forward from previous financial years.

Observations and Findings of the Committee

76. The Committee observed that:

- i) The over-expenditure of Kshs.29,587,264 was occasioned by increased activities in Fund 's partner institutions such the increased number of street families who were seeking rescue during Covid – 19 curfew ;
- ii) The over-expenditure was financed by the balance carried forward from the previous financial years;
- iii) The management did not provide documentary evidence of the approval by the board to support the over-expenditure; and
- iv) The Matter remained unresolved.

Recommendation of the Committee

77. The Committee recommends that within three months of the adoption of this report the Accounting Officer to provide documentary evidence of the approval by the board to support the over-expenditure of Kshs. 29,587,264 to the Auditor - General for audit verification.

3. Incomplete Assets Register

78. Regulation 143 of the Public Finance Management (National Government) Regulations, 2015 requires an Accounting Officer to maintain a register of assets under his or her control or possession as prescribed by the relevant laws. However, the register of assets maintained by the Trust Fund did not include the date of purchase of some of the assets, the costs and the current location.

Submissions of the Accounting Officer

79. The Accounting Officer submitted that at the time of audit the asset register was not up to date as some assets had not been recorded. The register has since been updated and was provided for audit verification.

Observations and Findings of the Committee

80. The Committee observed that:

- i) The management had not updated the asset register was at the time of the audit as some assets had not been recorded, however it has since been updated; and
- ii) The matter is resolved.

Recommendations of the Committee

81. The Committee recommends that:

- (i) The accounting officer maintains a complete and updated asset register as per the requirement of Regulation 143 of the Public Finance Management (National Government) Regulations, 2015; and
- (ii) The Accounting Officer ensures that all applicable accounting and financial controls, systems, standards, laws, and procedures are followed in the

preparation of the financial statements in compliance with Public Finance Management Act, 2012, and in accordance with the standards prescribed by the Public Sector Accounting Standards Board as per Regulation 101(4) of the Public Finance Management (National Government) Regulations, 2015.

4. Lack of Information Technology Policy, Risk Management Policy, and Data Recovery Strategy

82. A review of the internal controls at the Trust Fund revealed weaknesses that included the absence of documented Data Recovery Strategy, Risk Management Policy, or an Information Technology Policy. There were no measures in place to mitigate against risks. The Trust Fund is therefore exposed to threats in terms of loss of strategic data and information regarding its operations, exposure to cyber-attacks, poor response to fire outbreaks and unsafe storage of information technology resources.

Submissions of the Accounting Officer

83. The Accounting Officer submitted that the Fund's operations were anchored on the Policy for the State Department for Social Protection. However, the Fund in consultation with the Ministry of ICT, ICTA and the State Department of Social Protection ICT Unit was in the process of designing the Data Recovery Strategy, Risk Management Policy and the Information Technology Policy.

Observations and Findings of the Committee

84. The Committee observed that:
- i. The Fund had not developed its own Data Recovery Strategy, Risk Management Policy, and Information Technology Policy and relied on the policies for State Department for Social Protection;
 - ii. The Fund was in the process of developing its own policies; and
 - iii. The matter remained unresolved.

Recommendations of the Committee

85. **The Committee recommends that within three months of the adoption of this report, the Accounting Officer submits a status report on the progress of the development of a Data Recovery Strategy, a Risk Management Policy and an Information Technology Policy to the Auditor - General for audit verification.**

5. Understatement of Directors' Expenses

86. Audit review of available records revealed that the remuneration of Directors' amount was made up of Chairman's honoraria and Director's emoluments of Kshs.420,000 and Kshs.1,562,000 respectively. In addition, the verification of payment vouchers of the Fund revealed that accommodation allowances for the Board of Trustees totalling Kshs.8,607,400

should have been charged to remuneration of Directors expenses against a budget of Kshs.2,259,200 but were instead charged under employee's costs. However, no explanation was provided for this anomaly.

Submissions of the Accounting Officer

87. The Accounting Officer submitted that remuneration of directors' amount was made up of chairman's honoraria and directors emoluments. This is because during the itemization of the budget for the Fund, accommodation allowances for the board of directors was classified under employee cost where the travel, motor car, accommodation, subsistence, and other allowances fall under as per note (17) provided in the revised template for the year ended 30th June 2021. Therefore, the expenses in accommodation allowances rather than directors' emoluments.

