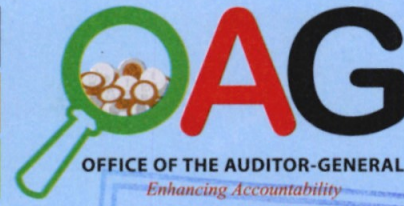


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 12 MAR 2026

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THE AUDITOR-GENERAL

ON

STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT

FOR THE YEAR ENDED
30 JUNE, 2025



**MINISTRY OF LANDS, PUBLIC WORKS, HOUSING AND URBAN DEVELOPMENT
STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2025**

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

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Table of Contents	Page
1. Acronyms and Definition of Key Terms	ii
2. Key State Department for Housing and Urban Development Information and Management.....	iii
3. Profile of Cabinet Secretary	ix
4. Profiles of Accounting Officer and Key Management	ix
5. Statement by the Cabinet Secretary	xiii
Ministry of Lands, Public Works, Housing and Urban Development.....	xiii
6. Statement by the Accounting Officer	xiv
Table 1: Program Performance	xix
7. Governance Statement	xxvii
8. Management Discussion and Analysis	xxxvii
9. Environmental and Sustainability Reporting.....	xxxix
10. Statement of Management Responsibilities.....	xliii
11. Report of the Independent Auditor for the State Department for Housing and Urban Development.....	xlvi
12. Statement of Financial Performance for the year ended 30 June 2025	1
13. Statement of Financial Position as at 30 June 2025.....	2
14. Statement of Changes in Net Assets for the year ended 30 June 2025.....	Error! Bookmark not defined.
15. Statement of Cash Flows for the year ended 30 June 2025	4
16. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025	5
17. Notes to the Financial Statements.....	8
18. Appendix.....	43

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

1. Acronyms and Definition of Key Terms

A: Acronyms and Abbreviations

<i>AHB</i>	<i>Affordable Housing Board</i>
<i>BIC</i>	<i>Budget Implementation Committee</i>
<i>CBK</i>	<i>Central Bank of Kenya</i>
<i>CS</i>	<i>Cabinet Secretary</i>
<i>HRMD</i>	<i>Human Resource Management and Development</i>
<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IPSAS</i>	<i>International Public Sector Accounting Standards</i>
<i>MDA</i>	<i>Ministries, Departments and Agencies</i>
<i>NHC</i>	<i>National Housing Corporation</i>
<i>OAG</i>	<i>Office of the Auditor General</i>
<i>OCOB</i>	<i>Office of the Controller of Budget</i>
<i>OSHA</i>	<i>Occupational Safety and Health Act of 2007</i>
<i>PS</i>	<i>Principal Secretary</i>
<i>PFM</i>	<i>Public Finance Management</i>
<i>PPE</i>	<i>Property Plant & Equipment</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>SAGAs</i>	<i>Semi-Autonomous Government Agencies</i>
<i>SC</i>	<i>State Corporations</i>
<i>TNT</i>	<i>The National Treasury</i>
<i>WB</i>	<i>World Bank</i>

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Key State Department for Housing and Urban Development Information and Management

(a) Background information

The State Department for Housing and Urban Development falls under the Ministry of Lands, Public Works, Housing and Urban Development.

The Ministry of Lands, Public Works, Housing and Urban Development was established under the Executive Order No. 1 January, 2023. At cabinet level, the Ministry is represented by the Cabinet Secretary who is responsible for the general policy and strategic direction.

(b) Mandate

Vision

To be a globally competitive organization in provision of adequate and decent housing in a sustainable environment and coordinated urban development

Mission

To facilitate access to adequate and decent housing and integrated infrastructure for sustainable socio-economic development.

Core Functions

The functions for the State Department for Housing and Urban Development in the Ministry of Lands, Public Works, Housing and Urban Development are derived from the Executive Order No.1/2023 and revised Executive Order No.2/2023.

The functions for the Department are as follows:

- i. Housing Policy Management;
- ii. Management of Civil Servants Housing Scheme;
- iii. Development and Management of Affordable Housing;
- iv. National Secretariat for Human Settlement;
- v. Appropriate low-cost housing building and construction technologies;
- vi. Development and Management of Government Pool Housing;
- vii. Shelter and Slum Upgrading;
- viii. Public Office Accommodation Lease and Management;
- ix. Maintenance of Inventory of Government Housing Property;
- x. Urban Planning Policy; and
- xi. Townships, Municipalities and Cities Policy

Core Values

In its endeavour to execute its Mandate, the State Department is guided by the following Core Values:

- i. Team spirit
- ii. Prompt customer responsiveness

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- iii. Integrity – honesty, accountability and transparency
- iv. Patriotism
- v. Consultative
- vi. Professionalism
- vii. Gender equity and equality

(c) Key Management

The State Department’s day-to-day management is under the following key organs;

Offices

- i. Office of the Cabinet Secretary
- ii. Office of the Principal Secretary

Directorates

- i. Housing Management and Development
- ii. Urban and Metropolitan Development
- iii. General Administration, Planning and Support Services

Institutions

- i. National Housing Corporation (Housing Act, Cap 117)
- ii. Affordable Housing Board
- iii. National Housing Development Fund (Housing Act, Cap 117)
- iv. Civil Servants Housing Scheme Fund
- v. Estate Agents Registration Board (The Estate Agents Act, Cap. 533)
- vi. Integrated Project Delivery Unit (IPDU)

Departments

- i. General Administration and Planning
- ii. Housing Development
- iii. Housing Infrastructure
- iv. National Institutional Housing
- v. Rural Housing Programme
- vi. Slum Upgrading
- vii. Estates Management
- viii. Public Office Accommodation (POAD)
- ix. Civil Servants and State Officers Housing Scheme (CSHS)
- x. Urban Development
- xi. Urban Government Management and Resilience
- xii. Metropolitan Planning and Management
- xiii. Metropolitan Infrastructure, Utilities and Services
- xiv. National Markets Development Program

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Institutions

- i. National Housing Corporation (Housing Act, Cap 117)
- ii. Affordable Housing Board
- iii. National Housing Development Fund (Housing Act, Cap 117)
- iv. Civil Servants Housing Scheme Fund
- v. Estate Agents Registration Board (The Estate Agents Act, Cap. 533)
- vi. Integrated Project Delivery Unit (IPDU)

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name	Date of Appointment
1	Accounting Officer	Charles M. Hinga, CBS,CA(SA)	18.07.2024
2	Secretary Administration	Hiram M. Kahiro	27.08.2024
3	Director, HRM&D	Susan Wangari	27.08.2024
4	Director, HRM&D	Douglas Njeru	02.04.2025
5	Director, Metropolitan Planning	Ann Mugo	27.08.2024
7	Director, Urban Development	Lilian K. Kieni	27.08.2024
8	Director ,Economic Planning	Evans K. Lokabel	27.08.2024
9	Director ,Housing	James M. Maina	27.08.2024
10	Director, Estates Management	Cassius Kusienya	27.08.2024
11	Senior Deputy Director Supply Chain Management Services	John Maina	27.08.2024
13	Senior Chief Finance Officer	Evelyn Nyakwara	27.08.2024
14	Senior Chief Finance Officer	Alexius S. Njue	29.01.2025
15	Senior Deputy Accountant General	Charles Liyayi	27.08.2024
16	Senior Deputy Accountant General	Nelson O. Mose	05.05.2025

Notes:

- i. Ms. Susan Wangari served for a period of five months
- ii. Mr. Douglas Njeru served for a period of three months
- iii. Ms. Evelyn Nyakwara served for a period of five months
- iv. Mr. Alexis Njue served for a period of five months
- v. Mr. Charles Liyayi served for a period of four months
- vi. Mr. Nelson O. Mose served for a period of two months

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

(e) Fiduciary Oversight Arrangements

The Accounting Officer for the State Department for Housing and Urban Development, is assisted in the execution of the annual budget by various Committees appointed as per the prevailing laws, regulations and policies.

The members of these Committees are professional /technical staff drawn from various departments. They possess wide range of skills and experiences which are key in making independent and objective decisions on matters before them in addition to advising the Accounting and Authorized Officer- appropriately.

Upon appointment, each member of the Committee is comprehensively inducted on the business and operations of the State Department for Housing and Urban Development. This is to facilitate the execution of policy, legal and regulatory obligations expected of the members. The Committee meetings are scheduled monthly but may also be held on need basis.

The Committees comprise the following:

- a) Public Finance Management Standing Committee
- b) Budget Implementation Committee
- c) Audit Committee
- d) Parliamentary Committee
- e) Performance Management Committee
- f) Project Management Committee
- g) Tender Opening Committee
- h) Tender Evaluation Committee
- i) Inspection and Acceptance Committee
- j) Human Resource Management Advisory Committee
- k) Corruption Prevention Committee

(f) Entity Headquarters

State Department of Housing and Urban Development
P.O Box 30119-00100 Nairobi,
Tel. No: +254-020-2713833
Fax: +254-020-2734886
Website: www.housingandurban.go.ke
Ardhi House Building
1st Ngong Avenue
Nairobi, Kenya

(f) Entity Contacts

State Department for Housing and Urban Development
P.O Box 30119-00100 Nairobi,
Tel. No: +254-020-2713833
Fax: +254-020-2734886
E-mail: pshud@ardhi.go.ke, info@housingandurban.go.ke
Website: www.housingandurban.go.ke
Ardhi House Building
1st Ngong Avenue
Nairobi, Kenya

(g) Entity Bankers

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000 (City Square 00200)
Telephone: (254) 202860000
E-mail: comms@centralbank.go.ke
Website: www.centralbank.go.ke
Nairobi, Kenya

(h) Independent Auditors

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

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.


(i) Principal Legal Adviser

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


State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

2. Profile of Cabinet Secretary

Name	Key Academic and Professional Qualification.
 <p data-bbox="44 891 363 972">Hon. Alice Wahome, EGH Cabinet Secretary</p>	<p data-bbox="587 342 1538 499">Hon. Alice Wahome is the Cabinet Secretary for Lands, Public Works, Housing and Urban Development. She is a veteran politician who previously served as the Member of Parliament for Kandara Constituency between 2013 and 2022.</p> <p data-bbox="587 555 1538 622">She actively promoted gender affirmative action while serving as vice-chairperson of the FIDA council.</p> <p data-bbox="587 678 1538 880">Hon. Wahome holds a Bachelor of Laws (LLB) University of Nairobi and a Diploma in Legal Practice (Kenya Law School). She has previously worked at the Attorney General's chambers as a State Counsel, and as a legal practitioner at A. M. Wahome and Company Advocates.</p>

3. Profiles of Accounting Officer and Key Management

Name	Key Academic and Professional Qualification.
 <p data-bbox="44 1727 496 1794">Mr. Charles M. Hinga, CBS, CA (SA) Principal Secretary</p>	<p data-bbox="587 1167 1538 1279">Mr. Charles M. Hinga is the Principal Secretary, State Department for Housing and Urban Development, under the Ministry of Lands, Public Works, Housing and Urban Development in the Government of Kenya.</p> <p data-bbox="587 1335 1538 1626">Mr. Hinga leads the SDHUD team in undertaking housing policy management, management of various housing schemes for civil servants and disciplined forces, development and management of government pool housing, public accommodation lease and management, maintenance of inventory of government housing property, development and management of affordable housing as well as urban planning and development, shelter and slum upgrading.</p> <p data-bbox="587 1671 1538 1783">For distinguished and exemplary public service to the nation, Mr. Mwaura was awarded the Chief of the Order of the Burning Spear (CBS).</p> <p data-bbox="587 1794 1538 1946">Mr. Hinga is a Chartered Accountant (CA) and holds a Bachelor of Commerce (Accounting) degree from Kenyatta University as well as a Bachelor of Accounting Science (Honours) degree from the University of South Africa.</p>

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

 <p>Mr. Hiram M. Kahiro, OGW Secretary Administration</p>	<p>Hiram M. Kahiro, OGW, holds the position of Secretary, Administration and has over 25 years of experience in the Civil Service which includes 3 years as County Secretary and Head of Public Service at Nyandarua County Government.</p> <p>He holds an MA [UoN] and a BA [UoN] and he has undertaken several local and international courses such as Strategic Leadership Development Program [KSG, Kenya] and Executive Leadership for Senior Executives [USA].</p>
 <p>QS. Said Athman, EBS Housing Secretary</p>	<p>Said Athman is Housing Secretary for Housing Management and Development</p> <p>He holds a Masters of Arts and Planning and Bachelor of Quantity Survey both from the University of Nairobi.</p> <p>He is a registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors.</p> <p>He has over twenty-five (25) years of experience.</p>
 <p>Eng. Byron Buyu Ag. Secretary, Urban and Metropolitan Development</p>	<p>Byron Buyu is currently Ag. Secretary for Urban and Metropolitan Development</p> <p>Byron has over 21 Years work experience in various industries in private sector and Government. He has worked with various Telecommunications operators and Vendors Building Management systems, Built environment Sector and Urban infrastructure. Byron Served in the Presidents Delivery Unit where he was in charge as a Delivery expert in delivery of All infrastructure projects across several ministries (2018-2022).</p> <p>Eng. Byron Buyu is a Career Electrical and Telecommunications Engineer. He has a Bachelor of Technology (Hons) of Electrical and Telecommunication engineering from Moi University.</p>

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.



CPA Nelson O. Mose
Senior Deputy Accountant General

CPA Nelson Mose is a Senior Deputy Accountant General in charge of the Accounting Unit.

He holds a Masters of Business Administration in Finance (Jomo Kenyatta University of Agriculture and Technology). BCOM Finance and Executive Diploma in Finance Management (KCA University).

He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) with over 20 years' experience in the public sector.



Mr. John Maina
Senior Deputy Director, Supply Chain Management Services

John Maina is a Senior Deputy Director, Supply Chain Management Services.

He is a member of Kenya Institute of supplies management (KISM) with 21 years of experience in the public sector

He holds a Master of Business Administration (Kenyatta University).



Mr. Douglas W. Njeru
Director, Human Resource Management and Development

Douglas Njeru is the Director, Human Resource Management and Development.

He is a member of Institute of Human Resource Management (IHRM) with over 34 years' experience in Human Resource Management.

He holds a Bachelors of Education Degree from Kenyatta University (Arts) and Master's Degree in Strategic Management (KEMU)

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.



Mr. Alexius S. Njue
Senior Chief Finance Officer

Alexius Njue is the Senior Chief Finance Officer in charge of Finance Unit.

He is a member of the Institute of Internal Auditors with over 30 years of experience in Public Sector.

He holds Masters of Business Administration (Finance) and Bachelors of Business and Economics both from Kenyatta University, Diploma in Financial Management from Kenya Institute of Management (KIM).

5. Statement by the Cabinet Secretary



The Government of Kenya, through the State Department for Housing and Urban Development, is committed to enhancing home ownership for Kenyan citizens. The goal is to scale up from the current 30,000 active mortgages to 1,000,000 mortgages, offering favourable ownership terms with monthly payments as low as Ksh 5,000. To address the annual housing deficit of 250,000 units, the Affordable Housing Programme is actively initiating projects across the country. The Programme is being achieved by; Focusing on the pipeline to launch ready projects on both national and county level; Promoting economic recovery by linking MSMEs and Jua Kali sector to these projects; Making provisions in legislation for cheap and stable financing that will underwrite projects altogether and Spurring the Manufacturing sector by creating consumptive demand.

The development of affordable housing programs is pegged on international standards for affordability, habitability, accessibility, and cultural adequacy. Accordingly, the policy and legal framework for housing affirms that adequate housing encompasses access to secure tenure, services, infrastructure, facilities, and livelihood opportunities. Consequently, our development philosophy ensures that our housing projects include the development of necessary and adequate associated social and physical infrastructure.

To date, the State Department has 161,911 housing units under development across the country. The program has generated over 250,000 direct and indirect jobs, contributing significantly to economic growth.

The housing sub-sector continues to face challenges including rapid urbanization, inadequate supply of affordable housing, and the growth of informal settlements. To address this, the state Department has adopted policies and strategies aimed at accelerating delivery of affordable housing, promoting urban resilience, enhancing infrastructure in informal settlements, and strengthening partnerships with private sector.

