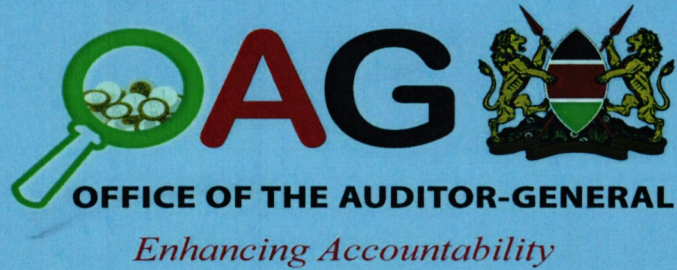
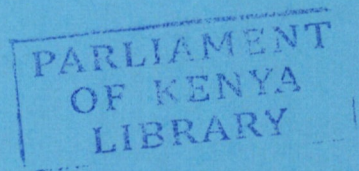


REPUBLIC OF KENYA



REPORT

OF



THE AUDITOR-GENERAL

ON

**SPORTS, ARTS AND SOCIAL
DEVELOPMENT FUND**

**FOR THE YEAR ENDED
30 JUNE, 2020**



SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2020**

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

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Table of Contents	Page
KEY SASDF INFORMATION AND MANAGEMENT	ii
THE FUND OVERSIGHT BOARD	v
MANAGEMENT TEAM	viii
CHAIRPERSON'S STATEMENT	xi
REPORT OF THE FUND ADMINISTRATOR	xii
REPORT OF THE CHIEF EXECUTIVE OFFICER	xiii
CORPORATE GOVERNANCE STATEMENT	xiv
MANAGEMENT DISCUSSION AND ANALYSIS	xvi
REPORT OF THE DIRECTORS	xix
STATEMENT OF DIRECTORS' RESPONSIBILITIES	xx
REPORT OF THE INDEPENDENT AUDITORS ON THE SASDF	ii
STATEMENT OF FINANCIAL PERFORMANCE	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN NET ASSETS	3
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020	4
NOTES TO THE FINANCIAL STATEMENTS	7

KEY SASDF INFORMATION AND MANAGEMENT

(a) Background information

The Sports, Arts and Social Development Fund (SASDF) is established by the Legal Notice No. 194 of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018. The mandate of the Fund is to provide funding to support the development and promotion of Sports, Arts and Social development including universal health care.

As the cradle of mankind, Kenya has an amazingly rich National and Cultural Heritage. It is also rich in creative arts and sports talent that needs to be tapped and nurtured to create a rich and vibrant industry for development of our youth and economy.

The Fund's thematic areas are;

Sports Development:

The Fund supports the growth and development of the Country's sports industry by funding development of sporting and recreation facilities and skills development through training the necessary sports personnel and support the cash award scheme for the purpose of enhancing competitiveness among the country's sports men and women.

Arts and Heritage:

Kenya is a vibrant and cohesive society that thrives and prides in the richness of her cultural diversity. SASDF supports the development and sustainability of the country's art and heritage programs and projects with an aim of promoting, preserving and developing the country's diverse cultural heritage.

Social Development:

As part of the social development programs, the Fund supports health projects and programs to deliver on the Country's Universal Health care agenda and the delivery of the Nations education programs and projects.

The Fund implements the above project and programs through the respective Ministries and State Departments. Through these projects and programs, the Fund significantly contributes to the Country's vision 2030 and The Big 4 Agenda.

(b) Funds mandate

The objective and purpose of the Fund as outlined in the PFM (Sports, Arts and Social Development Fund) Regulations 2018 is:

- i. promote social development including universal health care;
- ii. financing the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

- iii. enhancing support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv. facilitation for the acquisition and provision of equipment to sports and recreation facilities;
- v. support for the identification, nurturing and development of talent in sports and arts;
- vi. facilitation of training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii. facilitation for the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii. support for the promotion and development of artistic production of contemporary or cultural goods and services;
- ix. facilitation for the marketing and promotion of artistic productions and contemporary or cultural goods and services;
- x. support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi. facilitation for exhibition and promotion of contemporary or cultural artistic production of goods and services for national identity and pride;
- xii. financing the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii. facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.

(c) Key Management

The SASDF's day-to-day management is under the following key organs:

- Fund Oversight Board
- Fund Administrator
- Fund Secretariat

(d) Fiduciary Management

The key management team who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Fund Administrator	Joe Okudo, CBS
2.	Ag. Chief Executive Officer	Mark Wambugu
3.	Ag. Director Corporate Services	Doreen Diki
4.	Director Programs and Linkages	Tumpeyo Baari
5.	Director Planning, Research, Monitoring and Evaluation	Hassan Boru

(e) Fiduciary Oversight Arrangements

- a) All disbursements from the Fund are approved and recorded in minutes of the Oversight Board

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

- b) All disbursements from the Fund are to support the objects and purpose of the Fund
- c) Transfers to defray the expenses in respect of the administration of the Fund are approved by the Oversight Board for the respective financial year.
- d) The Oversight Board has set out other conditions and requirements for release of funds, to ensure efficient and effective management of resources.

(f) The Sports, Arts and Social Development Fund Headquarters

P.O. Box 4644-00200
Flamingo Towers, 7th Floor
Upper Hill, Mara Road
NAIROBI, KENYA

(g) SASDF Contacts

Tel: +254 0789110088, 0720110088

Tel: +254-0720110055

Website: www.sasdef.go.ke

E-mail: info@sasdef.go.ke, sasdfund@gmail.com

(h) SASDF Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Co-operative Bank
University Way
P.O Box 48231-00100
Nairobi, Kenya

(i) Independent Auditors




Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
Office of the Attorney General and Department of Justice
Sheria House
Harambee Avenue
P.O. Box 40112-00200
Nairobi, Kenya

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

THE FUND OVERSIGHT BOARD

 <p>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO Chairperson</p>	<p>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO joined the Military as a cadet rising through the ranks in an illustrious career that saw him retire as Commander, Kenya Army.</p> <p>Lt. Gen (Rtd.) Tuwei, holds a Diploma from the Royal College of Defence Studies (UK) and has attended courses on Executive Development, Senior Management and International Defence Resources Management. Lt. Gen (Rtd.) Tuwei was the African Union Special envoy for the Lords Resistance issues and is currently the President of Athletics Kenya.</p>
 <p>H.E. Moody Awori, EGH Member</p>	<p>HE. Moody Awori, EGH is a retired Vice President of the Republic of Kenya.</p>
 <p>Mr. Joe Okudo, CBS Member and Fund Administrator</p>	<p>Mr. Joe R. Okudo, CBS is the Principal Secretary in charge of Sports at the Ministry of Sports and Heritage. He was the Principal Secretary in charge of the State Department for Tourism at the Ministry of Tourism and Wildlife. He was Team Leader of the Business Sector Support Programme and Co- Chair of the Private Sector Donor Co- Coordinating Group in Kenya. He also sat in the Programme Investment Committee (PIC), the highest decision-making organ within the Trade Mark East Africa group. He holds a Bachelor of Arts degree from the University of Nairobi and a Master's Degree in Business Administration (MBA) from Copenhagen Business School/Inoorero University.</p>