Observations and Findings of the Committee

88. The Committee observed that:
- i. The capturing of Board of Directors Allowances was classified under the employee cost where the travel, motor car, accommodation, subsistence and other allowances fall under as per the revised template;
 - ii. The matter is resolved.

3.4 Examination of the Report of the Auditor General for the Financial Year 2020/2021.

1. Lack of Land Ownership Documents

1.1 Land Ref: LR No.209/11325 Donated by the Kenya Pipeline Company Ltd

89. As previously reported, the Kenya Pipeline Company (KPC) donated and surrendered to the Trust Fund a parcel of land L.R No.209/11325 on 23 August, 2007. The title deed was surrendered to the Commissioner of Lands on 6 August, 2007 for purposes of transferring and registering the property in the name of the Trust Fund. However, review of the matter during the month of January, 2021, thirteen (13) years after the donation, revealed that the transfer has not been affected and the land in Mukuru Kwa Njenga slum has since been encroached upon by members of the public.

1.2 Parcels of Land in Embu, Murang'a and Laikipia

90. Information available indicates that the defunct Local Authorities of Embu, Murang'a and Laikipia allocated land to the Trust Fund informally as captured in the Minutes dated 19 September, 2016. The Trust Fund is however, yet to identify where the parcels of land are located or to obtain title deeds or any legal or formal documents of allocation. In addition, Management has not demonstrated any efforts put in place to acquire ownership documents.

1.3. LR. NO. Mavoko Town Block 3/2545

91. As was reported in the previous year, the Trust Fund purchased land measuring 8.09 hectares in Mavoko Town at a cost of Kshs.38 million on 6 December, 2013. The original title was surrendered to the Ministry of Land for subsequent transfer in the same month. A review of the position during the audit, in the month of January, 2021, revealed that the said property had not been transferred to the Trust Fund.

Submissions of the Accounting Officer

92. The Accounting officer submitted that the Kenya Pipeline Company Limited KPC donated land LR No. 209/11325 to the Fund and the title deed was surrendered to the Commissioner of lands on 6th August 2007 for purposes of transferring it to the Fund. The Lease in the name of the Trust Fund has been obtained but the Fund is yet to finalize the process of acquiring its title deed due to the current digitization of title deeds at the Ministry of Lands.
93. The Accounting Officer also submitted that the defunct Local Authorities of Embu, Murang'a and Laikipia had informally promised to allocate land to the Trust Fund. However, follow up efforts by the Fund on the same did not materialize as the local authorities failed to release the said parcels of land nor enter into any agreement with the Trust Fund despite several visits to their offices. The Board, in meeting held on 24th February, 2022, resolved that the Fund will not continue pursuing parcels of land that were informally promised.

94. The Accounting Officer further submitted that the Fund purchased land ref. no. LR. No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town at a cost of kshs.38 million whose title deed has since been registered in the name of the Trust Fund.

Observations and Findings of the Committee

95. The Committee observed that;

- i. The Fund has since obtained the Lease for LR No. 209/11325 donated by the Kenya Pipeline Company Limited KPC, however the Fund was yet to obtain the Title deed of land
- ii. The title deed for Mavoko Town Block 3/2545 has since been registered in the name of the Fund;
- iii. The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure by the relevant County Government to release documents nor enter into any agreement with the Trust Fund;and
- iv. The matter remained unresolved.

Recommendation of the Committee

96. The Committee recommends that:

- i. **The Accounting Officer to continue pursuing the ownership documents for LR No. 209/11325 donated to the Fund by the Kenya Pipeline Company Limited (KPC) ; and**
- ii. **Within three months of the adoption of this Report the Accounting officer to provide a status report to the Office of the Auditor General for audit verification.**

2. Accumulation of Idle Bank Balance

97. As disclosed in Note 9 to the financial statements, the statement of financial position shows a cash and cash equivalents balance of Kshs.143,111,500 (2020 - Kshs.130,325,621) representing cash held in the Fund's bank account. Further, the statement of financial performance indicates that Government transfers totalled Kshs.5,535,642, being transfers to street families' homes against the total transfers to the Trust Fund of Kshs.147,000,000 through Exchequer releases during the year under review. In addition, available information revealed that the cash in the bank account did not earn any interest for over two years. In the circumstances, the intended beneficiaries, being the street families, may not have benefitted as expected from the idle cash in the bank.