The State Department remains steadfast in its commitment to scaling up affordable housing delivery and ensuring sustainable urban and metropolitan development for all Kenyans.

A handwritten signature in black ink, appearing to read 'Alice Wahome'. The signature is written in a cursive style and is positioned above a dotted line.

.....
Hon. Alice Wahome, EGH

Cabinet Secretary

Ministry of Lands, Public Works, Housing and Urban Development

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

6. Statement by the Accounting Officer



The State Department for Housing and Urban Development is mandated to provide housing policy management, management of various housing schemes for civil servants and disciplined forces, development and management of government pool housing, public accommodation lease and management, maintenance of inventory of government housing property, development and management of affordable housing as well as urban planning and development, shelter and slum upgrading.

As part of the current administration's commitment, the State Department is spearheading the delivery of 250,000 affordable housing units annually, in line with the government's development agenda. The Affordable Housing Act, 2024, provides the legal framework for implementing affordable and institutional housing programs. It supports the development of associated social and physical infrastructure and establishes the Affordable Housing Levy, giving effect to Article 43(1)(b) of the Constitution, which guarantees every Kenyan the right to accessible and adequate housing and to reasonable standards of sanitation.

Since September 2022, the State Department has completed 3,171 affordable housing units. Currently, 161,911 housing units are under construction under the Affordable and Social Housing Programs. Additionally, 177,686 student housing beds (equivalent to 50,767 units) have been advertised, addressing the institutional housing crisis affecting learning institutions.

Affordable Housing Projects (AHPs) are active in 44 counties, with plans to cover all 47 counties. While Marsabit, Turkana, and West Pokot currently do not have active projects, initiatives are underway to fast-track development in these regions. So far, AHP projects have been launched in 111 constituencies and 4,888 units have been advertised for public sale.

Complementing the AHP, the State Department is also rolling out a comprehensive market development initiative, which encompasses the Economic Stimulus Program (ESP) and modern markets across the country. Currently, there are 185 No. of ESP markets, 43 modern markets ongoing in the country.

The Affordable Housing and Markets Programs have created over 250,000 direct and indirect jobs. Furthermore, KES 11 billion has been ringfenced to support Jua Kali artisans and MSMEs, ensuring that the benefits of the housing and markets programs are widely shared across sectors of the economy.

The State Department remains committed to delivering inclusive, sustainable, and transformative housing and urban development solutions that uplift the livelihoods of all Kenyans.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Financial Performance

The State Department for Housing and Urban Development had a budgetary allocation Ksh 82.4B for the FY2024/25. This comprised of Ksh.3.4B and Ksh.79B for recurrent and development respectively.

Out of the allocated amount of Ksh. 82.4B the Department spent Ksh. 73.4B of which Ksh1.4B was for recurrent and Ksh. 72.B was for development.

Summary of Major Achievements

i) Housing Development and Human Settlement

During 2024/25 Financial Year, the State Department implemented projects and programmes that support fulfilment of Priorities under Bottom-Up Economic Transformation Agenda (BETA) and were in line with Kenya Vision 2030 economic development blueprint.

During the period under review, 1,080 social housing units at Mukuru were completed , 60 housing units for National Police at Eldas in Wajir county were completed while 420 units ongoing at various levels of completion; 3 markets (Giaki in Meru, Kahawa and Esise in Nyamira) were completed under slum upgrading programme.



H.E the President Dr. William Samoei Ruto handing over keys for the completed 1,080 No. of social housing units at Boma Yangu New Mukuru Estate

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

ii) Urban and Metropolitan Development

Completed construction of Homa Bay Fish modern market in Homa Bay County. Other modern markets in various stages of construction include; Mathare North (98%); Ruai wholesale (29%); South B (4%), Maji Mazuri (23%), Kangari (90%); Muthithi (90%); Gikomba Phase II (87%); Eldoret 64Utra (31%); Embu (57%); Chuka (47%); Nanyuki (34%); Engineer (4%); Uhuru (60%), Kilgoris(5%); Siaya Integrated(45%); Gikambura((67%) and Githunguri(12%). Further, 185 Economic Stimulus Project (ESP) markets are ongoing at average completion level of 43.5%.



Modern Homa Bay Fish Market

iii) General Administration, Planning and Support Services

This programme offers administrative and support services to the Sub-sector with key achievements including the training of 176 officers.

Implementation Challenges

- i. Inadequate serviceable and suitable land for development of projects and lack of land bank.
- ii. Litigation that delays implementation of projects
- iii. Non-compliance by some counties to commitments on their obligations as per the signed participation agreements for KISIP2 projects
- iv. Lengthy time taken by County Assemblies in approving the Local Physical Development Plans under KISIP2
- v. Delays in approval of County Government Additional Allocation (CGAA) Act limiting disburseable amounts to counties posing cash flow challenges for the works

Solutions/recommendations to overcome above Challenges

- i. Deliberate investment in housing and urban infrastructure by the National and county governments and establishment of a land bank.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- ii. Fast-tracking of relevant policies, bills and legislations for effective implementation of the sub-sector mandate.
- iii. Enhance Public participation and stakeholders' involvement (at both National and County level) at all phases of project to ensure smooth implementation and ownership of projects.
- iv. Council of Governors (CoG) to support respective Counties Fast track approvals of Local Physical Development Plans by County Assemblies
- v. The Counties need to allocate counterpart budgets to support various Project implementation aspects such as those related to Safeguards instruments implementation (ESIAs & RAPs)



.....
Mr. Charles M. Hinga, CBS, CA (SA)

Principal Secretary

State Department for Housing and Urban Development

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Statement of Performance Against Predetermined Objectives for FY2024/25

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer presents a statement of performance against pre-determined objectives of the State Department.

The key strategic objectives as per the state Department for Housing and Urban Development Strategic Plan 2023-2027 are to;

- i. Increase access to decent, safe and affordable housing
- ii. Facilitate provision of physical and social infrastructure
- iii. Research and adopt innovative technology initiatives in the land and built environment sectors
- iv. Facilitate planning of urban municipalities, cities and metropolitan areas.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Table 1: Program Performance

Program	Strategic Objective	Outcome	Output	Output Indicator	Achievement for the FY 2024/25			Cumulative Achievement by end FY 2024/25			Remarks
					Target	Actual	Variance	Target	Actual	Variance	
Housing Development and Human Settlement	To increase access to decent, safe and affordable housing	Improved access to affordable housing	Housing units	% completion works of 1,848 housing units in Shauri Moyo A, Nairobi	10	17	7	20	29	9	Project is oncourse
				% completion works of 3,006 housing units in Shauri Moyo B, Nairobi	20	12	8	30	13	17	Delay occasioned by change in designs
				% completion works of 1,710 housing units in Starehe, Nairobi	25	3	22	40	5	35	Progress of works was affected by change of designs
				% completion works of 5,360 housing units in Mavoko	10	13	3	20	20	-	Project is on course
				% completion works of 975 housing units in Thika	15	34	19	30	48	18	Project works on course
				% completion works of 1,050	35	15	20	75	75	-	Project works on course

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

				housing units in Ruiru							
				% completion works of 100,000 constituency affordable housing units	12	10.4	1.6	15	13.4	1.6	61,137 housing units ongoing at an average of 34% completion level across the country
				% Completion of 4,054 housing units in Kibera Zone B	30	55	25	70	79	9	Project works on course
				% Completion of 14,712 housing units in Kibera (Lot 2 to 5)	5	0	5	5	0	5	Contracts awarded. Site mobilization
				% Completion of housing 9,955 units in Kasarani (Lot 1 to 4)	5	0	5	5	0	5	Contracts awarded
				% Completion of 8,352 housing units in Mathare (Lot1&2)	5	0	5	5	0	5	Contracts awarded. Excavations works ongoing
				% Completion of 5,000 housing units in Kibra Zone C	10	0	10	10	0	10	At planning stage
				% Completion of 5,000 housing units in Kibera Zone D	10	0	10	10	0	10	At planning stage

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

			% Completion of 900 social houses in Mavoko in-fill	-	-	-	5	0	5	Initial tender advert Cancelled. Currently at re-design stage
			% Completion of 2,690 housing units in Mariguini	30	0	30	45	0	45	At procurement stage
			% completion of 10,000 housing units in Kiambiu	15	0	15	25	0	25	At planning stage, Socio-Economic survey and enumeration complete, pending Relocation Action Plan.
			No. of police and prison housing units constructed	480	60	420	750	330	420	420 units ongoing at 73.7% average completion level
			% Completion of 23,192 units in various sites	8	0	8	10	0	10	Projects under negotiation
		Affordable home financing mortgages	No. of beneficiaries of Civil Servants mortgage	250	130	120	650	698	48	ksh 857,739,851 worth mortgage disbursed.
		Refurbished government	No. of housing units refurbished	750	614	136	2050	1588	462	Delays in procurement process

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

			nt houses								
Physical and social infrastructure	To facilitate provision of physical and social infrastructure	Improved lives and livelihoods in informal settlements	Physical and social infrastructure in informal settlements	No. of floodlights installed	150	2	148	279	59	220	150 solar floodlighting structures ongoing at an average of 14% completion level
				No. of markets constructed	50	3	47	72	11	61	3No. Markets completed (Esise-Nyamira, Giaki-Meru and Kahawa Nyamira while 37 are ongoing at an average of 46% completion level.
				No. of classrooms constructed	12	6	6	57	6	51	-6No. in Thindigwa Primary School completed handed over -Naivasha Boys Boarding Primary School is at 75%. -9No. in

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

											<p>Gitothua Primary School is at 45%. -10No. in Githurai Primary School is at 45%. -1No. Classroom Block at Nchaure Primary School is at 95% awaiting final inspection and handover -10No. At Limuko is at 30% completion level -10No. at Githura Primary at 39% completion level</p>
				No. of Kms of access road constructed	14	0	14	33.4	13.5	19.9	At Planning stage, Length to be determined

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

				No. of social halls constructed	2	0	2	4	1	3	Oyugis and Utawala social halls at Procurement stage
				No. of health centres constructed	2	1	1	4	2	2	Muyeye Kisumu ndogo in Malindi completed and handed over to the County of Kilifi. Unjiru Health Centre in Nyeri County stalled at 20% completion level
				No. foot bridges constructed	4	2	2	11	6	5	2No. At Kuresoi in Nakuru County ongoing at 23% completion level 1No. Kiborokwa and 1No. In Bondeni in Uasin Gishu County completed and handed over

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

		Security of land tenure	Security of land tenure in selected informal settlements	No. of Local Physical Development and Land Use Plans (LPDP) prepared	20	20	0	56	50	6	Target achieved
Urban and Metropolitan Development	To facilitate planning of urban municipalities, cities and metropolitan areas.	Improved Markets Development	Urban Social and physical infrastructure facilities	No. of ESP markets completed	100	2	98	110	7	103	150 ESP markets ongoing at an average of 43.5% completion level
				No. of market hubs completed	12	1	11	17	4	13	17 Modern ongoing at an average of 46% completion level.
	Improved physical and social infrastructure in selected informal settlements	Implementation of Kenya Informal Settlement Redevelopment Programme (KISRP) in Siaya, Kilifi and	No. of Settlement Plans developed	3	0	3	3	0	3	At preparatory stage, documentation done. Delay of donor fund	
			Kms of access roads upgraded to Bitumen standards	2	0	2	2	0	2	Not commenced, preparatory works ongoing, design prepared awaiting procurement	

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

			Kajiado Counties								for contractor
		improved resilient urban infrastructure and services	Second Kenya Urban Support Program (KUSP II)	Urban Areas and Cities (General) Regulations	1	0	1	1	0	1	Amendments to incorporate Ags comments ongoing
			National Urban Development Policy Reviewed	1	0	1	1	0	1	Policy under review, taskforce in place working	

6. Governance Statement

6.1 Key leadership/governance Structure

The State Department is headed by the Principal Secretary, who serves as the Accounting Officer. It is structured into directorates and departments responsible for implementing Government policies on housing and urban development. Leadership roles are clearly defined, with functions aligned to strategic objectives and public service regulations. Appointments to leadership positions are made through competitive recruitment in line with public service guidelines.

During the period ended 30th June 2025 the management constituted various committees to oversee implementation of key functions and activities as follows;

- a) Departmental Human Resource Management Advisory Committee
- b) Public Finance Management Standing Committee
- c) Budget Implementation Committee
- d) Performance Management Committee
- e) Project Management Committee
- f) Parliamentary Committee
- g) Tender Opening committee
- h) Tender Evaluation Committee
- i) Inspection & Acceptance Committee
- j) Corruption Prevention Committee
- k) Audit Committee

(a) Departmental Human Resource Management Advisory Committee (DHRMAC)

The State Department for Housing and Urban Development, maintains operational Departmental Human Resource Management Advisory Committee to oversee and advice on the execution of the Human Resource function. The Committee exercises this mandate on delegated powers donated by the Public Service Commission vide The Public Service Commission Act, 2015 (revised) which appointed Principal Secretaries as the Authorized Officers for their respective Ministries/ Departments.

The functions of the Departmental Human Resource Management Advisory Committee are as follows:

- i. Recruitment, Selection and Appointment;

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- ii. Promotions;
- iii. Recruitment Confirmation in Appointment;
- iv. Training and Development;
- v. Training Impact Assessment;
- vi. Management of Skills Inventory;
- vii. Establishment and Complement Control;
- viii. Payroll Management;
- ix. Deployment;
- x. Promotion of Values and Principles of Public Service;
- xi. Recommendation for Waiver of Requirements of the Schemes of Service;
- xii. Recommendation for Secondments and Unpaid Leave;
- xiii. Recommendation for Retirement under 50 years' rule;
- xiv. Recommendation for Retirement on Medical Grounds;
- xv. Recommendation for Re-Designation;
- xvi. Recommendation for Renewal of Contract and
- xvii. Discipline.

Departmental Human Resource Management Advisory Committee and its Composition during the Financial Year 2023/2024.

During the financial year 2024/2025 the Departmental Human Resource Management Advisory Committee (DHRMAC) comprised the following members:

S/No	Name	Designation	Role
1.	Hiram Kahiro	Secretary Administration	Chairman
2.	Douglas Njeru	Director, Human Resource Management and Development	Secretary
3.	Susan Wangari	Director, Human Resource Management and Development	Member
4.	James K. Kagwima	Deputy Accountant General	Member
5.	Samuel M. Macharia	Deputy Director, HRM&D	Member
6.	Alexius S. Njue	Senior Chief Finance Officer	Member
7.	Lilian Kieni	Director, Urban Development	Member

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

8.	Ann Mugo	Director, Metropolitan Planning	Member
9.	James Maina	Director, Housing	Member
10.	Cassius Kusienya	Director, Estates Management	Member
11.	Julius Wairagu	Director, CSHS	Member
12.	Eng. Richard Kirui	Chief Engineer	Member
13.	Cornelius Kimuyu	Ag. Director Estates Management	Member
14.	Irene Gikera	Deputy Director, Slum Upgrading Department	Member
15.	Byron Buyu	Ag. Secretary Urban Development	Member
16.	Charity Kimani	Deputy Chief State Counsel	Member
17.	Mary Ndungu	Director, Slum Upgrading Department	Member
18.	Florence Mulati	Senior Deputy Secretary	Member
19.	Hillary K. Korir	Chairman, Rent Restriction Tribunal	Member
20.	Elizaphan K. Mwaura	Ag. Land Surveyor	Member
21.	Evans K. Lokabel	Director, Economic Planning	Member

This Committee held six (6) meetings during the Financial Year 2024/2025 and the attendance is as shown in **Table 1** below.

