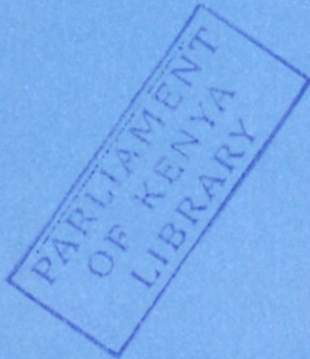


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

29 FEB 2024

DAY

TABLED
BY:

Hon Naomi Wago, MP
Deputy majority whip
A. Shubuka

OF

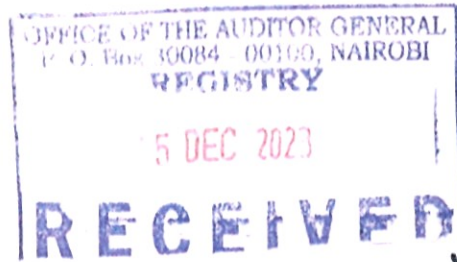
THE AUDITOR-GENERAL

ON

**NATIONAL LAND COMMISSION HOUSING
SCHEME FUND**

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

NATIONAL LAND COMMISSION



NATIONAL LAND COMMISSION

HOUSING SCHEME FUND

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

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

National Land Commission Housing Scheme fund
Annual Reports and Financial Statements
For the year ended June 30th 2023

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1. Abbreviations, Acronyms and Glossary of Terms

A. Abbreviations And Acronyms

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

B. Glossary of Terms

Fiduciary management- Members of management entrusted directly with the responsibility and trust for the organisation financial resources.

(This list is an indication of the common acronyms and abbreviations; the County should include all from the annual report and financial statements prepared)

2. Key Fund information and management

a) Background Information

National Land Commission Housing Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act (No. 18 of 2012) in the financial year 2018/2019.

The Fund is wholly owned by National Land Commission and is domiciled in Kenya.

b) Principal Activities

The Fund's principal activity is to offer low interest loan facilities to staff members of the commission to access affordable housing.

The Fund is administered by the National bank of Kenya (NBK). 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.

c) Board of Trustees/Fund Administration Committee

	Position	Name
1	Chairperson	Prof. David Kuria
2	Committee Members	1. CPA, Bernard Cherutich. 2. Mr. Ben Bett Tuwai 3. Mr. Edmond Gichuru Kiplagat 4. Mr. Joseph Muthomi
3	Fund Manager/Administrator	National Bank of Kenya

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d) Key Management

The key management personnel who held office during the financial year ended 30 June 2023 and who had direct fiduciary responsibility were:

	Position	Name
1.	Secretary/Chief Executive Officer (CEO)	Kabale Tache Arero
2.	Deputy Director, Public Land Information Management (PLIM)	Dr. Samuel Nthuni
3.	Director Land Use Planning (DLUP)	Mr. Charles Kagema
4.	Deputy Director Research	Dr. Mary Wandia Macharia
5.	Director Finance & Planning (DFP)	Mr. Bernard Kibet Cherutich
6.	Director Valuation & Taxation (DVT)	Ms. Joycelyn Makena
7.	Director Land Administration (DLA)	Prof. David Kuria
8.	Director Legal Affairs & Regulatory (DLAR)	Mr. Brian Ikol
9.	Ag. Director Human Resource and Administration (DHRA)	Mr. Ben Bett Tuwai
10.	Head Supply Chain Management (HSCM)	Mr. Mohamed Farah
11.	Head Audit & Risk Management (HARM)	Mr. Peter Ochuodho Ouma
12.	Head, Information & Communication Technology (HICT)	Mr. Amos Parletuan Kasaine
13.	Head Communication, Corporate Affairs & Advocacy	Mr. Walter Menya

NLC day-to-day management is under the following key organs:

Nine (9) Commissioners comprising of the Chairman and Eight (8) Commissioners. The Commissioners were engaged on a full-time basis. The Commissioners assumed office in December 2019 after the first Commission came to an end in February 2019

The Secretariat is headed by the Secretary/Chief Executive Officer supported by eleven (11) Directors and County coordination offices across the 47 counties. The Entity offices are headed by the County coordinators.

e) Fiduciary Oversight Arrangements

Audit and Risk Management Committee

The Committee is guided by the Audit Committee Charter that outlines its mandate and powers. The main responsibilities include review of financial information, ensuring adherence to and/or compliance with various legislations, professional standards and Commission policies while maintaining oversight on internal control systems. The Committee also reviews, advises and makes recommendations regarding the Commission's risk management. The members of this Committee during the quarter under review were:

Commissioner	Prof. James Tuitoek	-Chairman
Commissioner	Hon.Tiyah Galgalo	-Member
Commissioner	Mr. Reginald Okumu	-Member
Commissioner	Gertrude N. Nguku	-Member
HARM	Mr. Peter Ochuodho	-Secretary

Finance, Corporate Planning & Supply Chain Management Committee

The functions of this Committee include guiding on policy, processes and procedures on financial management in the Commission; sourcing for funds to the Commission budget; oversight over the management of funds of the Commission including procurement; and guidance on ICT issues of the Commission including provision of conducive working environment and working tools. The members of this Committee during the quarter under review were:

Commissioner	Hon.Kazungu Kambi	-Chairman
Commissioner	Alister Murimi	-Member
Commissioner	Hubbie Hussein Al -Haji	-Member
Commissioner	Hon.Tiyah Galgalo	-Member
DFCP	Mr Bernard Kibet Cherutich	-Secretariat
HSCM	Mohamed Farah	-Secretariat
CP	Timothy Kariuki	-Secretariat

Human Resource and Administration Committee

The functions of this Committee include guiding on policy, processes and procedures on staff management in the Commission; oversight over the management of human capital of the Commission including guidance on human resource management policy, staff recruitment, staff development and remuneration. The members of this Committee during the quarter under review were:

Commissioner	Hubbie Hussein Al Haji	-Chairlady
Commissioner	Kazungu Kambi	-Member
Commissioner	Alister Murimi	-Member
Commissioner	Hon. Tiyah Galgalo	-Member
Ag.DHRMA,	Mr Ben Bett	-Secretariat

Land Administration & Management, Natural Resources, Survey & GIM Committee

The functions of this Committee are to advise the Commission on the natural resources and research aspects for sustainable land management; resolve natural resource and land use conflicts among stakeholders; ensure that sustainable land management is achieved by all state agencies responsible for its management; determine the capacity needs of the Commission in achieving its sustainable land management; review policies, guidelines, procedures and processes necessary for the Commission to achieve its mandate in natural resources; determine necessary interventions, at policy and operational levels required for the Commission to realize its oversight roles in natural resources management; determine the types of research necessary to achieve sustainable land management as provided for in the COK Article 67 (2) (d); and ensure that there is adequate communications to the citizens of Kenya on the Commission's mandate in the management of land and land resources.