Submissions of the Accounting Officer

98. The Accounting Officer submitted that the Fund had a bank balance of Kshs.143,111,500 at the end of 2020/2021 financial year and Kshs 130,325,621 in 2019/ 2020. This is because the Fund operates as a Semi-Autonomous Government Agency (SAGA) and the balances in the

bank account were not returned to exchequer account at the closure of financial years. The Fund tried to have its budget enhanced to absorb the unutilized fund and to accomplish unfinished activities. However, the efforts were not successful, but the Fund continued to pursue the authorization.

Observations and Findings of the Committee

99. The Committee observed that:

- i. Kshs. 143,111,500 and Kshs 130,325,621 remained unutilized at the end of 2020/2021 and 2019/ 2020 financial years respectively; and
- ii. The matter remained unresolved.

Recommendations of the Committee

100. **The Committee recommends that the Accounting Officer to prepare and submit an enhanced budget to the Board in the next budget cycle 2024/2025 to ensure full of utilization of Kshs. 143,111,500 and Kshs 130,325,621 in the bank**

3. Unresolved prior year matters

101. In the audit of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resource, and Report on Effectiveness of Internal Control, Risk Management and Governance. Further, some of the prior year audit issues remained unresolved as at 30th June, 2021. However, the management had not resolved the issues or provided reasons for the delay in resolving prior year audit issues:
 - (i) The Trust Fund was allocated land by Kenya Pipeline at Mukuru Kwa Njenga. However, the Trust Fund has not been able to secure ownership documents under the name of the Fund. This is attributed to challenges experienced in processing the title deeds. However, efforts have been made and relevant documents indicating the progress are hereby attached.
 - (ii) The defunct Local Authorities of Embu, Muranga and Laikipia informally promised to allocate land to the Trust Fund. However, this informal allocation was not actualized before the dissolution of the Local Authorities, despite the efforts made by the Trust Fund to have the land formally released. Regular follow up made by the Trust Fund, the Embu County including drafting a memorandum of understanding to be signed between the two entities never materialized.
 - (iii) The Trust Fund purchased land ref. no. LR.No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town. The title deed has since been registered in the name of the Trust Fund.

Submissions by the Accounting Officer

102. The Accounting Officer submitted that;
- (i) The Fund was allocated land by Kenya Pipeline at Mukuru Kwa Njenga. However, the Trust Fund has not been able to secure ownership documents under the name of the Fund. This is attributed to challenges experienced in processing the title deeds.
 - (ii) The defunct Local Authorities of Embu, Muranga and Laikipia informally promised to allocate land to the Fund. However, this informal allocation was not actualized before the dissolution of the Local Authorities, despite the efforts made by the Fund to have the land formally released.
 - (iv) The Trust Fund purchased land ref. no. LR.No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town. The title deed has since been registered in the name of the Trust Fund
103. On Compliance with Public Sector Accounting Standards Board Reporting template, the Accounting Officer submitted that the Fund has since prepared the financial statements in line with the template provided by the National Treasury.

Observations and Findings of the Committee

104. The Committee observed that:
- (i) Prior-year audit issues remained unresolved at the end of the financial 2019/2020 against the requirement of Section 68(2)(I) of the Public Finance Management Act, 2012; and
 - (ii) The matter remained unresolved.

Recommendations of the Committee

105. **The Committee recommends that: Within three months of the adoption of this report the Accounting Officer resolves the outstanding prior year audit issues as required by Section 68(2)(I) of the Public Finance Management Act, 2012 and Section 53(1) of the Public Audit Act, 2015 and submits a status report to the Auditor General for audit verification.**
- 4. Lack of Fraud Management Policy**
106. Available records revealed that during the year under review, the Fund Management did not put in place an institutionalized fraud management policy as expected. Consequently, there are no formal approved processes and guidelines on how to mitigate operational, legal, and financial frauds such as, identifying business frauds relevant to financial reporting objectives, estimating significance of the frauds, assessing the likelihood of their

occurrence and deciding about actions to be taken to address those frauds. In the circumstances, the resources of the Trust Fund are at risk of loss due to fraud.

Submissions of the Accounting Officer

107. The Accounting Officer submitted that the Fund did not have its own Fraud Management policy. The Fund operations were anchored on the Fraud Management Policy of the State Department for Social Protection. The Audit Committee of the Board has however initiated the process of developing the policy in consultation with the State Department for Social Protection Internal Audit Unit and a Draft fraud management policy is in place.