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**



Dr. Julius Muia
Member

Dr. Julius Muia is the Principal Secretary at The National Treasury. Prior to this, he was the Principal Secretary at the State Department for Planning - The National Treasury and Planning. Before his appointment as PS Planning, he was the Director General, Vision 2030 Delivery Secretariat. Dr. Julius Muia possesses a Degree in Accounting (1st Class Honors); Master's Degree and PhD in Finance from the same university. He is a Certified Public Accountant (CPA-K); a Certified Public Secretary (CPS-K), an Associate Kenya Institute of Bankers; an Associate Chartered Institute of Arbitrators; and Certified Coach.



Ms. Susan N. Mochache, CBS
Member

Ms. Susan Mochache, CBS is the Principal Secretary (PS), Ministry of Health. She has previously served in the same capacity in the State Department for Co-operatives, Ministry of Environment and Forestry and State Department for Social Protection. Ms. Mochache's career spans over 24 years at management level in both private and public sectors. She holds a Master's of Science degree in Communications Management from the University of Strathclyde in the United Kingdom and a Bachelor of Science in International Business from the United States International University. She is a Chevening Scholar and Fellow of Commonwealth Scholarship Commission (2012) and a certified Practitioner in Prince 2, Project Management and MSP Programme Management.



Ms. Josephtha Mukobe, CBS
Member

Ms. Josephtha O. Mukobe, CBS is the Principal Secretary, State Department of Culture and Heritage. Ms. Mukobe holds a MSc. from Manchester University (UK) and a BA (Hons) Humanities and Social Science from the University of Nairobi. Ms. Josephtha Mukobe has a public service career spanning more than twenty-five years. She was previously The Principal Secretary in the State Department of Special Programmes in the Ministry of Devolution and Planning.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**



Dr. Belio Kipsang, CBS
Member

Dr. Richard Belio Kipsang, CBS is the Principal Secretary Basic Education, Ministry of Education. He has held several senior positions in the public sector including in the Coffee Development Fund and the Higher Education Loans Board.

Dr. Kipsang holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He holds a Masters of Arts Degree in Economics and a Bachelor's degree in Education both from the University of Nairobi. He is an Associate Member of the Association of Certified Fraud Examiners and is also a member, Institute of Directors of Kenya.

MANAGEMENT TEAM



Mr. Joe Okudo, CBS
MBA (Business Administration)
Bachelor of Arts

Fund Administrator



Mark Wambugu
MBA(Finance) BBA.(Finance &
Accounts, CPA (K), CPS (K), ISO
9001:2008 Certified QMS Auditor




A.g Chief Executive Officer






Tumpeyo Baari
MBA (Strategic Management), BA
(Social Studies)

Director Programs and Linkages

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

 <p>Hassan Abdi Boru MA (Environment Planning & Management), BSc Wildlife Management and Conservation</p>	<p>Director Planning, Research, Monitoring and Evaluation</p>
 <p>Doreen Diki MBA HRM, BBA (HRM), Higher Dip. HRM, KATC Finalist</p>	<p>A.g Director Corporate Services</p>
 <p>Job Aiyabei MBA (Finance) BBA (Accounting and Finance), CPA K</p>	<p>Manager, Finance & Accounts</p>

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

 <p>Naanyu Karbolo MBA (Strategic Management, BA (Sociology)</p>	<p>Manager, Corporate Communication</p>
 <p>Dr. Nzilu Musyoki PhD.(Business) MBA, B-Com (Marketing)</p>	<p>Manager, Research and Planning</p>
 <p>Veronica Kanini Msc. Project Management, BBA (Purchasing & Supply Chain Management)</p>	<p>Manager, Supply Chain Management Services</p>

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

CHAIRPERSON'S STATEMENT

The mandate of the Fund is to provide financial support for the development and promotion of Sports, Arts and Social development including universal health care. The Fund oversight board is tasked to utilize resources at its disposal to restore the country's sporting glory, promote the arts, preserve the rich national heritage and finance social development including universal health care.

Universal Health Coverage (UHC) is a national priority in Kenya and part of the Big Four Agenda for National sustainable development. The Fund disburses resources to promote social development programs and supports health projects and programs to deliver on the Country's Universal Health care agenda.

Previously, National teams and Sports Federations experienced challenges in raising funds to honour local and international championships and competitions. The Fund has been in the forefront in reviving of sports and the arts in the country by building strong national sporting teams through provision of adequate funding, branding and provision of necessary supplies needed to excel and represent the country locally and internationally.

The Fund also supports the arts industry to empower the youth and foster sustainable livelihoods as well as restore and rehabilitate historical cultural and heritage sites that had become dilapidated over time.

During the financial year under review, the Fund was able to provide funding for completion of the Mathare Nyayo Korogocho Hospital and equipping three radio therapy units in Garissa, Nakuru and Mombasa Counties. Financial support was also provided for the development and completion of major sports infrastructure and facilities. The Fund also provided financial support towards restoration of Historical sites such as the Vasco Da Gama Pillar and Fort Jesus as well as the establishment of a Virtual Library by the Kenya National Library services. In light of the Covid-19 pandemic, sports persons and artists in the country were greatly affected with several sporting activities and concerts suspended. The Fund provided financial support through disbursement of Covid-19 stimulus package as part of government intervention to cushion artists, sportsmen and women in the country from the effects caused by the coronavirus.

The Fund continues to build on to all these successes which have been mentioned herein to propel the country to higher levels of prosperity and achievement by providing the required resources for the Sports, Arts and social development sector.



Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO
CHAIRPERSON

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

REPORT OF THE FUND ADMINISTRATOR

Sports and culture are key enablers of Vision 2030 and therefore, funding of sports, arts and social development projects and programmes are key to realization of the Fund's strategic objectives.


To ensure accountability and transparency in the use of the public resources that have been bestowed to the Fund, the Oversight Board has established funding guidelines and procedures. This ensures that all the funding requests meet the minimum requirements as provided for by the regulations.