The Committee discharges some of the most vital functions of the Commission including approval of applications for change of user; approval of applications for allocation of public land; approval of extension of leases; approval of applications for setting apart of trust land; approval of applications for renewal of leases; approval of applications by County Governments for land exchange with individuals for public good; and discharge of approvals relating to or incidental to the functions of the Commission. The members of this Committee during the year under review were:

Commissioner	Reginald Okumu	-Chairman
Commissioner	Hubbie Hussein Al Haji	-Member
Commissioner	Hon. Esther M.Mathenge	-Member
DLA,	Prof. David Ndegwa Kuria	-Secretariat
DDR	Dr. Mary Macharia	-Secretariat

Land Valuation & Taxation Committee

The Constitutional mandate of this Committee is assessment of tax on land and premiums on immovable property in any area designated by law (Article 67(2) (g). The Committee sets policy direction and formulates rules, regulations and guidelines in respect to assesment of ground rents and stand premiums of new allocations; acquisition and compensation for public rights of way and wayleave as provided in the Land Act 2012 Sections 142-150; change of user and extension of user; lease renewals and extensions; sub-division of land; assesment and collection of rents, royalties and payments in respect to leases or licences; compulsory acquisition of land both at National and CountyGovernment levels. The Committee also provides oversight and guidance on key legal matters affecting the Commission including legal interpretations on the position of the Commission in regard to various cases at hand. The Committee is involved in the prioritisation of the inherited court cases and also any new cases arising out of land transactions. The Committee also guides on alternative dispute resolution methods with the aim of reducing the number of court cases to a bare minimum. Where and when necessary, the Committee seeks clarity from the courts and the Attorney General's office on any grey areas in the written law. The Committee also guides and reviews on investigations related to land matters touching on the Commission. The members of this Committee during the year under review were:

Commissioner	Alister Murimi	-Chairman
Commissioner	Gertrude N.Nguku	-Member
Commissioner	Ester M.Mathenge	-Member
Commissioner	Hon.Kazungu Kambi	-Member
DVT	Ms. Joycelyn Makena	-Secretariat

Legal Affairs & Alternative Justice Systems Committee

The Committee provides oversight and guidance on key legal matters affecting the Commission including legal interpretations on the position of the Commission in regard to various cases at hand. The Committee is involved in the prioritisation of the inherited court cases and also any new cases arising out of land transactions. The Committee also guides on alternative dispute resolution methods with the aim of reducing the number of court cases to a bare minimum. Where and when necessary, the Committee seeks clarity from the courts and the Attorney General's office on any grey areas in the written law. The Committee also guides and reviews on investigations related to land matters touching on the Commission. The members of this Committee during the year under review were:

Commissioner	Gertrude N.Nguk	-Chairperson
Commissioner	Alister Murimi	-Member
Commissioner	Prof.James Tuitoek	-Member
Commissioner	Ester M.Mathenge	-Member
DLAAJ,	Mr. Brian Adungo Ikol	-Secretariat

Land Use Planning, Research & Counties Committee.

The functions of this Committee are to advise the Commission on the natural resources and research aspects for sustainable land management; resolve natural resource and land use conflicts among stakeholders; ensure that sustainable land management is achieved by all state agencies responsible for its management; determine the capacity needs of the Commission in achieving its sustainable land management; review policies, guidelines, procedures and processes necessary for the Commission to achieve its mandate in natural resources; determine necessary interventions, at policy and operational levels required for the Commission to realize its oversight roles in natural resources management; determine the types of research necessary to achieve sustainable land management as provided for in the COK Article 67 (2) (d); and ensure that there is adequate communications to the citizens of Kenya on the Commission's mandate in the management of land and land resources.

The Committee discharges some of the most vital functions of the Commission including approval of applications for change of user; approval of applications for allocation of public land; approval of extension of leases; approval of applications for setting apart of trust land; approval of applications for renewal of leases; approval of applications by County Governments for land exchange with individuals for public good; and discharge of approvals relating to or incidental to the functions of the Commission. The members of this Committee during the year under review were:

Commissioner	Hon. Esther M. Mathenge	-Chairperson
Commissioner	Prof. James K. Tuitoek	-Member
Commissioner	Gertrude Nguku	-Member
Commissioner	Reginald Okumu	-Member
DLUP&R	Mr. Charles Kagema	-Secretariat

Corporate Communication, Advocacy, Partnerships & Resource Mobilization Committee

The functions of this Committee include guiding on policy, processes and procedures on Corporate Communication management in the Commission; sourcing for funds to the Commission budget; oversight over the management of funds of the Commission including procurement; and guidance on ICT issues of the Commission including provision of conducive working environment and working tools. The members of this Committee during the year under review were:

Commissioner	Hon. Tiyah Galgalo	-Chairman
Commissioner	Reginald Okumu	-Member
Commissioner	Hubbie Hussein Al-Haji	-Member
Commissioner	Hon. Kazungu Kambi	-Member
HICT	Mr. Amos Parletuan Kasaine	-Secretariat
HCCA	Mr. Walter Menya	-Secretariat

Other Oversight Activities

NLC has regular liaison with the Parliamentary Committee on land to ensure that issues of land are properly addressed and legislated. Similarly, Parliamentary Committee on Budgetary

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Appropriations and the National Treasury has oversight on the Commission's budgetary requirements, allocations and utilisation.

Registered Offices

Entity Headquarters

National Land Commission Headquarters

P.O. Box 44417-00100

316 Upper Hill Chambers

2nd Ngong Avenue

Nairobi, KENYA

f) Fund Contacts

Telephone: 0111042800

E-mail: info@landcommission.go.ke

Website: www.landCommission.go.ke

g) Fund Bankers

National Bank of Kenya

Upper Hill Branch

NHIF Building

P O Box 45219

GPO 00100

Nairobi, Kenya

Independent Auditors

Auditor-General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084



GPO 00100



Nairobi, Kenya

h) Principal Legal Adviser


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

3. The Board of Trustees/ Fund Administration Committee



 <p>Prof. David Kuria- Chairperson</p>	<p>Prof. David Kuria is a licensed surveyor and a full member of the Institution of Survey of Kenya (ISK). He holds a PhD in Civil Engineering from the University of Tokyo, Japan, MSc in Geoinformatics and Photogrammetry from the Stuttgart University of Applied Sciences, Germany and a BSc in Surveying from the University of Nairobi.</p> <p>He has over 24 years' experience in management, teaching and research gained from serving in various roles at Jomo Kenyatta University of Agriculture and Technology, Dedan Kimathi University of Technology and at the National Land Commission. Prof Kuria is widely published in the area of Geo-Information Management with more than 40 publications to his credit. He has served as Chairman of the Geomatic Engineering and Geospatial Information Science (GEGIS) Department and Director of the Institute of Geomatics, GIS and Remote Sensing (IGGRS) while at the Dedan Kimathi University of Technology.</p> <p>Prof. Kuria has been with the Commission since 2013 as a director. He is currently the Director of the Land Administration and Management Directorate.</p>
 <p>CPA, Bernard Cherutich- Member</p>	<p>Bernard Cherutich is a seasoned Financial Management Professional with experience spanning more than 22 years in Finance, Accounting, Administration and Planning.</p> <p>He joined the Commission in 2014 as the Deputy Director, Finance and Administration Directorate before he rose, in 2018, to his current position of Director, Finance and Corporate Planning. Prior to joining the Commission, he worked in senior management positions in various institutions including the Commission for the Implementation of the Constitution (CIC), Kenya Seed Company Ltd, Simlaw Seed Company Ltd, Postbank and the Kenya National Examination Council (KNEC). Mr. Cherutich is currently pursuing a Doctorate degree (PhD) in Business Administration at the Jomo Kenyatta University of Agriculture and Technology, JKUAT. He holds a Masters of Business Administration (MBA) – Finance, from the same institution and a Bachelor of Science (BSc.) in Applied Accounts from Oxford Brookes University, UK. He is a Certified Public Accountant CPA (K) and a full member of the Institute of Certified Public Accountants of Kenya (ICPAK) and also a member of Certified Public Secretary (CPS).</p> <p>His deep understanding of financial management has enabled him to continually provide expert opinion in the implementation of the Commission's mandate therefore, offering strategic</p>