Observations and Findings of the Committee

108. **The Committee observed that:**

- i) The Fund does not have its own Fraud Management policy and relied on the policy of the State Department for Social Protection;
- ii) The Fund is in the process of developing a Fraud Management policy; and
- iii) The matter remained unresolved.

Recommendations of the Committee

109. **The Committee recommends that within three months of the adoption of this report, the accounting officer submits a status report on the development of a Fraud Management Policy to the Auditor - General for audit verification.**

3.5 Examination of the Report of the Auditor General for the Financial Year 2021/2022.

1. Lack of Land Ownership Documents

1.1 Land Ref: LR No.209/11325 Donated by the Kenya Pipeline Company Ltd

110. As previously reported, the Kenya Pipeline Company (KPC) donated and surrendered to the Trust Fund a parcel of land L.R No.209/11325 on 23 August, 2007. The title deed was surrendered to the Commissioner of Lands on 6 August, 2007 for purposes of transferring and registering the property in the name of the Trust Fund. However, review of the matter during the month of January, 2021, thirteen (13) years after the donation, revealed that the transfer has not been affected and the land in Mukuru Kwa Njenga slum has since been encroached upon by members of the public.

1.2 Parcels of Land in Embu, Murang'a and Laikipia

111. Information available indicates that the defunct Local Authorities of Embu, Murang'a and Laikipia allocated land to the Trust Fund informally as captured in the Minutes dated 19 September, 2016. The Trust Fund is however, yet to identify where the parcels of land are located or to obtain title deeds or any legal or formal documents of allocation. In addition, Management has not demonstrated any efforts put in place to acquire ownership documents.

Submissions of the Accounting Officer

112. The Accounting officer submitted that the Kenya Pipeline Company Limited KPC donated land LR No. 209/11325 to the Fund and the title deed was surrendered to the Commissioner of Lands on 6th August 2007 for purposes of transferring it to the Fund. The Lease in the name of the Fund has been obtained but the Fund is yet to finalize the process of acquiring its title deed due to the current digitization of title deeds at the Ministry of Lands.
113. The Accounting officer further submitted that the defunct Local Authorities of Embu, Murang'a and Laikipia had informally showed willingness to allocate land to the Trust Fund as captured in the minutes of 19th September 2016. However, efforts made by the Fund to follow up on the same did not materialize as the local authorities failed to release the said parcels of land nor enter into any agreement with the Fund. Consequently, the Board, in a meeting held on 24th February, 2022, resolved that the Fund will not continue pursuing parcels of land that were informally promised.

Observations and Findings of the Committee

114. The Committee observed that:

- i. The Lease in the name of the Fund for LR No. 209/11325, donated by the Kenya Pipeline Company Limited KPC had been obtained however the Fund was yet to obtain the Title deed ;
- ii. The Fund's Board resolved not to continue pursuing lands informally allocated by the defunct Local Authorities due to the failure to release documents nor enter into any agreement with the Trust Fund; and
- iii. The matter remained unresolved.

Recommendation of the Committee

115. The Committee recommends that:

- i. The Accounting Officer to continue pursuing the ownership documents for land, LR No. 209/11325, donated to the Fund by the Kenya Pipeline Company Limited (KPC); and
- ii. Within three months of the adoption of this Report the Accounting Officer to provide a status report on the ownership documents for land, LR No. 209/11325, to the Auditor - General for audit verification.

2. Unresolved Prior Year Matters

116. In the Audit report of the previous year, several paragraphs were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board Templates.
117. The Trust Fund was allocated land by Kenya Pipeline at Mukuru Kwa Njenga. However, the Trust Fund has not been able to secure ownership documents under the name of the Fund. This is attributed to challenges experienced in processing the title deeds. However, efforts have been made and relevant documents indicating the progress provided.
118. The defunct Local Authorities of Embu, Muranga and Laikipia informally promised to allocate land to the Trust Fund. However, this informal allocation was not actualized before the dissolution of the Local Authorities, despite the efforts made by the Trust Fund to have the land formally released. Regular follow up made by the Trust Fund, the Embu County including drafting a memorandum of understanding to be signed between the two entities never materialized.
119. The Trust Fund purchased land ref. no. LR. No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town whose title deed has since been registered in the name of the Trust Fund.

