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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL LAND COMMISSION  
STAFF CAR LOAN SCHEME FUND**

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

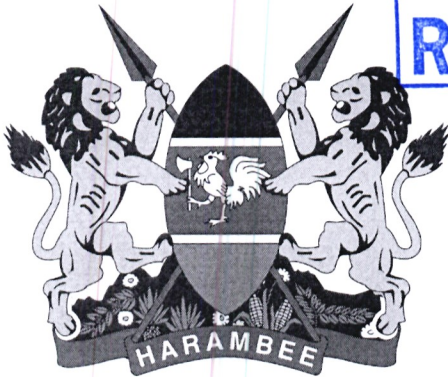
THE NATIONAL ASSEMBLY  
PACED  
DATE: 19 APR 2023 DAY: Wednesday  
Hon. Owen Baya Deputy leader  
of the Majority Party  
Mado  
TAKED BY  
TABLE:



OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

12 JAN 2023

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# NATIONAL LAND COMMISSION

## STAFF CAR LOAN SCHEME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30<sup>TH</sup> JUNE 2022

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

*National Land Commission Staff Car Loan Scheme Fund*  
*Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022*

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## **1. Key Fund Information and Management**

### **a) Background information**

The National Land Commission (NLC) is an Independent Constitutional Commission established under Article 67 of the Constitution of Kenya, 2010. It was operationalized through Acts of Parliament that gave effect to Article 67 of the Constitution, namely; the National Land Commission Act, 2012; the Land Act, 2012 and the Land Registration Act, 2012, to carry out its mandate as outlined both in the Constitution and in the aforementioned legislations. The Commission is not subject to direction or control by any person or authority; it is subject only to the Constitution and the law as stated in Article 249 (2) of the Constitution of Kenya.

National Land Commission Car Loan 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 Car Loan 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 Car Loan facilities.

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

### **b) Principal Activities**

The Fund's principal activity is to offer low interest loan facilities to staff members of the commission to purchase cars.

The Fund is administered by the CEO. 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**

Ref	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. Fidelis Mburu 5. Mr. Joseph Muthomi
3	Fund Administrator	National Bank of Kenya

**d) Key Management**

The key management personnel who held office during the financial year ended 30 June 2022 and who had direct fiduciary responsibility were:

	Position	Name
1.	Ag. Secretary/Chief Executive Officer (CEO)	Kabale Tache Arero
2.	Deputy Director, Public Land Information Management (PLIM)	Dr. Samuel Nthuni
3.	Ag. Director Land Use Planning (DLUP)	Ms. Mary Ngundo
4.	Deputy Director Research	Dr. Mary Wandia Macharia
5.	Director Finance & Corporate Planning (DFCP)	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

	<b>Position</b>	<b>Name</b>
12.	Head, Information & Communication Technology (HICT)	Mr. Amos Parletuan Kasaine
13.	Ag. Head Communication, Corporate Affairs & Advocacy	Mr. Elijah Letangule

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 A.g 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.



**Gershom Otachi B'wonamwa-Chairman**

NLC Chairman, Gershom Otachi is a seasoned Lawyer with experience spanning over twenty years. He has been in Legal practice as an Advocate 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. Gershom Otachi holds a LLB Degree from the University of Nairobi.



**Gertrude Nduku Nguku - Vice-Chair**

A recognized United Nations legal and judicial reform expert, Commissioner Gertrude Nguku 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. Before she joined the Commission, 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.



**Prof. James K. Tuitoek - Commissioner**

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.

He has over 35 years' wealth of experience from 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 of the University as the Vice Chancellor.

Prof Tuitoek is in charge of the audit and risk management Committee in the commission and a member of other Commission Committees.



**Hon. Samwel Kazungu Kambi - Commissioner**

He 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 is currently pursuing his PhD at Maseno University.

A former legislator, Hon Kazungu has served the Kenyan Government and the public in the capacity of a member of parliament, Assistant Minister and Cabinet secretary. He chaired the Coast Development Authority and was a Director at the Betting Control and Licensing Board.

He is in charge of the Finance Planning and Supply Chain Management Committee in the commission and a member of other Commission Committees.



**Hubbie Hussein Al-Haji - Commissioner**

Hubbie Hussein Al-Haji is an accomplished Gender and Governance specialist with proven experience in social and institutional development. She holds a Bachelor of Arts Degree in Developmental Studies from Kimmage Development Studies Centre – Kimmage Manor – Ireland, Diploma in Community Development – from Kenya Institute of Social and Community Development and Animal Health diploma from Egerton University-Kenya.

In 2010 she received the prestigious award of the Order of the Moran of the Burning Spear (MBS) conferred by His Excellency the President of the Republic of Kenya. The UN Human Rights Office recognized her outstanding performance in Human Rights Advocacy. In 2006, she was awarded the Ralph Stone Memorial Award on women leadership in Washington DC.

She is the chair of the Commission’s Human Resource, Administration and County Coordinators Committee.