In the current Financial Year 2019/2020, the Fund realized Kshs 9,768,345,499 against projected revenue of Kshs 13,451,000,000. This was an 18 % increase in revenue collection from the previous financial year 2018/2019. However, the Fund did not meet its revenue targets by 28% largely as a result of the effects of Covid-19 Pandemic.

During the Financial Year 2019/2020, the Fund Oversight Board approved financial support amounting to Kshs 11,068,734,782, the financial support was disbursed as follows; Kshs 3,375,043,331 for the promotion of sports, Kshs 579,573,451 for promotion of arts and culture and Kshs 7,114,118,000a for Social Development including Universal Healthcare.

The key projects and programmes financed during the Financial Year under review include; equipping the day care surgical centre and replacement of obsolete equipment and machinery at the Kenyatta National Hospital; completion of Nyayo National Stadium; renovation of Moi International Sports Centre; funding of the 18th Edition of the World Athletics U20 Championships in Nairobi; the Magical Kenya Golf Open 2020; WRC Safari Rally Championship 2020; equipping of the Nairobi Film Center under the Kenya Classification Board; establishment of the Presidential Archives and Library Program and the Government's intervention/stimulus package to cushion artists and sports persons from the effects of the Covid-19 Pandemic.

With funding guidelines in place as provided for in the regulations and the visionary leadership of the Oversight board, these are sufficient indicators that the Fund shall play an integral role in the achievement of the government's development agenda and promote Kenyan creative and sporting prowess.



Joe Okudo, CBS
Fund Administrator

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

REPORT OF THE CHIEF EXECUTIVE OFFICER

The Sports, Arts and Social Development Fund plays an integral role in the government four-point agenda to improve the living standards of Kenyans and grow the economy.

Barely two years into existence, the Sports, Arts and Social Development Fund has made great strides in the achievement of its mandate. The Fund relocated its temporary offices from the Ministry of Sports, Culture and Heritage Headquarters at Kencom House at the City Centre to Flamingo Towers in Upper Hill, with a secretariat in place to assist the Oversight Board in ensuring that all financial proposals comply with the funding requirements and facilitate the timely deliberation and process funding requests.

During the Financial year 2019/2020, the Fund developed draft Human Resource instruments and is in the process of developing its strategic plan and other policies and procedures to spell out the desired future.

To enhance and ensure brand visibility and image, the Fund has commenced its rebranding process with the website and social media pages in place so as to provide current information on the Fund and its activities which will in turn improve service delivery. In addition, the Fund is in the process of acquiring and implementing an Enterprise Resource Planning (ERP) system that will improve operations efficiency and productivity.

The Fund is committed to providing financial support to the sectors of sports, arts and social development. Kenyatta National Hospital has received financial support to equip the Day Care Surgical Centre and replace obsolete equipment; Anti-Doping Agency of Kenya was funded to undertake mandatory tests on and educate athletes on the perils of doping; Kenya National Library services was funded to establish a virtual library and the National Museum of Kenya was funded to restore heritage sites, including the Vasco Da Gama Pillar and Fort Jesus. Sports federations and national teams were also funded to attend various domestic and international competition to represent the country.

With these key achievements and the successful funding and implementation of the above programs, it is evident that the Fund will continue to play a key role in promoting and providing financial support to the sectors of sports, arts and social development.



Mark Wambugu
Ag. Chief Executive Officer

CORPORATE GOVERNANCE STATEMENT

The Sports, Arts and Social Development Fund (SASDF) was established by the Legal Notice No. 194 of the Public Finance Management (PFM) Act dated 25th October 2018

Constitution of The Board

Part III of Legal Notice no. 194 States that there shall be a Board established to be known as the Sports, Arts and Social Development Oversight Board.

The Oversight Board Shall Consist of:

- (i) The Principal Secretary for the time being responsible for matters relating to finance
- (ii) the Principal Secretary for the time being responsible for matters relating to sports;
- (iii) the Principal Secretary for the time being responsible for matters relating to arts
- (iv) the Principal Secretary for the time being responsible for matters relating to health
- (v) the Principal Secretary for the time being responsible for matters relating to education;
- (vi) one person not being a public officer nominated by the Cabinet Secretary responsible for sports with competence in matters relation to sports;
- (vii) one person not being a public officer nominated by the Cabinet Secretary responsible for health with competence in matters relating to health; and
- (viii) one person not being a public officer nominated by the Cabinet Secretary with competence in matters relating to finance.
- (ix) The President shall appoint one of the members appointed under this regulation to be the Chairperson of the Board.

The Current Oversight Board with Eight (8) members is therefore properly constituted as provided above.

Functions of the Board

The Functions and roles of the Oversight Board as outline in the Legal Notice No. 194 is as follows:

- (i) provide overall oversight of the Fund;
- (ii) approve the ceilings for funding under sports, arts and social development in each financial year;

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

- (iii) develop policy guidelines relating to disbursements by the Fund;
- (iv) prescribe other guidelines for the administration of the Fund;
- (v) review the estimates of annual revenue and expenditure of the Fund and recommend them to the Cabinet Secretary responsible for Sports for approval and submission to the Cabinet Secretary responsible for finance;
- (vi) review guidelines on the fund priorities and criteria for allocation and disbursement of funds to implementing agencies in furtherance of the objects of the Fund;
- (vii) monitor and evaluate the programmes and activities under the Fund;
- (viii) facilitate and develop sectoral linkages to the Fund;
- (ix) review the performance of the Fund and make recommendations on the operations of the Fund to the administrator of the Fund;
- (x) review and approve the financial statements of the Fund before submission to the Auditor General;
- (xi) review policy on the management of assets, equipment and all properties under the Fund;
- (xii) receive reports on the performance of the Fund; and
- (xiii) any other activity that in the opinion of the Board, will promote and facilitate the realization of the objects and purposes of the Fund.
- (xiv) The Oversight Board shall prepare and submit a quarterly report to the Cabinet Secretary responsible for finance on the performance of the Fund with copies to the Cabinet Secretaries responsible for sports, arts, health and education.

Board Charter

Being a newly established Fund the first Oversight Board was constituted in the year under review. Hence, there was no previously approved board charter and manual. The Oversight board will ensure Board Charter is developed, approved and used a governance framework.

E Board System

The Oversight Board has embraced technology to effectively and efficiently conduct its business in this regard the Board introduced an electronic system for conducting Board meetings and other functions eliminating paper work.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Board Remuneration

Remuneration of the Oversight Board members is determined by the appointing authority in line with guidelines and recommendations of the Salaries and Remuneration Commission.

OVERSIGHT BOARD MEETINGS ATTENDANCE FOR THE FY 2019/2020

In the financial year 2019/2020, the Oversight Board held fourteen meetings as shown below.