Table 1: Schedule of Departmental Human Resource Management and advisory committee meetings attendance, financial year 2024/25

S/No	Name	26.09.24	19.02.25	27.03.25	16.04.25	14.05.25	11.06.25	Total Days
1.	Hiram M. Kahiro	x	✓	✓	✓	✓	x	4
2.	Douglas Njeru	x	x	✓	x	✓	✓	3
3.	Susan Wangari	✓	x	x	x	x	x	1
4.	James K Kagwima	x	x	✓	✓	✓	✓	4
5.	Samuel M. Macharia	x	✓	x	x	x	x	1
6.	Alexius S. Njue	x	x	x	x	✓	x	1
7.	Lilian Kieni	✓	✓	x	✓	✓	✓	5
8.	Ann Mugo	✓	✓	x	x	✓	✓	4
9.	James Maina	✓	✓	x	x	✓	x	3
10.	Cassius Kusienya	x	✓	✓	x	x	x	2
11.	Julius Wairagu	✓	x	✓	x	x	x	2
12.	Eng. Richard	x	x	✓	✓	✓	x	3

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

	Kirui							
13.	Cornelius Kimuyu	x	x	x	✓	✓	✓	3
14.	Irene Gikera	x	x	x	✓	x	✓	2
15.	Byron Buyu	x	x	x	x	✓	x	1
16.	Charity Kimani Kagiri	✓	x	x	x	✓	✓	3
17.	Mary Ndungu	✓	x	x	x	x	x	1
18.	Florence Mulati	x	x	x	x	x	x	0
19.	Hillary K. Korir	x	x	x	x	x	x	0
20.	Elizaphan Kibe Mwaura	x	x	x	x	x	x	0
21.	Evans K. Lokabel	x	x	x	x	x	x	0

NB:

✓ - Present

X - Absent

(b) Public Finance Management Standing Committee

The State Department for Housing and Urban Development has a Public Finance Management Standing Committee comprised of:

- i. The Accounting Officer as the Chairperson
- ii. The Senior Chief Finance Officer as the Secretary
- iii. Heads of departments as members of the committee

The following were the members of the Public Finance Management Standing Committee:

S/	Name	Designation
1	Charles M. Hinga, CBS, CA (SA)	Principal Secretary (Chairman)
2	Hiram Kahiro	Secretary, Administration
3	Said Athman	Secretary, Housing
4	Eng. Benjamin Njenga	Secretary, Urban & Metropolitan Development
5	James Maina	Ag. Director, Housing
6	Mary Ndungu	Director, Slum Upgrading Department
7	Lilian Kieni	Director, Urban Development Department
8	Cassius Kusienya	Director, Estates Management
9	Ann Mugo	Director, Metropolitan Development Department
10	Evans Lokabel	Director, Economic Planning

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

11	Charles Liyayi	Senior Deputy Accountant General
12	Susan Wangari	Director, HRMD
13	John Maina	Senior Deputy Director, Supply Chain Management Services
14	John Kaplich	Advisor, Communication & Stakeholders Engagement
15	Evelyn Nyakwara	Senior Chief Finance Officer
16	Julius Wairagu	Ag. Director , CSHSF
17	Isaac Sitati	Head, Internal Audit
18	P. Maina Karuhi	Chief Building Surveyor

The committee is mandated to carry out the following functions:

- i. Ensuring that there is prioritization on resources allocated to the department for the smooth implementation of the departments mission, strategy, goals, risk policy plans and objectives
- ii. Regularly reviewing, monitoring budget implementation and advice on the department's accounts, major capital expenditures and reviewing performance and strategy and strategies at least on a quarterly basis.
- iii. Identifying risk and implementation of appropriate measures to manage such risks or anticipated changes impacting on the department.
- iv. Reviewing on a regular basis the adequacy and integrity of the department's internal control, acquisition and divestitures and management information systems including compliance with applicable laws, regulations, rules and guidelines.
- v. Establishing and implementing a system that provides necessary information to stakeholders including stakeholder communication policy for the department in line with the Article 35 of the Constitution;
- vi. Monitoring the effectiveness of corporate governance practices under which the department operates and propose revisions as may be required, from time to time;
- vii. Monitoring timely resolution of audit issues; and any other matter referred to it from time to time by the management

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

c) Budget Implementation Committee

The functions of the committee are as follows:

- i. To review and consider the cash flow plans;
- ii. To review utilization of cash limits and consider any changes as may be required;
- iii. To review the utilization of donor funds voted for MDA;
- iv. To advise the Accounting Officer on any challenges related to the budget implementation;
- v. To review and recommend reallocation of expenditures;
- vi. To review and approve the submission of the expenditure returns, IIDD, Pending Bills, A-I-A returns for the MDAs and recommend the actions to be taken;
- vii. To participate in Sector Workings Groups; and
- viii. To prepare the budgets for MDAs in consultation with Heads of Departments.

The Members of the Budget Implementation Committee (BIC) were as follows:

S/No	Name	Designation
1	Evelyn Nyakwara	Senior Chief Finance Officer (Chairperson)
2	James Maina	Director, Housing
3	Mary Ndungu	Director , Slum Upgrading Department
4	Lilian Kieni	Director, Urban Development Department
5	Cassius Kusienya	Director, Estates Management
6	Ann Mugo	Director, Metropolitan Development Department
7	Byron Buyu	Secretary Integrated Project Delivery Unit
8	Evans Lokabel	Director, Economic Planning
9	Charles Liyayi	Deputy Accountant General
10	Susan Wangari	Director, HRMD
11	John Maina	Deputy Director, Supply Chain Management
12	Julius Wairagu	Director, CSHSF
13	Isaac Sitati	Head, Internal Audit
14	Peter Maina	Chief Building Surveyor
15	Justus Omuga	Senior Principal Finance Officer

d) Performance Management Committee

The functions of the committee are as follows;

- i. Undertake quarterly review and implementation of strategic plans and performance contracts;
- ii. Ensure linkage between institutional performance contract and performance appraisal system;
- iii. Ensure that overall assessment of employee performance is within the context of institutional performance as evaluated through Staff Performance Appraisal System;
- iv. Ensure that the performance of all officers is evaluated and feedback on performance is relayed in writing at the end of the year;
- v. Hold quarterly performance review meetings;
- vi. Consider performance reports from various departments and recommend improvement;
- vii. Review cases of appeals on appraisal ratings between supervisors and appraisees;
- viii. Make recommendations to the Authorized Officer on the application of rewards or sanctions;
- ix. Develop and implement the internal monitoring, evaluation and reporting system and
- x. Ensure that the integrity and credibility of the overall process of rewards and sanction system is safeguarded and maintained at all times.

e) Project Management Committee

The committee is mandated to carry out the following functions:

- i. To review project conceptualization and make recommendations for decision making;
- ii. To identify the potential project risks and propose mitigating measures for those risks not covered during project conceptualization;
- iii. To prioritize projects based on the State Department for Housing and Urban Development Strategic Plan and National Development Plans;
- iv. To recommend the mode of project financing and
- v. To provide guidance on changes in the project implementation.

f) Parliamentary Committee

The functions of the committee are as follows:

- i. Gather issues raised by Parliament
- ii. Receive and compile the gathered information

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- iii. Facilitate the Cabinet Secretary's appearance at the National Assembly and Senate as requested
- iv. Make followup on issues raised from both National Assembly and the Senate
- v. Submit responses as required and agreed by the Cabinet Secretary
- vi. Make annual reports on all matters attended to in response to Parliament concerns.

g) Tender Opening Committee

This is an ad-hoc committee established pursuant to section 78(1) of the Public Procurement and Asset Disposal Act, 2015 to undertake tender opening exercises during the Financial Year 2024/2025.

h) Tender Evaluation Committee

This is an ad-hoc Committee which is established pursuant to section 46 of the Public Procurement and Asset Disposal Act, 2015 to undertake tender evaluation exercises during the Financial Year 2024/2025.

i) Inspection and Acceptance Committees

These are ad-hoc committees which were established pursuant to section 48(1) of the Public Procurement and Asset Disposal Act, 2015 to accept or reject, on behalf of the procuring entity, the delivered goods, works or services during the Financial Year 2024/2025.

j) Corruption Prevention Committee

The committee is mandated to carry out the following functions:

- i. Setting priorities in the prevention of corruption within the State Department
- ii. Planning and coordinating corruption prevention strategies
- iii. Integrating all corruption prevention initiatives in the State Department
- iv. Receiving and reviewing reports made by staff and other stakeholders
- v. Spearheading corruption prevention campaigns within the State Department
- vi. Monitoring and evaluating the impact of corruption prevention campaigns within the State Department

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

k) Audit Committee

Pursuant to section 73(5) of the Public Finance Management Act 2012 and Public Finance Management Regulations 2015 Section 174(1), the National Government entities are required to establish an audit committee whose role is to support the Accounting Officers with regards to their responsibilities on issues of risk control and governance.

The members of committee were as follows;

S/No.	Name	Position
1	Elizabeth W. Kiano	Chair person
2	Lucy W. Kabaya	Member
3	Fredrick K. Lagat	Member
4	Jacob M. Khisa	Member

6.2 Key Risk Management Policies

The State Department complied in all matters of policy formulation, Legal regulations as stipulated in the Constitution. The Department has instituted measures for cyber security and Data protection through Anti-Virus. In addition, the Department has complied with all Statutory regulations and requirements governing the operations. Further work plans, Procurement plans and Cash flow projections are prepared at the beginning of the Financial year to ensure that appropriated funds are utilized for the intended purpose and in accordance with guidelines provided by the National treasury from time to time.

6.3 Recent Training and development on Governance

During the year under review, the State Department did not undertake any training on Governance for those in the key leadership.

6.4 Public Participation

The State Department is committed for inclusive governance and actively engages stakeholders in policy formulation and implementation. Public participation activities included:

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- i) Consultations with developers and financial institutions
- ii) Public/ stakeholders' participation for development of Economic Stimulus Programme (ESP) markets.
- iii) Engagements with the Jua kali Sector
- iv) Sensitization of Community Settlement Executive Committees (SECs)
- v) Engagement with communities on affordable housing regulations 2024



Affordable Housing Board meeting with the Jua Kali Sector on, 28th March, 2025



Affordable Housing Public sensitization event at Kenya Bankers HQ

Feedback from these engagements informed planning and service delivery and enhanced transparency in project implementation.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

6.5 Compliance with Laws and Regulations

The State Department for Housing is committed to upholding the highest standards of governance, accountability, and transparency in the management of public resources. In the financial year under review, the State Department maintained effective internal controls and operated in accordance with the Public Finance Management Act, along with other relevant government policies and legal frameworks. Ethical leadership, integrity, and responsiveness guided operations, with a focus on delivering affordable housing and market development programs in line with national development goals. The state Department remains dedicated to continuous improvement in governance for efficient service delivery and sustainable development

7. Management Discussion and Analysis

During the period under review, the State Department implemented its mandate with a focus on facilitating access to adequate and affordable housing, and promoting sustainable urban development. The programmes were aligned with the Bottom-Up Economic Transformation Agenda (BETA) and Kenya Vision 2030.

Over the last three years, the state department has made significant progress in rolling out affordable housing projects across the country. As at the end of the reporting period:

- i. 3,171 affordable housing units were completed
- ii. 161,911 units ongoing in the Affordable Housing and Social Housing
- iii. 177,686 student housing beds (50,767 Units) advertised
- iv. Ksh. 11 billion ringfenced for Jua Kali and MSMEs in the AHP and Markets Programs
- v. Over 250,000 direct and indirect jobs were created

The graph below illustrates performance for different housing categories in the past three years;

State Department for Housing and Urban Development
Annual Report and Financial Statements for the year ended June 30, 2025.

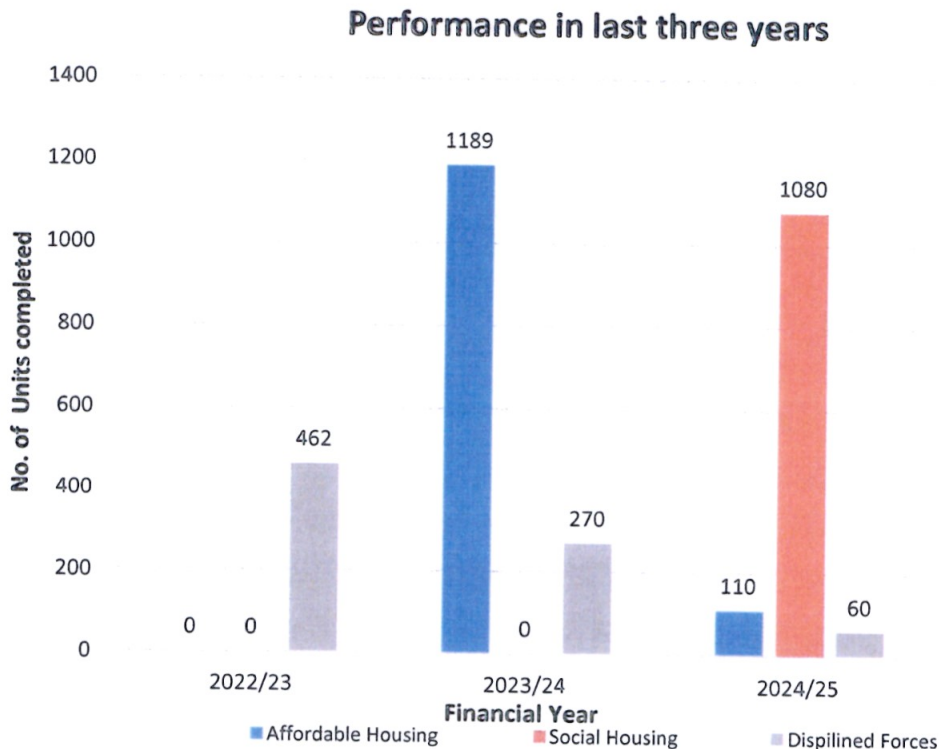


Figure 1: Analysis of performance in past three years

Key highlight during the period was the completion of 1,080 social housing units in Mukuru and 60 housing units for the Police and Prison Services. On Urban and metropolitan notable progress was made in market infrastructure development, including the completion of Homa Bay Fish Market and the advancement of 185 ESP markets at an average completion rate of 43.5%.

The State Department has continued to collaborate with other relevant agencies including County Governments to effectively implement the Second Kenya Urban Support Programme (KUSP II) and Second Kenya Informal Settlements Improvement Project (KISIP2). These programs are aimed at improving provision of basic urban services and upgrading informal settlements thus improving living conditions for the urban population.

Despite these achievements, several challenges affected implementation, including inadequate serviced land, delays due to litigation, and non-compliance by some counties in meeting obligations under the KISIP2 project. Further, delays in the enactment of the County Government Additional Allocation (CGAA) Act created cash flow constraints that impacted project delivery.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

To address these challenges, the Department is pursuing strategic solutions such as establishing a national land bank, enhancing stakeholder engagement, advocating for policy reforms, and fostering greater collaboration with County Governments

The State Department is continuously strengthening its pipeline of bankable projects and is at the final stages of developing a Project Management Information System (PMIS). The PMIS objective is to promote efficient and effective monitoring, evaluation, reporting and knowledge management of projects implemented by the state department particularly Affordable Housing, markets and physical infrastructure. The PMIS is expected to significantly improve transparency, accountability, and efficiency in project management across the State Department.

8. Environmental and Sustainability Reporting

The State Department of Housing & Urban Development exists to transform lives. This is our purpose; the driving force behind everything we do by putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

a) Sustainability strategy and profile

The State Department has undertaken programmes with sustainability aspects like the promotion of the Appropriate Materials and Building Technologies (ABMTs) that utilizes the local building materials in the housing construction. The department has been promoting the use of green building technologies, in particular the use of solar water heating technologies, solar heating and lighting and building designs that promote natural lighting hence reduced heating costs for households. In addition, the Department has been working with communities and counties in implementation of the housing agenda in such programmes as Slum Upgrading, which ensures that the locals can be in charge of future operations and maintenance of such facilities.

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

The programmes under the State Department are clearly guided by the Environment Management and Coordination Act of 1999 and as amended in 2015 in order to sustainably utilize and conserve the environment. The Act also links the country with several other international obligations on the environmental protection and conservation. This has had strong effect on the management of biodiversity, waste management policies and reduction of negative

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

environmental impact on the department projects. Specific projects like Kenya Informal Settlements Improvement project (KISIP) have had specific regulations to guide their operation, including adoption of the Operating Manuals (OP) which are developed by the World Bank. The KISIP project has used also the Environmental and Social Management Frameworks (ESMF) and the Relocation Action Plans (RAPs) to guide their operations and hence be in compliance with environmental and social management aspects of the projects. In addition, the state department engaged youths in a National Hygiene Programme 'Kazi mtaani' to foster clean and friendly environment. Construction of Lukenya sewerline and Mitubiri sanitary landfill in Muranga to ensure proper disposal of waste.

c) Employee welfare

Projects implemented adhered to the provisions of the Occupational Safety and Health Act of 2007, (OSHA) and have enforced the same in construction and office environments in collaboration with the relevant agencies. Contractors are instructed to adhere to its provisions and also show evidence of compliance with the same.