**Alister Murimi Mutugi - Commissioner**

A Real Estate and Construction expert, Commissioner Allister Murimi holds a Master of Science Degree in Business Administration, Construction and Real Estate at Henley School of Business from University of Reading, in the United Kingdom. He also holds a Post Graduate Diploma in Project Management from Royal Institute of Chartered Surveyors (RICS). He also acquired several Diplomas and Certificates related to planning and management

He is a Registered Estate Agent (2004), Registered Valuer (2003) and a Full Member of the Institution of Surveyors of Kenya. Having worked in diverse fields in real estate, Commissioner Murimi has a wealth of knowledge to the Commission in matters related to land economics, valuation and sustainable development in the land sector.

He is the chair of the Commission's Land Valuation and Taxation Committee.



**Reginald Okumu – Commissioner**

Commissioner Reginald Okumu 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. He has chaired the Institution of Surveyors Kenya and a Board Member, National Housing Corporation.

He is the chair of the Commission's Land Administration & Management, Natural Resources, Survey and GIM Committee.



**Hon. Comm. Tiyah Galgalo**

A former legislator, a seasoned public administrator and an educationist Commissioner Hon. Tiya Galgalo holds a Masters in Educational Administration and Planning from the University of Nairobi, holds a Bachelors in Education from Kenyatta University

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.

Commissioner Hon. Tiya is in charge of the Corporate Communication, Advocacy, Partnerships and Resource Mobilization Committee.



**Hon. Comm Esther M. Mathenge**

Hon. Esther Murugi Mathenge EGH holds a Master's degree from the UNIVESITA CATTOLICA DEL SACRO CUORE in Global Business and Sustainability in Social Entrepreneurship. 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. Before joining the Commission Hon Esther has served the Government and the citizens of Kenya as a Member of Parliament, Land Administrator and Minister (currently referred to as Cabinet Secretaries) for two ministries

Commissioner Hon. Esther EGH is in charge of the Land Use Planning, Research and Counties Committee.

**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	Reginald Okumu	Member
Commissioner	Gertrude N. Nguku	Member
HARM	Peter Ochuodho	Secretariat

### **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	Bernard Kibet Cherutich	Secretariat
HSCM	Mohamed Farah	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	Chairman
Commissioner	Hon.Kazungu Kambi	Member
Commissioner	Alister Murimi	Member
Ag.DHRM	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	Esther M. Mathenge	Member
DNLIMS	Prof. David Ndegwa Kuria	Secretariat
Ag. Director Research	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 assessment 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; assessment and collection of rents, royalties and payments in respect to leases or licences; compulsory acquisition of land both at National and County Government 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	Esther M. Mathenge	Member
Commissioner	Hon.Kazungu Kambi	Member
DVT	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. Nguku	Chairlady
Commissioner	Alister Murimi	Member
Commissioner	Prof. James Tuitoek	Member
Commissioner	Esther M. Mathenge	Member
DLAAJ	Brian Adungo Ikol	Secretariat
Deputy DLAAJ	Edmond Kiplagat Gichuru	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	Esther M. Mathenge	Chairlady
Commissioner	Prof. James Tuitoek	Member
Commissioner	Gertrude N. Nguku	Member
Commissioner	Reginald Okumu	Member
DNLIMS	Prof. David Ndegwa Kuria	Secretariat
Ag. Director Research	Dr Mary Macharia	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	Chairlady
Commissioner	Reginald Okumu	Member
Commissioner	Hubbie Hussein Al-Haji	Member
Commissioner	Hon. Kazungu Kambi	Member
HICT	Amos Parletuan Kasaine	Secretariat

A.g HCC&A

Elijah Letangule

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

### **f) Registered Offices**

#### **Entity Headquarters**

#### **National Land Commission Headquarters**

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

### **g) Fund Contacts**

Telephone: 0111042800

E-mail: [info@landcomission.go.ke](mailto:info@landcomission.go.ke)

Website: [www.landCommission.go.ke](http://www.landCommission.go.ke)

### **h) 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

**i) Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice


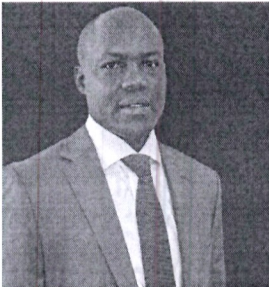
Harambee Avenue

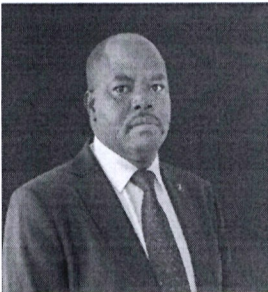

P.O. Box 40112


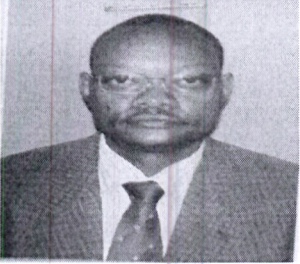
City Square 00200

Nairobi, Kenya

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

Name	Details of qualifications and experience
 <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).</p> <p>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 leadership and financial guidance to ensure</p>


	<p>the Commission is able to meet its objectives and serve its clients effectively.</p>
 <p>Ben Bett Tuwai-Member</p>	<p>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. 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 Ag. 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 has consulted for regional and international organizations and is widely publicized.</p>

