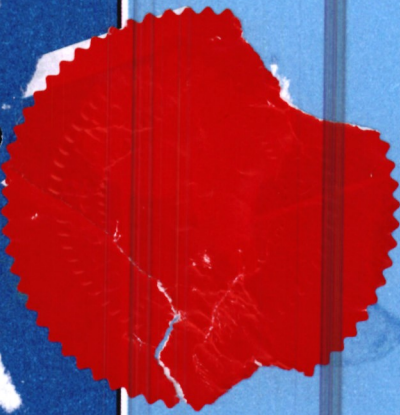


REPUBLIC OF KENYA



*Enhancing Accountability*

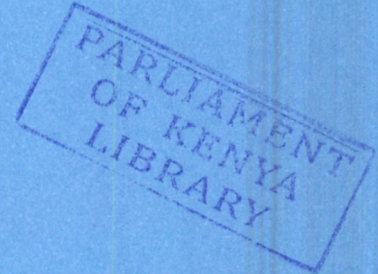


THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 27 FEB 2024

DAY

TUESDAY



**REPORT**

TABLED

Hon Naomi Wako, MP  
Deputy majority whip  
Ingo Mwalu

**OF**

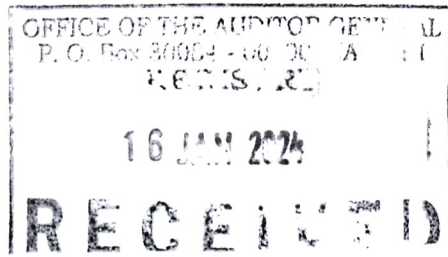
**THE AUDITOR-GENERAL**

**ON**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT  
FUND**

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





**SPORTS, ARTS & SOCIAL  
DEVELOPMENT FUND**

---

# **SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2023**

---

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

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SASDF	Sports, Arts and Social Development Fund
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**1. Acronyms, Abbreviations and Glossary of Terms**

**A: Acronyms and Abbreviations**

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
SASDF	Sports, Arts and Social Development Fund
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

**B: Glossary of Terms**

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

**Comparative Year-** Means the prior period.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**2. Key Fund Information and Management**

**(a) Background information**

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

The main source of funds for SASDF is proceeds from betting and lotteries provided for under section 69(A) of the Betting, Lotteries and Gaming Act. Other sources include taxes levied under section 35 (5A) of the Income Tax Act and section 36 (5) of the Excise Duty Act, 2015, grants and donations and such other monies as may be appropriated by the National Assembly.

The Fund is located at Talanta plaza, 11<sup>th</sup> and 9<sup>th</sup> Floor, Upper hill, Kenya Road, Nairobi. It comprises of three main directorates namely: Programs and Linkages Directorate, Research, Planning and M&E Directorate and Corporate Services Directorate.

**(b) Principal Activities**

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

- i) Promote social development including universal health care;
- ii) Finance the development of sports and recreation facilities including stadia, gymnasiums, buildings, tracks;
- iii) Enhance support and access to funding for sportspersons and sports organizations to enable their participation in sporting events and competitions;
- iv) Facilitate acquisition and provision of equipment to sports and recreation facilities;
- v) Support for the identification, nurturing and development of talent in sports and arts;
- vi) Facilitate training and capacity building programmes for persons involved in sports and recreation, creative arts, artistic production, contemporary and cultural practitioners;
- vii) Facilitate the identification, development and capacity building of technical personnel and sports support personnel involved in sports and recreation;
- viii) Support for the promotion and development of artistic production of contemporary or cultural goods and services;

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

- ix) Facilitate the marketing and promotion of artistic productions and contemporary or cultural goods and services;
- x) Support linkages with domestic, regional and international markets for sports, artistic productions and contemporary or cultural goods and services;
- xi) Facilitate for exhibition and promotion of contemporary or cultural artistic production of goods and services for national idFund and pride;
- xii) Finance the acquisition, development and preservation of, among others, heritage sites, cultural centres, national monuments, tangible and intangible heritage and culture and heritage equipment and tools; and
- xiii) Facilitate innovation, research and documentation in arts, culture and the creative industry, sports and social development.

**Vision**

A sustainable funding agency in transforming sports, arts, culture and social development.

**Mission**

To support sports, arts, culture and social development through effective and efficient funding.

**Core Values**

- i. Integrity;
- ii. Transparency & Accountability;
- iii. Impartiality;
- iv. Customer Focus;
- v. Innovation.

**(c) Key Management**

The Fund day-to-day management is under the following key organs:

[Redacted Header]		
1.	Fund Oversight Board	
2.	Fund Administrator/ Chief Executive Officer	
3.	Fund Secretariat	

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**(d) Fiduciary Management**

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

1.	Fund Administrator /Chief Executive Officer	<b>Mr. Nuh M. Ibrahim</b>
2.	Director Planning, Research, Monitoring and Evaluation	<b>Mr. Hassan Boru</b>
3.	Ag. Director Programs and Linkages/ Deputy Director, Finance & Accounts	<b>Dr. Job Aiyabei</b>
4.	Director Corporate Services	<b>Mr. Mark Wambugu</b>
5.	Deputy Director, Supply Chain Management	<b>Ms. Veronica Kanini</b>

**(e) Fiduciary Oversight Arrangements**

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

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

P.O. Box 4644-00200  
 Talanta Plaza, 9<sup>th</sup> and 11<sup>th</sup> Floor,  
 Upper Hill, Kenya Road  
 NAIROBI, KENYA

**g) SASDF Contacts**

Tel: +254 0789110088, 0720110088  
 Tel: +254-0720110055  
 Website: [www.sasdef.go.ke](http://www.sasdef.go.ke)  
 E-mail: [info@sasdef.go.ke](mailto:info@sasdef.go.ke)

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**(a) Fund Bankers**

1. Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
**NAIROBI, KENYA**
2. Co-operative Bank  
University Way  
P.O Box 48231-00100  
**NAIROBI, KENYA**
3. Kenya Commercial Bank  
UpperHill Platinum  
P.O Box 41166-00100  
**NAIROBI, KENYA**

**(b) Independent Auditor**

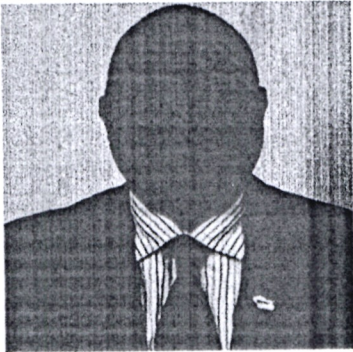

Auditor-General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya

**(c) Principal Legal Adviser**

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



**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**3. The Oversight Board of the Fund**

<p>1.</p>	 <p><b>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO</b>  <b>Chairperson</b></p>	<p>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO joined the Military as a cadet rising through the ranks in an illustrious career that saw him retire as Commander, Kenya Army.</p> <p>Lt. Gen (Rtd.) Tuwei, holds a Diploma from the Royal College of Defence Studies (UK) and has attended courses on Executive Development, Senior Management and International Defence Resources Management. Lt. Gen (Rtd.) Tuwei was the African Union Special envoy for the Lords Resistance issues and is currently the President of Athletics Kenya.</p>
<p>2.</p>	 <p><b>Eng. Peter K. Tum, CBS</b>  <b>Board Member</b></p>	<p>Eng. Peter K. Tum, CBS is the current Principal Secretary in the Ministry of Youth Affairs, The Arts and the Sports, State Department for Sports and Arts in Kenya following his recent appointment in May 2023. Prior to this, he served as the Principal Secretary, Ministry of Health; coordinating the Ministry's performance management; implementing strategic plans; facilitating efficient and effective utilization of financial and human resources; managing information systems and regular financial reporting.</p> <p>A holder of both an MSc in Energy Management from the University of Nairobi and a Bachelor's Degree in Industrial Technology from Egerton University as well as a post-graduate Diploma in Medical Electronics from the University of London (UK), Eng. Tum was vested with the Chief of the Burning Spear (CBS) Presidential Award in December</p>

		<p>2021 and the Order of the Grand Warrior (OGW) Presidential Award in December 2016, for his outstanding stewardship at service.</p> <p>Eng. Tum's expansive leadership and experience spanning 30+ years in Public Service has been pivotal in creating strong collaborative relationships and practical solutions in the respective sectors. Eng. Tum has in the past served as CEO of Kenya Medical Training College (KMTTC) and worked in various leadership roles in the Public Sector.</p>
<p>3.</p>	<div data-bbox="316 728 667 1108" data-label="Image"> </div> <div data-bbox="316 1115 683 1191" data-label="Caption"> <p><b>Ismail Maalim Madey</b>  <b>Board Member</b></p> </div>	<p>Captain (Rtd) Ismail Maalim Madey is the current Principal Secretary in the Ministry of Youth Affairs, The Arts and the Sports State Department for Youth Affairs and the Arts following his recent appointment in May 2023. Prior to this, he served as a military cadet officer serving in the Kenya Army (Kenya Defense Forces) where he served as a force Protection Officer-United Nations Missions in South Sudan (UNMISS) Wau, South Sudan before leaving the military to take a job as a force security advisor, Africa Oil Sala Bas. Previously he also served as Field security officer for Tullow Oil. He has worked at a senior level in the County Government of West Pokot and in senior management positions in dynamic institutions with diversity and brings on board discipline from his military background.</p> <p>He holds a Masters Degree in Global Business Management from United States International University (USIU) and a Bachelors Degree of Arts in Criminology and Security Management from Mt. Kenya University. He also holds a diploma in Military Science from Egerton University.</p>

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

		<p>Mr. Madey has a wealth of experience in administrative, financial, informational and legal skills honed over the years in the corporate world and well versed in working in the civil service and knowledge legislative process of drafting bills, policy documents and intra-governmental relations.</p>
4.	 <p><b>Dr. Belio Kipsang, CBS</b> Member</p>	<p>Dr. Richard Belio Kipsang, CBS is the Principal Secretary Basic Education, Ministry of Education. He has held several senior positions in the public sector including in the Coffee Development Fund and the Higher Education Loans Board. Dr. Kipsang holds a PhD degree in Education (Educational Administration and Planning), from the Catholic University of Eastern Africa. He holds a Masters of Arts Degree in Economics and a Bachelor's degree in Education both from the University of Nairobi. He is an Associate Member of the Association of Certified Fraud Examiners and is also a member, Institute of Directors of Kenya.</p>
5.	 <p><b>Mr. Harry K. Kimtai, CBS</b> Member</p>	<p>Mr. Harry Kachuwai Kimtai is the Principal Secretary, State Department for Medical Services, Ministry of Health, Republic of Kenya. He is responsible for coordination of medical services as the Accounting and Authorized officer under the direction of the Cabinet Secretary for Health. He is currently spearheading Health Care Services Reforms geared towards realization of universal health coverage (UHC).</p>

Mr. Harry Kimtai was Born on 13 December, 1968. He holds a Bachelor of Arts degree in Economics, Master of Arts in Economics and Master of Philosophy in Economics, specialised in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995).