120. As previously indicated, the Trust Fund has submitted all the necessary documents and made statutory payments and various correspondences to the relevant offices in trying to secure and utilize the Mukuru Kwa Njenga parcel of land and it is still pursuing the process. Other audit issues have been adequately addressed and the Trust Fund is ready for verification.
121. Compliance with Public Sector Accounting Standards Board Reporting template – The Trust Fund prepared its financial statements in line with the template provided by the National Treasury.

Submissions by the Accounting Officer

122. The Accounting Officer submitted that;
- (i) The Fund was allocated land by Kenya Pipeline at Mukuru Kwa Njenga. However, the Trust Fund has not been able to secure ownership documents under the name of the Fund. This is attributed to challenges experienced in processing the title deeds.
 - (ii) The defunct Local Authorities of Embu, Muranga and Laikipia informally promised to allocate land to the Trust Fund. However, this informal allocation was not actualized before the dissolution of the Local Authorities, despite the efforts made by the Trust Fund to have the land formally released.
 - (iii) The Fund purchased land ref. no. LR.No. Mavoko Town Block 3/2545 measuring 8.09 hectares in Mavoko Town. The title deed has since been registered in the name of the Trust Fund as evidenced in the attached document.
123. On Compliance with Public Sector Accounting Standards Board Reporting template the Accounting Officer submitted that the Fund has since prepared its financial statements in line with the template provided by the National Treasury.

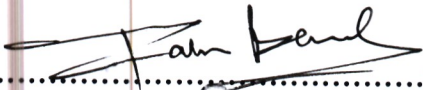
Observations and Findings of the Committee

124. The Committee observed that:
- ii. Prior-year audit issues remained unresolved at the end of the financial 2020/2021 against the requirement of Section 68(2)(I) of the Public Finance Management Act, 2012; and
 - iii. The matter remained unresolved.

Recommendations of the Committee

125. **The Committee recommends that: Within three months of the adoption of this report the Accounting Officer resolves the outstanding prior year audit issues as required by Section 68(2)(I) of the Public Finance Management Act, 2012 and Section 53(1) of the**

Public Audit Act, 2015 and submits a status report to the Auditor General for audit verification.

SIGNED..........DATE.....

HON. DAWOOD ABDUL RAHIM, HSC, MP
VICE CHAIRPERSON - SPECIAL FUNDS ACCOUNTS COMMITTEE

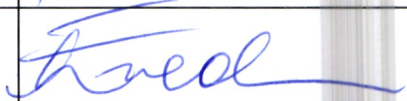
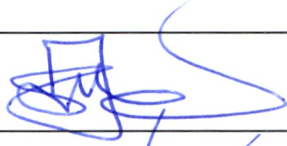
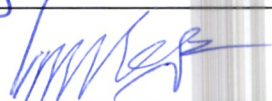
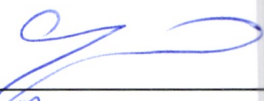
THIRTEENTH PARLIAMENT – SECOND SESSION

THE NATIONAL ASSEMBLY

SPECIAL FUNDS ACCOUNTS COMMITTEE.

**ADOPTION LIST FOR THE
AUDITED FINANCIAL STATEMENTS FOR
THE:**

STREET FAMILIES REHABILITATION TRUST FUND - 2017/2018 TO 2021/2022

NO.	NAME	SIGNATURE
1.	Hon. Fatuma Zainab Mohammed, MP - Chairperson	
2.	Hon. Dawood Abdul Rahim, HSC, MP – Vice-Chairperson	
3.	Hon. Charles Ngusya Nguna, MP	
4.	Hon. Dr. Christine Ombaka Oduor, MP	
5.	Hon. Erastus Kivasu Nzioka, MP	
6.	Hon. Eve Akinyi Obara, MP	
7.	Hon. Faith Wairimu Gitau, MP	
8.	Hon. Joseph Majimbo Kalasinga, MP	
9.	Hon. Tom Mboya Odege, MP	
10.	Hon. Catherine Nakhabi Omanyoo, MP	
11.	Hon. Cecilia Asinyen Ngitit, MP	
12.	Hon. Erick Kahugu Mwangi MP	
13.	Hon. Joseph Kimutai Cherorot, MP	
14.	Hon. Joshua Odongo Oron, MP	
15.	Hon. Paul Biego Kibichy, MP	