The Public Service Commission (PSC) is in charge of hiring staff on behalf of MDA's. All staff are appraised on a yearly basis. Training is given especially for courses required for promotion or career progression.

The State Department conducted training projections at the beginning of every financial year to guide the Human resource department in nominating and selecting officers for training. Additionally, due to the dynamic nature of the economy the department undertook steps to proactively engage staff in training to ensure their skills conforms to the current needs. Staff performance appraisal is done annually to ensure that productivity meets the required standards upon which employee with exemplary performance are given priority for promotions.

d) Operational practices

i. Responsible competition practice.

The State department ensured fair competition among the bidders while issuing the tenders. The bidders are evaluated on set guidelines and given equal opportunity

The State Department for Housing and Urban Development has a Corruption Prevention Committee in place whose functions amongst others include:

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

- Setting priorities in the prevention of corruption within the State Department
- Planning and coordinating corruption prevention strategies
- Integrating all corruption prevention initiatives in the State Department
- Receiving and reviewing reports on corruption reports made by staff and other stakeholder. Evidence of concrete measures taken must be made available and referrals to other agencies well documented.
- Spearheading corruption prevention campaigns within the State Departments.
- Monitoring and evaluating the impact of corruption prevention campaigns within the State Department.

ii. Responsible Supply chain and supplier relations

The State Department proactively engaged stakeholders to ensure vital flow of information regarding payments. This ensures that accountability and transparency in procurement of goods and services is maintained between the involved parties. Upon completion of a project, the department ensures timely issuance of the completion certificate.

iii. Responsible marketing and advertisement

Open advertisement is done in forums easily accessible to the public like newspapers, websites and government notices.

iv. Product stewardship

The State Department ensures the customers have the right to quality and prompt services, accurate and balanced information, respect and courteous treatment by the staff, timely payments for goods delivered and services rendered and access to our offices and officers within the official working hours.

e) Community Engagements

The State Department engaged communities in which it implements projects through committees formed at the community level called Settlement Executive Committee (SEC), which are representative enough of the land lords, tenants, youth, religious leaders, NGOs, CBO's, widows and also the local administration inkling the Member of County Assemblies, Ward Administrators

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

and also the Chiefs. These community leaders have been key in selecting a wide range of projects including those that touch on the social investment platforms.



Conducting Settlement Executive Committee and Grievance Redress Committee Elections in Muhoroni



Presentation of draft Local Physical Land Use Plans and List of beneficiaries to the communities in Nakuru, Kisii, and Nandi counties.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

9. Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government MDA shall prepare Financial Statements in respect of that MDA. Section 81 (3) requires the Financial Statements so prepared to be in a form that complies with relevant accounting standards as prescribed by the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the State Department for Housing and Urban Development is responsible for the preparation and presentation of the Department's Financial Statements, which give a true and fair view of the state of affairs of the State Department for and as at the end of the financial year ended on June 30, 2025. 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 State Department, (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 State Department; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the State Department for Housing accepts responsibility for the department's Financial Statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Accounting Officer is of the opinion that the state departments' Financial Statements give a true and fair view of the state of Department's transactions during the financial year ended June 30, 2025, and of the Department's financial position as at that date. The Accounting Officer further confirms the completeness of the accounting records maintained for the State Department, which have been relied upon in the preparation of the Department's Financial Statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of State Department for Housing confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants where applicable, and that the Department's funds received during the year under audit were used for

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the Department's Financial Statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the Financial Statements

The Department's Financial Statements were approved and signed by the Accounting Officer on 02/12/ 2025.



.....
Charles M. Hinga, CBS, CA(SA)
Principal Secretary



.....
CPA Nelson O. Mose
Senior Deputy Accountant General
ICPAK M/No: 7597

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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of State Department for Housing and Urban Development set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2025, and the statement of

Report of the Auditor-General on State Department for Housing and Urban Development for the year ended 30 June, 2025

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

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of State Department for Housing and Urban Development as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis including the transitional provisions permitted under IPSAS 33, and comply with the and the Public Finance Management Act, 2012 and The National Treasury and Economic Planning Circular No.3 of 14 April, 2025).

Basis for Opinion

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

Emphasis of Matter

Delay in Settling Confirmed Court Judgements and Arbitral Awards

Review of records revealed that the Attorney General recommended payment of an arbitral awards amounting to Ksh.165,980,055. However, the award had not been settled. Failure to settle awards could attract penalties.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Emphasis of Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. Review of the status during audit of the State Department in 2024/2025 revealed that the following seven (7) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Budgetary Control and Performance
2	2023/2024	Long Outstanding Pending Bills
3	2023/2024	Non-Compliance with One-Third Rule on Basic Salary
4	2023/2024	Stalled Construction of Economic Stimulus Programme Markets
5	2023/2024	Other Receipts
6	2023/2024	Lack of Ownership Documents
7	2023/2024	Failure to Close Dormant Bank Accounts

Other Information

The Management is responsible for the Other Information set out on page iii to xlv which comprise of Key State Department Information and Management, Statement of Governance, Statement by the Cabinet Secretary, Statement by the Principal Secretary, Statement of Performance Against Predetermined Objectives, Management Discussion and Analysis, Environmental and Sustainability Reporting and Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the State Department's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with One Third Basic Salary Rule

Review of the Payroll for State Department revealed that during the year, the following number of employees earned salaries below the recommended one third of their basic salary as shown below;

	2024						2025					
Month	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan	Feb	March	April	May	June
No of Officers	32	31	12	57	50	0	40	41	40	46	46	39

This was contrary to Section 19(3) of the Employment Act, 2007 states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class employers or employees or any trade or industry.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Lack of an Updated Asset Register

The statement of financial position and Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.3,047,924. The balance is in respect of additional assets purchased during the year. However, Management did not provide for audit the assets register to demonstrate how the assets additions have been taken charge.

In the circumstances, the custody and safety of the assets could not be confirmed.

2. Unremitted Rent Revenue

Review of revenue records and by products (payroll on rent deductions) show that the State Department expected to receive rent totalling to Kshs.863,491,932. However, the

financial statements reflect an amount of Kshs.839,866,482 resulting to unremitted rent collections of Kshs.23,625,450.

The under collection of rent is likely to impact negatively on the State Department's operation in maintenance and refurbishment of Government houses.

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 controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards Accrual Basis and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the State Department's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial

statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 December, 2025

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

11. Statement of Financial Performance for the year ended 30 June 2025

	Notes	2024-2025
		Kshs
Revenue from non-exchange transactions		
Transfers from Exchequer	6	14,049,205,225
Total		14,049,205,225
Revenue from exchange transactions		
Rental revenue from facilities and equipment	8	839,866,482
Total		839,866,482
Total revenue		14,889,071,706
Expenses		
Employee costs	9	1,027,812,696
Use of goods and services	10	1,891,108,033
Transfers to other Government Entities	11	11,809,763,704
Depreciation and amortization expense	12	1,521,677
Total expenses		14,730,206,110
Surplus/Deficit for the year		158,865,596
Taxation		-
Net Surplus/Deficit		158,865,596

The Financial Statements set out on pages 1 to 49 were signed by:



.....
Charles M. Hinga, CBS, CA(SA)
Principal Secretary



.....
CPA Nelson O. Mose
Senior Deputy Accountant General
ICPAK M/No: 7597

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

12. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	Opening Statement 1 st July 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	13	4,251,296,210	903,431,981
Receivables from Exchange Transactions	14	20,554,923,184	5,960,970,339
Total Current Assets		24,806,219,394	6,864,402,320
Non-Current Assets			
Property, Plant, and Equipment	15	3,047,924	-
Total Non-Current Assets		3,047,924	-
Total Assets (A)		24,809,267,317	6,864,402,320
Liabilities			
Current Liabilities			
Trade and Other Payables	16	6,479,888,970	6,175,507,441
Refundable Deposits	17	4,160,919,073	654,276,965
Total Current Liabilities (B)		10,640,808,043	6,829,784,407
Net Assets (A-B)		14,168,459,274	34,617,913
Represented By:			
Reserves		14,120,698,398	(87,944,837)
Accumulated Surplus		47,760,877	122,562,751
Capital Fund		-	-
Net Assets		14,168,459,274	34,617,913

The Financial Statements set out on pages 1 to 49 were signed by:



.....
Charles M. Hinga, CBS, CA(SA)
Principal Secretary



.....
CPA Nelson O. Mose
Senior Deputy Accountant General
ICPAK M/No: 7597

State Department for Housing and Urban Development
Annual Report and Financial Statements for the year ended June 30, 2025.

13. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Accumulated Surplus	GOK Development Reserves	Capital Fund	Total
	kshs	kshs	kshs	kshs
Fund balance as at 30th June 2024	233,667,471	15,487,545	-	249,155,016
Adjustments				
Recognition of Assets	-	5,960,970,339	-	5,960,970,339
Recognition of Liabilities	(111,104,720)	(6,064,402,721)		(6,175,507,441)
As at 1 July, 2024	122,562,751	(87,944,837)	-	34,617,913
Surplus/ deficit for the period	158,865,596			158,865,596
Returns to exchequer	(233,667,470)			(233,667,470)
Funds received from Affordable Housing Board		58,603,568,908		58,603,568,908
Payments towards Affordable Housing Projects		(44,394,925,673)		(44,394,925,673)
Capital funds received in the year			-	-
As at 30 June, 2025	47,760,877	14,120,698,398	-	14,168,459,274

State Department for Housing and Urban Development
Annual Report and Financial Statements for the year ended June 30, 2025.

14. Statement of Cash Flows for the year ended 30 June 2025

		2024-2025
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from exchequer	6	14,049,205,225
Levies, fines, penalties and forfeitures	7	58,603,568,908
Rental revenue from facilities and equipment	8	839,866,482
Total receipts		73,492,640,614
Payments		
Employee costs	9	1,011,732,414
Use of goods and services	10	1,597,637,498
Transfers to other Government Entities	11	11,809,763,704
Net payments in respect of Affordable Housing projects		44,394,925,673
Total payments		58,814,059,289
Net cash flows from/(used in) operating activities	18	14,678,581,325
Cash flows from investing activities		
Purchase of PPE	15	2,060,114,575
		-
Net cash flows from/ (used in) investing activities		2,060,114,575
Cash flows from financing activities		
Return to Exchequer		(233,667,470)
Advances to contractors	14	(13,157,164,202)
Net cash flows from financing Activities		(13,390,831,672)
Net increase in cash & Cash equivalents		3,347,864,229
Cash and cash equivalents at the start of the period	13	903,431,981
Cash and cash equivalents at the end of the period	13	4,251,296,210

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

15. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

Recurrent and Development Combined

Description	Printed Estimate	Supplementary Estimates	Final Approved Estimate (Net)	Actual	Budget Utilization Differences	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c%
RECEIPTS						
Social Security Contribution	63,220,000,000	3,395,137,398	66,615,137,398	58,603,568,908	8,011,568,490	88%
Proceeds from Domestic and Foreign Grants	100,000,000	(100,000,000)	-	-	-	0%
Exchequer releases	23,921,392,681	(8,417,998,294)	15,503,394,387	14,049,205,225	1,454,189,162	91%
Other Receipts	924,800,000	-	924,800,000	839,866,482	84,933,518	91%
Total Receipts	88,166,192,681	(5,122,860,896)	83,043,331,785	73,492,640,614	9,550,691,171	88%
PAYMENTS						
Compensation of Employees	925,000,000	94,659,986	1,019,659,986	1,017,564,522	2,095,464	100%
Use of goods and Services	1,997,178,181	1,706,664,870	3,703,843,051	3,662,385,905	41,457,146	99%
Transfers to Other Government Units	19,722,500,000	(9,114,148,185)	10,608,351,815	9,204,110,015	1,404,241,800	87%
Payments in respect of Affordable Housing projects	63,220,000,000	3,395,137,398	66,615,137,398	58,603,293,287	8,011,844,111	88%
Social Security Benefits	-	2,639,991	2,639,991	2,639,991	-	100%
Acquisition of Assets	2,301,514,500	(1,207,814,956)	1,093,699,544	927,890,647	165,808,897	85%
Total Payments	88,166,192,681	(5,122,860,896)	83,043,331,785	73,417,884,367	9,625,447,418	88%
SURPLUS	-	-	-	74,756,247	(74,756,247)	

Notes

(a) Variance analysis:

The underutilization under Acquisition of Assets, was mainly as a result of the delayed AIA collections under Estates department.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

(b) Reallocations within the year

The changes between the original and final budget are as a result of budget cuts and or supplementary budget during the financial period.

The entity Financial Statements were approved on 02/12/ 2025 and signed by:



.....
Charles M. Hinga, CBS, CA(SA)
Principal Secretary



.....
CPA Nelson O. Mose
Senior Deputy Accountant General
ICPAK M/No: 7597

Budget Reconciliation to the Statement of Cash Flows

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	74,756,247
1	Returns to Exchequer	(233,667,470)
2	Cash and cash equivalents at the start of the period	903,431,981
3	Changes in Deposits	3,506,642,107
4	Other payments (R/D Cheques)	133,344
	Closing Cash and Cash Equivalent as per the statement of Cash flows	4,251,296,210

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Budget Execution by Programmes and Sub-Programmes for FY 2024/2025

Programme/Sub-programme	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Budget utilization difference
	Kshs	Kshs	Kshs	Kshs	Kshs
Housing Development and Human Settlement	76,380,232,114		76,380,232,114	16,031,282,019	60,348,950,095
102010000-Housing Development	11,830,755,742		11,830,755,742	10,728,368,829	1,102,386,913
102020000-Estate Management	1,329,476,372		1,329,476,372	1,278,933,750	50,542,622
102030000	63,220,000,000		63,220,000,000	4,023,979,439	59,196,020,561
Urban and Metropolitan Development	3,199,144,382		3,199,144,382	2,371,206,272	827,938,110
105020000-Metropolitan Planning & Infrastructure Development	132,738,766		132,738,766	129,915,464	2,823,302
105040000-Urban Planning, Investment and Research	3,066,405,616		3,066,405,616	2,241,290,808	825,114,808
General Administration Planning and Support Services	468,817,891		468,817,891	436,082,228	32,735,663
106010000-Administration, Planning & Support Services	468,817,891		468,817,891	436,082,228	32,735,663
Total	80,048,194,387		80,048,194,387	18,838,570,519	61,209,623,868

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

16. Notes to the Financial Statements

1. Establishment

The State Department for Housing and Urban Development is established by and derives its authority and accountability from Executive Order No. 1 January, 2023. The State Department is wholly owned by the Government of Kenya and is domiciled in Kenya. The Department's principal activity is to facilitate access to adequate and decent housing and integrated infrastructure for sustainable socio-economic development.

2. Statement of Compliance and Basis of Reporting

Statement of compliance

These Financial Statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

For the purpose of these Financial Statements, the Department has been categorized as a Schedule 1 national government MDA in line with Section 4 of the Public Finance Management Act, 2012 read together with Regulation 211 (2) of the Public Finance Management (National Government) Regulations, 2015. Schedule 1 national government entities include Ministries, Departments, Agencies, constitutional institutions and independent offices. MDAs are reporting entities whose primary objective is to provide policy and coordination of government services.

The use of public resources by MDAs is primarily governed by Chapter 12 of the Constitution, the relevant Appropriation Act, the Public Finance Management Act, of 2012, and the Public Procurement and Disposal Act, of 2015.

These Financial Statements were authorized for issue by the Accounting Officer on **28th August 2025.**

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Reporting period

The reporting period for these Financial Statements is for the period ended June 2025

Basis of preparation

These Financial Statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period on an accrual basis unless otherwise specified (for example, the Statement of Cash Flows). Under an accrual basis, revenues are recognised when rights to assets are earned or levied rather than when cash is received, and expenses are recognised when obligations are incurred rather than when they are settled. The Financial Statements have been prepared and presented in Kenya Shillings to the nearest shilling. The accounting policies adopted have been consistently applied to all the years presented.