He has served the Government of Kenya in various capacities. He was first appointed to the position of Principal Secretary State Department for Livestock from 2011 serving upto 2023. He served as Director of the Capital Markets Authority between 2016 to 2017. Between 2008 and 2014, he was a General Manager at Branded Fine Foods Ltd, a leading private industry player. Prior to joining Branded Fine Foods Ltd., he had started his career at Kenya Revenue Authority as a management trainee in 1995 and rose through the ranks to the position of Principal Revenue Officer in the period 2003 – 2006.

6.




**Mr Guyo Boru**  
**Board Member**

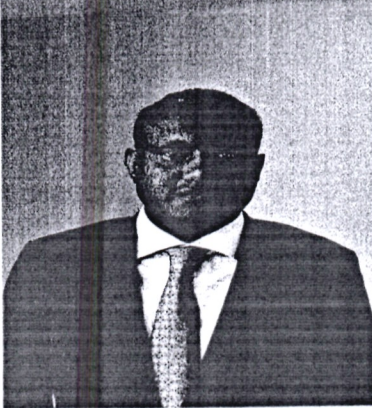

Mr Guyo Boru is Head and Finance Administrator of Equalization Fund and an alternate Board member to Permanent Secretary -National Treasury and Planning. Mr Boru has wealth of experiences with a career spanning over 16 years both in the Corporate and public sector with a decade of experience in public financial management.

He started his career in 2006 as graduate trainee at Barclays Bank (Now Absa) and later joined (2009) Co-operative Bank of Kenya as Relationship manager before he was tapped for Branch Manager. Mr Boru also served at the Office of the Controller of Budget (between 2012-2020) where he focused on overseeing Budget




**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

		<p>implementation and exchequer issue management for county governments. He has Bachelor of Science (Hons), MBA-Finance from University of Nairobi, Master of Public Policy and Management from Strathmore University and CPA finalist. Mr Boru has attended numerous trainings in public finance management, Strategic governance, leadership, among other numerous training both locally and internationally.</p>
7.	 <p><b>Mr. Simion Kipruto Bor</b>  <b>Board Member</b></p>	<p>Mr. Bor is an independent member following his recent appointment in April 2023. Prior to this, he served as Chief Whip of the Majority Party while in the County Assembly, Nandi County, a former Councillor representing Kosirai Ward and as a Marine Radio and Radar Technician. Mr. Bor was an active athlete and represented the Armed Forces in the National Athletics Championships from 1993 to 2006. He rose through the ranks to Corporal and was honoured with 20 great years of the Nyayo Era Medal. He holds a Bachelor of Arts in Public Administration and Political Science and has vast experience in leadership.</p>

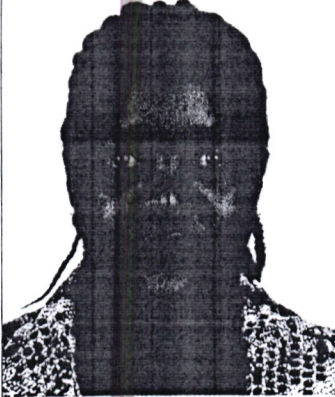


**4. Key Management Team**

<p>1.</p>	 <p><b>Nuh M. Mohamed</b>  Master in Public Policy and Administration- (KU),  BA- Economics- UON</p>	<p>Chief Executive Officer</p>
<p>2.</p>	 <p><b>Mark Wambugu</b>  MBA(Finance) BBA (Finance &amp; Accounts, CPA (K),  CPS (K), ISO 9001:2008 Certified QMS Auditor</p>	<p>Director, Corporate Services</p>

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

3.	 <p><b>Hassan Abdi Boru</b>  MA (Environment Planning &amp; Management), BSc  Wildlife Management and Conservation</p>	Director Planning, Research, Monitoring and Evaluation
4.	 <p><b>Dr. Job Aiyabei</b>  PhD (Business Administration), MBA (Finance)  BBA (Accounting and Finance), CPA K</p>	AG. Director programs and linkages / Deputy Director, Finance & Accounts
5.	 <p><b>Doreen Diki</b>  MBA (Human Resource Management), BBA (Human  Resource Management), Certified Human Resource  Professional (K), Higher Diploma (HRM), KATC  Finalist</p>	Deputy Director, Human Resource and Administration

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

6.	 <b>Naanyu Karbolo</b> MBA (Strategic Management), Bachelors of Arts (Sociology)	Deputy Director, Corporate Communication
7.	 <b>Veronica Kanini</b> Msc. Project Management, BBA (Purchasing & Supply Chain Management)	Deputy Director , Supply Chain Management
8.	 <b>Dr. Nzilu Musyoki</b> PhD.(Business Management) MBA, B-Com (Marketing)	Deputy Director , Research and Planning

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**5. Chairman's Statement**

On behalf of the oversight Board of the Fund, it's my pleasure to present the Fund annual report for the Financial year 2022/2023. I am delighted to report that the Fund performed well and am also honoured to be part of this dynamic and service oriented organization that facilitated the prosperity of the Sports, Arts and Social development sector.

The Fund oversight board is tasked to utilize resources at its disposal to restore the country's sporting glory, Promote the creative economy and finance social development including universal health care. The board is dedicated and committed to ensure that a robust governance structure is in place to enable the fund finance its long-term sustainable funding and growth of the sector and successful execution of the SASDF mandate and strategy.

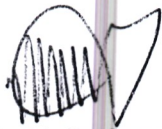
During the financial year under review, the Fund was able to provide funding for key priority projects and events in sports, arts and education sectors. Under the sports sector, the Fund provided financial support to fund various programs including hosting of Hosting The 2023 World Rugby U20 Trophy Championship; Hosting of Billie Jean tennis cup and African Table Tennis Championships, Team kenya participation in Special Olympics in Berlin, World Athletics Continental Tour Gold series- Kipkeino Classic; Nairobi City Marathon; WRC Safari Rally 2022 ; Magical Kenya Open Golf Tournament; Vipingo Golf Ladies tour: hosting of IDPA Defensive Pistol Africa Championship 2023; funded the Anti-Doping Agency of Kenya for enhanced anti doping programme; Establishment of Digital Hub for Sports Talent Identification and Development at KAS Headquarters and establishment of Talanta hela program.

Under the Arts sector, the Fund provided financial support towards the Renovation, refurbishment and improvement of the Kenya National Theatre; the National Survey, Policy and Master Plan Development for Archives by the Kenya Cultural Centre; Kenya's participation in Afro Festival 2023 program among others. In the Education Sector, the fund has given Financial support to the National Council for Nomadic Education in Kenya to Mitigate the Effects of Drought in the Arid and Semi-Arid Lands (ASALS) and the Marginalized areas; Kenya Secondary School Games; FEASSA Games in Rwanda and East Africa Music and Dance Festivals.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

In the year under review, the Oversight board of the Fund also carried out recruitment process for a CEO and we are happy to report that we now have a substantive and able CEO in place, who has brought in new tenacity and zeal to the fund. With his visionary leadership and a dedicated secretariat, the future outlook of the Fund remains positive and optimistic.

The Fund continues to be a driving force in shaping the nation's sporting landscape, the creative sector and contribute towards realization of the Kenya kwanza plan. The future outlook of the Fund remains positive and optimistic with increased and sufficient revenue streams, improved service delivery and enhanced stakeholders engagement.



**Lt. Gen (Rtd.) Jackson Tuwei**

**CHAIRPERSON**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**6. Report of the Fund Administrator/ Chief Executive Officer**

The Fund has made significant progress in delivering its mandate by consistently funding projects and programmes in the Sports, Arts and Social Development including universal healthcare.

The objective and mandate of the fund encompasses a wide spectrum; from funding development and promotion of sports and arts, promotion of social development, nurturing talent and capacity building in sports and creative sector, development of sports infrastructure and supporting national sporting teams and sports federations. Our mission is to not only support sporting and artistic excellence but also to contribute significantly to the overall socio-economic well-being of our country.

During the financial year 2022/2023, the Fund realized revenue of Kshs 10,427,518,883 against a projection of Kshs 15.75 billion. In the year under review, the Fund Oversight Board approved financial support amounting to Kshs 7,951,585,007 to fund various projects and programs being implemented in Sports, Arts and culture and Social Development including Universal Healthcare. The Oversight Board approved disbursement of Kshs 6,362,344,334 for the promotion of sports, Kshs 324,648,867 for promotion of arts and culture and Kshs 1,264,591,806 for Social Development including Universal Healthcare.

The Fund has continuously and effectively provided financial support for the of various projects and programs under the sectors of sports, arts and social development namely: Hosting of Billie Jean tennis cup and African Table Tennis Championships, Team kenya participartion in Special Olympics in Berlin, Anti-Doping Agency of Kenya for enhanced anti doping programme; Establishment of Digital Hub for Sports Talent Identification and Development at KAS Headquarters, establishment of Talanta hela program, Renovation, refurbishment and improvement of the Kenya National Theatre, Financial support to the National Council for Nomadic Education in Kenya to Mitigate the Effects of Drought in the Arid and Semi-Arid Lands (ASALS) and the Marginalized areas among other successful projects.

In the year under review, we are pleased to report the successful Establishment and completion of the 16 storeyed now renamed Talanta Plaza. The relocation of the Fund and Ministry Headquatres to the newly commissioned building is yet another testament and milestone to our commitment to be self-reliant and a one stop shop for all government services under the Ministry of Youth Affairs, the Arts

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

and Sports. This will enhance service delivery and cost savings on rent and other operational manatainance.

The oversight Board board also oversaw successful transition of the Fund staff from the defunct National sports Fund and implementation of approved and reviewed salary structures by SRC. This was carried out after vetting of staff by the PSC as stipulated by the sports amendment bill. This will ensure a robust working environment and highly motivated staff and therefore aligns seamlessly with the attainment of Fund mandate.

The power of sports and arts to drive economic growth, foster community development, and promote unity cannot be overstated. With the unwavering commitment of our team and support of our stakeholders, we will continue to drive positive change in the fields of sports, creative sector , and social development for the realization of the Bottom-Up Economic Transformation Agenda (BETA) of the Kenya Kwanza Plan.