	<p>leadership and financial guidance to ensure the Commission is able to meet its objectives and serve its clients effectively.</p>
 <p>Ben Bett Tuwai-Member</p>	<p>Mr. Ben Bett has a wealth of experience in providing Human Resource leadership having served in the industry for a period spanning over 20 years. He joined the Commission in 2014 as a County Coordinator and later redesignated to be Deputy Director Human Resources Management. Prior to joining the Commission, he worked in the banking sector where he rose through the ranks to become a Senior Human Resources Officer. He has a strong passion in Human Resources Management, Transformative Leadership and Organizational Development.</p> <p>He is a Certified Human Resource Professional – Kenya (CHRP-K). Further, he holds a Master of Science (MSc) Degree in Human Resource Management from Jomo Kenyatta University of Agriculture and Technology (JKUAT), a Bachelor of Education (Arts) Degree (Business Studies and Economics) from the University of Nairobi, Higher Diploma in Human Resources Management and Executive Certificate in Industrial Relations amongst others. He is a full member of the Institute of Human Resource Management (IHRM) and also a member of the American Global Academy of Finance Management and a Fellow of American Academy of Project Management – Association and Platforms. Mr. Bett has attended numerous professional trainings and career development programs both locally and internationally.</p> <p>Mr. Bett is responsible for providing leadership in the management and coordination of activities in the Human Resource Management and Administration Directorate. The activities that are coordinated by the Director includes but not limited to overall human resource strategy, training, employee development, human resource and budget forecasting, organizational development, employee relations and general administrative services. He has also been very instrumental in setting up Human Resources and Administration related structures for the Commission including the devolved units i.e., County Coordination offices.</p>
 <p>Edmond Gichuru Kiplagat-Member</p>	<p>Edmond Gichuru is an Advocate of the High Court of Kenya with over 17 years of experience. He is a holder of a Master of Laws from Syracuse University, New York, a Master of Arts in International Studies from University of Nairobi and a Bachelor of Laws from Moi University.</p> <p>Gichuru has held senior positions in both public and private sectors. He is currently the Deputy Director of Legal and Alternative Justice He has consulted for regional and international organizations and is widely published.</p>


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 Joseph Muthomi- Member	Mr. Joseph Muthomi is a Principal land administration and a full member of the Institution of Survey of Kenya (ISK). He has immense experience on land administration having worked at the Ministry of land and physical planning for many years.
7. Fund administrator	National Bank of Kenya

4. Management Team

Name	Details of qualifications and experience
 <p>Gershom Otachi B'wonamwa- Chairman</p>	<p>Commissioner Gershom Otachi is the Chairman of the National Land Commission and a graduate of the University of Nairobi (LLB, 1989). He was admitted to the Bar in 1990. He has been in Legal practice as an Advocate for 29 years, appearing before all levels of Courts and Specialized Tribunals in Civil, Criminal, Land and property, Succession and Election disputes besides practice in other aspects of Commercial law and Conveyancing. He has also simultaneously practiced law in international courts for a period of over twenty years. He has served as the Chairman in two State Corporations; Policy Holders' Compensation Fund (PHCF) and Geothermal Development Company (GDC) for a total of six years. He is a member of the Law Society of Kenya, East African Law Society, International Commission of Jurists (Kenya), International Criminal Bar (ICB), International Association of Defence Lawyers (IADAD), Association of Defence Lawyers at the UNICTR (ADAD) of which he was Vice –Chairman for 6 years and is on the ICC list of Counsel.</p>
 <p>Gertrude Nduku Nguku - Vice- Chair</p>	<p>Gertrude Nduku Nguku is the Vice Chairperson of the National Land Commission. She is a Kenyan Advocate who was admitted to the bar in 1990. She holds a LLB degree from the University of Nairobi and a Master of Advanced Studies in Peace and Conflict Studies from the European University Center for Peace Studies in Austria. She has researched and written extensively on administrative and management reforms of Kenya land law and policy to end conflict and structural marginalization. She is a recognized United</p>

	<p>Nations legal and judicial reform expert who has advised governments on issues of land management, adjudication, settlement, investigations and registration. She represented public and private clients during litigation and arbitration of land cases in Kenya and advised International Judge Panels during the investigations, trial and appeal of land, corruption and war crime cases. She managed a United Nations Operations land program as a Deputy Head to investigate, adjudicate and mediate on historical land injustices and illegal occupations in Kosovo, Serbia and Macedonia. As an Advisor of the United Nations Police Commissioner in Timor-Leste, she collaborated with development partners, national and municipality government authorities to spearhead the development of the first administrative and investigation policy of the police Vulnerable Persons Unit.</p>
 <p>Hon. Samwel Kazungu Kambi - Commissioner</p>	<p>Hon. Commissioner Samwel Kazungu Kambi holds a Master in Business Administration (MBA) from University of East Africa, Baraton and a Bachelor of Arts Degree in Development Studies from the same University. He worked as a Manager at Post Bank from 1990 to 1992. He started his political journey as a Member of Parliament for Kaloleni Constituency from 2007-2012. He served as an Assistant Minister for Medical Services from 2008 to 2013 under the Coalition Government.</p> <p>In May 2013, Hon. Kazungu Kambi was nominated by President Uhuru Kenyatta as a Cabinet Secretary (CS) for the Ministry of Labour and Social Services, a position he held from 2013 to 2015. During his tenure he was instrumental in spearheading transition of staff from National to the 47</p>

	<p>County governments. While at the helm as a Cabinet Secretary for Labor and Social Services, Hon. Kambi oversaw NSSF increase its revenue from Ksh 400m to Ksh. 1.2 billion by the time he was leaving. He revived National Industrial Training Authority (NITA), and was instrumental in the establishment of the National Employment Authority vide an Act of Parliament which seeks to connect job seekers with employers. He enhanced the growth of the National Cash Transfer Program, a support program for the elderly and the disabled from 1000 to over 7000 beneficiaries.</p> <p>At the Child Welfare Association, he spearheaded establishment of the National Adoption Society and the National Emergency Response, Welfare and Rescue Organization for children through a legal notice No. 58 of 23/05/1955. He has served as the Chairman of Coast Development Authority and also as a Director at the Betting Control and Licensing Board. He is pursuing a Doctorate of Philosophy (PhD) in Finance and Management at Baraton University.</p>
 <p>Prof. James K. Tuitoek - Commissioner</p>	<p>Prof, James K Tuitoek joined the Commission in November, 2019 and brings on board over 35 years' wealth of experience from diverse backgrounds. A research specialist with a bias towards animal science, Prof Tuitoek holds a PhD from the University of Guelph, Canada, MSc in Animal Science, University of Manitoba Canada and a BSc in Agriculture from the University of Nairobi.</p> <p>Prof Tuitoek has immense experience in the area of Management and Administration having served in various senior management roles at the Egerton University for a combined period of 19 years, half of which he was at the helm</p>