Critical accounting judgements

IPSAS requires accounting judgements to be made in determining accounting policies that impact the presentation of these Financial Statements. The most critical of these judgements, and their impact, are:

Recognition of revenue

A revenue is an increase in the net financial position, other than increases arising from ownership contributions. Revenue is required to be measured when the event occurs and when recognition criteria (probable inflow of resources and ability to reliably measure their value) are met. Judgment is required to determine if these criteria are met, particularly where limited evidence is available at the time the revenue is earned.

Recognition of non-exchange expenses and liabilities

A liability is a present obligation of *MDA* for an outflow of resources that results from a past event. Expenses (and other liabilities) are recognized when there is a present obligation (legal or constructive) as a result of a past event. An outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the obligation can be made. Judgment is required in assessing each of these conditions, and therefore reporting if an expense and a present obligation should be reported.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

The *MDA* pursues a number of policy targets and outcomes. However, the commitment to these targets and outcomes, generally, do not of themselves constitute a present obligation unless the *MDA* is clear on the cost it intends to incur, when payment will be made, and to whom and as a consequence has raised a valid expectation. As a consequence, liabilities are not reported for costs associated with the *MDA* policy objectives and targets. Where a policy choice gives rise to an obligation that exists independently of the *MDAs* future actions, expenses (and other related liabilities) are recognized for that policy.

Purpose and nature of financial instruments

Judgment is required in determining whether financial assets (including investment in securities and advances) and financial liabilities are held for trading or to provide a return through interest and principal transactions. Depending on that judgment, financial instruments will be reported at fair value or on an amortized cost basis.

Climate change obligations

Kenya's current National Determined Contribution (NDC) to deliver on the goals of the Paris Agreement sets a headline target of a 32 per cent emission reduction by 2030 relative to the business-as-usual scenario of 143 MtCO₂eq. *MDAs* commitment to climate change action does not constitute a present obligation on the balance sheet but are disclosed separately.

Physical assets

An asset is a resource presently controlled by the *MDA* as a result of a past event. The primary reason for holding property, plant and equipment and other assets is for their service potential rather than their ability to generate cash flows. Because of the types of services provided, a significant proportion of assets used by public sector entities including roads, national parks, heritage buildings etc are specialized in nature. There may be a limited market for such assets and so judgement is required on measurement. Judgment is also required whether assets are held for commercial purposes or public benefit purposes.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i) New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of Financial Statements to assess the effect that leases have on the financial position, financial performance and cash flows of an MDA.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified</p>

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
	existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an MDA shall apply to report useful information to users of Financial Statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of Financial Statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector</p>

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Standard	Effective date and impact:
	employees and other eligible participants. The standard sets the Financial Statements that should be presented by a retirement benefit plan.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's Financial Statements arising from the exploration for and evaluation of mineral resources and help users of those Financial Statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) Early adoption of standards

The State Department for Housing and Urban Development did not early – adopt any new or amended standards in the financial year.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The State Department for Housing and Urban Development recognizes revenues from fees, taxes and fines 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 Department 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 Department and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

The State Department for Housing and Urban Development recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/25 was approved by the National Assembly in August, 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the State Department for Housing and Urban Development upon receiving the respective approvals in order to conclude the final budget. Accordingly, the State Department for Housing and Urban Development recorded additional appropriations of Kshs 9.8 billion on the 2024/25 budget following the governing body's approval. The State Department for Housing and Urban Development'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 cash flows has been presented in these Financial Statements.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) 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 Department 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.

e) Right of use asset

The right-of-use assets comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Department incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IPSAS 21 or IPSAS 26. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Department expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the statement of financial position.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

f) Tangible Natural Resources

The MDA recognises a tangible natural resource recognized if, and only if: It is probable that service potential associated with the natural resource will flow to the MDA; the MDA controls the tangible natural resource as a result of past events; and the tangible natural resource can be measured reliably. Where this criterion is not met, the MDA discloses the tangible natural resource in the notes to the Financial Statements. Where a tangible natural resource is recognized as an asset as the result of an event that is not a transaction in an orderly market, including non-exchange transactions, the asset shall be measured initially at its deemed cost. An MDA shall apply IPSAS 46, Measurement, when measuring the deemed cost of such a recognized tangible natural resource. A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost. Historical cost model is applied after initial recognition less any depreciation and impairment losses.

g) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the MDA. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The MDA also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the MDA will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

h) 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.

i) Research and development costs

The MDA expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the MDA can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The MDA does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's Financial Statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one MDA and a financial liability or equity instrument of another MDA. At initial recognition, the MDA measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

The MDA classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the MDA's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an MDA has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the MDA classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the MDA manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The MDA assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The MDA recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The MDA classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

k) 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. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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 *MDA*.

l) Provisions

Provisions are recognized when the *MDA* 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 *MDA* 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.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The State Department for Housing and Urban Development recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Department will incur in fulfilling the present obligations represented by the liability.

n) Contingent liabilities

The MDA 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.

o) Contingent assets

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

p) Nature and purpose of reserves

The MDA creates and maintains reserves in terms of specific requirements.

Changes in accounting policies and estimates

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

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

q) Employee benefits

Retirement benefit plans

The *MDA* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an *MDA* pays fixed contributions into a separate *MDA* (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.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

The State Department for Housing and Urban Development regards a related party as a person or an *MDA* with the ability to exert control individually or jointly, or to exercise significant influence over the *MDA*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

u) Service concession arrangements

The State department analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *MDA* recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the *MDA* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) Cash and cash equivalents

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

w) Comparative figures

In preparing these Financial Statements, the State Department for Housing and Urban Development has elected to apply paragraph 79 of IPSAS 33, which allows for the election by an *MDA* to present one statement of financial performance, one statement of cash flow, one statement of net assets and the statement of financial position and an opening statement of financial position as at the time of first-time adoption of the accrual basis of accounting.

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the Financial Statements for the year ended June 30, 2025.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

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. The MDA 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 MDA. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

- a) The condition of the asset based on the assessment of experts employed by the MDA.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

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.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

6. Transfers from Exchequer

Nature of transfer	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Total transfers Period ended Jun-2025
	Kshs	Kshs	Kshs
Recurrent	1,389,881,823	-	1,389,881,823
Development	12,659,323,402	-	12,659,323,402
Total	14,049,205,225	-	14,049,205,225

7. Levies, fines, penalties and forfeitures

Description	2024-2025
	Kshs
Housing Levy	58,603,568,908
Other Levies (Specify)	-
	-
Total Levies, fines, penalties and forfeitures	58,603,568,908

These funds are provided by the Affordable Housing Board and allocated to Affordable Housing Projects.

8. Rental Revenue from Facilities and Equipment

Description	2024-2025
	Kshs
Rent of Government Buildings and Housing	839,866,482
Others specify	-
Total	839,866,482

These are rental income collected from government residential houses occupied by civil servants across the country.

State Department for Housing and Urban Development
Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2024-2025
	Kshs
Basic salaries of permanent employees	797,635,350
Basic wages of temporary employees	-
Personal allowances – part of salary	219,929,172
Gratuity - Civil Servants	10,248,173
Employee costs	1,027,812,696

Cash Flows on Employee Costs	Amount
	Kshs
Total	1,027,812,696
Changes in Employee Payables	(7,608,182)
Changes in Payroll Deposits	(8,472,100)
Net Cash Flow used in Employee Costs	1,011,732,414

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

10. Use of Goods and Services

Description	2024-2025
	Kshs
Utilities, supplies and services	7,410,335
Communication, supplies and services	4,182,032
Domestic travel and subsistence	94,449,164
Foreign travel and subsistence	29,157,157
Printing, advertising, and information supplies & services	25,296,451
Rentals of produced assets	198,437,080
Training expenses	7,357,184
Hospitality supplies and services	26,207,309
Insurance costs	-
Specialized materials and services	877,786
Bank Charges	-
Office and general supplies and services	13,628,150
Fuel Oil and Lubricants	12,867,029
Routine maintenance – vehicles and other transport equipment	3,194,137
Routine maintenance – other assets	507,673
Other operating expenses	798,341,888
Pre-feasibility, Feasibility and Appraisal Studies	29,701,116
Purchase of Educational Aids and Related Equipment	39,500
Refurbishment of Residential Buildings	607,418,422
Purchase of Computers, Printers and other IT Equipment -KUSP	2,836,560
Other Infrastructure and Civil Works - KISIP	29,199,060
Total	1,891,108,033

Cash Flows on Use of Goods and Services	Amount
	Kshs
Total	1,891,108,033
Changes in Trade Payables	(294,549,747)
Changes in Estate Deposits	1,079,211
Net Cash Flow from Use of Goods and Services	1,597,637,498

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

11. Transfers to Other Government Entities

Description	2024-2025
	Kshs
Transfers to Projects	11,809,763,704
Others (specify)	-
Total	11,809,763,704

11 b: Transfers to self-reporting entities in the year

The above transfers were made to the following self-reporting entities in the year:

Description	2024-2025
Kenya Urban Support Project (KUSP)	1,453,918,500
Kenya Informal Settlement Project (KISP)	10,257,045,108
Kenya Informal Redevelopment Programme (KISRIP)	98,800,096
Total	11,809,763,704

12. Depreciation and Amortization Expense

Description	2024-2025
	Kshs
Property, plant and equipment	1,521,677
Intangible assets	-
Investment property carried at cost	-
Total	1,521,677

The State Department uses the reducing balance method to depreciate Property, Plant, and Equipment.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

13. Cash and Cash Equivalents

Description	2024-2025	Opening statement 1 st July 2024
	Kshs	Kshs
Recurrent Account	439,237	6,086,839
Development Account	15,763,166	210,235,008
Deposits Account	4,159,734,433	652,013,115
Rent AIA	1,155,473	2,234,684
NAMSIP Project	-	32,833,168
KUSP Project	1	1
KUSP II Project	74,174,734	-
Housing Fund Tax	29,166	29,166
Cash on Hand	-	-
Total	4,251,296,210	903,431,981

13 (a) Detailed Analysis of the Cash and Cash Equivalents

		2024-2025	Opening statement 1 st July 2024
Financial Institution	Account number	Kshs	Kshs
Recurrent Account		439,237	6,086,839
Central Bank of Kenya - Recurrent	1000395516	439,237	6,086,839
Development Accounts		89,937,900	243,068,177
Central Bank of Kenya - Development	1000395583	15,763,166	210,235,008
Central Bank of Kenya - KUSP II	1000742216	74,174,734	-
Central Bank of Kenya - KUSP I	1000396946	1	1
Central Bank of Kenya - NAMSIP	1000396938	-	32,833,168
Deposits Accounts		4,160,919,073	654,276,965
Central Bank of Kenya - Deposit	1000395672	4,159,734,433	652,013,115
Central Bank of Kenya - Rent	1000396358	1,155,473	2,234,684
Central Bank of Kenya -Housing Fund	1000736925	29,166	29,166
		-	-
Grand Total		4,251,296,210	903,431,981

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

14. Receivables from Exchange Transactions

Description	2024-2025	Opening statement 1st July 2024
	Kshs	Kshs
Other exchange debtors (Outstanding Advances)	20,554,923,184	5,960,970,339
Less: impairment allowance	-	-
Total Receivables	20,554,923,184	5,960,970,339
(a) Current receivables	20,554,923,184	5,960,970,339
(b) Non-current receivables	-	-
Total receivables (a+b)	20,554,923,184	5,960,970,339

Cash Flows on Receivables from Exchange Transaction	Amount
	Kshs
Changes in Outstanding Advances	14,593,952,845
Changes in General Deposits -Advance Recoveries	(1,436,788,643)
Net Cash Flow on Receivables from Exchange Transactions	13,157,164,202

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

15. Property, Plant, and Equipment

	Infrastr ucture assets	Furnit ure and fittings	Computers & ICT Equipment	Work in progress	Total
Depreciation Rate	2-20%	12.5%	33.3%		
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Bal as 1st July 2024	-	-	-	-	-
Additions	-	-	4,569,601	-	4,569,601
Disposals	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-
As At 30 June 2025	-	-	4,569,601	-	4,569,601
Depreciation And Impairment					
Depreciation	-	-	1,521,677	-	1,521,677
Disposals	-	-	-	-	-
Impairment	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-
As At 30 June 2025	-	-	1,521,677	-	1,521,677
Net Book Values					
Opening Bal as at 1st July 2024	-	-	-	-	-
As At 30 June, 2025	-	-	3,047,924	-	3,047,924

Cash Flows on Investing Activities	Amount
	Kshs
Total	(4,569,601)
Changes in Retention	2,062,460,576
Changes in Trade payables	2,223,600
Net Cash Flow on Investing Activities	2,060,114,575

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Valuation

Items of PPE are valued at Historical cost at the point of recognition in the Financial Statements. Where historical cost is not available or the item has been acquired at, PPE has been valued at the current operational value which is the amount the MDA would pay for the remaining service potential of an asset at the measurement date.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

16. Trade and Other Payables

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
Trade payables - Use of Goods	508,953,505	214,537,103
Trade payables - Acquisition of Assets	2,223,600	-
Employee payables	7,608,182	-
Other payables (R/D Cheque)	133,344	-
Other payables - Amounts held for AHB	5,960,970,339	5,960,970,339
	-	-
Total	6,479,888,970	6,175,507,441

17. Refundable Deposits and Prepayments

Description	2024-2025	Opening Statement 1 st July 2024
	Kshs	Kshs
General deposits	1,601,076,976	155,816,234
Retention	2,558,657,457	496,196,881
Estates Deposits	1,155,473	2,234,684
Housing Levy Deposits	29,166	29,166
Total deposits	4,160,919,073	654,276,965

Refundable Deposits and Prepayments comprises of:

Retention money – Which is due to contractors awaiting payment instructions from Public Works and is paid on demand.

General Deposits – Which comprises payroll clients who had no IFMIS numbers and advance recoveries. These are broken down as follows:

General Deposits	2024-2025	2023-2024	Total
Advance Recoveries	1,436,788,643	153,401,621	1,590,190,265
Payroll deposits	8,472,100	2,414,612	10,886,712
Total	1,445,260,743	155,816,234	1,601,076,976

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

18. Cash Generated from Operations

	2024-2025
	Kshs
Surplus for the period before tax	158,865,596
Adjusted for:	
Depreciation	1,521,677
Less: Non-cash grants received	-
Contributed assets	-
Impairment	-
Gains and losses on disposal of assets	-
Contribution to provisions	-
Contribution to impairment allowance	-
Working capital adjustments	
Increase in inventory	-
Increase in receivables	-
Net cash flow from Affordable Housing Board	14,208,643,235
Increase in payables	302,157,929
Increase in payments received in advance	7,392,888
Net cash flow from operating activities	14,678,581,325

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

19. Financial Risk Management

The State Department for Housing and Urban Development activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Department'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 Department 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 State Department's financial risk management objectives and policies are detailed below:

i) Credit risk

The State Department for Housing and Urban Development 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 Department'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 Department's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 1 st July 2024	-	-	-	-
Receivables from exchange transactions	20,554,923,184	20,554,923,184	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	4,251,296,210	4,251,296,210	-	-
Total	24,806,219,394	24,806,219,394	-	-

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

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

ii) Liquidity risk management

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

The table below represents cash flows payable by the MDA 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024	-	-	214,537,103	214,537,103
Trade payables	-	511,177,105	-	511,177,105
R/D Cheques	133,344	-	-	133,344
Other Payables	-	5,960,970,339	-	5,960,970,339
Deferred income	-	-	-	-
Employee benefit obligation	-	7,608,182	-	7,608,182
Total	133,344	6,479,755,626	224,152,462	6,694,426,073

iii) Market risk

The State Department has put in place an internal audit function to assist it in assessing the risk faced by the Department 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 Department'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.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Department'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 State Department's exposure to market risks or the manner in which it manages and measures the risk.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

20. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *MDA* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the *MDA*, holding 100% of the *MDA*'s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *MDA*, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

Description	2024-2025
	Kshs
Transactions with related parties	
a) purchases from related parties	
Purchases of electricity from KPLC	44,385,946
Purchase of water from govt service providers	-
Rent expenses paid to govt agencies	-
Training and conference fees paid to govt. Agencies	1,940,559
Others	-
Total	46,326,505
b) Key management compensation	
Directors' emoluments	-
Compensation to key management	114,364,266
Total	114,364,266

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

21. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2024-2025
	Kshs
Contingent Assets	
Insurance Reimbursements	-
Assets Arising from Determination of Court Cases	2,300,000
Reimbursable Indemnities and Guarantees	-
Receivables From Other Government Entities	-
Others (Specify)	-
Total	2,300,000

This relates to civil cases that the State Department has instituted on breach of tenancy agreement in Government Estates.