	Month	Jul		Aug		Sep		Oct		Nov	Jan		Feb		Mar		Apr	May		Jun
		16	30	20	10	24	22	25	19	14	5	18	10	27		13	19			
	NAME																			
1	Lt. Gen (Rtd) Jackson Tuwei	x	x	x	x		x	x	x	x		x	x	x	x				x	x
2	H.E. Moody Awori	x	x	x	x	x	x	x	x	x			x	x	x				x	x
3	Amb. Kirimi Kaberia	x	x	x	x	x	x	x	x	x										
4	Mr. Joe Okudo												x	x	x	x			x	x
5	Dr. Belio Kipsang		x	x	x								x	x	x	x			x	
6	Ms. Susan Mochache	x			x	x							x	x	x	x				
7	Ms. Josephta Mukobe	x	x	x	x		x	x	x	x			x	x	x	x			x	x
8	Eng. Peter K. Tum	x																		
9	Dr. Kamau Thugge	x																		
10	Mr. Geoffrey Malombe	x	x			x	x													

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

**CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY
REPORTING**

The Fund recognizes the impact of Corporate Social Responsibility on both its immediate stakeholders and the society within which it operates in. To this end, the Fund is committed to giving back to society, building relationships with the public and enhancing its reputation.

The National Sports Fund has therefore been involving itself in CSR activities are aimed at:

- I. Creating awareness on the Fund's Mandate and activities.
- II. Enhancing the Fund's public image and reputation among its stakeholders
- III. Brand marketing and visibility for the Fund
- IV. Building relationships with key stakeholders and maintaining a good rapport with the Funds stakeholders'
- V. Create public goodwill from Kenyans and partners

The Fund has given Sports equipment's/ kits/ uniform support to Federations /teams/youth Centre's/ tournaments in Kakamega County, as well as the devolution conference friendly football match.

MANAGEMENT DISCUSSION AND ANALYSIS

The Sports, Arts and Social Development Fund (SASDF) was established by the Legal Notice No. 194 Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 dated 25th October 2018, and commenced its operations in the Third Quarter of the Financial Year 2018/2019. The Fund has made significant strides in its operationalization. These include initiating the development of a Strategic plan and Funding policy guidelines whose results will inform the creation of Fund's strategic and operational structure.

In apportioning the proceeds of the Fund, the Oversight Board ensures that the following requirements of the Regulations are adhered to. These are that:

- a) an amount not exceeding sixty percent be apportioned to social development including universal health care;
- b) an amount not exceeding thirty-five percent be apportioned to the promotion and development of sports;
- c) an amount not exceeding twenty percent be apportioned to the promotion and development of arts; and
- d) an amount not exceeding five percent be apportioned to government strategic interventions whose expenditure shall be subject to approval by Cabinet.

The sources of funding for the Fund emanate from the collection as outlined under Section 69(A) of the Betting and Gaming Act, Section 35(5A) of the Income Tax Act and Section 36(5) of the Excise Duty Act, 2015 as mandated in the Legal Notice No. 194 of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018. During the financial year 2019/2020, the Fund realized revenue of Kshs 9,499,845,499 against a projected revenue of Kshs 13.2 Billion. The shortfall in revenue collection was occasioned by the effects of Covid-19 Pandemic.

During the Financial Year 2019/2020, the Fund Oversight Board approved financial support amounting to Kshs 11,068,734,782. The Oversight Board approved disbursement of Kshs 3,375,043,331 for the promotion of sports, Kshs 579,573,451 for promotion of arts and culture and Kshs 7,114,118,000 for Social Development including Universal Healthcare.

The Fund is committed to fully implement its mandate as provided in the Regulations, and is grateful for the unwavering support it continues to receive from the stakeholders.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the SASDF's affairs.

Principal activities

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

Results

The results of the SASDF for the year ended June 30, 2020 are set out on page 1.

Directors

The members of the Oversight Board who served during the year are as shown on page v and vii. During the year, two member of the Oversight Board were replaced as per the respective appointments.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The SASDF remitted a surplus of 7 Billion to the National Treasury during the Financial Year 2019/2020.

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 Oversight Board



**Joe Okudo, CBS
Fund Administrator
25th September 2020**

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Regulation 3 of the Legal Notice No. 194 of the Public Finance Act dated 25th October 2018, require the Directors to prepare financial statements in respect of the Sports, Arts and Social Development Fund, which give a true and fair view of the state of affairs of the Fund at the end of the financial year/period and the operating results of the Fund for that year/period. The Directors are also required to ensure that the Fund keeps proper accounting records which disclose with reasonable accuracy the financial position of the Fund. The Directors are also responsible for safeguarding the assets of the SASDF.

The Directors are responsible for the preparation and presentation of the SASDF's financial statements, which give a true and fair view of the state of affairs of the SASDF for and as at the end of the financial year (period) ended on June 30, 2020. 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 SASDF; (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 SASDF; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the SASDF'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 and Legal Notice No. 194 of the Public Finance Act (the Sports, Arts and Social Development Fund) Regulations 2018 dated 25th October 2018. The Directors are 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, 2020, and of the Fund's financial position as at that date. The Directors 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.

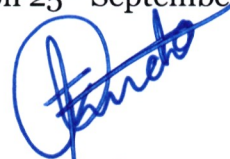
Nothing has come to the attention of the Directors to indicate that the Fund's will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Fund's financial statements were approved by the Board on 25th September 2020 and signed on its behalf by:



Lt. Gen (Rtd.) Jackson Tuwei
CHAIRPERSON



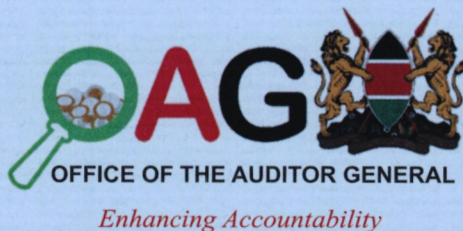
Joe Okudo, CBS
FUND ADMINISTRATOR

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

**REPORT OF THE OFFICE OF THE AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS FOR THE SPORTS ARTS AND SOCIAL DEVELOPMENT FUND
FOR THE YEAR ENDED 30TH JUNE 2020**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sports, Arts, and Social Development Fund set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2020, 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 matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Sports, Arts, and Social Development Fund as at 30 June, 2020, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Revenue from Non-Exchange Transactions

As disclosed under Note 7 to the financial statements, the statement of financial performance reflects Kshs.17,500,000 in respect of public contributions and donations. The donations were in respect of Covid-19 Sports Stimulus Program. However, supporting documents for the donations were not provided.