**Nuh M. Ibrahim**

**Fund Administrator/ Chief Executive Officer**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**7. Statement of Performance against Predetermined Objectives for FY 20xx/20xx-1**  
**a. Strategic Objective: To Improve Effectiveness and Efficiency in Fund Management**

Advise on funding priorities	Increased effectiveness in sports, arts and social development funding	Develop concept paper on funding priorities and ceilings in collaboration with relevant ministries and agencies	Approved concept paper	1	0
		Issue budget circular and calls for funding proposals based on set priorities	Budget circular & call for proposals	1	1
Strengthen proposal evaluation and disbursement process	Prompt feedback on funding applications and disbursement of funds	Form multiagency review committees to evaluate funding proposals	Multiagency review committees in place	1	1
		Undertake evaluation of funding proposals	Calendar of events for all activities and projects	1	1
		Present calendar of events for Board approval	Approved calendar of events and projects	1	1
		Disburse funds	% of funds disbursed to approved funding	100%	100%
Sensitization and capacity building of beneficiaries	Improved quality of funding proposals	Undertake mapping of beneficiaries	Report on beneficiary mapping	1	1
		Identify beneficiaries' capacity gaps	Report on capacity gaps	0	0
		Develop training /capacity building manual	Approved training manual in place	1	1

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

			Conduct sensitization and capacity building workshops for beneficiaries	Reports on sensitization/ training done	1	0	
				No. of beneficiaries trained	40	0	

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**KRA 2: RESOURCE MOBILISATION**

**Strategic Objective: To Expand and Diversify Resource Base for Fund Sustainability**

Explore alternative funding sources	Increased funding from development partners, private sector and county governments	Develop/ review resource mobilisation strategy	Resource mobilisation strategy	1	0
		Undertake mapping of development partners and private sector for technical and financial support	Database of potential funding partners	1	0
		Develop funding proposals to development partners, private sectors and county governments	Funding proposals submitted	0	0
			Amount of financial support received	100M	0

**KRA 3: ORGANIZATIONAL CAPACITY**

**Strategic Objective 3.1: To Enhance Institutional Governance**

Espouse good corporate governance practices	Compliant institution	Develop and implement board charter	Approved board charter	1	0
			Implementation level of board charter	100%	0
	Good corporate image	Undertake training of the board and senior management on corporate governance	No. of board members and senior management trained	10	1

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

[Redacted Header]					
		Undertake legal and governance audits and implement recommendations	Legal and governance audits reports	1	0
			Level of legal and governance compliance	100%	0
Strengthen Fund's risk management	Reduced risk exposure	Develop an enterprise risk management (ERM) framework	Approved ERM framework	1	1
		Train staff on ERM framework	% of staff trained	100%	50%
		Implement the ERM framework	Level of adherence to ERM framework	100%	0
		Develop and implement a business continuity policy and plan	Approved business continuity policy and plan	1	0
			Level of BCP implementation	100%	0

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**Strategic Objective 3.2: To Enhance Operational Efficiency and Service Delivery**

Strategic Objective 3.2: To Enhance Operational Efficiency and Service Delivery					
Automate operational processes		Undertake ICT needs Assessment	ICT needs assessment report	2	0
		Implement ERP system	Operational ERP system in place	1	0
		Undertake ICT staff training	% of requisite staff trained	100%	50%
			Level of utilization of installed systems	100%	0
		Undertake automation level survey	Automation level Reports	1	0
			Level of automation in the Fund	100%	30%
		Revamp Update existing website	Interactive website	1	1
		Undertake maintenance of ICT systems	ICT system uptime	100%	100%
Enhance customer	Timely service delivery	Develop and implement a customer relationship	CRM in place	1	0

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

relationship management	Prompt handling of customer complaints	management system (CRM)			
		Train staff on CRM	% of staff trained	100%	50%
		Revise Customer Service Charter (CSC)	CSC in place	1	1
		Sensitize customers on CSC and feedback channels	Level of adherence to customer service charter	100%	50%
		Handle customer complaints and provide feedback	Level of compliance with CSC provisions	100%	50%
		Undertake customer satisfaction surveys and implement recommendations	Customer satisfaction survey report	1	0
			Recommendation's implementation level	1	0

**Strategic Objective 3.3: To Promote Fund's Visibility and Corporate Image**

Enhance SASDF's brand	Increased visibility	Undertake SASDF branding	Approved brand strategy and manual	1	0
		Sensitise staff on Fund's brand	% of staff trained	100%	50%

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

		Undertake brand awareness campaigns	No. of programmes implemented	1	0
		Undertake brand awareness surveys	Level of awareness	100%	50%
		Develop and implement Corporate Social Investment (CSI) policy and plan	Approved CSI Policy and Plan	1	0
			Implementation level of CSI plan	1	0
Improve on corporate communication		Develop SASDF communication policy and strategy	Approved corporate communication policy and strategy	1	0
		Implement communication policy and strategy	Level of adherence to communication policy and strategy	100%	0

**KRA 4: RESEARCH, MONITORING & EVALUATION**

**Objective: To Support Evidence-Based Decision Making in Funding of Sports, Arts and Social Development**

Enhance research capacity	Improved quality of research reports	Undertake assessment of SASDF's research capacity gaps	Report on research capacity assessment	1	0
		Implement recommendations of	No. of research officers recruited/trained	2	0

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

	Research based decisions	the research capacity assessment report	Research equipment and software acquired	1	0
		Carry out research in collaboration with relevant stakeholders and advise on funding and emerging issues in sports, arts and social development	No. of researches undertaken	1	0
		Prepare research briefs and advisory notes on sports, arts and social development sectors	No. of research briefs and advisory notes prepared	1	0
Strengthen monitoring, evaluation and reporting	Increased accountability in use of resources	Develop/review M&E policies and procedure manual	Approved M&E policies and procedures manual	1	1
		Develop ICT enabled monitoring, evaluation and reporting platform / templates	Approved monitoring, evaluation and reporting templates	2	2
		Sensitise stakeholders on the use of monitoring, evaluation and reporting templates	No. of stakeholders sensitised	100	100
		Collect and collate technical and financial M&E reports	No. of M&E reports	4	4
		Undertake impact assessment on sports, arts and social development funding programmes	Impact reports	1	0
		Share M&E and impact assessment findings with respective beneficiaries	Improved quality funding applications and reporting	100%	100%

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**8. Corporate Governance Statement**

**Constitution of the Board**

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

The Oversight Board Shall Consist of:

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

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

**Functions of the Board**

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

- i. Provide overall oversight of the Fund;
- ii. Approve the ceilings for funding under sports, arts and social development in each financial year;
- iii. Develop policy guidelines relating to disbursements by the Fund;
- iv. prescribe other guidelines for the administration of the Fund;
- v. Review the estimates of annual revenue and expenditure of the Fund and recommend them to the Cabinet Secretary responsible for Sports for approval and submission to the Cabinet Secretary responsible for finance;

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

- vi. Review guidelines on the fund priorities and criteria for allocation and disbursement of funds to implementing agencies in furtherance of the objects of the Fund;
- vii. Monitor and evaluate the programmes and activities under the Fund;
- viii. Facilitate and develop sectoral linkages to the Fund;
- ix. Review the performance of the Fund and make recommendations on the operations of the Fund to the administrator of the Fund;
- x. Review and approve the financial statements of the Fund before submission to the Auditor General;
- xi. Review policy on the management of assets, equipment and all properties under the Fund;
- xii. Receive reports on the performance of the Fund; and
- xiii. Any other activity that in the opinion of the Board, will promote and facilitate the realization of the objects and purposes of the Fund.
- xiv. The Oversight Board shall prepare and submit a quarterly report to the Cabinet Secretary responsible for finance on the performance of the Fund with copies to the Cabinet Secretaries responsible for sports, arts, health and education.

**Board Charter**

The Oversight board is in the process of developing its board charter and manual.

**Board Remuneration**

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

**Oversight Board Meetings Attendance for the FY 2022/2023**

In the financial year 2022/2023 the Oversight Board held fourteen meetings as tabulated below:

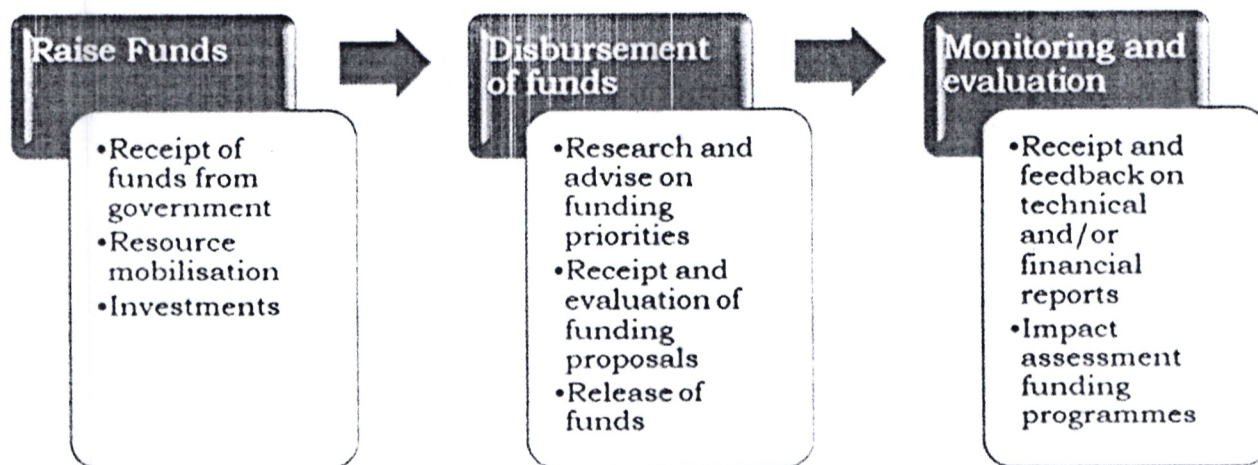
**9. Management Discussion and Analysis**

**1. Core Mandate**

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

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

and the promotion of social development including universal health care. SASDF value chain in the discharge of its functions can be summarized as depicted in Figure 1 below:



## 2. Revenue of the Fund

The Legal Notice No. 194 of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 provide that the sources of funding for the Fund shall emanate from the collection as outlined under;

- a) Section 69(A) of the Betting, Lotteries and Gaming Act,
- b) Section 35(5A) of the Income Tax Act
- c) Section 36(5) of the Excise Duty Act, 2015
- d) Such other moneys as may be appropriated by the National assembly\

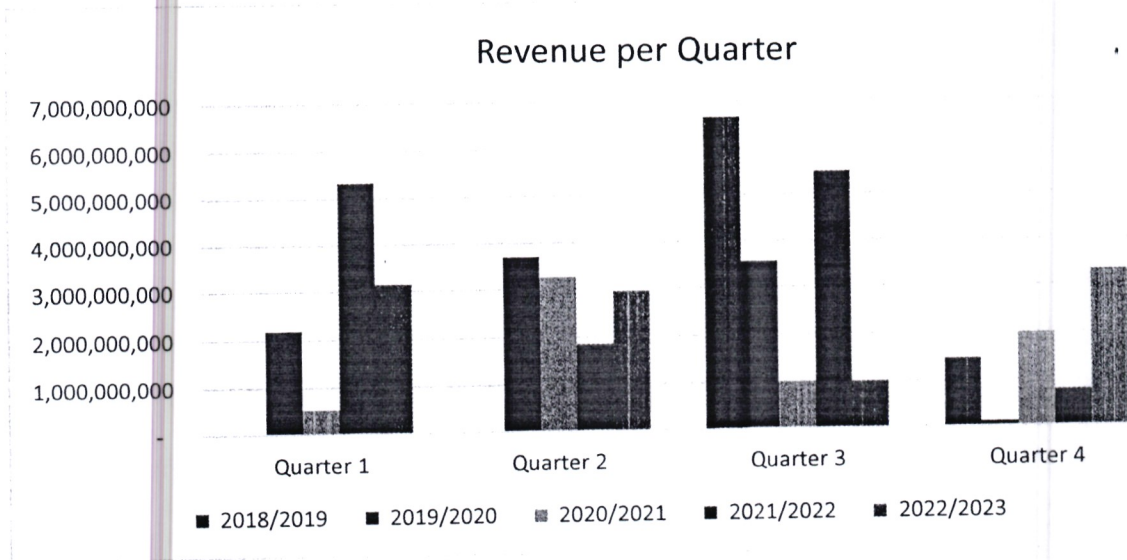
The Fund received government grants totalling to Kshs 202.04 Million in the financial year under review.