See Appendix III

Contingent Liabilities

Description	2024-2025
	Kshs
Contingent Liabilities	
Court Case against the State Department	846,000,000
Bank Guarantees in Favour of Subsidiary	-
Contingent Liabilities arising from Contracts Including PPPs	-
Others	-
Total	846,000,000

This emanates from judgments and arbitral awards against the State Department due to breach of contract and also due to non-compliance with certain legal requirements.

See Appendix III

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

22. Events after the Reporting Period

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

23. Ultimate And Holding MDA

The State Department for Housing and Urban development ultimate parent is the Government of Kenya.

24. Currency

The Financial Statements are presented in Kenya Shillings (Kshs) and is rounded off to the nearest shilling.

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

17. Appendix

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1055	Non-compliance on one-Third Rule on Basic Salary	This was due to the implementation of statutory deductions for Social Health Authority and Affordable Housing Levies. The affected officers have been advised to restructure their deductions.	Not Resolved	by 30-June-2026
1056	Stalled Construction of Economic Stimulus Programme Markets-Cluster 51	The construction of ESP markets in Nakuru County (Kasarani, Gilgil, and Mzee wa Nyama) was awarded to Extreecon Engineering Company Ltd, starting in May 2024 with a scheduled completion in November 2024. At the time of audit, progress had stalled at 15%. The State Department took action by issuing warnings and a notice of intention to terminate the contract. Following this, the contractor resumed work.	Not Resolved	by 30-June-2026
1057.1	Unrealised collection of Appropriation-in-Aid	The department has faced difficulties achieving full rent collection, mainly due to a significant reduction in available housing and frequent tenant turnover, especially among disciplined services. Over 5,300 houses have been demolished or decommissioned for redevelopment into affordable housing, hospitals, and offices, resulting in an annual rent loss of Ksh 176.8 million. To address these challenges, the department has implemented an Enterprise Resource Planning (ERP) system to improve estate management and rent collection efficiency. Additionally, it has requested approval from the National Treasury to increase monthly rent by 10%, aiming to boost annual rent	Not Resolved	by 30-June-2026

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>revenue from Ksh 1.3 billion to Ksh 1.5 billion. The department has also moved to replenishing the stock decommissioned for affordable housing development through setting aside 10% of houses for rental purposes.</p>		
1057.2	Unremitted Rent Revenue	<p>The state department has found that some entities, such as county governments and ministries, are deducting rent but not remitting it. To address this, the department has engaged the auditor general for a special audit and issued demands to the entities that owe rent. These measures have helped recover some Ksh 28,624,730 of outstanding amounts, and defaults are expected to decrease further. Additionally, the department migrated its rent payment services to the government e-payment gateway, collecting over Ksh 22,868,734 this year through the platform.</p>	Not Resolved	by 30-June-2026
1057.3	Uncollected Revenue from Government Houses	<p>The expected rent collection at full occupancy is Ksh 1.32 billion annually, but the department cannot collect the full amount due to several issues. These include 1,501 houses illegally taken over by private developers (resulting in an annual loss of Ksh 41.88 million), 5,397 houses demolished for new developments (causing a loss of Ksh 176.83 million per year), and temporary vacancies during refurbishments. Legal action is ongoing to recover illegally alienated houses, but no rent can be collected from them during litigation. The department has also sought approval to raise monthly rent by 10%, aiming to increase annual collections to about Ksh 1.5 billion.</p> <p>So far 56 alienated houses have been recovered and 63 cases are ongoing in a bid to recover more.</p> <p>A framework to set aside 10% of houses under affordable</p>	Not Resolved	by 30-June-2026

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		housing program is being developed and is expected to replenish the dwindling stock.		
1057.4	Boarded Houses	The expected rent collection at full occupancy is Ksh 1.32 billion annually, but the department cannot collect the full amount due to several issues. These include 1,501 houses illegally taken over by private developers (resulting in an annual loss of Ksh 41.88 million), 5,397 houses demolished for new developments (causing a loss of Ksh 176.83 million per year), and temporary vacancies during refurbishments. Legal action is ongoing to recover illegally alienated houses, but no rent can be collected from them during litigation. The department has also sought approval to raise monthly rent by 10%, aiming to increase annual collections to about Ksh 1.5 billion. Additionally, 10% of houses delivered through affordable housing program will be set aside for rental purposes	Not Resolved	by 30-June-2026
1058	Lack of Ownership documents	The State Department has organized a collaborative working group with relevant agencies to expedite land titling and ownership documentation. Key meetings have occurred, actions have been taken, and clear processes are in place to ensure timely completion. These efforts are crucial for the successful rollout of the Affordable Housing Program, and all documentation is expected to be secured within set deadlines.	Not Resolved	by 30-June-2026

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1059	Failure to close Dormant Bank Accounts	We have since requested The National Treasury to close Kenya Urban Support Program Account and the Housing Fund Tax Account.	Not Resolved	by 30-June-2026



.....
 Charles M. Hinga, CBS, CA(SA)
Principal Secretary



.....
 CPA Nelson O. Mose
Senior Deputy Accountant General
 ICPAK M/No: 7597

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Appendix II: Projects implemented by the State Department

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)
Second Kenya Urban Support Program	P177048	World Bank (IDA)	5 Years	Kes 47.6 Billion	Yes	Yes
Second Kenya Informal Settlement Improvement Project	P167814	World Bank (IDA, AFD, EU)	7 Years	Kes 24.8 Billion	Yes	No

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
Second Kenya Urban Support Program	Kes 48.9 Billion	Kes 2.1 Billion	4.3%	Kes 2.9 Billion	2.0 Billion	World Bank (IDA) and GOK
Second Kenya Informal Settlement Improvement Project	Kes 26.4 Billion	Kes 18.5 Billion	70.3%	Kes 11.1 Billion	Kes 10.5 Billion	World Bank (IDA, AFD, EU) and GOK

State Department for Housing and Urban Development

Annual Report and Financial Statements for the year ended June 30, 2025.

Appendix III: Other Important attachments and disclosures

- i. Trial Balance Report
- ii. Confirmation of transfer to other entities
- iii. Exchequer Position
- iv. Contingent Assets and Contingent Liabilities listing