In the circumstances the accuracy and validity of the receipts of Kshs.17,500,000 could not be ascertained.

2. Irregular Disbursements of Grants and Subsidies to Federations

As disclosed under Note 14 to the financial statements, the statement of financial performance reflects an amount of Kshs.11,068,734,782 which constitutes a balance of

Kshs.3,375,043,331 spent on promotion and development of sports. The balance of Kshs.3,375,043,331 includes Kshs.529,932,000 disbursed to Kenya Open Golf Limited (KOGL) and the Kenya Open Ladies Golf Union (KOLGU). However, the two (2) organizations were not registered as required under Regulation 13(a)(i) of Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018.

In the circumstances, the Management is in breach of the law and the propriety in the use of public resources cannot be confirmed

3. Unsupported Trade and Other Payables

As disclosed under Note 18 to the financial statements, the statement of financial position reflects a balance of Kshs.52,121,341 in respect of trade and other payables from non-exchange transactions. The balance includes an amount of Kshs.5,846,400 owed to the Kenya School of Government. However, balance has not be disclosed as debtors in the financial statements of the Kenya School of Government and no supporting documents were provided for audit verification.

In the circumstances, the accuracy and validity of the Kshs.5,846,400 cannot be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sports, Arts, and Social Development 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.

Other Matter

1. Unresolved Prior Year Issues

In the audit report of the previous year, a number of issues were raised under the Report on Financial Statements. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

2. Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.13,451,000,000 and Kshs.9,768,345,499 respectively resulting to an under-funding of Kshs.3,682,654,501 or 38% of the budget. Similarly, the Fund expended Kshs.11,289,057,556 against an approved budget of Kshs.13,451,000,000 resulting to an under-expenditure of Kshs.2,161,942,444 or 19% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

1. Unauthorised Contracts on Medical Cover

As disclosed at Note 15 to the financial statements, the statement of financial performance reflects Kshs.57,996,735 against general expenses which includes staff medical expenses totalling Kshs.18,217,809. However, examination of records revealed that Kshs.16,237,809 was paid to an insurance company for medical cover which had expired but had been extended by one (1) year by the defunct National Sports Fund vide a contract signed on 21 November, 2018. The Head of Procurement through a memo Ref: No.SDSD9/60 VOL.II dated 25 October, 2019 had however, advised that the contract should be advertised afresh.

In addition, the payment vouchers were not signed by the preparer and was not approved and authorized by the Accounting Officer - the acting Chief Executive Officer contrary to Regulation 104 (1) of Public Finance Management Regulations, 2015 which requires payment vouchers be supported by the appropriate authority and documentation.

In the circumstances, the validity and legality of the total payments of Kshs.16,237,809 could not be confirmed.

2. Irregular Disbursements to Sports Organization

As disclosed under Note 14 to the financial statements, the statement of financial performance reflects Kshs.11,068,734,782 against grants and subsidies which includes Kshs.3,375,043,331 disbursed to various sports organizations for sports promotion and development. However, no reason was given by the Fund Management for giving some sports organizations huge disbursements before they accounted for previous years'

disbursements totalling to Kshs.364,891,993. This was contrary to Regulation 23 (2) (d) of Public Finance Management Regulations, 2015 which requires Accounting Officers to enforce compliance with any prescribed conditions if the respective government entity gives financial assistance to any other entity or person.

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

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

In preparing the financial statements, Management is responsible for assessing the Fund's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to liquidate 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 following 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 the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Fund policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 as a going concern or to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

24 May, 2021

**Sports Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
30TH JUNE 2020**

	Notes	2019-2020	2018-2019 Reinstated
		Kshs	Kshs
Revenue from non-exchange transactions			
Betting & Lotteries tax, Income tax and Excise duty tax	6	9,499,845,499	8,109,586,819
Public contributions and donations	7	17,500,000	-
Government Grants	8	251,000,000	25,000,000
Total revenue		9,768,345,499	8,134,586,819
Expenses			
Use of goods and services	9	1,079,928	-
Employee costs	10	62,351,393	-
Remuneration of directors	11	6,165,066	2,523,484
Depreciation and amortization expense	12	15,113,897	-
Repairs and maintenance	13	2,601,234	-
Transfer to Government Implementing Agencies and Sports Federations	14	11,068,734,782	1,362,694,433
General Administrative Expenses	15	57,996,735	5,846,400
Total expenses		11,214,043,035	1,371,064,317
Surplus (Deficit) before tax		(1,445,697,536)	6,763,522,502
Taxation		-	-
Surplus/(deficit) for the period/year		(1,445,697,536)	6,763,522,502
Net Surplus for the year		(1,445,697,536)	6,763,522,502
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus/(deficit) attributable to owners of the controlling Fund		(1,445,697,536)	6,763,522,502


The notes set out on pages 7 to 29 form an integral part of these Financial Statements.


**Sports Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

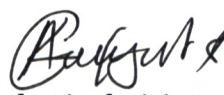
**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2020**

	Notes	2019/2020	2018-2019 Reinstated
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	4,454,324,863	6,766,892,386
Receivables from non-exchange transactions	17	859,606,923	25,000,000
Non-current assets			
Property, plant and equipment	19	75,014,521	-
Total assets		5,388,946,307	6,791,892,386
Liabilities			
Current liabilities			
Trade and other payables from non-exchange transactions	18	52,121,341	8,369,884
Total liabilities			
Net assets		5,336,824,966	6,783,522,502
Reserves		(1,445,697,536)	6,763,522,502
Accumulated surplus		6,763,522,502	-
Prior year Adjustments		(1,000,000)	-
Capital Fund		20,000,000	20,000,000
Total net assets and liabilities		5,336,824,966	6,783,522,502

The Financial Statements set out were signed on behalf of the Oversight Board by:


Lt. Gen (Rtd.) Jackson Tuwei
Chairman, Oversight Board
On 25th September, 2020


Joe Okudo, CBS
Fund Administrator
On 25th September, 2020


Job Aiyabei (ICPAK No. 8208)
Manager, Finance
On 25th September, 2020

**Sports Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
30 JUNE 2020**

	Surplus for the year	Capital/ Development Grants/Fund	Total
As at 1st July 2018	-	-	-
Total Comprehensive Income	-	-	-
Capital /Development Grants received during the year	-	20,000,000	20,000,000
Surplus for the year	6,763,522,502	-	6,763,522,502
Transfer of Depreciation/Amortization from Capital Fund to Retained earnings	-	-	-
As at 30th June 2019	6,763,522,502	20,000,000	6,763,522,502
As at 1st July 2019	6,763,522,502	20,000,000	6,783,522,502
Revaluation Gain	-	-	-
Surplus for the year	(1,445,697,536)	-	(1,445,697,536)
Prior year Adjustments	(1,000,000)	-	(1,000,000)
Transfer of Depreciation/Amortization from Capital Fund to Retained earnings	-	-	-
As at 30th June 2020	5,316,824,966	20,000,000	5,336,824,966