 <p>Fidelis Mburu- Member</p>	<p>Mr. Fidelis Mburu is a licensed Valuer and a full member of the Institution of Survey of Kenya (ISK). He has been acting Director of valuation and taxation for four years.</p>
 <p>Joseph Muthomi- Member</p>	<p>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.</p>
<p>7. Fund administrator</p>	<p>National Bank of Kenya</p>

### 3. Management Team

Name	Details of qualifications and experience
 <p><b>Gershom Otachi</b> <b>B'wonamwa-Chairman</b></p>	<p>NLC Chairman, Gershom Otachi is a seasoned Lawyer with experience spanning over twenty years. He has been in Legal practice as an Advocate 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. Gershom Otachi holds a LLB Degree from the University of Nairobi.</p>
 <p><b>Gertrude Nduku Nguku - Vice-Chair</b></p>	<p>A recognized United Nations legal and judicial reform expert, Commissioner Gertrude Nguku 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.</p> <p>She has researched and written extensively on administrative and management reforms of Kenya land law and policy to end conflict and structural marginalization. Before she joined the Commission, 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</p>

	<p>the development of the first administrative and investigation policy of the police Vulnerable Persons Unit.</p>
 <p><b>Prof. James K. Tuitoek - Commissioner</b></p>	<p>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>He has over 35 years' wealth of experience from 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 of the University as the Vice Chancellor.</p> <p>Prof Tuitoek is in charge of the audit and risk management Committee in the commission and a member of other Commission Committees.</p>
 <p><b>Hon. Samwel Kazungu Kambi - Commissioner</b></p>	<p>He 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 is currently pursuing his PhD at Maseno University.</p> <p>A former legislator, Hon Kazungu has served the Kenyan Government and the public in the capacity of a member of parliament, Assistant Minister and Cabinet secretary. He chaired the Coast Development Authority and was a Director at the Betting Control and Licensing Board.</p> <p>He is in charge of the Finance Planning and Supply Chain Management Committee in the commission and a member of other Commission Committees.</p>
 <p><b>Hubbie Hussein Al-Haji - Commissioner</b></p>	<p>Hubbie Hussein Al-Haji is an accomplished Gender and Governance specialist with proven experience in social and institutional development. She holds a Bachelor of Arts Degree in Developmental Studies from Kimmage Development Studies Centre – Kimmage Manor – Ireland, Diploma in Community Development – from Kenya Institute of Social and Community Development and Animal Health diploma from Egerton University-Kenya.</p> <p>In 2010 she received the prestigious award of the Order of the Moran of the Burning Spear (MBS) conferred by His Excellency the President of the Republic of Kenya. The UN Human Rights Office recognized her outstanding performance in Human Rights Advocacy. In 2006, she was</p>

	<p>awarded the Ralph Stone Memorial Award on women leadership in Washington DC.</p> <p>She is the chair of the Commission’s Human Resource, Administration and County Coordinators Committee.</p>
 <p><b>Alister Murimi Mutugi - Commissioner</b></p>	<p>Commissioner Alister Murimi joined National Land Commission in November 2019. He holds a Bachelor of Science Degree in Land Economics from University of Nairobi, Kenya. He is honoured with a Master of Science Degree in Business Administration, Construction and Real Estate at Henley School of Business from University of Reading, in the United Kingdom. Murimi, obtained a Post Graduate Diploma in Project Management in 2006 from Royal Institute of Chartered Surveyors (RICS). He also acquired several Diplomas and Certificates related to planning and management</p> <p>Murimi is a career Real Estate and Construction expert with over seventeen (17) years’ experience gained in diverse and dynamic Real Estate and Construction sectors. He has been in charge of management of various commercial, industrial and residential property portfolios both in Kenya, Tanzania and other major consultancy projects within the region.</p> <p>He is a Registered Estate Agent (2004), Registered Valuer (2003) and a Full Member of the Institution of Surveyors of Kenya.</p> <p>Having worked in diverse fields in real estate, Commissioner Murimi brings a wealth of knowledge to the Commission in matters related to land economics, valuation and sustainable development in the land sector.</p>
	<p>Commissioner Reginald Okumu 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</p>

 <p><b>Reginald Okumu - Commissioner</b></p>	<p>Searching for Land Tenure Security from the World Bank Institute.</p> <p>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. He has chaired the Institution of Surveyors Kenya and a Board Member, National Housing Corporation.</p> <p>He is the chair of the Commission's Land Administration &amp; Management, Natural Resources, Survey and GIM Committee.</p>
 <p><b>Hon. Comm. Tiyah Galgalo</b></p>	<p>A former legislator, a seasoned public administrator and an educationist Commissioner Hon. Tiyah Galgalo holds a Masters in Educational Administration and Planning from the University of Nairobi, holds a Bachelors in Education from Kenyatta University</p> <p>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 &amp; Gender, Monitoring &amp; Evaluation and Resource Mobilization.</p> <p>Commissioner Hon. Tiyah is in charge of the Corporate Communication, Advocacy, Partnerships and Resource Mobilization Committee.</p>
 <p><b>Hon. Comm Esther M. Mathenge</b></p>	<p>Hon. Esther Murugi Mathenge EGH holds a Master's degree from the UNIVESITA CATTOLICA DEL SACRO CUORE in Global Business and Sustainability in Social Entrepreneurship. 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. Before joining the Commission Hon Esther has served the Government and the citizens of Kenya as a Member of Parliament, Land Administrator and Minister (currently referred to as Cabinet Secretaries) for two ministries</p> <p>Commissioner Hon. Esther EGH is in charge of the Land Use Planning, Research and Counties Committee.</p>
	<p>Ms. Kabale Tache Arero was appointed as the Acting CEO of the National Land Commission on 18th December 2018. 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 current position, she was Director of</p>



**Ms. Kabale Tache Arero – Ag.  
Secretary/Chief Executive Officer**

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.