Trial Balance Comparison Report

Entity: 1094-State Department For Housing and Urban Development

Current Period: JUL-24 To JUN-25

Compare With: JUL-23 To ADJ2-24

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
	Kshs	Kshs	Kshs	Kshs
1210401 Contribution-National Housing Fund Levy Development	0.00	54,579,313,847.70	0.00	14,720,649,227.75
1210402 Contributions to National Housing Development Fund Levy	0.00	4,024,255,060.00	0.00	0.00
1210400	0.00	58,603,568,907.70	0.00	14,720,649,227.75
1210000 Social Security Contributions	0.00	58,603,568,907.70	0.00	14,720,649,227.75
1310202 Capital Grants from Foreign Governments	0.00	0.00	0.00	0.00
1310200 Grants from Foreign Govts. - Direct Payments treated as AIA	0.00	0.00	0.00	0.00
1310000 Grants from Foreign Governments	0.00	0.00	0.00	0.00
1410402 Rent of Government Buildings and Housing	0.00	839,866,481.60	0.00	974,753,048.85
1410400 Rents on land, houses and buildings	0.00	839,866,481.60	0.00	974,753,048.85
1410000 Property Income	0.00	839,866,481.60	0.00	974,753,048.85
2110101 Basic Salaries - Civil Service	797,635,350.25	0.00	712,318,851.75	0.00
2110100 Basic Salaries - Permanent Employees	797,635,350.25	0.00	712,318,851.75	0.00
2110201 Contractual Employees	0.00	0.00	0.00	0.00
2110202 Casual Labour - Others	0.00	0.00	0.00	0.00
2110200 Basic Wages - Temporary Employees	0.00	0.00	0.00	0.00
2110301 House Allowance	163,348,998.10	0.00	150,312,952.40	0.00
2110307 Hardship Allowance	523,363.50	0.00	520,000.00	0.00
2110309 Special Duty Allowance	2,571,526.00	0.00	2,553,114.20	0.00
2110310 Top-up Allowance	0.00	0.00	0.00	0.00
2110311 Transfer Allowance	2,214,229.00	0.00	2,199,362.00	0.00
2110312 Responsibility Allowance	2,141,539.50	0.00	2,326,711.30	0.00
2110313 Entertainment Allowance	4,586,473.40	0.00	4,556,474.20	0.00
2110314 Transport Allowance	29,091,952.30	0.00	28,892,155.25	0.00
2110315 Extremous Allowance	4,165,770.00	0.00	4,138,748.90	0.00
2110317 Domestic Servant Allowance	960,975.00	0.00	954,000.00	0.00
2110318 Non Practising Allowance	1,769,370.00	0.00	1,758,000.00	0.00
2110320 Leave Allowance	8,554,975.30	0.00	8,495,819.00	0.00
2110322 Risk Allowance	0.00	0.00	0.00	0.00
2110336 Car Purchase Allowance	0.00	0.00	0.00	0.00
2110300 Personal Allowances paid as part of Salary	219,929,172.10	0.00	206,707,337.25	0.00
2110000 Wages and Salary Contributions	1,017,564,522.35	0.00	919,026,189.00	0.00
2210101 Electricity	5,890,641.00	0.00	7,326,322.10	0.00
2210102 Water and Sewerage Charges	2,240,911.00	0.00	1,415,750.00	0.00
2210103 Gas expenses	39,499.00	0.00	0.00	0.00
2210100 Utilities, Supplies and Services	8,171,051.00	0.00	8,742,072.10	0.00
2210201 Telephone, Telex, Facsimile and Mobile Phone Services	4,617,481.40	0.00	2,014,906.95	0.00
2210202 Internet Connections	500,000.00	0.00	134,150.00	0.00
2210203 Courier & Postal Services	48,551.00	0.00	138,900.00	0.00
2210204 Leased Communication Lines	16,000.00	0.00	0.00	0.00
2210200 Communication, Supplies and Services	5,182,032.40	0.00	2,287,956.95	0.00
2210301 Travel Costs (airlines, bus, railway, mileage allowances, etc.)	26,606,202.00	0.00	81,785,885.00	0.00
2210302 Accommodation - Domestic Travel	31,731,244.70	0.00	44,221,533.40	0.00
2210303 Daily Subsistence Allowance	42,235,242.55	0.00	50,869,373.40	0.00
2210304 Sundry Items (e.g. airport tax, taxis, etc?)	2,625.00	0.00	98,300.00	0.00
2210307 Passage & Transfer Expenses	0.00	0.00	37,520.00	0.00
2210300 Domestic Travel and Subsistence, and Other Transportation Costs	100,575,314.25	0.00	177,012,611.80	0.00
2210401 Travel Costs (airlines, bus, railway, etc.)	15,749,265.00	0.00	10,581,135.00	0.00
2210402 Accommodation	660,271.00	0.00	3,329,252.00	0.00
2210403 Daily Subsistence Allowance	14,498,306.35	0.00	4,206,800.00	0.00
2210404 Sundry Items (e.g. airport tax, taxis, etc?)	0.00	0.00	32,000.00	0.00
2210400 Foreign Travel and Subsistence, and other transportation costs	30,907,842.35	0.00	18,149,187.00	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
2210501 International News Services	0.00	0.00	0.00	0.00
2210502 Publishing & Printing Services	72,875.00	0.00	650,000.00	0.00
2210503 Subscriptions to Newspapers, Magazines and Periodicals	59,125.00	0.00	209,500.00	0.00
2210504 Advertising, Awareness and Publicity Campaigns	23,056,562.55	0.00	48,405,319.80	0.00
2210505 Trade Shows and Exhibitions	7,067,990.00	0.00	239,000.00	0.00
2210500 Printing, Advertising and Information Supplies and Services	30,256,552.55	0.00	49,503,819.80	0.00
2210603 Rents and Rates - Non-Residential	198,227,080.00	0.00	162,692,393.10	0.00
2210604 Hire of Transport, Equipment	210,000.00	0.00	259,500.00	0.00
2210606 Hire of Equipment, Plant and Machinery	0.00	0.00	0.00	0.00
2210600 Rentals of Produced Assets	198,437,080.00	0.00	162,951,893.10	0.00
2210701 Travel Allowance	235,900.00	0.00	1,104,450.00	0.00
2210702 Remuneration of Instructors and Contract Based Training Services	8,382,313.00	0.00	33,186,695.60	0.00
2210703 Production and Printing of Training Materials	0.00	0.00	0.00	0.00
2210704 Hire of Training Facilities and Equipment	0.00	0.00	0.00	0.00
2210706 Book Allowance	14,600.00	0.00	94,000.00	0.00
2210707 Project Allowance	28,600.00	0.00	197,000.00	0.00
2210710 Accommodation Allowance	166,200.00	0.00	822,400.00	0.00
2210711 Tuition Fees Allowance	169,571.00	0.00	1,004,500.00	0.00
2210700 Training Expenses	8,997,184.00	0.00	36,409,045.60	0.00
2210801 Catering Services (receptions), Accommodation, Gifts, Food and Drinks	667,138.00	0.00	4,378,000.00	0.00
2210802 Boards, Committees, Conferences and Seminars	28,920,350.00	0.00	28,693,565.60	0.00
2210805 National Celebrations	0.00	0.00	0.00	0.00
2210808 Purchase of Coffins	764,800.00	0.00	0.00	0.00
2210809 Board Allowance	0.00	0.00	0.00	0.00
2210800 Hospitality Supplies and Servi	30,352,288.00	0.00	33,071,565.60	0.00
2211001 Medical Drugs	146,186.00	0.00	177,200.00	0.00
2211002 Dressings and Other Non-Pharmaceutical Medical Items	48,000.00	0.00	146,200.00	0.00
2211004 Fungicides, Insecticides and Sprays	683,600.00	0.00	1,159,000.00	0.00
2211006 Purchase of Workshop Tools, Spares and Small Equipment	0.00	0.00	0.00	0.00
2211009 Education and Library Supplies	0.00	0.00	2,735,050.00	0.00
2211011 Purchase/Production of Photographic and Audio-Visual Materials	0.00	0.00	0.00	0.00
2211016 Purchase of Uniforms and Clothing - Staff	0.00	0.00	570,500.00	0.00
2211020 Uniform and Clothing Allowances	0.00	0.00	74,000.00	0.00
2211023 Supplies for Production	0.00	0.00	0.00	0.00
2211031 Specialised Materials - Other	0.00	0.00	0.00	0.00
2211000 Specialised Materials and Supp	877,786.00	0.00	4,861,950.00	0.00
2211101 General Office Supplies (papers, pencils, forms, small office equipment etc)	19,363,540.00	0.00	20,050,660.00	0.00
2211102 Supplies and Accessories for Computers and Printers	443,110.00	0.00	1,705,504.00	0.00
2211103 Sanitary and Cleaning Materials, Supplies and Services	139,840.00	0.00	819,652.00	0.00
2211100 Office and General Supplies and Services	19,946,490.00	0.00	22,575,816.00	0.00
2211201 Refined Fuels and Lubricants for Transport	15,867,029.00	0.00	20,698,896.00	0.00
2211203 Refined Fuels and Lubricants -- Other	0.00	0.00	0.00	0.00
2211200 Fuel Oil and Lubricants	15,867,029.00	0.00	20,698,896.00	0.00
2211301 Bank Service Commission and Charges	0.00	0.00	0.00	0.00
2211305 Contracted Guards and Cleaning Services	97,846,615.40	0.00	103,116,092.90	0.00
2211306 Membership Fees, Dues and Subscriptions to Professional and Trade Bodies	7,327,901.00	0.00	3,929,050.00	0.00
2211308 Legal Dues/fees, Arbitration and Compensation Payments	82,000,000.00	0.00	426,868,445.35	0.00
2211310 Contracted Professional Services	4,863,655,611.45	0.00	1,226,476,460.05	0.00
2211311 Contracted Technical Services	170,263,666.80	0.00	157,601,273.05	0.00
2211323 Laundry Expenses	0.00	0.00	0.00	0.00
2211324 Registration of Land	712,000.00	0.00	0.00	0.00
2211335 Monitoring and Evaluation Expenses	4,500,000.00	0.00	42,015,631.00	0.00
2211300 Other Operating Expenses	5,226,305,794.65	0.00	1,960,006,952.35	0.00
2210000 Goods and Services	5,675,876,444.20	0.00	2,496,271,766.30	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
2220101 Maintenance Expenses - Motor ehicles	5,206,617.00	0.00	9,988,123.00	0.00
2220100 Routine Maintenance - Vehicles	5,206,617.00	0.00	9,988,123.00	0.00
2220201 Maintenance of Plant, Machinery and Equipment (including lifts)	45,100.00	0.00	307,500.00	0.00
2220202 Maintenance of Office Furniture and Equipment	707,173.00	0.00	1,635,385.00	0.00
2220204 Maintenance of Buildings -- Residential	0.00	0.00	0.00	0.00
2220205 Maintenance of Buildings and Stations -- Non-Residential	0.00	0.00	0.00	0.00
2220209 Minor Alterations to Buildings and Civil Works	11,000.00	0.00	207,050.00	0.00
2220210 Maintenance of Computers, Software, and Networks	294,400.00	0.00	1,882,320.00	0.00
2220200 Routine Maintenance - Other Assets	1,057,673.00	0.00	4,032,255.00	0.00
2220000 Routine Maintenance	6,264,290.00	0.00	14,020,378.00	0.00
2430102 National Social Security Fund	0.00	0.00	0.00	0.00
2430100 General Government	0.00	0.00	0.00	0.00
2430000 Interest on Borrowing From Other Government Units	0.00	0.00	0.00	0.00
2620103 African Association of Public Administration (AAPAM)/CAAPAM/CLGF	0.00	0.00	0.00	0.00
2620163 UN Habitat and Human Settlement	0.00	0.00	0.00	0.00
2620188 Shelter Afrique	0.00	0.00	0.00	0.00
2620189 Architectural Heritage Fund (AHF)	0.00	0.00	0.00	0.00
2620100 Membership Fees and Dues and Subscriptions to International Organizations	0.00	0.00	0.00	0.00
2620000 Grants and Other Transfers to International Organizations	0.00	0.00	0.00	0.00
2630101 Current Grants to Semi-Autonomous Government Agencies	0.00	0.00	0.00	0.00
2630100 Current Grants to Government Agencies and other Levels of Government	0.00	0.00	0.00	0.00
2630201 Capital Grants to Semi-Autonomous Government Agencies	0.00	0.00	0.00	0.00
2630203 Capital Grants to Other levels of government	10,801,972,182.05	0.00	5,439,999,999.85	0.00
2630204 Civil servants housing scheme	0.00	0.00	0.00	0.00
2630200 Capital Grants to Government Agencies and other Levels of Government	10,801,972,182.05	0.00	5,439,999,999.85	0.00
2630000 Grants & Transfer To Other Govt. Units	10,801,972,182.05	0.00	5,439,999,999.85	0.00
2710102 Gratuity - Civil Servants	2,639,991.00	0.00	10,922,960.00	0.00
2710100 Government Pension and Retirement Benefits	2,639,991.00	0.00	10,922,960.00	0.00
2710000 Social Security Benefits	2,639,991.00	0.00	10,922,960.00	0.00
3110202 Non-Residential Buildings (offices, schools, hospitals, etc..)	0.00	0.00	0.00	0.00
3110200 Construction of Building	0.00	0.00	0.00	0.00
3110301 Refurbishment of Residential Buildings	659,877,216.20	0.00	792,893,975.55	0.00
3110302 Refurbishment of Non-Residential Buildings	0.00	0.00	0.00	0.00
3110300 Refurbishment of Buildings	659,877,216.20	0.00	792,893,975.55	0.00
3110401 Major Roads	0.00	0.00	0.00	0.00
3110402 Access Roads	0.00	0.00	0.00	0.00
3110400 Construction of Roads	0.00	0.00	0.00	0.00
3110502 Water Supplies and Sewerage	0.00	0.00	0.00	0.00
3110504 Other Infrastructure and Civil Works	53,974,015,762.40	0.00	15,312,065,668.00	0.00
3110500 Construction and Civil Works	53,974,015,762.40	0.00	15,312,065,668.00	0.00
3110604 Overhaul of Other Infrastructure and Civil Works	0.00	0.00	159,999,966.95	0.00
3110600 Overhaul and Refurbishment of Construction and Civil Works	0.00	0.00	159,999,966.95	0.00
3110701 Purchase of Motor Vehicles	5,500,000.00	0.00	0.00	0.00
3110700 Purchase of Vehicles and Other Transport Equipment	5,500,000.00	0.00	0.00	0.00
3110801 Overhaul of Vehicles	0.00	0.00	0.00	0.00
3110800 Overhaul of Vehicles and Other Transport Equipment	0.00	0.00	0.00	0.00
3111001 Purchase of Office Furniture and Fittings	4,500,000.00	0.00	200,000.00	0.00
3111002 Purchase of Computers, Printers and other IT Equipment	8,223,754.60	0.00	9,663,507.70	0.00
3111004 Purchase of Exchanges and other Communications Equipment	0.00	0.00	0.00	0.00
3111011 Purchase of Lighting Equipment	0.00	0.00	0.00	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
3111000 Purchase of Office Furniture and General Equipment	12,723,754.60	0.00	9,863,507.70	0.00
3111102 Purchase of Boilers, Refrigeration and Air-conditioning Plant	0.00	0.00	0.00	0.00
3111106 Purchase of Fire fighting Vehicles and Equipment	0.00	0.00	0.00	0.00
3111109 Purchase of Educational Aids and Related Equipment	39,500.00	0.00	104,000.00	0.00
3111111 Purchase of ICT Networking and Communication Equipment	0.00	0.00	0.00	0.00
3111112 Purchase of Software	0.00	0.00	0.00	0.00
3111114 Purchase of Survey Equipment	0.00	0.00	0.00	0.00
3111100 Purchase of Specialised Plant, Equipment and Machinery	39,500.00	0.00	104,000.00	0.00
3111401 Pre-feasibility, Feasibility and Appraisal Studies	1,261,410,703.95	0.00	286,753,437.75	0.00
3111400 Research, Feasibility Studies, Project Preparation and Design, Project Supervision	1,261,410,703.95	0.00	286,753,437.75	0.00
3111504 Other Infrastructure and Civil Works	0.00	0.00	1,019,454.40	0.00
3111500 Rehabilitation of Civil Works	0.00	0.00	1,019,454.40	0.00
3110000 Acquisition of Fixed Capital Assets	55,913,566,937.15	0.00	16,562,700,010.35	0.00
5120201 Borrowing from Foreign Governments	0.00	0.00	0.00	0.00
5120202 Borrowing from International Organizations	0.00	0.00	0.00	0.00
5120200 Foreign Borrowing-Direct Payments	0.00	0.00	0.00	0.00
5120000 Currency and Deposits, Accounts Payable, Clearing Transfers and Other Liabilities	0.00	0.00	0.00	0.00
6510267 Nairobi Metropolitan Service Improvement Project	0.00	0.00	0.00	0.00
6510281 Nairobi Metropolitan Service Improvement Project	0.00	0.00	0.00	0.00
6510200 01-010-E418-UNICEF PROGRAMME-M	0.00	0.00	0.00	0.00
6510354 Housing Fund Tax	29,166.10	0.00	29,166.10	0.00
6510300	29,166.10	0.00	29,166.10	0.00
6510000 Special Accounts	29,166.10	0.00	29,166.10	0.00
6530101 Ministry HQ Recurrent Bank A/C	439,237.00	0.00	6,086,839.10	0.00
6530100 Recurrent Bank Accounts	439,237.00	0.00	6,086,839.10	0.00
6530000 Recurrent Bank Accounts	439,237.00	0.00	6,086,839.10	0.00
6540101 Ministry HQ Development Bank A	15,763,166.00	0.00	210,235,008.20	0.00
6540100 Development Bank Accounts	15,763,166.00	0.00	210,235,008.20	0.00
6541127 Kenya Urban Support Programme Account	74,174,734.40	0.00	0.85	0.00
6541138 Nairobi Metropolitan Service Improvement Project Cpart Fund	0.00	0.00	32,833,167.85	0.00
6541100	74,174,734.40	0.00	32,833,168.70	0.00
6540000 Development Bank Accounts	89,937,900.40	0.00	243,068,176.90	0.00
6550101 Ministry HQ Deposit Bank A/C	4,159,734,433.40	0.00	652,013,114.85	0.00
6550109 Kenya Italy Debt for Development Programme	0.00	0.00	0.00	0.00
6550142 Rent from Government Building and Housing AIA(Bank)	1,155,473.00	0.00	2,234,684.15	0.00
6550143 Rent from Government Building and Housing AIA a/c	0.00	0.00	0.00	0.00
6550100 Deposit Bank Accounts	4,160,889,906.40	0.00	654,247,799.00	0.00
6550000 Deposit Bank Account	4,160,889,906.40	0.00	654,247,799.00	0.00
6580101 Cash	0.00	0.00	0.00	0.00
6580104 Cash in Transit	0.00	0.00	0.00	0.00
6580100 Cash in Hand	0.00	0.00	0.00	0.00
6580000 Cash in Hand	0.00	0.00	0.00	0.00
6590203 NBI.MET.SERV.IMPROVEMENT PROJECT CPART FND	0.00	0.00	0.00	0.00
6590200 Foreign Cash Holdings	0.00	0.00	0.00	0.00
6590000 Foreign Currency and Foreign D	0.00	0.00	0.00	0.00
6710103 Salary advance	0.00	0.00	0.00	0.00
6710100 Debtors & Advances - Employees	0.00	0.00	0.00	0.00
6710000 Domestic Debtors & Advances	0.00	0.00	0.00	0.00
6740101 Prepayment	0.00	0.00	0.00	0.00
6740102 R/D Cheques	0.00	133,344.20	0.00	0.00
6740100 Other Debtors & Pre-payments	0.00	133,344.20	0.00	0.00
6740000 Other Debtors & Pre-payments	0.00	133,344.20	0.00	0.00
6760101 Standing Imprests	0.00	0.00	0.00	0.00
6760103 Temporary Imprests	0.00	0.00	0.00	0.00
6760100 Imprests	0.00	0.00	0.00	0.00
6760000 Government Imprests	0.00	0.00	0.00	0.00
6770101 Inter-Ministerial Agency A/C	0.00	0.00	0.00	0.00

Account No and Description	Current Period		Previous period	
	Debit Balance	Credit Balance	Debit Balance	Credit Balance
6770100 Ministerial Agency Accounts	0.00	0.00	0.00	0.00
70000 Agency Accounts	0.00	0.00	0.00	0.00
80101 General Suspense A/C	0.00	0.00	0.00	0.00
6780103 District Suspense A/c	0.00	0.00	0.00	0.00
6780111 Salary Advance Recovery	0.00	0.00	0.00	0.00
6780100 Suspense & Clearance Account	0.00	0.00	0.00	0.00
6780000 Suspense & Clearance Account	0.00	0.00	0.00	0.00
6790102 Receiving Inventory A/C	0.00	0.00	0.00	0.00
6790100 Other Current System A/c's	0.00	0.00	0.00	0.00
6790000 Other Current Assets (System r	0.00	0.00	0.00	0.00
7310101 General Deposits	0.00	1,601,076,976.40	0.00	155,816,233.55
7310124 Deposit -Rent from Government Building	0.00	1,155,473.00	0.00	2,234,684.30
7310125 Deposit - Housing Levy Tax	0.00	29,166.10	0.00	29,166.10
7310100 General Deposits Items	0.00	1,602,261,615.50	0.00	158,080,083.95
7310000 Deposits	0.00	1,602,261,615.50	0.00	158,080,083.95
7320101 PAYE	0.00	0.00	0.00	0.00
7320102 NHIF	0.00	0.00	0.00	0.00
7320103 House Rent	0.00	0.00	0.00	0.00
7320106 NSSF	0.00	0.00	0.00	0.00
7320107 Co-operatives	0.00	0.00	0.00	0.00
7320108 Insurances	0.00	0.00	0.00	0.00
7320109 Hire Purchases	0.00	0.00	0.00	0.00
7320110 Court Attachments	0.00	0.00	0.00	0.00
7320111 WCPS	0.00	0.00	0.00	0.00
7320112 Staff Welfare Associations	0.00	0.00	0.00	0.00
7320113 HELB Deductions	0.00	0.00	0.00	0.00
7320115 Save As You Earn (SAYE)	0.00	0.00	0.00	0.00
7320116 Mortgages / Bank Loans	0.00	0.00	0.00	0.00
7320121 Salary Overpayment Refunds	0.00	0.00	0.00	0.00
7320123 Civil Service Housing Fund	0.00	0.00	0.00	0.00
7320124 3% Commission on Deductions	0.00	0.00	0.00	0.00
7320126 Employee Contribution to PSSS	0.00	0.00	0.00	0.00
7320127 Housing Levy	0.00	0.00	0.00	0.00
7320199 Salary Control Account	0.00	0.00	0.00	0.00
7320100 Salary Deductions	0.00	0.00	0.00	0.00
7320201 Contractors Retention Money	0.00	2,558,657,457.00	0.00	496,196,881.30
7320208 Public Procurement Capacity Building Levy	0.00	0.00	0.00	0.00
7320200 Other General Liabilities	0.00	2,558,657,457.00	0.00	496,196,881.30
7320402 Vat Withholding Tax	0.00	0.00	0.00	0.00
7320400 Withholding Taxes	0.00	0.00	0.00	0.00
7320000 Other Liabilities	0.00	2,558,657,457.00	0.00	496,196,881.30
7380101 General Withholding Tax	0.00	0.00	0.00	0.00
7380100	0.00	0.00	0.00	0.00
7380000 Withholding Taxes	0.00	0.00	0.00	0.00
7390101 Inventory AP Accrual	0.00	0.00	0.00	0.00
7390103 AP Liabilities	0.00	0.00	0.00	0.00
7390100 System Required Liabilities	0.00	0.00	0.00	0.00
7399999 Cash Clearing A/c	0.00	0.00	0.00	0.00
7399900	0.00	0.00	0.00	0.00
7390000 System Required Liabilities A/c's	0.00	0.00	0.00	0.00
9910101 Provision for Encumbrance	0.00	0.00	0.00	0.00
9910100 General Provisions	0.00	0.00	0.00	0.00
9910201 Exchequer Releases/ Provisioning Account	0.00	136,301,129,228.50	0.00	122,251,924,003.70
9910209 Remittances to Exchequer Miscellaneous Revenue	256,117,720.10	0.00	22,450,250.10	0.00
9910200 Exchequer Provisions	256,117,720.10	136,301,129,228.50	22,450,250.10	122,251,924,003.70
9910000 Provisions	256,117,720.10	136,301,129,228.50	22,450,250.10	122,251,924,003.70
9990101 Opening Balance Bank	0.00	1,238,712,215.00	0.00	1,238,712,215.00
9990100 Opening Balance Bank	0.00	1,238,712,215.00	0.00	1,238,712,215.00
9999999 Consolidated Fund	123,219,030,952.75	0.00	113,471,491,925.85	0.00
9999900	123,219,030,952.75	0.00	113,471,491,925.85	0.00
9990000 Opening Balance Reserves	123,219,030,952.75	1,238,712,215.00	113,471,491,925.85	1,238,712,215.00
Total	201,144,329,249.50	201,144,329,249.50	139,840,315,460.55	139,840,315,460.55

The Statement has been prepared, reviewed and approved by the following:

Prepared By: _____

Date: _____

Reviewed By: _____

Date: _____

Approved By: _____

Date: _____

CONFIRMATION OF AMOUNTS RECEIVED DURING FY 2024/2025

PROJECT NAME:		Second Kenya Informal Settlement Improvement Project		
Break down of Transfers from the State Department of Housing and Urban Development				
S/No.	Details	Bank Statement Date	Amount (KShs)	Financial Year
1.	Donor	03/10/2024	827,281,840	2024/2025
2.	Counterpart	27/11/2024	10,000,000	2024/2025
3.	Donor	22/01/2025	584,553,387.50	2024/2025
4.	Counterpart	28/01/2025	30,000,000	2024/2025
5.	Counterpart	20/02/2025	20,000,000	2024/2025
6.	Counterpart	17/03/2025	25,000,000	2024/2025
7.	Donor	17/03/2025	93,423,220.50	2024/2025
8.	Donor	17/03/2025	134,421,900	2024/2025
9.	Donor	04/06/2025	93,968,225	2024/2025
10.	Donor	11/06/2025	692,534,134.60	2024/2025
11.	Donor	04/07/2025	2,496,286,800	2024/2025
12.	Donor	04/07/2025	3,054,280,320	2024/2025
13.	Donor	07/07/2025	1,415,978,437.50	2024/2025
14.	Donor	07/07/2025	406,230,997.90	2024/2025
15.	Donor	07/07/2025	256,764,090	2024/2025
16.	Donor	11/07/2025	116,321,755	2024/2025
		TOTAL	10,257,045,108	

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

Project Accountant

Sign 

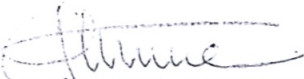


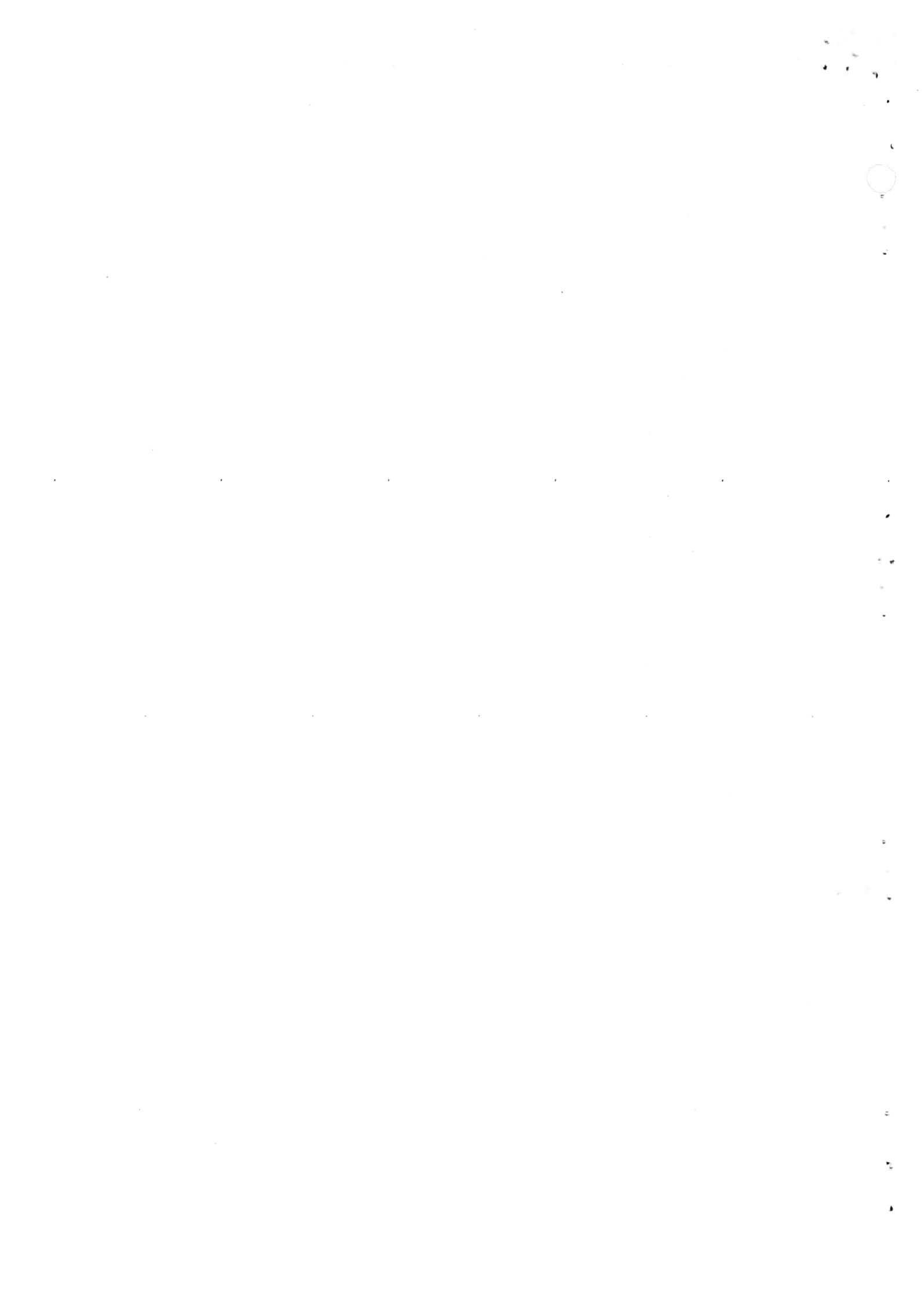
CONFIRMATION OF AMOUNTS RECEIVED DURING FY 2024/2025

S/No.	Project Name	SECOND KENYA URBAN SUPPORT PROGRAM (KUSP II)		
Breakdown Of Transfer of Funds from the State Department for Housing and Urban Development				
	Details	Bank Statement Date	Amount (Kshs)	Financial Year
1.	IDA Funds	5 th August 2024	142,320,200	2024/2025
2.	IDA Funds	20 th December,2024	88,542,234	2024/2025
3.	IDA Funds	27 th January,2025	128,595,135	2024/2025
4.	IDA Funds	2 nd May, 2025	147,160,500	2024/2025
5.	Transfer To Counties	30 th June, 2025	1,486,170,000	2024/2025
6.	IDA Funds	30 th June, 2025	151,650,000	2024/2025
		Total	2,144,438,069	

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

Project Accountant

Sign 

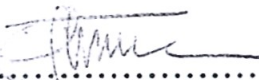


CONFIRMATION OF AMOUNTS RECEIVED DURING FY 2024/2025

S/No.	Project Name	KENYA INFORMAL SETTLEMENT REDEVELOPMENT PROGRAMME (KISRP)		
Breakdown Of Transfer of Funds from the State Department for Housing and Urban Development				
	Details	Bank Statement Date	Amount (Kshs)	Financial Year
1.	Project Funds	17 th March, 2025	98,797,773	2024/2025
		Total	98,797,773	

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

Project Accountant

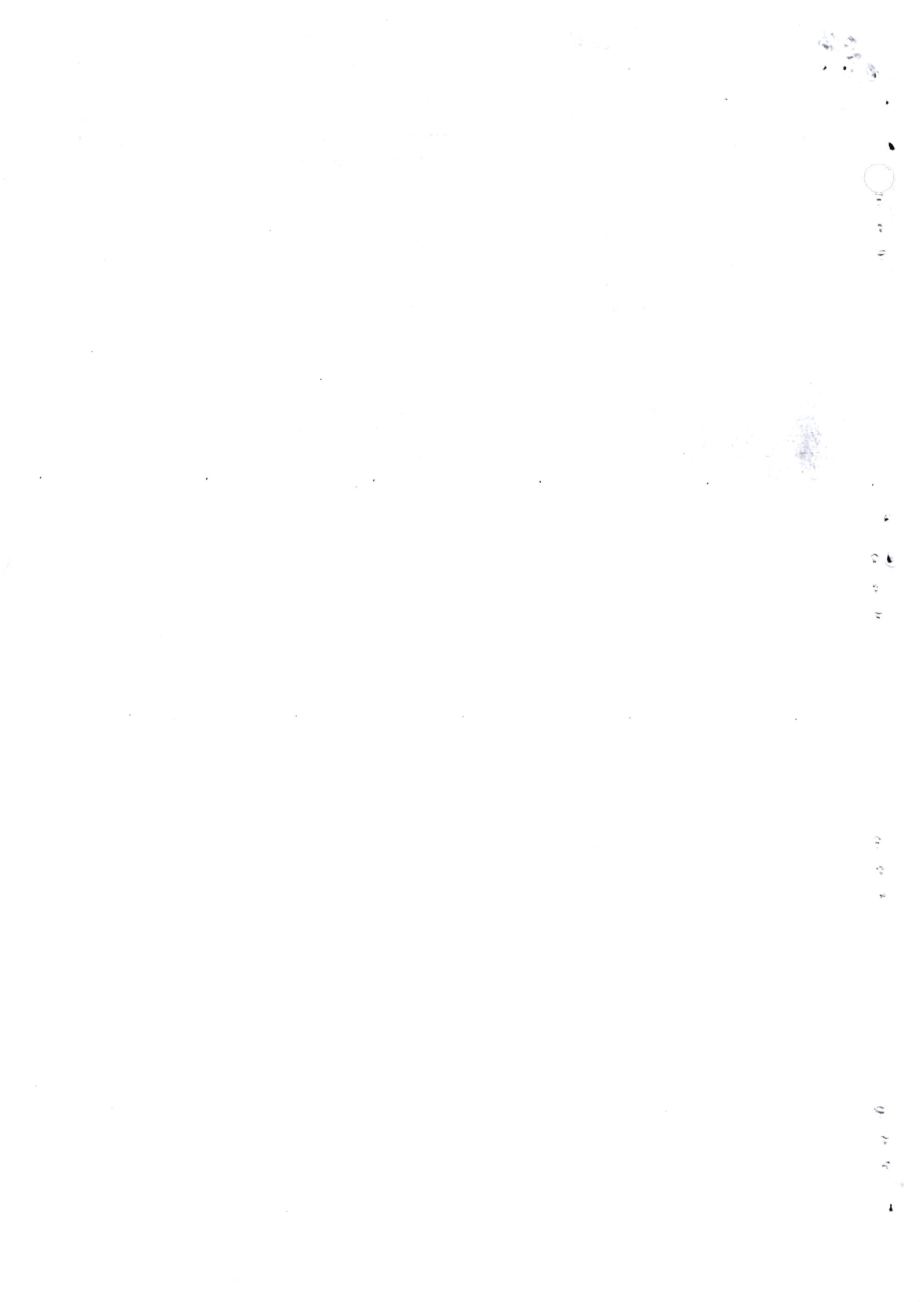
Sign 

RECURRENT VOTE
R1094 STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT
Recurrent Exchequer Position

Date	Not. No.	Amount (Kshs)	Date	Particulars	Amount (Kshs)
30-Jul-24	RE: 003/09	82,965,357.15	01-Jul-24	Original Provision	1,229,392,681
04-Sep-24	RE: 030/17	78,540,148.05	09-Aug-24	Supp I	12,441,714.00
19-Sep-24	RE: 043/21	5,991,915.00	19-Mar-25	Supp II	149,115,526.00
15-Oct-24	RE: 070/02	86,446,960.50			30,184,451.00
05-Nov-24	RE: 083/12	80,081,221.60			
08-Nov-24	RE: 088/17	60,404,013.40			
21-Nov-24	RE: 096/23	10,207,847.80			
03-Dec-24	RE: 108/09	105,791,254.40			
20-Dec-24	RE: 123/21	3,633,563.40			
08-Jan-25	RE: 141/03	90,874,910.45			
22-Jan-25	RE: 152/19	27,896,440.00			
05-Feb-25	RE: 168/08	85,378,264.75			
14-Feb-25	RE: 180/21	14,396,329.90			
05-Mar-25	RE: 196/06	85,631,022.25			
08-Apr-25	RE: 227/06	86,090,079.55			
15-Apr-25	RE: 234/19	55,875,392.95			
24-Apr-25	RE: 239/04	82,000,000.00			
29-Apr-25	RE: 244/16	89,234,483.65			
20-May-25	RE: 264/25	2,834,373.00			
26-May-25	RE: 268/10	87,094,496.50			
13-Jun-25	RE: 288/24	1,483,930.00			
30-Jun-25	RE: 307/15	144,993,926.30			
30-Jun-25	RE: 312/15	3,623,620.20			
30-Jun-25	RE:313/04	18,412,272.50			
	RE:				
Total Issues		1,389,881,823.30			
Balance		6,369,120.70			
		1,396,250,944.00			1,396,250,944.00

DEVELOPMENT VOTE
D1094 STATE DEPARTMENT FOR HOUSING AND URBAN DEVELOPMENT
Development Exchequer Position

Date	Not. No.	Amount (Kshs)	Date	Particulars	Amount (Kshs)
05-Sep-24	DE:08/03	142,320,200.00	1-Jul-24	Original Provision	22,092,000,000.00
26-Sep-24	DE:018/07	827,281,840.00	9-Aug-24	Supp I	2,055,000,000.00
23-Oct-24	DE:023/04	12,370,916.30	19-Mar-25	Supp II	14,287,500,000.00
08-Nov-24	DE:030/11	23,475,549.90			7,757,643,443.00
20-Nov-24	DE:036/10	35,275,027.40			
17-Dec-24	DE:048/05	15,083,593.90			
31-Dec-24	DE:053/03	88,542,234.00			
21-Jan-25	DE:058/03	597,314,275.50			
22-Jan-25	DE:060/05	92,232,325.70			
31-Jan-25	DE:063/02	128,595,135.00			
14-Feb-25	DE:069/07	35,000,000.00			
12-Mar-25	DE:075/01	351,645,217.00			
14-Mar-25	DE:076/08	25,093,327.30			
6-May-25	DE:094/05	147,160,500.00			
26-May-25	DE:106/04	97,460,875.00			
27-May-25	Recovery	3,492,650.00			
04-Jun-25	DE:108/04	692,534,134.60			
30-Jun-25	DE:119/09	5,550,567,120.00			
30-Jun-25	DE:120/06	3,716,793,525.40			
30-Jun-25	DE:121/09	116,321,754.50			
Total Issues		12,691,574,901.50			
Balance		815,568,541.50			
		13,507,143,443.00			13,507,143,443.00



State Department for Housing and Urban Development
Contingent Assets and Contingent Liabilities
FY 2024-2025

1. Contingent Assets

On Contingent Assets arising from determination of court cases, this arises from court cases the State Department for Housing and Urban Development. The State Department has filed a suit against one Vincent Kuria for unpaid rent of a shop at Ngara Estate of kshs.1,900,833 plus interests and costs.

2. Contingent Liabilities

In respect to Contingent Liabilities on court cases against the State Department, this emanates from judgments and arbitral awards against the State Department that are already concluded and there are no pending appeals against the said judgments and arbitral awards.

1. In an arbitration claim arising from alleged breach of contract by the State Department by Earthmark Enterprises Limited. A partial consent was recorded for item (i) of the claim for kshs 15,800,000.00. Agreed interest of kshs.5,893,345.88 is pending payment and the rest of the claims of approximately 57,981,464.66 are pending before arbitral tribunal.
2. In Kisumu ELC 020 of 2021, Solomon Musa & 205 Others vs Kenya Railways and 2 Others. Judgment was delivered on 15th July 200 in favour of the 206 Petitioners at kshs.100,000 each against Kenya Railways and the State Department jointly and severally. This emanates from KISIP tenure Regularization activities at Muhoroni Informal Settlement in Kisumu County.
3. In an arbitration claim by Nyoro Construction Limited on breach of contract an arbitral award was given in its favour against the State Department on 16th October, 2023 for kshs.145,321,963.14 together with simple interest until payment in full. Arbitration costs of kshs.5,893,345.88 were also awarded.
4. In an employment related matter for wrongful suspension from employment costs of kshs.486,661.92 were granted; David Isika Kinyae vs Public Service Commission & Others.
5. This is a contractual claim under arbitration; Karen Infrastructure Limited vs PS, State Department for Housing. A consent was arrived at for a sum of kshs.16,782,000.00 and arbitrator's costs of kshs.2,230,000. The award is to be delivered but the claimant had sought for an amount of kshs.105,840,176.19.
6. Nyoro Construction Company Limited has claimed a balance of unpaid arbitral award sum of kshs.338,812,319.35 arising from contractual breaches since the State Department failed to pay the agreed sum as full and final settlement by a stated date.

Further, there are ongoing court cases and arbitral proceedings where pending determination and since the outcome is not certain and as per amounts claimed or orders sought a provision of kshs.200,00,000.00 is made.



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