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Betting & Lotteries tax, Income tax and Excise duty tax	6	9,499,845,499	8,109,586,819
Public contributions and donations	7	17,500,000	-
Government grants and Subsidies	8	251,000,000	25,000,000
Total Receipts		9,768,345,499	8,134,586,819
Payments			
Use of goods and services	9	1,079,928	-
Employee costs	10	62,351,393	-
Remuneration to Oversight Board	11	6,165,066	2,523,484
Repairs and Maintenance	13	2,601,234	-
Transfers to Government Implementing Agencies and Sports Federations	14	11,068,734,782	1,362,694,433
General Administrative Expenses	15	57,996,735	5,846,400
Total Payments		11,198,929,138	1,371,064,317
Net cash flows from operating activities		(1,430,583,639)	6,763,522,502
Purchase of property, equipment and intangible assets		(90,128,418)	-
(Increase)/Decrease in Current receivables	17	(834,606,923)	(25,000,000)
Increase(Decrease) in Trade Payables)	18	43,751,457	8,369,884
Increase (Decrease) in Prior year adjustments		(1,000,000)	
Net cash flows used in investing activities		(881,983,884)	(16,630,116)
Capital Grants Received		-	20,000,000
Net cash flows used in financing activities		-	20,000,000
Cash and Cash Equivalents at the beginning of the year	16	6,766,892,386	-
Net increase/(decrease) in cash and cash equivalents		(2,312,567,523)	6,766,892,386
Cash and cash equivalents at the end of the year	16	4,454,324,863	6,766,892,386

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30
JUNE 2020**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% in Performance Variation
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Public contributions and donations	-	-	-	17,500,000	(17,500,000)	-100%
Government Grants & Subsidies	251,000,000	-	251,000,000	251,000,000	-	-
Proceeds from Lottery & Betting Tax	13,200,000,000	-	13,200,000,000	9,499,845,499	3,700,154,501	28%
Total income	13,451,000,000	-	13,451,000,000	9,768,345,499	3,682,654,501	
Expenses						
Employee Costs	76,873,309	-	76,873,309	62,351,393	14,521,916	19%
Use of Goods and Services	1,55d6,000	(192,400)	1,363,600	1,079,928	283,672	21%
General Administrative Expenses	76,230,837	(921,259)	75,309,578	57,996,735	17,312,843	23%
Remuneration of Directors	22,995,854	(12,592,004)	10,403,850	6,165,066	4,238,784	41%
Repairs & Maintenance costs	4,074,000	330,000	4,404,000	2,601,234	1,802,766	41%
Transfers to Government Implementing Agencies and Sports Federations	13,200,000,000	-	13,200,000,000	11,068,734,782	2,131,265,218	16%
Acquisition of Non-Financial Assets	69,270,000	13,375,663	82,645,663	90,128,418	(7,482,755)	-0.01%
Total expenditure	13,451,000,000	-	13,451,000,000	11,289,057,556	2,161,942,444	
Surplus for the period	-	-	-	(1,520,712,057)	1,520,712,057	

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Budget Performance Notes:

Proceeds from Lottery & Betting Tax 28%

The variance of 27% under Total revenue was due to unrealized revenue from betting and lottery taxes. The revenue was further affected by postponement and cancellation of local and international events leading to reduction in betting activities.

Employee Costs 19%

The Fund had underutilized the budget under employee costs by 29%. This was because there was a planned recruitment of key staff such as the CEO, Director Audit, Manager Monitoring and Evaluation and other technical staff which are provided for in the staff establishment. This was not achieved because the SASDF HR instruments had not been finalized and approved by the Oversight Board.

Use of Goods and Services 21%

Due to Covid 19 Pandemic, Staff were required to work from home, and on shifts. Therefore, the budgets under items such as Electricity, Cleaning and Security were underutilized.

General Administrative Expenses 23%

The expenses were underutilized by 29% due to the Covid 19 Pandemic, government interventions such as regional lockdown, activities under the budget for traveling, subsistence allowances, Seminars and Conferences, Stakeholders workshop could not take place. Further, the Fund was not fully operationalized. In this regard therefore, the Fund could not fully absorb all the funds.

Remuneration of Directors 41%

The Oversight Board held few meetings after the onset of Covid 19 Pandemic during the period under consideration. Further, the Oversight Board meetings were held virtually cutting down on costs. The Fund had also planned to take the Oversight Board for trainings and Seminars which were rescheduled.

Repairs & Maintenance costs 41%

There was less usage of Fun's motor vehicle as a result of lockdown imposed by the government to curb the spread of Covid 19.

Transfers to Government Implementing Agencies and Sports Federations 16%

This expenditure was underutilized by 16%, this was mainly due to Postponement of Sporting activities from March 2020 to June 2020 due to Covid 19. The Major events like Olympic Qualifiers, World Under 20 Championship and World Rally Championship never took place.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Sports Arts and Social Development Fund is established by and derives its authority and accountability from the Public Finance Management Act (Sports, Arts and Social Development Fund) regulations 2018. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

The principal mandate of the Sports, Arts and Social Development Fund is to provide funding to support the development and promotion of sports and arts and the promotion of social development including universal health care.

The object and purpose of the Fund as outlined in the PFM (Sports, Arts and Social Development Fund) Regulations 2018 is:

- i. promote social development including universal health care;
- ii. financing the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;
- iii. enhancing support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv. facilitation for the acquisition and provision of equipment to sports and recreation facilities;
- v. support for the identification, nurturing and development of talent in sports and arts;
- vi. facilitation of training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii. facilitation for the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii. support for the promotion and development of artistic production of contemporary or cultural goods and services;
- ix. facilitation for the marketing and promotion of artistic productions and contemporary or cultural goods and services;
- x. support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi. facilitation for exhibition and promotion of contemporary or cultural artistic production of goods and services for national identity and pride;
- xii. financing the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii. facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.