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.

#### **4. Chairman’s Report**

It is my pleasure to present, on behalf of the Fund Management Committee, The National Land Commission’s Car loan scheme fund financial statements for the year ended 30th June 2022. The financial statements present the financial performance of the fund over the accounting period.

National Land Commission Car Loan 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 Car Loan 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 Car Loan facilities.

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

The National Land Commission Staff Car 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	2018/2019	5,000,000
2	2019/2020	6,039,465
3	2020/2021	4,868,031
4	2021/2022	9,868,000
		<b>25,775,496</b>

During the year under review and amount of Ksh 4,535,000 was refunded back to the Mortgage account making the total Revolving Fund for Car Loan Schemes stand at Ksh **21,354,312**.

### Review of performance

#### Income

The fund earned revenues amounting to Kshs. **625,104** which were from the interest earned on the loans disbursed to Staff of Ksh **120,128**, Interest earned on the deposits maintained at National Bank of Kenya of Ksh **504,976** and a further levy of application fees of Ksh **17,000**

#### Expenditures

The total expenditures during the period amounted to Kshs. **96,102**. This figure represents the administrative costs. This is the 3% portion of the interest charged on the Car loan (5%) 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 (17) we have since received and most loans paid to near completion as we have a small amount of Expected receivables. 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 2022/2023.

Signed:  \_\_\_\_\_

**Prof. David Kuria**

**Chairman of the Fund**

## **5. Report of the Fund Manager/ Administrator**

The Fund administrator submits their report together with the unaudited financial statements for the year ended June 30<sup>th</sup>, 2022 which show the state of the Fund affairs.

National Land Commission Car Loan 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 Car Loan 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 Car 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 Staff Car 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 2021/2022 under review The National Land Commission disbursed a total of Ksh 1,260,000

### **Progress on Loan recovery**

During the financial year 2021/2022 under review The National Land Commission recovered a total of Ksh **689,276.30** as principal amounts of loan balances.

### **Income**

The fund earned revenues amounting to Kshs. **625,104** which were from the interest earned on the loans disbursed to Staff of Ksh **120,128**, Interest earned on the deposits maintained at National Bank of Kenya of Ksh **504,976** and a further levy of application fees of Ksh **17,000**

### **Expenditures**

The total expenditures during the period amounted to Kshs. **96,102**. This figure represents the administrative costs. This is the 3% portion of the interest charged on the Car loan (5%) 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 Car 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**

**Ag. Secretary/CEO**

## **6. Statement of Performance against Predetermined Objectives**

### **Guidance**

#### **Introduction**

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 cars.

Progress on attainment of Strategic development objectives

During the financial year **2021/2022** The National Land Commission recovered **Ksh 689,276.30** and disbursed a total of Kshs **1,260,000**

## **7. 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 Ag. 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 utilization

### 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.

### 8. Management Discussion and Analysis

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

	Financial Year	Amount disbursed
1	2018/2019	5,000,000
2	2019/2020	6,039,465
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		<b>25,775,496</b>

During the year under review and amount of Ksh 4,535,000 was refunded back to the Mortgage account making the total Revolving Fund for Car loan schemes standing at Ksh **21,240,496**

### Review of performance

#### Income

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#### Expenditures

The total expenditures during the period amounted to **Ksh 96,102**. This figure represents the administrative costs. This is the 3% portion of the interest charged on the Car loan (5%) 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 (17) we have since received and most loans paid to near completion as we have a small amount of Expected receivables. The fund looks forward to benefit from continued support from the parent entity in the realization of its mandate.

## **9. 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 minimise 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

### **d) Operational practices**

The organization should outline its efforts to:

#### **a) Responsible Supply chain and supplier relations**

Explain how the organization maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.

#### **e) Community Engagements-**

During financial year 2021/2022, The National Land Commission did not have any approved strategies on community engagement. However, during the period under Covid 19 pandemic, The Commission mobilised Kshs 625,000 from the Chairperson, Commissioners and members of the secretariat. The amount was handed over to the Covid 19 Fund for the purpose of fighting and containing the spread of the Covid 19 virus.

## **10. Report of the Trustees/Fund Administration Committee**

The Fund administrator submits their report together with the unaudited financial statements for the year ended June 30<sup>th</sup>, 2022 which show the state of the Fund affairs.

National Land Commission Car Loan 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 Car Loan Fund and is domiciled in Kenya.