	<p>of the University as the Vice Chancellor. Prior to this, he also served as a Lecturer, Dean of Faculty (Agriculture) and Deputy Vice Chancellor (Administration and Finance). Prof. Tuitoek played a key role in the management of University Pension Plans, he was also instrumental in establishing favourable employee/ labour relations and corporate governance.</p> <p>Prof. Tuitoek is also the Chairman of the Audit & Risk Management Committee of the Commission and a member of other Commission Committees.</p>
 <p>Hubbie Hussein Al-Haji - Commissioner</p>	<p>Commissioner Hubbie Hussein Al-haji was the County Executive Committee member in Garissa County having held two different departments for the period between 2013 and 2017. She was first in charge of Agriculture, Livestock, Fisheries and Irrigation for Garissa County, she later held the same position in the department of Health Services; this follows the devolution of service from a national government to a County government. During her tenure several policies have been passed and initiative taken to attain the objective of the ministry. Under the Health docket, Garissa County was ranked as the best County in Kenya in the area of maternal and new borne health, due to enhanced referral mechanism and the established.</p> <p>Ms. Hubbie is a former Executive Director, and a founding member of Womankind Kenya (WOKIKE). It was founded in 1989 as a welfare society by local Somali pastoral women who were committed to improving the living standards and the level of decision making of their fellow pastoral women and the girls in the North Eastern province. Through her work at the organization, she has been instrumental in helping the</p>

	<p>community develop and institutionalize unique, innovative approaches to eradicate poverty, human rights abuse and empower women to foster community sustainability.</p> <p>Ms. Hubbie is also a former member of the Pay Review Board of the Kenya Armed Forces (Kenya Defence Forces) for the year 2009 to 2012. The major responsibility had to continuously review and assess the work condition of the Kenya military personnel and recommend favorable working conditions.</p> <p>Ms. Hubbie is also a former member of the famous Bomas of Kenya delegates for the Constitution Review; she was an active member of the legal committee, which was then chaired by Prof. Kivutha Kibwana (Current Governor of Makueni County). She played a critical role in looking in to a devolved governance system, the major focus by then was federalism.</p> <p>In 2006, she was awarded the Ralph Stone Memorial Award in recognition of her leadership in difficult circumstances and exemplary performance. In 2010 the President of Kenya awarded her with the prestigious award of the Order of the Moran of the Burning Spear (MBS) and also the UN Human Rights Office recognised her efforts along with the two other people in Kenya for their outstanding performance in Human Rights advocacy. Ms Hubbie is an expert in Sustainable Development, Livelihood and food security as well as Gender and Human Right</p>



Reginald Okumu - Commissioner

Commissioner Reginald Okumu- is a seasoned professional with 20 (+) years of experience leading both profit and non-profit organizations including being Chairman of the Institution of Surveyors Kenya and Board Member, National Housing Corporation. He has served in various capacities including Chief Operating Officer, Director, Senior Valuer, Real Estate Development Advisor and Commercial Negotiator in different private sector organizations and professional services/consultancy firms. Commissioner Okumu is a Full Member of the Institution of Surveyors of Kenya, Practicing Valuer and Estate Agent by profession. He holds a Master's Degree in Business Administration from Strathmore Business School, a Bachelor's Degree in Land Economics from the University of Nairobi, a Post Graduate Diploma in Valuation and Estate Management Surveying from the Institution of Surveyors of Kenya and Certificate in Land Administration in Africa Searching for Land Tenure Security from the World Bank Institute. Commissioner Okumu is well conversant with the land estate sector, having specific expertise on land use and hands on experience in acquisition, development, valuation, management and disposal. Commissioner Okumu professional background, education and experience have contributed to equip him with relevant knowledge and well-rounded skills including negotiations, strategic planning, building teamwork, communication and stakeholder engagement.



Hon. Tiyah Galgalo-Commissioner


Hon. Tiyah Galgalo is a Commissioner at National Land Commission, Kenya. She is a former legislator, a seasoned public administrator, an educationist and is passionate about mentoring pastoralist girls.


She has vast experience in Consultancy work in Research, Governance, and Education among others. In addition to that, a champion for Disaster Risk Reduction (DRR), Governance & Gender, Monitoring & Evaluation and Resource Mobilization.

Hon. Tiyah Galgalo holds a Bachelors in Education from Kenyatta University and a Masters in Educational Administration and Planning from the University of Nairobi and previously served as the Women Representative for Isiolo County from 2013-2017.

In 2009-2011, Hon. Galgalo served as a Commissioner at Interim Independent Electoral Commission (IIEC) Kenya. 2004-2009 a member of the National Commission on Gender and Development. 2017-2019 a County Executive Committee member (CECM), in charge of public service & county administration, Tourism, Wildlife, Trade Cooperative, Industrialization and Enterprise Development.

During the period of 2008-2009 she served as a Commissioner of Poverty Eradication Commission from. In addition, she was an Emergency Educational Officer and Head of Kisumu Field Office (UNICEF: Kenya County Office) 2008-2009, a Program Officer (Pastoralist Development Network) 2005-2009, also served as the Principal Isiolo Girls High School from 1992-2004. She is a founder member of Foundation for Pastoralists Women

	(FOPOWA) and patron of Baliti FM Community Radio (Isiolo).
 <p>Hon. Esther M. Mathenge- Commissioner</p>	<p>Hon. Esther Murugi Mathenge EGH is currently a Commissioner with the National Land Commission, Kenya who has vast experience on matters of land administration and Valuation and Estate Agents.</p> <p>She serves as a Council Member to the University of Tangaza. Tangaza University is a constituent college of Catholic University of East Africa (CUEA) working towards a charter. She was appointed in February 2020. The role of the Council is to direct the affairs of the University.</p> <p>Hon. Esther M. Mathenge is the current chair of the University Council's Corporate Affairs Committee. The role of the Committee is amongst others to oversee the University's compensation and benefits policies, evaluate senior executive performance, oversee succession planning for the senior management and to review and to recommend to the University Council corporate governance guidelines and the Code of Conduct for the University. She is also a trustee of the Nairobi Hospital.</p> <p>Hon. Esther M. Mathenge has a Master's Degree from the UNIVESITA CATTOLICA DEL SACRO CUORE in Global Business and Sustainability in Social Entrepreneurship.</p> <p>She holds a BA in Land Economics from the University of Nairobi, and is a registered member of the Institute of Surveyors in the Valuation and Estate Agents' Chapter and Land Management Chapter.</p>