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

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

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 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, the State Corporations Act, the PFM (Sports, Arts and Social Development Fund) Regulations 2018, 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 but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: 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 an entity's future cashflows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Standard	Effective date and impact:
	<p>benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> a) The nature of such social benefits provided by the entity; b) The key features of the operation of those social benefit schemes; and c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

ii. Early adoption of standards

The Fund did not early-adopt any new or amended standards in the year 2019/2020.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Betting & lotteries tax, Income tax and Excise duty tax

The SASDF recognizes revenues from Betting & lotteries tax, Income tax and Excise duty tax when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Fund and the fair value of the asset can be measured reliably.

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 SASDF and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

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 each period.

b) Budget information

The original budget for FY 2019-2020 was approved by the National Assembly. There were no subsequent revisions or additional appropriations made to the approved budget.

The SASDF's budget is prepared on a different basis to 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 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 and the actuals as per the statement of financial performance has been presented under Page 1 of these financial statements.

c) Property, plant and equipment

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.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Depreciation is calculated on reducing balance basis to write down the cost of each asset to their reducing balance over their estimated useful life as follows:

Motor vehicle	25.0%
Plant & Equipment	12.5%
Office Equipment	12.5%
Computers	30.0%
Furniture	12.5%
Building	2.0%

Equipment, furniture and fittings are periodically reviewed for impairment where the carrying amount of an asset is greater than estimated recoverable amount it is written down immediately to its carrying amount.

Gain and losses on disposal of equipment furniture and fittings are determined by reference to their carrying amount and are considered in determining the surplus or deficit for the year.

d) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

e) Financial instruments

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 SASDF 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.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Impairment of financial assets

The SASDF assesses at each reporting date whether there is objective evidence that a financial asset or an SASDF of financial assets is impaired. A financial asset or a SASDF of financial assets 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 financial asset or the SASDF of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- The debtors or a SASDF of debtors 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)

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 SASDF 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) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the SASDF.

g) Provisions

Provisions are recognized when the SASDF has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the SASDF expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The SASDF 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.

h) Changes in accounting policies and estimates

The SASDF recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

i) Employee benefits

Retirement benefit plans

The SASDF will provide retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an SASDF will pay a fixed contribution into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

j) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Fund Oversight Board, Fund Administrator, the CEO and the Directors.

k) Cash and cash equivalents

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

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

m) Subsequent events

There were no subsequent events that had significant or material impact on the financial statements for the Year ended 30th June 2020.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the SASDF 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.

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. SASDF based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

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:

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

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Provisions

Provisions shall be raised and management determined an estimate based on the information available. The Fund has not made any provisions yet.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. BETTING AND LOTTERIES TAX, INCOME TAX AND EXCISE DUTY TAX

Description	2019-2020	2018-2019
	KShs	KShs
Betting and lotteries tax, Income tax and Excise duty tax	9,499,845,499	8,109,586,819
Total	9,499,845,499	8,109,586,819

The Sports, Arts and Social Development Fund is mandated by Legal Notice No. 194 of the Public Finance Act (Sports, Arts and Social Development Fund) Regulations 2018 dated 25th October 2018 to receive:

- All proceeds required to be paid into the Fund under Section 69(A) of the Betting and Gaming Act.
- All proceeds required to be paid into under Section 35(5A) of the Income Tax Act
- All proceeds required to be paid into under Section 36(5) of the Excise Duty Act, 2015

7. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Covid-19 Sports Stimulus Program Donations	17,500,000	-
Conditions to be met - remain liabilities	-	-

8. TRANSFERS FROM OTHER GOVERNMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Operational grant	251,000,000	25,000,000
Total government grants and subsidies	251,000,000	25,000,000

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

8 (b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	2018-2019
Kshs.	Kshs.	Kshs.	KShs	KShs	KShs
State Department of Sport Development	251,000,000	-	-	251,000,000	25,000,000
Total	251,000,000	-	-	251,000,000	25,000,000

9. USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity & Other Utilities	111,532	-
Cleaning Services	315,540	-
Security	525,657	-
Professional Subscriptions	127,200	-
Total good and services	1,079,928	-

10. EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
Salaries and wages	55,427,126	-
Employee related costs - contributions to pensions and medical aids	6,924,267	-
Employee costs	62,351,393	-

11. REMUNERATION TO OVERSIGHT BOARD

Description	2019-2020	2018-2019
	KShs	KShs
Chairman's Honoraria	960,000	436,484
Directors emoluments	3,210,000	1,900,000

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Other allowances	1,995,066	187,000
Total director emoluments	6,165,066	2,523,484

12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	15,113,897	-
Total depreciation and amortization	15,113,897	-

13. REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Equipment and machinery	641,060	-
Motor Vehicles	1,654,340	-
Furniture and fittings	14,500	-
Office repairs	291,334	-
Total repairs and maintenance	2,601,234	-

14. TRANSFERS TO GOVERNMENT IMPLEMENTING AGENCIES AND SPORTS FEDERATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Promotion and Development of Sports	3,375,043,331	1,352,548,048
Social Development including Universal Health Care	7,114,118,000	-
Promotion and Development of Arts	579,573,451	10,146,385
Total Transfers to Government Implementing Agencies and Sports Federations	11,068,734,782	1,362,694,433

15. GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Advertising	1,145,252	-
Travelling ,Accommodations, Subsistence and other Allowances	6,641,339	-
Telephone & Internet Costs	1,633,087	-
Conferences and delegations	68,720	-

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Office Consumables	900,908	-
Fuel and oil & Lubricants	2,013,175	-
Motor Vehicle Insurance	1,934,699	-
Newspapers & Periodicals	26,080	-
Office Stationery	1,052,217	-
Publishing and Printing	58,500	-
Hospitality & Entertainment	1,306,787	-
Audit Fees	1,000,000	-
Office Rental Costs	12,420,222	-
Staff Training Costs	1,325,580	-
Staff Medical	18,217,809	-
Bank Charges	741,329	-
Computer Accessories	859,831	-
Monitoring & Evaluation Costs	4,129,300	-
Development of Fund Policy Documents	2,521,900	-
Total General Expenses	57,996,735	-

16. CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current accounts	4,454,050,719	6,766,892,386
Petty Cash	274,144	-
Total cash and cash equivalents	4,454,324,863	6,766,892,386

16 (b) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current accounts			
State Department of Sports, Central Bank Of Kenya , Nairobi Branch	1000404671	-	6,746,892,386
State Department of Sports, Central Bank Of Kenya , Nairobi Branch	1000404892	22,222	-
State Department of Sports, Central Bank Of Kenya , Nairobi Branch	1000404868	4,279,540,578	20,000,000
Sports Arts and Social Dev Fund.Co-Operative Bank of		70,038,225	-