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**Expenditures**

The total expenditures during the period amounted to Kshs. **96,102**. This figure represents the administrative costs. This is the 3% portion of the interest charged on the Car loan (5%) 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 Car 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**

## **11. 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, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the fund, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the fund; (v) Selecting and applying appropriate accounting policies, and (vi) Making accounting estimates that are reasonable in the circumstances.

The Administrator of the Fund accepts responsibility for the Fund's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 The Administrator of the Fund is of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2022, and of the Fund's financial position as at that date.

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

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

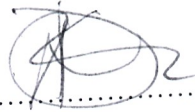
Nothing has come to the attention of the Administrator to indicate that the Fund will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Fund's financial statements were approved by the Board on 25<sup>th</sup> August 2022 and signed on its behalf by:



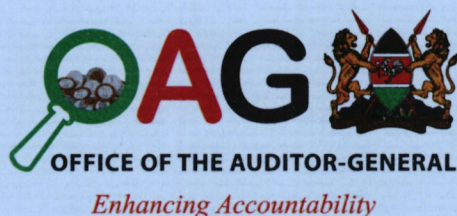
.....  
**Kabale Tache Arero**  
Ag. Secretary /CEO



.....  
**Prof. David Kuria**  
Chairman of the Fund

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Anniversary Towers  
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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL LAND COMMISSION STAFF CAR LOAN SCHEME FUND FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Land Commission Staff Car Loan Scheme Fund set out on pages 1 to 27, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance,

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

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the National Land Commission Staff Car Loan Scheme Fund as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Public Finance Management (National Land Commission Staff Car Loan Scheme Fund) Regulations, 2018.

### **Basis for Qualified Opinion**

#### **Long Term Receivables from Exchange Transactions**

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.2,792,520 as disclosed in Note 5 to the financial statements. However, the schedule of receivables provided for audit review reflects a balance of Kshs.2,419,673 resulting in an unexplained variance of Kshs.372,847.

In the circumstances, the accuracy and completeness of the long term receivables from exchange transaction balance of Kshs.2,792,520 could not be confirmed.

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

### **Key Audit Matters**

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

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing 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**

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 the Management is aware of the intention to terminate the Fund or to cease operations.

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them 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 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund's policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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.

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**06 January, 2023**

**13. Statement of Financial Performance for the year ended 30<sup>th</sup> June 2022.**

	Note	2021/2022	2020/2021
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
		-	-
<b>Revenue from exchange transactions</b>			
Interest income	1	625,104	408,352
Other income	2	17,000	-
		<b>642,104</b>	<b>408,352</b>
<b>Total revenue</b>		<b>642,104</b>	<b>408,352</b>
<b>Expenses</b>			
Use of Goods and Services	3	96,102	71,676
<b>Total expenses</b>		96,102	71,676
<b>Other gains/losses</b>			
<b>Surplus for the period</b>		<b>546,002</b>	<b>336,676</b>

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

The financial statements were approved on **25th August 2022** .by:



**Kabale Tache Arero**

Ag. Secretary /CEO



**CPA Bernard Kibet  
Cherutich**

ICPAK M/No 5816



**Prof. David Kuria**

Chairperson of the Fund

**14. Statement of Financial Position as at 30<sup>th</sup> June 2022**

	Note	2021/2022	2020/2021 Restated
		KShs	KShs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	23,979,470	18,671,192
		<b>23,979,470</b>	<b>18,671,192</b>
<b>Non-current Assets</b>			
Long term receivables from exchange transactions	5	2,792,520	2,221,796
		2,792,520	2,221,796
<b>Total assets</b>		<b>26,771,990</b>	<b>20,892,988</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions		-	4,535,000
Recoveries in respect to mortgage loans			0
<b>Non-current liabilities</b>			4,535,000
<b>Total liabilities</b>		-	<b>4,535,000</b>
<b>Net assets</b>		<b>26,771,990</b>	<b>16,357,988</b>
Revolving Fund	6	25,775,496	15,907,496
Accumulated Surplus		996,494	450,492
<b>Total Net Assets</b>		<b>26,771,990</b>	<b>16,357,988</b>
<b>Total Net Assets and Liabilities</b>		<b>26,771,990</b>	<b>20,892,988</b>

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

The financial statements were approved on 25th August 2022 .by:

  
.....

**Kabale Tache Arero**  
**Ag. Secretary /CEO**

  
.....

**CPA Bernard Kibet Cherutich**  
**ICPAK M/No 5816**

  
.....