As part of prudent financial management, the Fund placed some of its funds on call deposit account thereby generating a net income of Kshs 21.95 Million.

Further, during the financial year 2022/2023, the Fund realized revenue of Kshs 10,427,518,883 against a projected revenue of Kshs 15.75 billion. This collection was lower than the previous year however a shortfall as per the projections which was occasioned by a reduced public spending due to the global fuel crisis that affected businesses all over.

The revenue trend for the financial year 2018/19, 2019/20, 2020/21, 2021/22 and 2022/23 is as shown in the graph below:

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**



**3. Fund Disbursements**

In apportioning the proceeds of the Fund, the Oversight Board ensures that the following requirements as provided for in the Regulations are adhered to. These are;

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

During the Financial Year 2022/2023, the Fund Oversight Board approved financial support amounting to Kshs 6,524,560,887 to fund various projects and programs being implemented in Sports, Arts and culture and Social Development including Universal Healthcare. The Oversight Board approved disbursement of Kshs 6,362,344,334 for the promotion of sports, Kshs 324,648,867 for promotion of arts and culture and Kshs 1,264,591,806 for Social Development including Universal Healthcare.

## **SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**

### **Annual Report and Financial Statements**

#### **for the year ended June 30, 2023.**

#### **Monitoring and Evaluation**

During the financial year 2022 – 2023, the management carried out monitoring and evaluation of funded programs, which is a key function of SASDF as per the established legal framework. With returns from more than fifty (50) federations reviewed, results indicate a slight improvement in matters of compliance with Government regulations as well as SASDF's guidelines on technical and financial reporting.

#### **Strategic Plan**

The year under review was the second year in the implementation of SASDF's strategic plan 2021 - 2026. In line with the implementation matrix of the strategic plan, all priority activities were cascaded to departments through the SASDF work plan 2022-2023. Even though most of the targets (FY 2022-2023) have been achieved, some critical activities were not undertaken due to lack of resources.

#### **Talanta Plaza**

The Fund acquired Talanta Plaza in FY 2020/2021 which was a presidential directive. The Fund completed Talanta Plaza towards the end of the financial year 2022/23. It is awaiting valuation from government. The Certificate of completion was issued and was launched by the President.

#### **Statutory requirements**

The Fund has complied with all statutory requirements including PAYE, Withholding VAT, NHIF, NITA, NSSF and Health and safety requirements.

#### **Risks facing the Fund**

The major risk facing the Fund is in its establishment. The Fund is established through the Public Finance Management (SASDF) Regulations 2018 and as such is not established under an Act of parliament.

#### **Competence Management**

During the year under review, the Fund carried out a training needs analysis (TNA). The Fund paid annual subscription fees to professional bodies and facilitated trainings, seminars and conferences for staff members.

## **10. Environmental and Sustainability Reporting**

The Fund exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the SASDF's policies and activities that promote sustainability.

### **i) Sustainability strategy and profile**

Sustainable development is about balancing needs of the present generation without compromising the needs of future generations. The key aspect is balancing business, social and environmental aspects of the organization. The Fund has been providing financial support to youths who are mainly the athletes representing the country in various sporting activities and also supporting the creative sector through cash awards.

The financial support towards school feeding programs in marginalized and ASAL areas by NACONEK is a true reflection of retention and transisions of learners in schools.

Further, the completion and commissioning of the Talanta plaza which will house the ministry of Youth affairs, the arts and sports and hence enhanced service delivery and cost savings on rent and other operetations mantainance costs.

### **ii) Environmental performance**

We recognize environmental protection as one of the guiding principles and a key component of sound business performance. The Constitution of Kenya is quite coherent in the need to promote Environmental Management and Sustainability in Kenya. Its preamble commits the people of Kenya to be respectful of their environment as their heritage. Article 10 (2d) in particular identifies sustainability as one of the national values and principles of governance. Additionally, article 42 provides for the right to a healthy environment for all Kenyans.

Kenya's development blue print (Kenya Vision 2030) identifies several emerging challenges in environmental management and sustainability which include environmental degradation, forestry, food insecurity, water resources, pollution and waste management, climate change, bio-, integrated environmental planning, and unplanned human settlement among others. That is, environmental management and sustainability is, therefore, is a critical undertaking needed to help Kenyans realize the aspirations of our Constitution and the Vision 2030.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

The key objectives of the environment and sustainability policy is to:

- i. Adhere to all applicable environmental regulations and other requirements that relate to our environmental aspects.
- ii. Implement and maintain a structured Environmental Management System based on the continual improvement of the environmental performance and regular review of the set environmental objectives, targets and programmes of all significant environmental aspects.
- iii. Adopt and implement environment-friendly strategies prevent pollution, reducing waste generation and minimizing the consumption of resources.

To promote a more ecologically sustainable environment the Fund has:

- i. Encouraged responsiveness to environmental management and sustainability challenges
- ii. Supported tree planting activities through the World Rally Championship as a legacy activity
- iii. The Fund has gone digital and implemented an ERP system that is paperless and helps to reduce wastages while enhancing efficiency.
- iv. The Fund is utilizing pooled transport in order to reduce emission of the greenhouse gas
- v. In line with the government directives on the COVID-19 protocols, the Fund has been regularly fumigating the offices and providing sanitizers for clean working
- vi. environment.
- vii. The Fund has been undertaking energy saving activities

**ii) Employee welfare**

The Fund developed Human Resource Instruments whose results will inform the future Fund's strategic and operational direction. In an effort to ensure continuous personal development and coping with the technological changes, the Fund engaged its staff in identifying the Training Needs Analysis and thereafter supported various trainings for its staff. The Performance Contracting process in the public sector has been adopted and targets cascaded down to employee's which formed the basis for Performance Appraisals at the end of the Financial Year 2022/2023.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

A Job Description Manual for the Fund was also developed and approved by the Salaries and Remuneration Commission. The Job grading and approval of competitive salary structures by (SRC) will lead to attraction and retention of qualified personnel.

A Health and Safety committee was appointed to ensure strict adherence to health and safety rules at the work place.

The Fund has a staff welfare association (Sports, Arts and Social Development Fund staff welfare association) to take care of bereavement, weddings and new born gifts among other welfare needs.

**iii) Market place practices**

**a) Responsible competition practice.**

The Fund is committed in supporting the anti-corruption efforts of the Government by strengthening its corporate governance and inculcating good ethical business practices among its directors, employees, customers and stakeholders. The Fund complied with all relevant laws and upheld integrity in the delivery of its mandate and it will continue to establish a culture of openness, trust and integrity in its processes.

The Fund also engaged its stakeholders in a manner that fostered a sustainable relationship and maintained public trust and confidence. In engaging and partnering with other persons and institutions financing sports, arts and social development activities, the Fund upheld transparency, accountability and equity that sustained a consultative and collaborative relationship.

This has therefore ensured that the Fund has given equal opportunity and fair review to all financial requests from eligible institutions and organizations in terms of funding.

**b) Responsible Supply chain and supplier relations**

The Fund procures of goods and services through a competitive process as provided for by the relevant acts and regulations guiding procurement in Public entities which include the Public Procurement and Asset Disposal Act (2015) and the Public Procurement and Asset Disposal Regulation (2020).

We also complied with 30% of Access to Government procurement opportunities (AGPO) requirement by ensuring that youth, women and persons with disabilities supplied good and services. These procurement opportunities have created diverse financial benefits for these special groups as well as enhancing SASDF corporate image and reputation.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

All payments to suppliers are processed and paid in time once in receipt of supporting documentation. In addition, all procurement undertaken is posted on the public procurement and information portal for transparency and competitiveness.

**c) Responsible marketing and advertisement**

The Fund continues to adhere to government circulars on creation of the Government Advertising Agency to coordinate public sector advertising and on establishment of myGov publication where all government advertisement are published. In addition, we are guided by Fund core values and endeavour to responsibly update our stakeholders and public on our mandate through various Information, Education and Communication (IEC) material published in print, broadcast and/ or electronic media.

All funded programs and projects by the Fund and its partners are co-branded with the Fund Logo for visibility.

**d) Product stewardship**

The Fund is committed to safeguarding its clients' rights and interest through timely processing and disbursement of funding requests and maintaining the highest level of confidentiality on all documents received from beneficiary institutions and organizations.

Also by developing and displaying the fund service charter which expounds the services and products offered, all clients and stakeholders have access to this information and have a redress mechanism in case of complaints or feedback.

**iv) Corporate Social Responsibility**

Besides delivering its core mandate, the Fund has integrated Corporate Social Responsibility (CSR) initiatives into its operations to support improving the livelihoods of the beneficiary communities and impact society to be better.

The Fund approach towards CSR is focused on identifying and formulating projects guided by its CSR policy and in response to specific needs that CSR committee members assess as a priority. The committee consulted widely on best practices in order to make corporate social responsibility an integral part of its undertakings and implement projects that impact positively on society.

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

To this end, the Fund actively participated in several engagements with various stakeholders towards improving the quality of life and making the society a better place. For instance, the Fund participated and funded the Ministry of Youth affairs, the arts and Sports tree planting and wellness day whereby over 10,000 trees were planted in Moi international stadium, Kasarani as a sports for climate action initiative.

The Fund shall remain committed as a responsible corporate citizen by prioritizing mitigation measures on the impact of its activities on the environment, communities, employees and stakeholders..

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**11. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Sports, Arts and Social Development Fund affairs.

**i) Principal activities**

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

**ii) Results**

The results of the Fund for the year ended June 30, 2023, are set out on page 1 .

**iii) Directors**

The members of the Oversight Board who served during the year are shown on page viii. During the year under review,

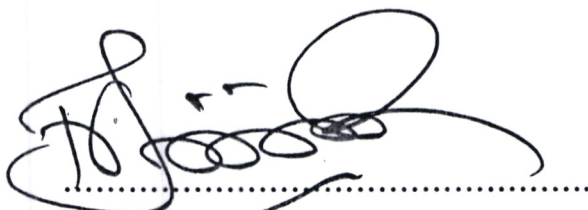
**iv) Surplus remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Fund did not have a surplus for the Financial year 2022/2023.