	<p>Hon. Esther M. Mathenge worked with Government of Kenya as Land Administrator and several real estate companies.</p> <p>Hon. Esther M. Mathenge has been a member of parliament representing Nyeri Town Constituency from 2008- 2017. As a Member of Parliament, her job was to represent the people; legislate and oversight both the executive and judiciary.</p> <p>Hon. Esther M. Mathenge has had opportunity to serve as a Minister (currently referred to as Cabinet Secretaries) for two ministries. She was the minister for Gender, Children and Social Affairs. This involved the formulation for the care of children and most vulnerable in society i.e. Elderly and persons with disability (2008-2010).</p> <p>She also served as the Minister of Special Programmes. The appointment entailed dealing with disasters both manmade and natural. Her responsibilities also required her to formulate disaster management and HIV policies (2010-2013)</p> <p>Hon. Esther M. Mathenge has a love for women and encourages them to step up and aim high. She has in the past worked very closely with international organization SORPTIMIST INTERNATIONAL Kenyan Chapter. This organization worked with women to improve their social economic and education standards. She served as the Chairperson of the Kenya Chapter in (1998-2001).</p>
	<p>Kabale Tache Arero was appointed as the CEO of the National Land Commission on 1st July 2023. She was instrumental in managing the transition following the exit of former commissioners and the incoming of the, then, newly appointed commissioners. Before her appointment to her</p>

<p>Ms. Kabale Tache Arero- Secretary/Chief Executive Officer.</p>	<p>current position, she was Director of Human Resources and Administration. She holds a Master's Degree in Business Administration (MBA) from Kenyatta University and a Bachelor's Degree in Human Resources. She is a full member of the Institute of Human Resource Management among other professional bodies.</p> <p>Ms. Kabale is a seasoned career professional with over 20 years' wealth of successful experience providing human Resources, Operational and Strategic leadership in uniquely challenging environments. Dynamic, results-oriented leader with a strong track record of performance in both Government and quasi Government institutions including the banking sector. She is exemplary at the utilization of keen analysis, insights and team approach to drive organizational improvements and implementation of best practices. Her superior interpersonal skills have in the past, enabled her to resolve multiple and complex issues while also motivating staff to peak performance.</p>
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5. Chairman of the Board of Trustees NLC Housing Scheme Fund Report

It is my pleasure to present, on behalf of the Fund Management Committee, The National Land Commission's Housing scheme fund financial statements for the year ended 30th June 2023. The financial statements present the financial performance of the fund over the accounting period.

National Land Commission Housing Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act (No. 18 of 2012) in the financial year 2018/2019. The Fund is wholly owned by National Land Commission Housing Fund and is domiciled in Kenya.

The fund's objective is to facilitate state officers and other public officers within the Commission to benefit from government funded loans to access Mortgage loan facilities.

The CEO of National Land Commission being the accounting officer of the Commission was appointed the signatory of the fund.

The National Land Commission Housing Scheme Fund was established in the financial year 2018/2019. The funding were obtained from the parent entity being the National Land Commission.

	Financial Year	Amount disbursed
1	Balance b/f FY 2021/2022	76,887,543
2	2021/2022	20,151,100
3	Transfer from Car Loan	4,535,000
4	2022/2023	16,000,000
5	Transfer from Car Loan	20,000,000
		137,573,643

During the year under review and amount of Ksh. **20,000,000** was received from the Car Loan Account making the total Revolving Fund for Housing Scheme fund stand at **Ksh. 137,573,643**

Review of performance

Income

The fund earned revenues amounting to Kshs. **3,488,220** which were from the interest earned on the loans disbursed to Staff of Ksh **2,402,991**. Interest earned on the deposits maintained at National Bank of Kenya of Ksh **1,085,229** and a further levy of application fees of Ksh **12,000**

Expenditures

The total expenditures during the period amounted to Kshs **2,402,991** This figure represents the administrative costs. This is the 3% of the interest charged on the Mortgage which the administrator (National Bank of Kenya) deducts as per the agency agreements with the commission.

Future Outlook

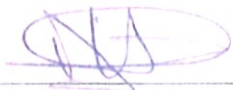
The fund's main objective is to build a robust and sustainable fund base. We expect to disburse more loans due to the many number of applications (9) we have since received. The fund looks forward to benefit from continued support from the parent entity in the realization of its mandate.

Appreciation

I take this opportunity to express my sincere gratitude and appreciation to the administrator, stakeholders, management, staff and fellow committee members for their continued support which made us achieve these results.

I look forward to your continued support in the year 2023/2024.

Signed: _____



Prof. David Kuria

Chairman of the Board of Trustees

6. Report of the Fund Manager/Administrator

The Fund administrator submits their report together with the unaudited financial statements for the year ended June 30th, 2023 which show the state of the Fund affairs.

National Land Commission Housing Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act (No. 18 of 2012) in the financial year 2018/2019. The Fund is wholly owned by National Land Commission Housing Scheme Fund and is domiciled in Kenya.

The fund's objective is to facilitate state officers and other public officers within the Commission to benefit from government funded loans to access Mortgage loan facilities.

The CEO of National Land Commission being the accounting officer of the Commission was appointed the signatory of the fund.

Value for Money

The National Land Commission Housing Scheme Funds were utilized in accordance with the provisions of Public Finance Management Act 2012 and the purpose for which they were intended for.

Progress Loan Disbursement

During the financial year 2022/2023 under review The National Land Commission disbursed a total of **Ksh 24,800,000**

Progress on Loan Recovery

During the financial year 2022/2023 under review The National Land Commission recovered a total of **Ksh 3,607,017** as principal amounts of loan balances.

Income

The fund earned revenues amounting to Kshs. **3,488,220** which were from the interest earned on the loans disbursed to Staff of Ksh **2,402,991**, Interest earned on the deposits maintained at National Bank of Kenya of Ksh **1,085,229** and a further levy of application fees of Ksh **12,000**

*National Land Commission Housing Scheme fund
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Expenditures

The total expenditures during the period amounted to Kshs **2,402,991**. This figure represents the administrative costs. This is the 3% of the interest charged on the Mortgage which the administrator (National Bank of Kenya) deducts as per the agency agreements with the commission.

Principal Activities

The principal activity of the Fund is to offer low interest loan facilities to staff to access Mortgage loans.

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.


Kabale Tache Arero
Secretary/CEO

7. Statement of Performance against Predetermined Objectives

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer for a national government entity shall prepare financial statements in respect of the entity. When preparing financial statements of each entities in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the county government entity's performance against predetermined objectives.

The key development objectives,

- a) The Fund's principal activity is to offer low interest loan facilities to members of the commission to purchase houses.

Progress on attainment of Strategic development objectives

During the financial year **2022/2023** The National Land Commission recovered Kshs. **3,607,017** and disbursed a total of Kshs **24,800,000**

8. Corporate Governance Statement

NLC day-to-day management is under the following key organs:

Nine (9) Commissioners comprising of the Chairman and Eight (8) Commissioners. The Commissioners were engaged on a full-time basis.

The Secretariat is headed by the Secretary/Chief Executive Officer supported by eleven (11) Directors and Entity coordination offices across the 47 counties. The Entity offices are headed by the Entity coordinators.

In executing its mandate, the commission has the following oversight committees:

1. Audit and Risk Management Committee
2. Finance and Administration Committee
3. Human Resource Committee
4. Credit Committee

Other Oversight Activities

NLC has regular liaison with the Parliamentary Committee on land to ensure that issues of land are properly addressed and legislated. Similarly, Parliamentary Committee on Budgetary Appropriations and the National Treasury has oversight on the Commission's budgetary requirements, allocations and utilisation

Communication with all Stakeholders

The Commission is committed to ensuring that all its stakeholders are provided with full and timely information about its programmes and performance. They are also given an opportunity to give feedback.

9. Management Discussion and Analysis

The National Land Commission Staff Mortgage loan Scheme Fund was established in the financial year 2018/2019. The funding were obtained from the parent entity being the National Land Commission

Financial Year		Amount disbursed
1	Balance B/F FY 2021/2022	76,887,543
2	2021/2022	20,151,100
3	Transfer from Car Loan	4,535,000
4	2022/2023	16,000,000
5	Transfer from Car Loan	20,000,000
		137,573,643

During the year under review and amount of **Ksh 20,000,000** was transferred from the Car loan account making the total Revolving Fund for Mortgage Loan Scheme stand at Ksh **137,573,643**.

Review of performance

Income

The fund earned revenues amounting to Kshs. **3,448,220** which were from the interest earned on the loans disbursed to Staff of Ksh **2,402,991**, Interest earned on the deposits maintained at National Bank of Kenya of Ksh **1,085,229** and a further levy of application fees of Ksh **12,000**

Expenditures

The total expenditures during the period amounted to Kshs **2,402,991**. This figure represents the administrative costs. This is the 3% of the interest charged on the Mortgage which the administrator (National Bank of Kenya) deducts as per the agency agreements with the commission.

10. Environmental and Sustainability Reporting

a) Sustainability strategy and profile

The top management especially the accounting officer should refer to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

b) Environmental performance /climate change/ mitigation of natural disasters

The National Land Commission is yet to establish an environmental policy to guide its operations. Nevertheless, The Commission has adopted the use of ICT in order to minimize on the use of paper work.

c) Employee welfare

The National Land Commission has put in place the following policies to guide while undertaking employee's welfare:

- Human Resources Manual Policy

11. Report of the Fund Administration Committee

The Fund administrator submits their report together with the unaudited financial statements for the year ended June 30th, 2023 which show the state of the Fund affairs.

National Land Commission Mortgage Loan Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act (No. 18 of 2012) in the financial year 2018/2019. The Fund is wholly owned by National Land Commission Mortgage Loan Scheme Fund and is domiciled in Kenya.

The fund's objective is to facilitate state officers and other public officers within the Commission to benefit from government funded loans to access Mortgage Loan facilities.

The CEO of National Land Commission being the accounting officer of the Commission was appointed the administrator of the fund.

Value for Money

The National Land Commission's Mortgage Loan Scheme Funds were utilized in accordance with the provisions of Public Finance Management Act 2012 and the purpose for which they were intended for.

Progress Loan Disbursement

During the financial year **2022/2023** under review The National Land Commission disbursed a total of **Ksh 24,800,000**

Progress on Loan recovery

During the financial year **2022/2023** under review The National Land Commission recovered a total of **Ksh 3,607,017** as principal amounts of loan balances.

Income

The fund earned revenues amounting to **Kshs. 3,488,220** which were from the interest earned on the loans disbursed to Staff of **Ksh 2,402,991** Interest earned on the deposits maintained at National Bank of Kenya of **Ksh 1,085,229** and a further levy of application fees of **Ksh 12,000**

Expenditures

The total expenditures during the period amounted to Kshs. **2,402,991**. This figure represents the administrative costs. This is the 3% portion of the interest charged on the mortgage which the administrator (National Bank of Kenya) deducts as per the agency agreements with the commission.

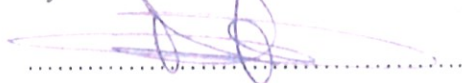
Principal activities

The principal activity of the Fund is to offer low interest loan facilities to staff to access mortgage loans.

Auditors

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

By Order of the Board



Chair of the Board/Fund Administration Committee



12. Statement of Management's Responsibilities

Section 84 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Administrator of a Fund established by an Act of parliament (PFM Act 2912) shall prepare financial statements for the Fund in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board.

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

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023, and of the Fund's financial position as at that date.

The Administrator further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Administrator of the Fund has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.

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

Approval of the financial statements

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

..........

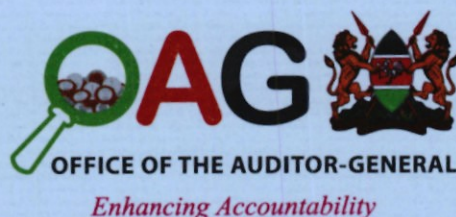
Kabale Tache Arero
Secretary /CEO

..........

Prof. David Kuria
Chairperson of the Fund.

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL LAND COMMISSION HOUSING SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2023 - NATIONAL LAND COMMISSION

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of National Land Commission Housing Scheme Fund set out on pages 1 to 25, which comprise of the statement of

Report of the Auditor-General on National Land Commission Housing Scheme Fund for the year ended 30 June, 2023 - National Land Commission

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Land Commission Housing Scheme Fund as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (National Land Commission Housing Scheme Fund) Regulations, 2016.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,500,220 and Kshs.3,500,220 respectively, or 100% budget realization. Further, the Fund spent an amount of Kshs.2,402,991 against an approved budget of Kshs.2,402,991 or 100% budget performance. However, Management did not provide for audit the approved budget for the Fund. As a result, it was not possible to determine whether there was an initial budget or whether Management drew the 'budget' after realization and performance of its activities.

In the circumstances, the performance of the Fund against the budget could not be confirmed.

My opinion is however not modified in respect of the above matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters – Unreconciled Long Outstanding Receivables from Exchange Transactions

In the audit report of the previous year, the statement of financial position reflected long-term receivables from exchange transactions balance of Kshs.48,993,645 as was disclosed in Note 5 to the financial statements. However, the loan statements from the bank reflected a total amount of Kshs.41,875,799 resulting to an unexplained variance of Kshs.7,117,846 and further, no ageing analysis was provided contrary to the requirement of the reporting template.

Although Management has indicated that the balances have been reconciled, the Public Account Committee (PAC) of the National Assembly's report has not been issued on the deliberation and resolution thereof.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with an Addendum to the Agreement with the Fund Administrator

Review of mortgage records provided for audit revealed that a local Bank which is the appointed Fund Manager/Administrator has been charging the Fund 5% as administration fees since the Addendum to the Fund administration agreement was signed on 05 September, 2018. The Addendum to the agreement indicated that the administrative fee charged by the Bank was to increase from 3% to 5% of the mortgage repayments for the year with the Bank administration fee being 3% and 2% maintained to grow the fund. However, over the years, the Bank has not maintained the 2% growth to the Fund as agreed. This is contrary to the Addendum to the agreement (Memorandum of Understanding) dated 5 September, 2018 which amended clause 8 of the original agreement dated 28 February, 2017.

Management has explained that the Commission contacted the Fund/Administrator and the Bank has agreed to review the relevant data with a view to establish the number of mortgage repayments affected by the 2% refund (required to grow the Fund) as per the Addendum to the agreement.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

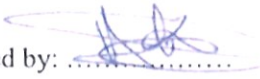
08 January, 2024

Report of the Auditor-General on National Land Commission Housing Scheme Fund for the year ended 30 June, 2023 - National Land Commission

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

	Note	2022/2023	2021/2022
		KShs	KShs
Revenue from exchange transactions			
Interest income	1	3,488,220	2,566,017
Other income	2	12,000	9,000
Total revenue		3,500,220	2,575,017
Expenses			
Use of Goods and Services	3	(2,402,991)	(719,993)
Total expenses		(2,402,991)	(719,993)
Surplus for the period		1,097,229	1,855,024

The notes set out on pages 18 to 21 form an integral part of these Financial Statements


The fund financial statements were approved on 25th Sept. 2023 and signed by: 



Kabale Tache Arero
Secretary /CEO



CPA Bernard Kibet Cherutich
Fund Accountant
ICPAK M/No 5816




Prof. David Kuria
Chairperson of the Fund

National Land Commission Housing scheme fund
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15. Statement of Financial Position as at 30th June 2023

	Note	2022/2023	2021/2022
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	4	71,462,017	55,557,861
Non-current Assets			
Receivables from exchange transactions	5	70,186,718	48,993,645
Total assets		141,648,735	104,551,506
Liabilities			
Total liabilities		-	-
Net assets			
Mortgage Revolving Fund	6	137,573,643	101,573,643
Accumulated Surplus	11	4,075,092	2,977,863
Total Net Assets		141,648,735	104,551,506
Total Net Assets and Liabilities		141,648,735	104,551,506

The accounting policies and explanatory notes set out from page 18 to 21 of these financial statements form an integral part of the financial statements.

The fund financial statements were approved on 25th Sept 2023 and signed by 



Kabale Tache Arero
 Secretary /CEO



CPA Bernard Kibet Cherutich
 Fund Accountant
 ICPAK M/No 5816



Prof. David Kuria
 Chairperson of the Fund

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

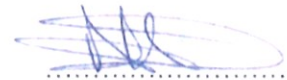
	Mortgage Fund	Revaluation Reserve	Accumulated surplus	Total
	KShs	KShs	KShs	KShs
As at 1 July 2021	76,887,543	-	1,122,839	78,010,382
Surplus for the period	-	-	1,855,024	1,855,024
Funds received during the year	20,151,100	-	-	20,151,100
Transfer - Funds from Car Account	4,535,000			4,535,000
As at 30 June 2022	101,573,643	-	2,977,863	104,551,506
Balance as at 1 July 2022	101,573,643	-	2,977,863	104,551,506
Surplus for the period		-	1,097,229	1,872,960
Transfer from Car loan account	20,000,000	-		20,000,000
Funds received during the year	16,000,000			16,000,000
Interest capitalized	-	-	-	-
As at 30 June 2023	137,573,643	-	4,075,092	141,648,735



Kabale Tache Arero
 Secretary /CEO



CPA Bernard Kibet Cherutich
 Fund Accountant
 ICPAK M/No 5816



Prof. David Kuria
 Chairperson of the Fund

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

	Note	2022/2023	2021/2022
		KShs	KShs
Cash flows from operating activities			
Receipts			
Interest income received	1	3,488,220	2,566,017
Other income	2	12,000	9,000
Total Receipts		3,500,220	2,575,017
Payments			
Use of Goods and Services	3	2,402,991	719,993
Total Payments		2,402,991	719,993
Net cash flows from operating activities	10	1,097,229	1,855,024
Cash flows from investing activities			
Proceeds from loan principal repayments	7	3,607,017	1,053,316
Loan disbursements paid out	8	(24,800,000)	(25,920,000)
Net cash flows used in investing activities		(21,192,983)	(24,866,684)
Cash flows from financing activities			
Proceeds from revolving fund receipts	9	16,000,000	20,151,100
Receipts into the mortgage revolving fund		20,000,000	4,535,000
Net cash flows used in financing activities		36,000,000	24,686,100
Net increase/(decrease) in cash and cash equivalents		15,904,246	1,674,440
Cash and cash equivalents at 1 July		55,557,861	53,883,421
Cash and cash equivalents at 30 June	4	71,462,017	55,557,861

The accounting policies and explanatory notes set out from page 18 to 21 of these financial statements form an integral part of the financial statements.



Kabale Tache Arero
Secretary /CEO



CPA Bernard Kibet Cherutich
Fund Accountant
ICPAK M/No 5816



Prof. David Kuria
Chairperson of the Fund

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	KShs	KShs	KShs	KShs	KShs	KShs
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other Parent Ministry/ SC/SAGA	-	-	-	-	-	0%
Interest income		3,488,200	3,488,200	3,488,200	-	100%
Other income		12,000	12,000	12,000		100%
Total Revenue	-	3,500,220	3,500,220	3,500,220	-	100%
Expenses	-		-	-	-	-
Use of goods and services		2,402,991	2,402,991	2,402,991	-	100%
Expenditure	-	2,402,991	2,402,991	2,402,991	-	100%
Surplus for the period		1,097,229	1,097,229	1,097,229		100%



Kabale Tache Arero
Secretary /CEO



CPA Bernard Kibet Cherutich
Fund Accountant
ICPAK M/No 5816



Prof. David Kuria
Chairperson of the Fund

19. Notes to Financial Statement

A. General Information

National Land Commission Housing Scheme Fund is established by and derives its authority and accountability from The Public Finance Management Act (No. 18 of 2012) in the financial year 2018/2019. The Fund is wholly owned by National Land Commission Housing Scheme Fund and is domiciled in Kenya.

B. 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 in the Notes

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.

C. Adoption Of New and Revised Standards

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

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective Date and Impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</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 the Fund's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between a Fund's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The</p>

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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>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</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>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>

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Standards	Effective date and impact
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and 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>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

ii. Early adoption of standards

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

D. 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 applies this yield to the principal outstanding to determine interest income for each period.

b. Budget information

The original budget for FY 2022/2023 was approved on July 1, 2022. 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.

Accordingly, the Fund recorded additional appropriations of **Kshs. 16,000,000** for the FY 22/23 budget following the governing body's approval.

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

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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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts as per the statement of financial performance has been presented under section 17 and page 5 of these financial statements.

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.

Significant Accounting Policies continued

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 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.

Impairment of financial assets

The Fund assesses at each reporting date whether there is objective evidence that a financial asset or a Fund of financial assets is impaired. Management then follows the procedure required by Regulation 145 of the PFM Act. A financial asset of the Fund is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more

Significant Accounting Policies continued

events that has occurred after the initial recognition of the asset (*an incurred 'loss event'*) and that loss event has an impact on the estimated future cash flows of the Fund that can be reliably estimated. Evidence of impairment may 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 arrears or 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 or deficit or loans and borrowings, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable 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.

Significant Accounting Policies continued

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.

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 various commercial banks at the end of the financial year.

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Significant Accounting Policies continued

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.

c. Ultimate and Holding Fund

The Fund is established under Section 24 (4) PFM Act under the National Land Commission. Its ultimate parent is the Government of Kenya.

p. Currency

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

Significant Accounting Policies continued

E. Significant judgments and sources of estimation uncertainty

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

a) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. (See *IPSAS 1.140.*)

b) Useful lives and residual values

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

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

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Notes to Financial Statement

1. Interest income

Description	2022/2023	2021/2022
	KShs	KShs
Interest income from Mortgage loans	2,402,991	1,199,989
Interest income on bank deposits	1,085,229	1,366,029
Total interest income	3,488,220	2,566,017

2. Other income

Description	2022/2023	2021/2022
	KShs	KShs
Application fees	12,000	9,000
Total other income	12,000	9,000

3. Use of Goods and Services

Description	2022/2023	2021/2022
	KShs	KShs
Loan processing costs	-	-
Administration costs	2,402,991	719,993
Total	2,402,991	719,993

4. Cash and cash equivalents

Description	2022/2023	2021/2022
	KShs	KShs
Mortgage loan-National Bank of Kenya A/c 01288032980000	71,462,017	55,557,861
Total cash and cash equivalents	71,462,017	55,557,861

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Notes to the Financial Statements (continued)

5. Receivables from exchange transactions

Description	2022/2023	2021/2022
	KShs	KShs
Current receivables		-
Non-Current receivables		
Long term loan repayments due	70,186,718	48,993,645
Long term loan repayments due –Car Loans		
Total Non- current receivables	70,186,718	48,993,645
Total receivables from exchange transactions	70,186,718	48,993,645

Ageing analysis (receivable from exchange transactions)	2022/2023	%	2021/2021	%
For next twelve months	7,021,116	100%	4,751,844	100%
Total	7,021,116	100%	4,751,844	100%

6. Revolving Fund

Description	2022/2023	2021/2022
	KShs	KShs
Balance at beginning of the period	101,573,643	76,887,543
Transfer From NLC	16,000,000	20,151,100
Transfer of Funds from car loan account	20,000,000	4,535,000
Balance at end of the period	137,573,643	101,573,643

7. Proceeds from loan principal repayments

Description	2022/2023	2021/2022
	KShs	KShs
Principal loan repayments	3,606,017	1,053,316
Total receivables from exchange transactions	3,606,017	1,053,316

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Notes to the Financial Statements (continued)

8. Loan disbursements paid out

Description	2022/2023 KShs	2021/2022 KShs
Marion Mutai	7,200,000	
Mary Ngundo	14,000,000	
Violet Okumu	3,600,000	
Edmond Gichuru Kiplagat		11,070,000
Ben Bett Tuwai		14,850,000
Total receivables from exchange transactions	24,800,000	25,920,000

9. Proceeds from Revolving fund receipts

Description	2022/2023 KShs	2021/2022 KShs
Transfer- FT21260NRCY1, NLC, REC/0000026724	16,000,000	5,037,775
Transfer- FT212723X9LJ, NLC ,REC/0000026796	20,000,000	15,113,325
Net cash flow from operating activities	36,000,000	20,151,100

Notes to the Financial Statements (continued)

10. Net cash flow from operating activities

Description	2022/2023 KShs	2021/2022 KShs
Surplus/ (deficit) for the year before tax	3,500,220	2,575,017
Adjusted for:		
Depreciation		-
Working Capital adjustments		
Increase in receivables	2,402,991	719,993
Increase in payables		-
Net cash flow from operating activities	1,097,229	1,855,024

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Notes to the Financial Statements (continued)

11. Accumulated Surplus

	Revolving Fund	Revaluation Reserve	Accumulated surplus	Total
		KShs	KShs	KShs
Balance as at 1 July 2021	76,887,543	-	1,122,839	78,010,382
Surplus for the period	-	-	1,855,024	1,855,024
Funds received during the year	20,151,100	-	-	20,151,100
Transfer - Funds from Car Account	4,535,000	-	-	4,535,000
Balance as at 30 June 2022	101,573,643	-	2,977,863	104,551,506
Balance as at 1 July 2022	101,573,643	-	2,977,863	104,551,506
Surplus for the period	-	-	1,097,229	1,097,229
Funds received during the year	20,000,000	-	-	20,000,000
Transfer - Funds from Car Account	16,000,000	-	-	16,000,000
Balance as at 30 June 2023	137,573,643	-	4,075,092	141,648,735

12. 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	2022/23 Kshs.	2021/2022 Kshs.
Housing Fund			
Current Account			
National Bank of Kenya	01288032980000	71,462,017	55,557,861
Sub- Total		71,462,017	55,557,861
Others(Specify)		-	-
Cash On Hand			
Sub- Total		-	-
Grand Total		71,462,017	55,557,861

20. Annexes

Annex I: Progress on Follow up of Prior Year Auditor's Recommendations

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

[REDACTED]					
1.	<p>1878. Unreconciled Long-Term Receivables from Exchange Transactions</p> <p>The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs. 48,993,645 as disclosed in Note 5 to the financial statements. However, the loan statements from the bank reflects a total amount of Kshs. 41,875,799 resulting to an unexplained variance of Kshs. 7,117,846.</p>	<p>It is true there are variances of the long term receivables, we have since provided and explained the variance with balances of each beneficiary tied to the bank balances of the individual beneficiaries to eliminate the variances.</p> <p>Going forward we have separated the next twelve months receivables from long term receivables as required by the</p>	<p>Bernard Kibet Cherutich – DFCP</p>	<p>Resolved</p>	<p>30-06-2023</p>

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	<p>Further, the current amount receivable in the next twelve (12) months was not separated from the long-term receivables from exchange transactions balance of Kshs. 48,993,645 contrary to the requirement of the reporting template.</p> <p>In the circumstances, the accuracy and fair presentation of the long-term receivables from exchange transactions balance of Kshs. 48,993,645 could not be confirmed.</p>	reporting template.			

[REDACTED]					
	<p>1879. Failure by the Steering Committee to Hold Requisite Meetings</p> <p>Perusal of the Steering Committee meetings minutes revealed that during the year under review, the Committee held three (3) meetings. This was contrary to Regulation 6(5) of the National Land Commission Housing Scheme Fund Regulations, 2016 which states that, the Committee shall meet at least four times in a year and the period between one meeting of the Committee and the next shall not exceed four (4) months.</p>	<p>It is true the steering committee held three meetings during the year under review, going forward we have placed mechanisms in place to ensure compliance with regulation 65 i.e. quarterly meetings to ensure full compliance with the requisite meetings number annually. Attached is the schedules of meetings held in the year 2022/2023 to demonstrate compliance.</p>			

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Report	Findings	Recommendations	Management Response	Implementation Status	Remarks
	In the circumstances, the Management was in breach of the Regulations.				

Kabale Tache Arero
Secretary /CEO

Date..... *10/06/2023*

Annex II: Inter-Fund Confirmation Letter



National Land Commission Mortgage loan Fund

P.O. Box 44417-00100
316 Upper Hill Chambers
2nd Ngong Avenue
Nairobi, KENYA

The National Land Commission Mortgage loan Fund wishes to confirm the amounts disbursed to you as at 30th June 2023 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.



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Confirmation of amounts received by [National Land Commission Mortgage loan Fund] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30 th June 2023				Amount Received by [beneficiary Fund] (KShs) as at 30 th June 2023 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT21260NRCY1	17-Sep-22			16,000,000		16,000,000	Nil
FT212723X9LJ	29-Sep-22			20,000,000		20,000,000	Nil
Total				36,000,000		36,000,000	

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

Head of Accountants department of beneficiary Fund:

Name: Bernard Chumbi Sign: [Signature] Date: 22/11/23

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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	Quarter				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Annex IV: Disaster Expenditure Reporting Template

Date:						
Period to which this report refers (FY)	Year	Quarter	Column I	Column II	Column III	Column IV
Name of Reporting Officer			Programme	Sub-programme	Disaster Type	Category of disaster (response)
Contact details of the reporting officer	Email	Telephone	Column V	Column VI	Column VII	Column VIII

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