**Prof. David Kuria**  
**Chairperson of the Fund**

15. Statement of changes in Net Assets for the year ended 30<sup>th</sup> June 2022

	Revolving Fund	Revaluation	Accumulated surplus	Total
		Reserve		
		KShs	KShs	KShs
<b>Restated Balance as at 1 July 2020</b>	11,039,465	-	113,816	11,153,281
Surplus for the period	-	-	336,676	336,676
Funds received during the year	4,868,031	-	-	4,868,031
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2021</b>	<b>15,907,496</b>	-	<b>450,492</b>	<b>16,357,988</b>
<b>Balance as at 1 July 2021</b>	<b>15,907,496</b>	-	<b>450,492</b>	<b>16,357,988</b>
Surplus for the period	-	-	546,002	546,002
Funds received during the year	9,868,000	-	-	9,868,000
Transfer - Funds to Mortgage Account				
Revaluation gain	-	-	-	-
<b>Balance as at 30 June 2022</b>	<b>25,775,496</b>	-	<b>996,494</b>	<b>26,771,990</b>



**Kabale Tache Arero**  
Ag. Secretary /CEO



**CPA Bernard Kibet Cherutich**  
ICPAK M/No 5816



**Prof. David Kuria**  
Chairperson of the Fund

**16. Statement of Cash Flows for the year ended 30<sup>th</sup> June 2022**

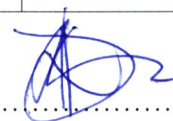
	Note	2021/2022	2020/2021
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Interest income received	1	625,104	408,352
Receipts from other operating activities	2	17,000	-
<b>Total Receipts</b>		<b>642,104</b>	<b>408,352</b>
<b>Payments</b>			
Use of Goods and Services	3	96,102	71,676
<b>Total Payments</b>		<b>96,102</b>	<b>71,676</b>
<b>Net cash flows from operating activities</b>	9	<b>546,002</b>	<b>336,676</b>
<b>Cash flows from investing activities</b>			
Net movement from loan principal repayments	7	689,276	(2,221,796)
Loan disbursements paid out	8	(1,260,000)	-
<b>Net cash flows used in investing activities</b>		<b>(570,724)</b>	<b>(2,221,796)</b>
<b>Cash flows from financing activities</b>			
Proceeds from revolving fund receipts		9,868,000	4,868,031
Transfer /(Repayment) to Housing Fund		(4,535,000)	3,372,886
<b>Net cash flows used in financing activities</b>		<b>5,333,000</b>	<b>8,240,917</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,308,278</b>	<b>6,355,797</b>
Cash and cash equivalents at 1 July (Beginning)		18,671,191	12,315,395
<b>Cash and cash equivalents at 30 June (End)</b>	4	<b>23,979,469</b>	<b>18,671,192</b>



**Kabale Tache Arero**  
Ag. Secretary /CEO



**CPA Bernard Kibet  
Cherutich**  
ICPAK M/No 5816



**Prof. David Kuria**  
Chairperson of the Fund

*National Land Commission Staff Car Loan Scheme Fund  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2022*


**17. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2022**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% utilisation
	2022	2022	2022	2022	2022	2022
Revenue	KShs	KShs	KShs	KShs	KShs	
Transfers from other Parent Ministry/ SC/SAGA	9,868,000	-	9,868,000	9,868,000	-	100%
Interest income				625,104		
Other income				17,000		
<b>Total income</b>	<b>9,868,000</b>	<b>-</b>	<b>9,868,000</b>	<b>10,510,104</b>		<b>94%</b>
<b>Expenses</b>	<b>9,868,000</b>	<b>-</b>	<b>9,868,000</b>	<b>1,260,000</b>	<b>8,608,000</b>	<b>13%</b>
<b>Loan Disbursement Paid</b>	<b>9,868,000</b>		<b>9,868,000</b>	<b>1,260,000</b>	<b>8,608,000</b>	<b>13%</b>
Use of Goods and Services				96,102		
<b>Total expenditure</b>	<b>9,868,000</b>		<b>9,868,000</b>	<b>1,356,102</b>		
<b>Surplus for the period</b>						

Note: The administration cost incurred was based on the interest earned as per the MOU

  
 .....  
**Kabale Tache Arero**

**Ag. Secretary /CEO**

  
 .....  
**CPA Bernard Kibet Cherutich**

**ICPAK M/No 5816**

  
 .....  
**Prof. David Kuria**

**Chairperson of the Fund**

## **18. Notes to the Financial Statements**

### **1. General Information**

National Land Commission Car Loan 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 Car Loan 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 Car Loan facilities.

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

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant, and equipment, 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.

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

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

IPSASB deferred the application date of standards from 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.

**Notes to the Financial Statements (Continued)**

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of a 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"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Fund’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Fund provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Fund;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> </ul>

Standard	Effective date and impact:
	(c) The impact of such social benefits provided on the Fund's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees</p>

Standard	Effective date and impact:
	<p>and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44:                      Non- Current                      Assets Held                      for Sale and                      Discontinued                      Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>

**iii. Early adoption of standards**

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

**4. Significant Accounting Policies**

**a. Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Fund and can be measured reliably.

**ii) Revenue from exchange transactions**

**Interest income**

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

**b. Budget information**

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

The Fund's budget is prepared on a different basis from the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial

**Significant Accounting Policies (Continued)**

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 page 5 of these financial statements.

**a. 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.

**b. 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)**

**c. 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***

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

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 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.

#### **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

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

#### **g. Contingent assets**

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

#### **h. Nature and purpose of reserves**

The surplus for the year is maintained as a revolving reserve to build up the Fund for future capitalization. This minimizes need for additional capital.