**v) Auditors**

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

By Order of the Oversight Board



**Nuh M. Ibrahim**

**Fund Administrator/Chief Executive Officer**

**26th September 2023**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

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

**Approval of the Financial Statements**

The Fund's financial statements were approved by the Oversight Board on 26<sup>th</sup> September 2023 and signed on its behalf by:



**Lt. Gen (Ret.) Jackson Tuwei**  
**CHAIRPERSON**



**Nuh M. Ibrahim**  
**FUND ADMINISTRATOR/CHIEF EXECUTIVE**  
**OFFICER**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2023.**

**12. Statement of Directors Responsibilities**

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

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

The Directors accept responsibility for the SASDF's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Legal Notice No. 194 of the Public Finance Act (the Sports, Arts and Social Development Fund) Regulations 2018 dated 25th October 2018. The Directors are of the opinion that the Fund's financial statements give a true and fair view of the state of Fund's transactions during the financial year ended June 30, 2023 and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

# REPUBLIC OF KENYA

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



*Enhancing Accountability*

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

## **REPORT OF THE AUDITOR-GENERAL ON SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2023**

---

### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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 does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Sports, Arts and Social Development Fund set out on pages 1 to 49 which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of

---

*Report of the Auditor-General on Sports, Arts and Social Development Fund for the year ended 30 June, 2023*

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, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sports, Arts and Social Development Fund as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Long Outstanding Receivables from Non- Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.42,921,369 as disclosed in Note 31 to the financial statements. However, analysis of the receivables schedule revealed that the balance includes an amount of Kshs.37,439,181(or 87%) which have been outstanding for more than 3 years. Management has not demonstrated efforts made to recover the long outstanding receivables.

In the circumstances, the recoverability of the balance is doubtful and thus the completeness and accuracy of receivables from non-exchange transactions of Kshs.37,439,181 could not be confirmed.

#### **2. Lack of Motor Vehicle Ownership Documents**

The statement of financial position reflects property plant and equipment net book balance of Kshs.2,287,987,658 which as disclosed in Note 34 to the financial statements, includes motor vehicles of Kshs.17,224,662. However, review of the asset register revealed that three (3) motor vehicles still in use had not been valued. In addition, the log books for the three (3) motor vehicles had not been transferred to the Fund.

In the circumstances, the accuracy, completeness and ownership of the motor vehicles with a net book balance of Kshs.17,224,662 as at 30 June, 2023 could not be confirmed.

#### **3. Transfers to World Rally Championship (WRC) Safari Rally Kenya 2023**

The statement of financial performance reflects Kshs.7,951,585,007 in respect to transfer to Government implementing agencies and sports organization which, as disclosed in Note 22 to the financial statements, includes Kshs.6,362,344,334 for promotion and

---

*Report of the Auditor-General on Sports, Arts and Social Development Fund for the year ended 30 June, 2023*

development of sports. The transfer further includes an amount totalling to Kshs.1,351,333,782 disbursed to the World Rally Championship (WRC) Safari Rally Kenya for the purposes of preparing for the 2023 Safari Rally Championship. However, audit review revealed the following anomalies: -

### **3.1 Unsupported Provision of Land Access Fees**

The World Rally Championship (WRC) Safari Rally Kenya incurred an amount of Kshs.24,419,290 towards provision of land access fees. An access agreement was signed between WRC and the land owners on 18 March, 2018 which stated that the WRC will expressly enter into an extension to the agreement by mutual consent for another two (2) years upon negotiations. However, the negotiation documents were not provided for audit review.

In addition, the route survey report indicating the route, distance covered and the locations was not provided for audit review. Further, there were no valuation report indicating the rates used to compensate the land owners.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.24,419,290 on land access fees for the year ended 30 June, 2023 could not be confirmed.

### **3.2 Unsupported Consultancy Services and Provision of Spares for Rally Cars**

During the year, an amount of Kshs.13,386,690 was paid to a supplier for consultancy services and provision of spares for rally cars. However, the contracts documents were not provided for audit review. Further, single sourcing method of procurement was used without approval in writing by the Accounting Officer.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.13,386,690 could not be confirmed.

### **3.3 Unsupported Supply and Delivery of Pharmaceutical and Non-Pharmaceutical Consumables**

During the year, supply and delivery of pharmaceuticals and non-pharmaceutical consumables amounting to Kshs.20,131,900 was awarded through a request for quotation method of procurement and payment made to a supplier. However, the expenditure was above the legal threshold of Kshs.3,000,000 for request for quotations as set out in the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020. No explanation was given for the anomaly. In addition, signed inspection and acceptance report, stores records and distribution to end users together with stock take report on the balances in stock were not provided for audit review.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.20,131,900 could not be confirmed.

### **3.4 Unsupported Fuel Allowances**

Review of payments revealed that fuel allowances totalling Kshs.28,580,000 was paid to staff and professional volunteers at the rate of Kshs.20,000 per day. However, the authority of the Local Organizing Committee (LOC), signed payments lists to confirm receipt of cash by the recipients and work schedules were not provided for audit review.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.28,580,000 could not be confirmed.

### **3.5 Unsupported Payment for Airtime**

The World Rally Championship (WRC) Safari Rally Kenya spent an amount of Kshs.568,500 on facilitation of airtime to its sixty-three (63) staff for the months of March to May, 2023. However, documentation on staff entitled to facilitation of airtime, the frequency, the rate and authority to pay were not provided for audit review.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.568,500 could not be confirmed.

### **3.6 Unsupported Renewal of Insurance Services**

The contract for insurance services was done through an invitation to tender in 2020, awarding the contract to an insurance company for provision of public liability insurance for the World Rally Championship (WRC) Safari Rally Kenya . However, the contract was renewed without competitive bidding resulting to payment of Kshs.12,141,944 on 16 June, 2023. In addition, the policy document to confirm the terms of the renewed insurance to ensure consistency with the previous contract, fee notes to confirm the premiums paid, and professional opinion to confirm the basis of the renewal of contract were not provided for audit verification.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.12,141,944 could not be confirmed.

### **3.7 Unsupported Construction of Earth Works at Kasarani Super Special Stage**

The World Rally Championship (WRC) Safari Rally Kenya paid a total of Kshs.9,008,003 comprised of Kshs.6,688,003 to a contractor for the construction of earthworks at Kasarani super special stage and Kshs.2,320,000 for supply of 100 lorries of murrum. However, the requirements for the works done with detailed technical specifications, drawings and plans as well as the Bills of Quantities, the contract agreement, procurement documents including the award of contract, certificates of work done and technical reports from the clerk of work were not provided for audit review.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.9,008,003 could not be confirmed.

### **3.8 Unsupported and Unapproved Pending Bills**

Review of documents provided revealed that WRC had an approved budget of Kshs.1,503,554,782 while the actual expenditure incurred totaled to Kshs.1,759,724,938 resulting to unapproved pending bills and unsupported over expenditure of Kshs.256,170,156 for the year under review. No explanation was provided for the commencement of procurement process without sufficient funds. Further, the workplan indicating the activities undertaken, target outputs, performance indicators and outcomes and description of items procured and procurement methods used, were not provided for audit verification .

In the circumstances, the propriety, completeness and accuracy of the pending bills of Kshs.256,170,156 as at 30 June, 2023 could not be confirmed.

### **3.9 Unaccounted for Inventory**

Review of the stores management system and inventory controls revealed that supplies totalling Kshs.56,492,901 could not be traced to the stores/inventory records. Further, no system was in place to confirm that stores are inspected, received and taken on charge when received. No explanation was provided for the anomaly.

In the circumstances, the propriety and completeness of the inventory items totalling to Kshs.56,492,901 could not be confirmed.

## **4. Unaccounted for Transfers to Ministry of Health Including Universal Health Care**

The statement of financial performance reflects an expenditure of Kshs.7,951,585,007 in respect to transfers to government implementing agencies and sports organizations as disclosed in Note 22 to the financial statements. The expenditure includes an amount of Kshs.1,264,591,806 disbursed to the Ministry of Health in response to a Presidential Directive in respect to Health Sector to construct and equip eight (8) hospitals. However, the returns from the Ministry of Health to confirm the status, scope and value of the works undertaken were not provided for audit verification.

In the circumstances, propriety, accuracy and completeness of the expenditure of Kshs.1,264,591,806 could not be confirmed.

## **5. Unaccounted for Transfers to Sports Federations and Organizations**

The transfers to Government implementing agencies and sports organizations of Kshs.7,951,585,007 includes an amount Kshs.6,362,344,334 disbursed to sports federations and organizations to support sporting events. However, the returns received from the sports federations and organizations amounted to Kshs.2,673,973,071 resulting to an unexplained variance of Kshs.3,688,371,263.

In the circumstances, propriety, accuracy and completeness of the expenditure of Kshs.3,688,371,263 could not be confirmed.

## **6. Unsupported Promotion and Development of Arts**

Further, the transfers to Government implementing agencies and sports organizations of Kshs.7,951,585,007 includes an amount of Kshs.324,648,867 disbursed to Government agencies to support the promotion and development of arts. However, the transfers were not supported with expenditure returns.

In the circumstances, propriety, accuracy and completeness of the expenditure of Kshs.324,648,867 could not be confirmed.

## **7. Unsupported Transfer to The NGAO - Kenya Defensive Pistol Federation for Expansion of Kirigiti Range for Africa Championship 2023**

The transfers to government implementing agencies and sports organization of Kshs.7,951,585,007 includes an amount of Kshs.6,362,344,334 in respect of promotion and development of sports. The latter balance includes an amount of Kshs.4,107,710 incurred towards expansion of Kiringiti Range for African Championship 2023. The scope of work was expansion of the shooting range as per the architectural drawings and the Bill of Quantities.

However, the tender evaluation minutes to confirm preliminary, technical and financial evaluation plus the professional opinion awarding the tender were not provided for audit verification. Further, payments were made through invoices, whereby no certificate of payments was raised after valuation of work done and retention monies were not deducted from the payments. In addition, the final payment was made with no certificate of practical completion or technical report issued to confirm the completion of the Project.

In the circumstances, propriety, accuracy and completeness of the expenditure of Kshs.4,107,710 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.15,952,040,000 and Kshs.10,954,089,738

---

*Report of the Auditor-General on Sports, Arts and Social Development Fund for the year ended 30 June, 2023*

respectively resulting to an under-collection of Kshs.4,997,950,262 (or 31%) of the approved budget. Similarly, the Fund spent an amount of Kshs.8,221,884,781 against an approved budget of Kshs.15,952,040,000 resulting to an under-expenditure of Kshs.7,730,155,219 (or 48%) of the budget.

The under-performance and under-collection affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of the above 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.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 matters described in the Basis for Conclusion on 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 Board Annual Workplan and Almanac Calendar**

The statement of financial performance reflects Oversight Board expenses of Kshs.16,612,413 as disclosed in Note 18 of the financial statements. However, review of the Oversight Board operations and activities revealed that the Board did not have an annual work plan, an Almanac calendar, a Board Charter and Board Committees.

Further, the Board held a total of twenty (20) meetings against approved maximum number of six (6) meetings, resulting to an excess of fourteen (14) meetings which were not authorized by the Ministry of Sports. This was contrary to Public Service Circular OP/CAB.9/1A dated 11 March, 2020 on guidelines for the Management of State Corporations. In addition, minutes for six (6) Board meetings were not fully signed.

In the circumstances, the effectiveness of governance system could not be confirmed.