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

Kenya University Way Branch .	01141174153400		
Sports Arts and Social Dev Fund.Co-Operative Bank of Kenya University Way Branch .	01141174153401		
		104,449,694	-
Sub- total		4,454,050,719	6,766,892,386
b)On - call deposits		-	-
Sub- total		4,454,050,719	6,766,892,386
c)Cash in Hand & in Transit		-	-
Cash in Hand		274,144	-
Sub- total		274,144	-
Grand total		4,454,324,863	6,766,892,3866

17. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Prepaid Fuel	129,925	-
Staff Salary Advances	874,664	-
Receivable from Toyota Kenya	955,060	-
Receivable from World Under 20 Championship	400,000	-
Government Grants Receivable	-	25,000,000
Staff Imprests	2,638,479	
Inter Bank Transfers	854,608,795	-
Total receivables	859,606,923	25,000,000

18. TRADE AND OTHER PAYABLES FROM NON- EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Payables from non-Exchange Transactions	51,791,970	8,369,884
Other payables-Staff Salary Advances Payable to Ministry of Sports	329,371	-
Total trade and other payables	52,121,341	8,369,884

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

19. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Other equipment		Office Equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	54,438,440	-	349,500	3,560,228	-	-	-	-	3,140,250	-	28,640,000	90,128,418	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2020	-	-	54,438,440	-	349,500	3,560,228	-	-	-	-	3,140,250	-	28,640,000	90,128,418	-	-
Depreciation and impairment																
At 1 July 2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	13,609,610	-	43,688	1,068,068	-	-	-	-	392,531	-	-	15,113,897	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30th June 2020	-	-	13,609,610	-	43,688	1,068,068	-	-	-	-	392,531	-	-	15,113,897	-	-
Net book values																
At 30th June 2020	-	-	40,828,830	-	305,812	2,492,160	-	-	-	-	2,747,719	-	28,640,000	75,014,521	-	-
At 30th June 2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

20 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 company 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:

(i) 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 company'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:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from non-exchange transactions	859,606,923	859,606,923	-	-
Bank balances	4,454,324,863	4,454,324,863	-	-
Total	5,313,931,786	5,313,931,786	-	-
At 30 June 2019				
Receivables from non-exchange transactions	25,000,000	25,000,000	-	-
Bank balances	6,766,892,386	6,766,892,386	-	-
Total	6,791,892,386	6,791,892,386	-	-

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company 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.

	Less than 1 month	Between 1-3 months	Over 3 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	32,815,367	112,453	9,689,387	42,617,208
Employee benefit obligation	2,901,142	1,208,676	5,394,315	9,504,133
Total	35,716,509	1,321,129	15,083,702	52,121,341
At 30 June 2019				
Trade payables	504,696	5,846,400	2,018,788	8,369,884
Employee benefit obligation	-	-	-	-
Total	505,696	5,846,400	2,018,788	8,369,884

(iii) 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 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.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

a) 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 company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

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

Sensitivity analysis

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

iv) **Capital Risk Management**

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

	2019-2020	2018-2019
	Kshs	Kshs
Retained earnings	5,314,186,487	6,763,522,502
Capital reserve	20,000,000	20,000,000
Total funds	5,334,186,487	6,783,522,502
Less: cash and bank balances	(4,454,324,863)	(6,766,892,386)
Net debt/(excess cash and cash equivalents)	879,861,624	16,630,116
Gearing	-	-

21. DIVIDENDS/SURPLUS REMISSION

In accordance with Legal Notice No. 194 Public Finance Management (Sports Arts and Social Development Fund) Regulations, 2018 Section 17 provides that all receipts, earnings and accruals to the Fund and the balance of the Fund at the close of each Financial year, shall be retained by the Fund for use for the purpose for which the Fund is established. In that regard, the Surplus for 2018/2019 FY was disbursed for Social development Projects.

22. EVENTS AFTER THE REPORTING PERIOD

The oversight Board in May 2020 approved the acquisition of NOCK Tower at a cost of Kshs.1.3 Billion out of which Kshs 854 Million was paid after year end to clear outstanding loans and contractual obligations. Part of the Funds proceeds are revenue

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

from Gaming and Betting as provided for under Section 69(A) of the betting and Gaming Act. The Gaming Bill, 2019 proposes to repeal the BCLB Act which may have a considerable effect on the Funds revenue stream in the foreseeable future.

23. ULTIMATE AND HOLDING ENTITY

The entity is a Semi- Autonomous Government Agency under the Ministry of Sports, Culture and Heritage. Its ultimate parent is the Government of Kenya.

24. CURRENCY

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



**Joe Okudo
Fund Administrator.**

22nd September 2020.

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
SASDF/1/2018/2019	Lack Of Audit Committee	The Fund is the process of constituting various committees of the Oversight Board	A.G CEO	Not Resolved	30-06-2021
SASF/2/2018/2019	Lack Of Substantive CEO	The Directorate of Personnel Management(DPM) is the process of preparing Human Resource documents to facilitate hiring of all key staff of the Fund	A.G CEO	Not Resolved	30-06-2021
SASDF/3/2018/2019	Lack of Policy documents	The has developed funding Policy Manual and and has procured a consultant to develop the Funds Strategic plan and Human Resource instruments is being developed by DPM	A.G CEO	Not Resolved	30-06-2021

MW

**Mr. Mark Wambugu
Ag. Chief Executive Officer**

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

APPENDIX II: PROJECTS IMPLEMENTED BY SPORTS ARTS AND SOCIAL DEVELOPMENT FUND

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners- The Sports Arts and Social Development has no existing projects funded by Development Patners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

APPENDIX III: INTER-FUND TRANSFERS

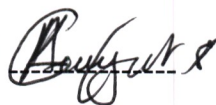
ENTITY NAME:		SPORTS ARTS AND SOCIAL DEVELOPMENT FUND	
Break down of Transfers from the State Department of Sports			
FY 2019-2020			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Financial Year</u>
		16/09/2019	62,750,000
		07/11/2019	62,750,000
		30/01/2020	62,750,000
		19/06/2020	20,916,667
		24/06/2020	20,916,666
		24/06/2020	20,916,667
		Total	251,000,000
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		Total	-
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		Total	-
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			-
		Total	251,000,000

The above amounts have been communicated to and reconciled with the parent Ministry

**Finance Manager
SASDF**

**Head of Accounting Unit
Ministry of Sports & Heritage**

Sign



Sign-----

**Sports, Arts and Social Development Fund
Annual Reports and Financial Statements
For the year ended June 30, 2020**

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

The Fund did not receive any Funds from any Government entity in the Financial Year 2018/2020

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
	-	-	-			-		-
Total	-	-	-	-	-	-	-	-