#### **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.

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

### **l. Cash and cash equivalents**

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

### **m. Comparative figures**

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

### **n. Events after the reporting period**

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

### **o. Ultimate and Holding Fund**

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

### **p. Currency**

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

## **5. Significant judgments and sources of estimation uncertainty**

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

### **a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the

**Significant Accounting Policies (Continued)**

control of the Fund. Such changes are reflected in the assumptions when they occur. *(See IPSAS 1.140.)*

**b) Useful lives and residual values**

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

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

## Notes to the Financial Statements

### 1. Interest income

Description	2021/2022	2020/2021
	KShs	KShs
Interest income from Car loans	120,128	119,459
Interest income on bank deposits	504,976	288,893
<b>Total interest income</b>	<b>625,104</b>	<b>408,352</b>

### 2. Other income

Description	2021/2022	2020/2021
	KShs	KShs
Application fees	17,000	-
<b>Total other income</b>	<b>17,000</b>	<b>-</b>

### 3. Use of Goods and Services

Description	2021/2022	2020/2021
	KShs	KShs
Loan processing costs	-	-
Loan Administration costs	96,102	71,676
<b>Total</b>	<b>96,102</b>	<b>71,676</b>

### 4. Cash and cash equivalents

Description	2021/2022	2020/2021
	KShs	KShs
Car loan-National Bank of Kenya A/c 01288032980001	23,979,470	18,671,192
<b>Total cash and cash equivalents</b>	<b>23,979,470</b>	<b>18,671,192</b>

**Notes to the Financial Statements continued**

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

		2021/22	2020/21
Financial Institution	Account number	Kshs.	Kshs.
<b>Car Loan Fund</b>			
National Bank of Kenya	01288032980001	23,979,470	18,671,192
<b>Grand Total</b>		<b>23,979,470</b>	<b>18,671,192</b>

**5. Receivables from exchange transactions**

Description	2021/2022	2020/2021
	KShs	KShs
<b>Total Current receivables</b>	-	-
<b>Non-Current receivables</b>		
Long term loan repayments due	2,792,520	2,221,796
<b>Total Non- current receivables</b>	2,792,520	2,221,796
<b>Total receivables from exchange transactions</b>	<b>2,792,520</b>	<b>2,221,796</b>

**6. Revolving fund**

Description	2021/2022	2020/2021
	KShs	KShs
<b>Balance at beginning of the period</b>	15,907,496	11,039,465
Transfer From NLC	9,868,000	4,868,031
Accumulated Surplus	996,494	450,492
Transfer of Funds to Mortgage Account		
<b>Balance at end of the period</b>	<b>26,771,990</b>	<b>16,357,988</b>

**Notes to the Financial Statements continued**

**7. Proceeds from loan principal repayments**

Description	2021/2022	2020/2021
	KShs	KShs
Principal loan repayments	689,276	(2,221,796)
<b>Total receivables from exchange transactions</b>	<b>689,276</b>	<b>(2,221,796)</b>

**8. Loan disbursements paid out**

Description	2021/2022	2020/2021
	KShs	KShs
Jane N Khacheche	1,260,000	
<b>Total receivables from exchange transactions</b>	<b>1,260,000</b>	<b>-</b>

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

	2021/2022	2020/2021
	KShs	KShs
<b>Surplus/ (deficit) for the year before tax</b>	<b>642,104</b>	<b>408,352</b>
<b>Adjusted for:</b>		
Depreciation		
<b>Working Capital adjustments</b>		
Increase in receivables	96,102	71,676
Increase in payables		
<b>Net cash flow from operating activities</b>	<b>546,002</b>	<b>336,676</b>

Notes to the Financial Statements continued

10. Accumulated Surplus

	Revolving Fund	Revaluation Reserve		Accumulated surplus	Total
			KShs		
<b>Balance as at 1 July 2020</b>	11,039,465	-	-	113,816	11,153,281
Surplus for the period	-	-	-	336,676	336,676
Funds received during the year	4,868,031	-	-	-	4,868,031
<b>Balance as at 30 June 2021</b>	<b>15,907,496</b>	-	-	<b>450,492</b>	<b>16,357,988</b>
<b>Balance as at 1 July 2021</b>	<b>15,907,496</b>	-	-	<b>450,492</b>	<b>16,357,988</b>
Surplus for the period		-	-	546,002	546,002
Funds received during the year	9,868,000	-	-		9,868,000
Transfer - Funds to Mortgage Account					
<b>Balance as at 30 June 2022</b>	<b>25,775,496</b>	-	-	<b>996,494</b>	<b>26,771,990</b>

## **Other Disclosures**

### **11. Financial risk management**

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

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

#### **a) Credit risk**

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

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

The carrying amount of financial assets recorded in the financial statements representing the Fund's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

**Other Disclosures Continued**

<b>Description</b>	<b>Total amount Kshs.</b>	<b>Fully performing Kshs.</b>	<b>Past due Kshs.</b>	<b>Impaired Kshs.</b>
<b>At 30 June 2022</b>				
Receivables From Exchange Transactions-Car loans	2,419,674	2,419,674		
Receivables From Non-Exchange Transactions				
Bank Balances	23,979,470	23,979,470		
<b>Total</b>	<b>26,399,144</b>	<b>26,399,144</b>		
<b>At 30 June 2021</b>				
Receivables From Exchange Transactions- Car loans	2,221,796	2,221,796		
Receivables From Non-Exchange Transactions				
Bank Balances	18,671,192	18,671,192		
<b>Total</b>	<b>20,892,988</b>	<b>20,892,988</b>		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of trustees sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**b) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund Administrator, who has built an appropriate liquidity risk management framework for the management of the Fund's short, medium, and long-term funding and liquidity management requirements.