### **2. Lack of an Internal Audit Function and Audit Committee**

The Fund has not established an Internal Audit Function and an Audit Committee contrary to the provisions of Section 73(1) and (5) of the Public Finance Management Act, 2012 which requires all government entities to make appropriate arrangements for Internal Audit Function. Further, Regulations 174 (1) of the Public Finance Management (National Government) Regulations, 2015 provides for the establishment of an Audit Committee. As such the Fund did not benefit from the assurance and advisory services from the Internal Audit Function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of internal controls and risk management could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 Management and the Oversight Board**

The 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 the 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, the Management is responsible for assessing the Fund's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless the Management is aware of intention to terminate the Fund or to cease operations.

The 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, the 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.

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit

Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

09 February, 2024

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

	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	202,040,000	257,440,000
Proceeds from betting & Lotteries tax, income tax and excise duty tax	7	10,427,518,883	13,454,888,486
Public contributions and donations	8	-	15,422,865
		<b>10,629,558,883</b>	<b>13,727,751,351</b>
<b>Revenue from exchange transactions</b>			
Finance income	14	21,953,027	16,501,735
Other income	15	302,577,828	517,300
<b>Total revenue</b>		<b>10,954,089,738</b>	<b>13,744,770,386</b>
<b>Expenses</b>			
Use of goods and services	16	125,779,382	124,813,599
Employee costs	17	118,927,434	54,640,965
Oversight Board Expenses	18	16,612,413	4,774,000
Depreciation and amortization expense	19	7,604,607	9,914,864
Repairs and maintenance	20	8,980,545	4,516,079
Contracted services	21	-	5,002,500
Transfers to Government Implementing Agencies and Sports Organisations	22	7,951,585,007	13,786,295,836
<b>Total expenses</b>		<b>8,229,489,388</b>	<b>13,989,957,843</b>
<b>Surplus/ (deficit) before tax</b>		<b>2,724,600,350</b>	<b>(245,187,457)</b>
Taxation	28	-	-
<b>Surplus/(deficit) for the year</b>		<b>2,724,600,350</b>	<b>(245,187,457)</b>
<b>Net Surplus for the year</b>		<b>2,724,600,350</b>	<b>(245,187,457)</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Fund		<b>2,724,600,350</b>	<b>(245,187,457)</b>
		<b>2,724,600,350</b>	<b>(245,187,457)</b>

The notes set out from pages 8 to 49 and form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

.....  
**Nuh. M. Ibrahim**  
**Fund Administrator**

26/09/2023

.....  
**Job Ayaibei**  
**Deputy Director ( Finance & Accounts)**  
**ICPAK M/No:8208**  
**26/09/2023**

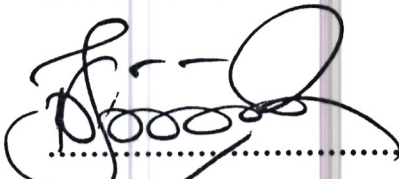
.....  
**Lt.Gen(Rtd.) Jackson Tuwei**  
**Chairman of the Board**

26/09/2023


15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	29	3,354,498,647	1,304,437,854
Receivables from Non-Exchange Transactions	31	42,921,369	51,727,177
<b>Total Current Assets</b>		<b>3,397,420,016</b>	<b>1,356,165,031</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	34	2,287,987,658	1,654,178,414
<b>Total Non- Current Assets</b>		<b>2,287,987,658</b>	<b>1,654,178,414</b>
<b>Total Assets</b>		<b>5,685,407,674</b>	<b>3,010,343,445</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	37	45,592,864	95,128,985
<b>Total Current Liabilities</b>		<b>45,592,864</b>	<b>95,128,985</b>
<b>Total Liabilities</b>		<b>45,592,864</b>	<b>95,128,985</b>
<b>Net Assets</b>			
Reserves		2,724,600,350	(245,187,457)
Accumulated Surplus		2,895,214,460	3,140,401,917
Capital Fund		20,000,000	20,000,000
<b>Total Net Assets</b>		<b>5,639,814,810</b>	<b>2,915,214,460</b>
<b>Total Net Assets and Liabilities</b>		<b>5,685,407,674</b>	<b>3,010,343,445</b>

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

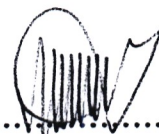
  
.....  
Nuh. M. Ibrahim  
Fund Administrator

26/09/2023

  
.....  
Job Ayaibei  
Deputy Director ( Finance &  
Accounts)

ICPAK M/No:8208

26/09/2023

  
.....  
Lt.Gen(Rtd.) Jackson Tuwei  
Chairman of the Board

26/09/2023

**Sports, Arts and Social Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

---

**Annual Report and Financial Statements  
for the year ended June 30, 2023**

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

	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2021				3,140,401,917	-	20,000,000	3,160,401,917	
Surplus/ deficit for the year	-	-	-	(245,187,457)	-	-	(245,187,457)	
Proposed final dividends	-	-	-	-	-	-	-	
As at June 30, 2022				2,895,214,460	-	20,000,000	2,915,214,460	
As at July 1, 2022				2,895,214,460	-	20,000,000	2,915,214,460	
Surplus/ (deficit) for the year	-	-	-	2,724,600,350	-	-	2,724,600,350	
As at June 30, 2023				5,619,814,810	-	20,000,000	5,639,814,810	

Note:

- For items that are not common in the financial statements, the Fund should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

**Sports, Arts and Social Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023**

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

<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	202,040,000	257,440,000
Proceeds from betting & Lotteries tax, income tax and excise duty tax	7	10,427,518,883	13,454,888,486
Public contributions and donations	8	-	15,422,865
Finance income	14	21,953,027	16,501,735
Other income	15	302,577,828	517,300
<b>Total receipts</b>		<b>10,954,089,738</b>	<b>13,744,770,386</b>
<b>Payments</b>			
Use of goods and services	16	125,779,382	124,813,599
Employee costs	17	118,927,434	54,640,965
Oversight Board Expenses	18	16,612,413	4,774,000
Repairs and maintenance	20	8,980,545	4,516,079
Contracted services	21	-	5,002,500
Transfers to Government Implementing Agencies and Sports Organisations	22	7,951,585,007	13,786,295,836
<b>Total payments</b>		<b>8,221,884,781</b>	<b>13,980,042,979</b>
<b>Net cash flows from/(used in) operating activities</b>	50	<b>2,732,204,957</b>	<b>(235,272,593)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	34	(641,413,852)	(649,991,496)
Decrease(Increase) in non-Current receivables		8,805,808	9,804,755
Increase (Decrease) in Payables		(49,536,121)	(12,061,042)
<b>Net cash flows from/(used in) investing activities</b>		<b>(682,144,165)</b>	<b>(652,247,783)</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>			
Cash and cash equivalents at 1 July	29	1,304,437,854	2,191,958,230
<b>Cash and cash equivalents at 30 June</b>	29	<b>3,554,498,646</b>	<b>1,304,437,854</b>

*(PSASB has now prescribed the direct method of cashflow presentation for all entities under the IPSAS Accrual basis of accounting).*

Sports, Arts and Social Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023

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

	a	b	C=(a+b)	d	e=(c-d)	f=d/c *100
<b>Revenue</b>						
Transfers from other governments entities	257,440,000	(55,400,000)	202,040,000	202,040,000	-	
Proceeds from betting & Lotteries tax, income tax and excise duty tax	15,7500,000,000	-	15,750,000,000	10,427,518,883	5,322,481,117	
Public contributions and donations	-	-	-	-	-	
Finance income	-	-	-	21,953,027	(21,953,027)	
Other income	-	-	-	302,577,828	(302,577,828)	
<b>Total Income</b>	<b>16,007,440,000</b>	<b>(55,400,000)</b>	<b>15,952,040,000</b>	<b>10,954,089,738</b>	<b>4,997,950,262</b>	
<b>Expenses</b>						
Use of Goods and Services	142,032,160	(27,972,257)	114,059,903	125,779,382	(11,719,479)	
Employee costs	94,469,925	(14,201,709)	80,268,216	118,927,434	(38,659,218)	
Remuneration of Directors	24,928,983	(10,226,034)	14,702,949	16,612,413	(1,909,464)	
Repairs and Maintenance	6,000,000	3,000,000	9,000,000	8,980,545	19,455	
Contracted Services	7,000,000	(6,000,000)	1,000,000	-	1,000,000	
Transfers to Government Implementing Agencies and Sports Organisations	15,733,008,932	-	15,733,008,932	7,951,585,007	7,781,423,923	
<b>Total Expenditure</b>	<b>16,007,440,000</b>	<b>(55,400,000)</b>	<b>15,952,040,000</b>	<b>8,221,884,781</b>	<b>7,730,155,219</b>	
<b>Surplus for the period</b>	-	-	-	<b>2,732,204,957</b>	<b>(2,732,204,957)</b>	
<b>Capital Expenditure</b>						

Budget notes

1. Provide below a commentary on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

**Sports, Arts and Social Development Fund  
Annual Report and Financial Statements  
for the year ended June 30, 2023.**

---

2. *Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (PSSAS 24.29)*
3. *Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.*

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

### **1. General Information**

The Sports Arts Social Development Fund is established by Legal Notice No. 194 of the Public Finance Management (PFM) Act dated 25<sup>th</sup> October 2018. The Fund is wholly owned by the Government of Kenya and is domiciled in Kenya. The Fund's principal activity is provide funding for the development of Sports Arts and Social protection including universal Health care.

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

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Fund's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Fund*. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**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 2023.*

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

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

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

IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 cashflows of an Fund.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> 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>

- iii. *Early adoption of standards*

The Fund did not early – adopt any new or amended standards in the financial year or the Fund adopted the following standards early (state the standards, reason for early adoption and impact on Fund’s financial statements.)

**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 *Fund* 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 Fund and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Fund* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Fund 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.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

**Sale of goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Fund*.

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Fund's right to receive payments is established.

**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.

**b) Budget information**

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Fund upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Fund recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

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

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The *Fund's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Fund* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Fund* and the same taxation authority.

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

**Summary of Significant Accounting Policies (Continued)**

*Sales tax*

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included  
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) 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 and are depreciated over an 10 year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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)**

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Fund recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to SASDF. 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. SASDF 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 SASDF 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.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to SASDF. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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

**Summary of Significant Accounting Policies (Continued)**

**g) 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

SASDF expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the SASDF 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.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

**i) 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 Fund 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 Fund and a financial liability or equity instrument of another Fund. At initial recognition, the Fund 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.

**a) Financial assets**

**Classification of financial assets**

The Fund 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 Fund'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 Fund has made irrevocable election at initial recognition for particular investments in equity instruments.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Fund 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.

**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.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Summary of Significant Accounting Policies (Continued)**

**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 Fund 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 Fund 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 Fund recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**b) Financial liabilities**

**Classification**

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

**j) 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 SASDF

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

**Summary of Significant Accounting Policies (Continued)**

**k) Provisions**

Provisions are recognized when 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 *Fund* 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.

**l) 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 Fund 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 Fund will incur in fulfilling the present obligations represented by the liability.

**m)Contingent liabilities**

The Fund does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**n) Contingent assets**

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

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

**o) Nature and purpose of reserves**

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

**p) Changes in accounting policies and estimates**

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

**q) Employee benefits**

**Retirement benefit plans**

The *Fund* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Fund pays fixed contributions into a separate Fund (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. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

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

**Summary of Significant Accounting Policies (Continued)**

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

**u) Service concession arrangements**

The *Fund* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Fund* 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 *Fund* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

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

**Summary of Significant Accounting Policies (Continued)**

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

**w) Comparative figures**

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

**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, 20xx.

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

**Summary of Significant Accounting Policies (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

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

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

**6. Transfers from Other Government entities**

<b>Unconditional Grants</b>		
Operational Grant	202,040,000	257,440,000
<b>Total Unconditional Grants</b>	<b>202,040,000</b>	<b>257,440,000</b>
Conditional Grants amortised/ transferred to revenue	-	-
<b>Total Government Grants And Subsidies</b>	<b>202,040,000</b>	<b>257,440,000</b>

**b) Transfers from Ministries, Departments and Agencies (MDAs)**

State Department for Sports	202,040,000	-	-	202,040,000	257,440,000
<b>Total</b>	<b>202,040,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,440,000</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**7. Proceeds from Betting & Lotteries tax, Income tax and excise duty tax**

Proceeds from betting & Lotteries tax, income tax and excise duty tax	10,427,518,883	13,454,888,486
<b>Total Proceeds from Betting &amp; Lotteries tax , Income tax and excise duty tax</b>	<b>10,427,518,883</b>	<b>13,454,888,486</b>

**8. Public Contributions and Donations**

	-	12,269,400
	-	3,153,465
<b>Total Transfers and Sponsorships</b>	-	15,422,865
<b>Reconciliation Of Public Contributions and Donations</b>		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	-	15,422,865
Conditions Met - Transferred to Revenue	-	-
Conditions To Be Met - Remain Liabilities	-	-

Section 4 (1e) of the PFM Regulations 2018 provides that the Fund receives grants and donations . In the Financial Year 2021-2022, the Fund received donations from Kurume chamber of Commerce of Khs 12,269,400 which was hosting team Kenya training Camp for the 2020 Tokyo Olympic games . Further , the Fund recived Kshs 3,153, 465 from the international Cricket Council which was to assist the cricket caretaker Committee to meet its operational Expenses, no Public Contributions and donations were received in the current Financial Year.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**9. Property Taxes Revenue**

This is not applicable to the Sports, Arts and Social Development Fund

**10. Licenses, Fees and Permits**

This is not applicable to the Sports, Arts and Social Development Fund

**11. Rendering Of Services**

This is not applicable to the Sports, Arts and Social Development Fund

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

**12. Sale of Goods**

This is not applicable to the Sports, Arts and Social Development Fund

**13. Rental Revenue from Facilities and Equipment**

This is not applicable to the Sports, Arts and Social Development Fund

**14. Finance Income**

Interest Income from Call Account	21,953,027	16,501,735
<b>Total finance income</b>	<b>21,953,027</b>	<b>16,501,735</b>

As Part of prudent financial management, the Fund placed funds in a call account which earned interest of Kshs **21,953,027**. This income had not been planned for during Budgeting period.

**15. Other Income**

Insurance Compensation for motor vehicle	245,386	517,300
Miscellaneous Income ( Unspent Disbursements by Sports Federations and Government Implementing Agencies)	302,332,442	-
<b>Total Other income</b>	<b>302,577,828</b>	<b>517,300</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**16. Use of Goods and Services**

Advertising and Publicity	4,229,934	1,478,100
Audit Fees		-
Bank Charges	652,830	832,762
Confrence and Delegations	879,400	-
Office Consumables	20,000	3,716,655
Computer Accessories	4,816,441	7,562,055
Development of Fund Policy Documents	558,230	14,004,000
Fuel and Oil	11,809,048	7,931,552
Motor Vehicle Insurance	2,275,657	2,332,261
Newspapers and Periodicals	368,236	339,308
Publishing and Printing	3,455,595	485,000
Hospitalityand Entertainment	4,028,738	1,951,825
Staff Medical Expenses	16,029,582	14,240,757
Monitoring & Evaluation Costs	31,661,536	30,181,020
Office Stationery	2,287,880	3,169,673
Office Rental Costs	12,942,615	12,408,702
Telephone& Internet Costs	1,511,253	1,313,655
Training Costs	5,244,709	6,412,350
Travel, Accomodation, Subsistence and Other Allowances	19,828,037	11,904,980
Legal Fees	-	14,000
Land Rates	-	86,140
Pension Administration Costs	269,544	368,301
Electricity& Other Utilities	1,090,617	448,717
Cleaning Services	850,500	2,835,167
Security Expenses	706,200	596,019
Postage & Courier	18,900	-
Professional Subscriptions	243,900	200,600
<b>Total Use of Goods and Services</b>	<b>125,779,382</b>	<b>124,813,599</b>

**17. Employee Costs**

Salaries and wages	103,269,803	48,148,485
Employer Contribution to Pension Schemes	15,259,086	6,030,980
Wages Contracted Staff	398,545	461,500
<b>Total Employee costs</b>	<b>118,927,434</b>	<b>54,640,965</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

**18. Oversight Board Expenses**

Chairman Honoraria	597,333	400,000
Sitting Allowances	2,049,200	1,240,000
Other Allowances	13,965,880	3,134,000
<b>Total</b>	<b>16,612,413</b>	<b>4,774,000</b>

**19. Depreciation and Amortization Expense**

Property, plant and equipment	7,604,607	9,914,864
<b>Total depreciation and amortization</b>	<b>7,604,607</b>	<b>9,914,864</b>

**20. Repairs and Maintenance**

Equipment and Machinery	1,347,568	383,573
Motor Vehicles	3,773,485	3,621,431
Furniture & Fittings		-
Computers & Other Accessories	3,823,492	275,650
Office Repairs	36,000	235,425
<b>Total Repairs and Maintenance</b>	<b>8,980,545</b>	<b>4,516,079</b>

**21. Contracted Services**

Consultancy Fees	-	5,002,500
<b>Total Contracted Services</b>	<b>-</b>	<b>5,002,500</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**22. Transfer to Government Implementing Agencies and Sports Organisations**

Promotion and Development of Sports	6,362,344,334	10,605,595,467
Social Development Including Universal Health Care	1,264,591,806	2,266,226,520
Promotion and Development of Arts	324,648,867	914,473,849
<b>Total Transfers to Government Implementing Agencies</b>	<b>7,951,585,007</b>	<b>13,786,295,836</b>

**23. Finance Costs**

Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

**24. Gain on Sale of Assets**

Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
<b>Total gain on sale of assets</b>	<b>-</b>	<b>-</b>

*Provide brief explanation on gains on sale of fixed assets)*

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**25. Gain/Loss on foreign exchange transactions**

Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	-	-
<b>Total Gain/Loss</b>	-	-

**26. Gain/ (loss) on Fair Value Investments**

Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
<b>Total Gain</b>	-	-

**27. Impairment Loss**

Property, Plant and Equipment	-	-
Intangible Assets	-	-
<b>Total Impairment Loss</b>	-	-

**28. Taxation**

Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
<b>Deferred tax:</b> [note 53]	-	-
Original and reversal of temporary differences	-	-
<b>Income tax expense reported in the statement of financial performance</b>	-	-

Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

29. Cash and Cash Equivalents

Current Account	2,882,999,056	1,237,379,267
On - Call Deposits	471,447,021	67,006,017
Petty Cash	52,570	52,570
<b>Total Cash And Cash Equivalents</b>	<b>3,354,498,647</b>	<b>1,304,437,854</b>

Detailed Analysis of the Cash and Cash Equivalents

<b>a) Current Account</b>			
Central Bank of Kenya	1000404868	270,236,213	91,034,904
Central Bank of Kenya	1000404671	1,100,225	24,974,300
Central Bank of Kenya	1000404892	2,770,627	22,222
Co-operative Bank of Kenya	01141174153400	12,914,211	124,041,749
Co-operative Bank of Kenya	01141174153401	2,595,977,780	997,306,092
<b>Sub- Total</b>		<b>2,882,999,056</b>	<b>1,237,379,267</b>
<b>b) On - Call Deposits</b>			
Co-operative Bank of Kenya	01150174153401	-	9,000,000
Co-operative Bank of Kenya	01150174153403	-	58,006,017
Co-operative Bank of Kenya	01150174153405	49,447,021	-
Kenya Commercial Bank		422,000,000	-
<b>Sub- Total</b>		<b>471,477,021</b>	<b>67,006,017</b>
<b>c) Others(Specify)</b>			
Cash In Hand		52,570	52,570
<b>Sub- Total</b>		<b>52,570</b>	<b>52,570</b>
<b>Grand Total</b>		<b>3,354,498,647</b>	<b>1,304,437,854</b>

30. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

<b>Receivables</b>		
Service, Water and Electricity Debtors	-	-
Other Exchange Debtors	-	-
<b>Total Current Receivables</b>	-	-

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

**(b) Receivables from Exchange Transactions (Long-term)**

<b>Total receivables</b>	-	-
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
<b>Total receivables</b>	-	-
Current portion transferred to current receivables	-	-
<b>Total non-current receivables</b>	xxx	xxx
<b>Total receivables (a+b)</b>	xxx	xxx

**(c) Ageing analysis for Receivables from exchange transactions**

	<b>Current FY</b>	<b>% of the total</b>	<b>Comparative FY</b>	<b>% of the total</b>
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>				

Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023

Notes to the Financial Statements (Continued)

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

This is not applicable to the Sports, Arts and Social Development Fund

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

31. Receivables from Non-Exchange Transactions

Prepaid Fuel	596,052		596,052	
Staff Salary Advances	645,522		351,631	
Receivable from State Department of Sports	33,476,573		33,476,573	
Receivable from Toyota Kenya	955,060		955,060	
Interest Income Receivable	-		13,936,365	
Staff Imprests	2,161,496		2,111,496	
Motor Vehicle Maintenance Deposit	300,000		300,000	
Inter Bank Transfers	4,786,666		-	
<b>Total receivables from non- exchange transactions</b>	<b>42,921,369</b>		<b>51,727,177</b>	
<b>Ageing Analysis- Receivables from non- exchange transactions</b>	<b>2022-2023</b>	<b>% of the total</b>	<b>2021-2022</b>	<b>% of the total</b>
Less than 1 year	5,482,188	13%	14,884,048	29%
Between 1-2 years	-	0%	33,776,573	65%
Over 3 years	37,439,181	87%	3,066,556	6%
<b>Total</b>	<b>42,921,369</b>	<b>100%</b>	<b>51,727,177</b>	<b>100%</b>

At the beginning of the year	51,727,177	61,531,932
Additional provisions during the year	5,482,188	14,812,365
Recovered during the year	(14,287,996)	(24,617,120)
Written off during the year	-	-
At the end of the year	<b>42,921,369</b>	<b>51,727,177</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**32. Inventories**

Not applicable to Sports, Arts and Social Development Fund

**33. Investments in financial assets**

Not applicable to Sports, Arts and Social Development Fund

**a) Movement of Equity Investments**

Not applicable to Sports, Arts and Social Development Fund

**d) Shareholding in other entities**

Not applicable to Sports, Arts and Social Development Fund

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

**34. Property, Plant and Equipment**

As At 1 July 2021	-	-	54,438,440	349,500	5,740,228	3,375,220	977,332,209	1,041,235,597
Additions	-	-	-	648,597	2,763,500	68,000	646,511,399	649,991,496
Disposals	-	-	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2022	-	-	54,438,440	998,097	8,503,728	3,443,220	1,623,843,608	1,691,227,093
Additions	-	-	-	-	676,045	-	640,737,807	641,413,852
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2023	-	-	54,438,440	998,097	9,179,773	3,443,220	2,264,581,414	2,332,640,945
Depreciation And Impairment								
At 1 July 2021	-	-	(23,816,818)	(81,915)	(2,469,716)	(765,367)	-	(27,133,816)
Depreciation	-	-	(7,655,406)	(114,523)	(1,810,203)	(334,732)	-	(9,914,864)

**Sports, Arts And Social Development Fund**  
**Annual Reports and Financial Statements**  
**for the year ended June 30, 2023**

Impairment	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-
<b>As At 30<sup>th</sup> June 2022</b>	-	-	<b>(31,472,224)</b>	<b>(196,438)</b>	<b>(4,279,919)</b>	<b>(1,100,099)</b>	-	<b>(37,048,680)</b>	
Depreciation	-	-	(5,741,554)	(100,207)	(1,469,956)	(292,890)	-	(7,604,607)	
Disposals	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	
Transfer/Adjustment	-	-	-	-	-	-	-	-	
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>(37,213,778)</b>	<b>(296,645)</b>	<b>(5,749,875)</b>	<b>(1,392,989)</b>	-	<b>(44,653,287)</b>	
<b>Net Book Values</b>			<b>17,224,662</b>						
<b>As at 30<sup>th</sup> June 2022</b>	-	-	<b>22,966,216</b>	<b>801,659</b>	<b>4,223,809</b>	<b>2,343,121</b>	<b>1,623,843,608</b>	<b>1,654,178,413</b>	
<b>As at 30<sup>th</sup> June 2023</b>	-	-	<b>17,224,662</b>	<b>701,452</b>	<b>3,429,898</b>	<b>2,050,231</b>	<b>2,264,581,415</b>	<b>2,287,987,658</b>	

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Valuation**

Land and buildings/ Equipment are vvet to be valued by professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020).

**34 (b) Property, Plant and Equipment at Cost**

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Land	-		xxx
Buildings	-		xxx
Plant And Machinery	-		xxx
Motor Vehicles, Including Motorcycles	54,438,440	(37,213,778)	17,224,662
Computers And Related Equipment	9,179,773	(5,749,875)	3,429,898
Office Equipment, Furniture, And Fittings	4,441,317	(1,689,634)	2,751,683
<b>Total</b>	<b>68,059,530</b>	<b>44,653,287</b>	<b>23,406,243</b>

Property plant and Equipment includes the following assets that are fully depreciated:

Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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

**35. Intangible Assets**

Not applicable to Sports,Arts and Social Development Fund

**36. Investment Property**

Not applicable to Sports,Arts and Social Development Fund

**Notes To The Financial Statements (Continued)**

**37. Trade and Other Payables**

Trade payables		45,592,864	95,128,985	
<b>Total trade and other payables</b>		<b>45,592,864</b>	<b>95,128,985</b>	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years	45,592,864	100 %	95,128,985	100 %
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>	<b>45,592,864</b>		<b>95,128,985</b>	

**38. Cash Generated from Operations**

Not applicable to Sports, Arts and Social Development Fund

**39. Financial Risk Management**

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

**i) Credit risk**

The Fund has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Financial Risk Management**

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

<b>As at 30<sup>th</sup> June 2023</b>				
Receivables from non-exchange transactions	45,592,864	-	-	-
Bank balances	3,354,498,647	-	-	-
<b>Total</b>	<b>3,397,420,016</b>	<b>3,397,420,016</b>	<b>3,397,420,016</b>	<b>3,397,420,016</b>
<b>As at 30 June 2022</b>				
Receivables from non-exchange transactions	51,727,177	-	-	-
Bank balances	1,304,437,854	-	-	-
<b>Total</b>	<b>1,356,165,031</b>	<b>1,356,165,031</b>	<b>1,356,165,031</b>	<b>1,356,165,031</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Financial Risk Management**

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Fund has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Fund has significant concentration of credit risk on amounts due from . The board of directors sets the Fund's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the Fund's Oversight Board, who have built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Fund under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>As at 30<sup>th</sup> June (Current FY)</b>					
Trade payables	-	-	-	-	-
Current portion of borrowings	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred income	-	-	-	-	-
Employee benefit obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>As at 30<sup>th</sup> June (Previous FY)</b>					
Trade payables	-	-	-	-	-
Current portion of borrowings	-	-	-	-	-
Provisions	-	-	-	-	-
Deferred income	-	-	-	-	-
Employee benefit obligation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

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

**Financial Risk Management**

**iii) Market risk**

The Fund has put in place an internal audit function to assist it in assessing the risk faced by the Fund on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Fund's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Fund's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Fund's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The Fund has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Fund manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Financial Risk Management**

**Financial Risk Management**

The carrying amount of the *Fund's* foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**Current FY**

<b>As at 30<sup>th</sup> June (Current FY)</b>			
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	3,354,498,647	-	3,354,498,647
Debtors	42,921,369	-	42,921,369
<b>Total Financial Assets</b>	<b>3,339,742,016</b>	<b>-</b>	<b>3,339,742,016</b>
<b>Financial Liabilities</b>			
Trade And Other Payables	45,592,864	-	45,592,864
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	<b>45,592,864</b>	<b>-</b>	<b>45,592,864</b>
<b>Net Foreign Currency Asset/(Liability)</b>	<b>3,311,577,278</b>	<b>-</b>	<b>3,311,577,278</b>

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

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

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

**Financial Risk Management**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Fund's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Fund* considers relevant and observable market prices in its valuations where possible.

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**Financial Risk Management**

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

As at 30 June (Current FY)				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-
As at 30 <sup>th</sup> June (Previous FY)				
<b>Financial Assets</b>				
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

**iv) Capital Risk Management**

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

Revaluation Reserve	-	xxx
Retained Earnings	5,619,814,810	2,895,214,460
Capital Reserve	20,000,000	20,000,000
<b>Total Funds</b>	<b>5,639,814,810</b>	<b>2,915,214,460</b>
Total Borrowings	-	-
Less: Cash and Bank Balances	(3,354,498,647)	(1,304,437,854)
Net Debt/(Excess Cash And Cash Equivalents)	2,285,316,163	1,610,776,606
<b>Gearing</b>	<b>41 %</b>	<b>55 %</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**40. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) Ministry of Youth Affairs the Arts and Sports.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Oversight Board

Transactions with related parties		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g. interest and bank charges	-	-
<b>Total</b>	-	-
<b>B) purchases from related parties</b>		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>b) Grants /transfers from the government</b>		
Grants from national govt	-	-
Grants from county government	-	-
Donations in kind	-	-
<b>Total</b>	-	-

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

<b>c) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	16,612,413	4,774,000
Compensation to key management		
<b>Total</b>	<b>16,612,413</b>	<b>4,774,000</b>

**41. Segment Information**

Not applicable to Sports, Arts and Social Development Fund

**42. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

<b>Contingent Assets</b>		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

(Give details)

**Contingent Liabilities**

<b>Contingent Liabilities</b>		
Court Case xx against the Fund	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

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

**43. Capital Commitments**

Authorised for	-	-
Authorised and Contracted for	-	-
<b>Total</b>	-	-

*(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing).*

**44. Events after the Reporting Period**

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

**45. Ultimate And Holding Fund**

The Sports, Arts and Social Development is a Semi- Autonomous Government Agency under the Ministry of Youth Affairs, the Arts and Sports. Its ultimate parent is the Government of Kenya.

**46. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

1	Inaccuracy in Cash and Cash equivalents	The difference in the financial statements of Kshs.67,980,100. Relates to reeconciling items in the bank statements which was atarnfer to government implementing agency. Certificate of bank balances are available for verification.	Resolved	
2	Unaccounted for Returns for Promotion and Development of Sports	In respect of the unsupported disbursement to federations, the fund receives returns, bill of quantities, governing body minutes, designs, accrued plans and M and E reports from the beneficiaries.	Resolved	
3	Irregular Payment of Board Sitting Allowance		Not resolved	6 months
4	Understated Office Rental Costs	The fund paid 468,623 in relation to rent areas for the said period. A statement by the landlord has been provided confirneing that there is outstanding rent.	Resolved	
6.	Budgetary Control and Performance	The fund receives majority of its funds from proceed sof betting, lottery tax and excise dutytax which is based on projections provided by the national treasury.	Not resolved	6 months

	Inaccuracy in Cash and Cash equivalents	The difference in the financial statements of Kshs.67,980,100. Relates to reconciling items in the bank statements which was atarnfer to government implementing agency. Certificate of bank balances are available for verification.	Resolved	
	Unaccounted for Returns for Promotion and Development of Sports	In respect of the unsupported disbursement to federations, the fund receives returns, bill of quantities, governing body minutes, designs, accrued plans and M and E reports from the beneficiaries.	Resolved	
	Irregular Payment of Board Sitting Allowance		Not resolved	6 months
	Understated Office Rental Costs	The fund paid 468,623 in relation to rent areas for the said period. A statement by the landlord has been provided confirneing that there is outstanding rent.	Resolved	
	Budgetary Control and Performance	The fund receives majority of its funds from proceed sof betting, lottery tax and excise dutytax which is based on projections provided by the national treasury.	Not resolved	6 months

		Therefore the Fund has no control on the actual collections. The under-funding in the budget was financed by retain surplus and reserve from previous years.		
7	Unresolved Prior Year Matters	The fund was summoned to appear before the special Funds parliamentary committee to clear and clarify pending issued from previous year audit reports. All the issues were explained, cleared and certificate issued.	Resolved	
8	Failure to Appoint a Substantive Chief Executive Officer	The oversight board competitively recruited a substantive CEO who reported on 1 <sup>st</sup> August 2023	Resolved	

**Status of Projects completion**

**Appendix II: Projects implemented by The Fund**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

---

[Redacted Header]							
	Completi on of Talanta Plaza	2,595,977,7 80	2,595,977,7 80	100%	2,595,977,7 80	2,595,977,7 80	GOK

**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

**Appendix IV: Transfers from Other Government Entities  
Not applicable to Sports Arts and Social Development Fund.**

**Appendix V- Inter-Fund Confirmation Letter**

*[Insert your Letterhead]*

*[Insert name of beneficiary Fund]  
[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June (Current FY)			Amount Received by [beneficiary Fund] (KShs) as at 30 <sup>th</sup> June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
<b>Total</b>						

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

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

Name David M. MUSAU Sign [Signature] Date 30/09/2023



**Sports, Arts And Social Development Fund  
Annual Reports and Financial Statements  
for the year ended June 30, 2023**

**Appendix VII: Reporting on Disaster Management Expenditure**

Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