### **Other Disclosures Continued**

The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

#### **c) Market risk**

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

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

The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

#### **d) Interest rate risk**

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

#### ***Management of interest rate risk***

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

## Other Disclosures Continued

### *Sensitivity analysis*

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

### e) Capital risk management

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

Description	2021/22	2020/21
	Kshs.	Kshs.
Revolving fund	25,775,496	16,021,312
Accumulated surplus ( <i>Reserves</i> )	996,494	336,676
<b>Total funds</b>	<b>26,771,990</b>	<b>16,357,988</b>
Less: cash and bank balances	(23,979,470)	(18,671,192)
Net debt/(excess cash and cash equivalents)		
<b>Gearing</b>	<b>-0.90%</b>	<b>-0.88%</b>

**Other Disclosures Continued**

**12. Related party balances**

**a) Nature of related party relationships**

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

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

**b) Related party transactions**

**i. Transfers from related parties**

Description	2021/22	2020/21
	Kshs.	Kshs.
Transfers from related parties	9,868,000	4,868,031

**ii. Key management remuneration**

Description	2021/22	2020/21
	Kshs.	Kshs.
Board of Trustees		
Key Management Compensation		
<b>Total</b>		

19. Annexes

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Note 4 to the financial statements, the statement of financial position reflects recoveries in respect of mortgage account of Kshs. 1,162,114 as at 30<sup>th</sup> June 2020. Arising from issuing of car loans from mortgage account. It is not clear, and management has not explained why car loans were issued out of mortgage fund, contrary to paragraph 7(1) of the Public Finance Management (National Land Commission Housing Scheme Fund) regulation 2018 which states that a loan advanced to a borrower under these regulations shall be utilized for;</p>	<p>The recoveries from Car Scheme fund will be reimbursed to Housing Scheme fund so as to offset the loan balance due.</p>	<p>Bernard Kibet Cherutich – DFCP</p>	<p>Resolved</p>	<p>30-06-2022</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>(c)The purchase of land and development of a residential house by a borrower;</p> <p>In the circumstance, the validity of recoveries in respect of mortgage account balance of Kshs. 1,162,114 as at 30<sup>th</sup> June 2020 could not be confirmed.</p>				

  
Kabale Tache Arero

Ag. Secretary /CEO

Date...23/12/22.....

**Guidance Notes:**

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

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

Date.....23/12/22.....

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Annex II: Inter-Fund Confirmation Letter

**Confirmation of amounts received by [Insert name of beneficiary Fund] as at 30<sup>th</sup> June 2022**

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by [beneficiary Fund] (KShs) as at 30th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
FT212603LP8C	17-Sep-21			2,467,000.00		2,467,000.00	Nil
FT21272YRVDZ	29-Sep-21			7,401,000.00		7,401,000.00	Nil
Total				<b>9,868,000.00</b>		<b>9,868,000.00</b>	Nil

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

Head of Accountants department of beneficiary Fund:

Name ..... Sign ..... Date 23/10/22

**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	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	

**Annex IV: Disaster Expenditure Reporting Template**

Date:   
Fund:

Period to which this report refers (FY)	Year	Quarter				
Name of Reporting Officer						
Contact details of the reporting officer:	Email	Telephone				
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

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**National Land Commission Car Loan Fund**

P.O. Box 44417-00100

316 Upper Hill Chambers

2<sup>nd</sup> Ngong Avenue

Nairobi, KENYA



The National Land Commission Car Loan Fund wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below. Please sign and stamp this request in the space provided and return it to us.

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<b>Confirmation of amounts received by [National Land Commission Car Loan Fund] as at 30<sup>th</sup> June 2022</b>							
Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2022							
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [Car Loan Fund] (KShs) as at 30th June 2021 ( E )	Differences (KShs) (F)=(D-E)
FT212603LP8C	17-Sep-21			2,467,000.00		2,467,000.00	Nil
FT21272YRVDZ	29-Sep-21			7,401,000.00		7,401,000.00	Nil
<b>Total</b>				<u>9,868,000.00</u>		<u>9,868,000.00</u>	Nil

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

**Head of Accountants department of beneficiary Fund:**

Name:  Sign  Date 23/12/22

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

Name of the Organization

Telephone Number

Email Address

Name of CEO/MD/Head

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

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

**Annex IV: Disaster Expenditure Reporting Template**



Period to which this report refers (FY)	Year	Quarter
Name of Reporting Officer		
Contact details of the reporting officer:	Email	Telephone
Column I	Column II	Column III
Column IV		
Column V	Column VI	Column VII

*National Land Commission Staff Car Loan Scheme Fund  
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Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments