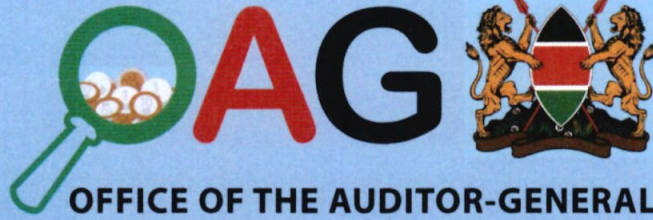


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

**OF**

**LED**

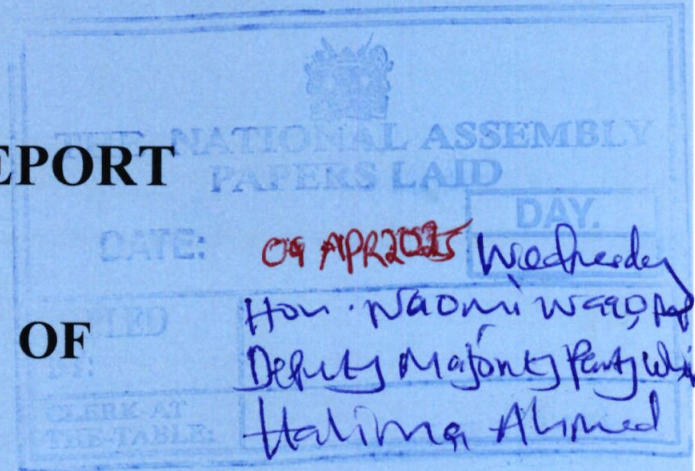
**THE AUDITOR-GENERAL**

**ON**

**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**





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**SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

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

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

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
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SASDF	Sports, Arts and Social Development Fund.

**B: Definition of Key Terms**

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

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

## **2. Key Entity Information and Management**

### **(a) Background information**

The Sports, Arts and Social Development Fund (SASDF) is established under Legal Notice No. 194, of 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>, 9<sup>th</sup> and 8<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;

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- 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 identity 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:

No.	Designation	Name
1.	Fund Oversight Board	
2.	Fund Administrator/ Chief Executive Officer	
3.	Fund Secretariat	

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
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 Fund Administration and Linkages	<b>Dr. Job Aiyabei</b>
4.	Ag. Director, Corporate Services	<b>Ms. Doreen Diki</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, 8<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)

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

**(h) SASDF Bankers**

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

**(i) Independent Auditor**

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

**(j) Principal Legal Adviser**



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

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

Ref	Directors	Details
1.	 <p><b>Lt. Gen (Rtd.) Jackson Tuwei, MGH, CBS, DCO 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. He is currently the World Athletics ( IAAF) vice president and the president of Athletics Kenya</p>
2.	 <p><b>Eng. Peter K. Tum, CBS 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</p>


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		<p>December 2021 and the Order of the Grand Warrior (OGW) Presidential Award in December 2016, for his outstanding stewardship and 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>	 <p><b>Mr. Ismail Maalim Madey Board Member</b></p>	<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 military cadet officer serving in the Kenya Army (Kenya Defence 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 field security advisor, Africa Oil Sala Basin. Previously he also served as Field security officer for Tullow Oil. He has worked at senior level in the County Government of West Pokot and in senior management of dynamic institutions with diversity and brings on board discipline from his military background.</p> <p>He holds a Master's 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> <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</p>

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		<p>the civil service and knowledge legislative process of drafting bills, policy documents and intra-governmental relations.</p>
4.	 <p><b>Dr. Belio Kipsang, CBS Board Member</b></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.</p> <p>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.</p> <p>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 Kimutai Board Member</b></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> <p>Mr. Harry Kimtai was Born on 13 th December, 1968. He holds a Bachelor of Arts degree in Economics, Master of Arts in Economics and Master of Philosophy Economics, specialised in Regional Planning and Economic Development from Bhopal University, India (1989 – 1995).</p> <p>He has served the Government of Kenya in various capacities. He was first appointed to the position of Principal Secretary State Department for Livestock</p>

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		<p>from 2018 serving up to 2023.</p> <p>He served as Director at 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 1996 and rose through the ranks to the position of Principal Revenue Officer in the period 2003 – 2006.</p>
6.	 <p><b>Mr Guyo Boru Board Member</b></p>	<p>Mr Guyo Boru is Head and Fund Administrator of Equalization Fund and an alternate Board member to Permanent Secretary -National Treasury and Planning.</p> <p>Mr Boru has wealth of experiences with career spanning over 16 years both in Corporate and public sector with a decade of experience in public finance management.</p> <p>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 implementation and exchequer issue management for county governments.</p> <p>He has Bachelor of Science (Hons), MBA-Finance from University of Nairobi, Master of Public Policy and Management from Strathmore University and CPA finalist.</p> <p>Mr Boru has attended numerous trainings in public finance management, Strategic governance, leadership, among other numerous training both locally and internationally.</p>
7.		<p>Mr. Bor is an independent Director, following his recent appointment in April 2023. Prior to this, he served as Chief Whip of the Majority Party while in the County Assembly,</p>

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**Mr. Simion Kipruto Bor  
Board Member**

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.

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**4. Key Management Team**

	<b>Management</b>	<b>Details</b>
1.	 <p>Nuh. M. Ibrahim Master in Public Policy and Administration- (KU), BA- Economics- UON</p>	<p>Chief Executive Officer / Fund Administrator</p>
2.	 <p><b>Hassan Abdi Boru</b> MA (Environment Planning &amp; Management), BSc Wildlife Management and Conservation</p>	<p>Director Planning, Research, Monitoring and Evaluation</p>

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3.	 <p><b>Doreen Diki</b> MBA (HRM), BBA (HRM), CHRP(K), Higher Dip. HRM, CPA I &amp; II.</p>	AG. Director, Corporate services
4.	 <p><b>Dr. Job Aiyabei</b> PhD (Business Administration), MBA (Finance) BBA (Accounting and Finance), CPA K</p>	AG. Director Fund Administration and linkages

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5	 <p><b>Dr. Nzilu Musyoki</b> PhD.(Business Management) MBA, B-Com (Marketing)</p>	Deputy Director, Planning, Monitoring and Evaluation
6	 <p><b>Veronica Kanini</b> Msc. Project Management, BBA (Purchasing &amp; Supply Chain Management)</p>	Deputy Director, Supply Chain Management

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7	 <p><b>Naanyu Karbolo</b> MBA (Strategic Management), Bachelors of Arts (Sociology)</p>	Deputy Director, Corporate Communication

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**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 2023/2024. 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 was created to address the growing need for a coordinated approach to funding and supporting our nation's sporting landscape, the creative sector sectors and social development and ensure that resources are allocated efficiently and effectively to foster growth and excellence.

During the financial year under review, the Fund was able to provide funding for key priority projects and events in sports, arts and social development sectors. Under the sports sector, the Fund provided financial support to fund various programs including hosting of Hosting of the International School Sport Federation (ISF) World Cross Country Championship for Schools 2024 and 2nd Africa Deaf Athletics Championship in Nairobi; Team Kenya participation in Paris 2024 Olympics, Commonwealth Youth Games in Trinidad and Tobago and 13th Africa Games in Ghana ; 2024 World Athletics Continental Tour Gold series- Kipkeino Classic; 2023 Nairobi City Marathon; WRC Safari Rally 2024 ; 2024 Magical Kenya Open Golf Tournament and Vipingo Golf Ladies tour: Funded and supported talent development programs like Talanta Hela football tournaments and national talent camp ; Funding of major sports stadia's, infrastructure and projects including upgrading and rehabilitation of Moi International Sports Complex, Kasarani to AFCON standards, Masinde Muliro Kanduyi stadium –Bungoma County, Kericho green stadium, Kipchoge stadium – Nandi county and Bukunghu stadium- Kakamega county. Funded Free to Air (FIFA) World Cup 2026 African qualifier, Kenya Premier League and Paris 2024 Olympics.

Under the Arts sector, the Fund provided financial support towards hosting of the Marsabit Lake Turkana Cultural Festival, Kenya International Theatre Festival (KITFEST 2023): Presidential Innovation Challenge and Award Programme (PIA), 12th Edition of Kalasha International Film and TV Awards; financed the execution of the Agreement Between Grammy Global Ventures LLC and The Ministry of Youth Affairs, Creative Economy and Sports for hosting / Establishment of the Africa Grammys Academy; 5th World Black and Africans festival of Arts and Culture (FESTAC AFRICA) and implementation of a physical and Virtual Kenya House Exhibition at the Paris 2024 Olympics in France among others.

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In the Education Sector, the fund has given Financial support for the Provision of Ready-to-Drink Fortified and composite Porridge for the School Meals Program, Kenya Secondary School Games; and school Music and Drama Festivals. Under health sector, SASDF funded equipping of the new Level 4 Hospital in Sololo-Marsabit County, while Under Government Strategic Interventions, the fund provided financial support towards hosting of Youth Connect Africa 2024.

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. However, Weak legal and regulatory framework of The Fund is a challenge as it is established under PFM Regulations and not an Act of parliament.

Together with the support of our ministry and the unwavering commitment of our team, we will continue to drive positive change in the fields of sports, arts, and social development for the realization of the Bottom-Up Economic Transformation Agenda (BETA) of the **Kenya Kwanza Plan**.



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

**CHAIRPERSON- OVERSIGHT BOARD**

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

I am honored to present the SASDF financial report for the financial year ended 30<sup>th</sup> June 2024. This report provides an overview of our financial performance, operational highlights, and strategic initiatives that have shaped our journey this year.

The Fund plays a critical role in driving positive change and development across the realms of sports, arts, and social development and our mission is to not only support sporting and artistic excellence but also to contribute significantly to the well-being of our society through funding of various social development programs.

During the financial year 2023/2024, the Fund realized a total collection of Kes. 14,428,646,706. The Oversight Board approved financial support amounting to Kes. 21,040,762,157 to Fund various projects and programs namely; Kes. 17,583,648,269 disbursed for the promotion of sports, Kes. 1,355,439,243 disbursed for promotion of arts and culture, Kes. 1,310,915,560 disbursed for Social Development and Kes. 790,759,085 disbursed for government strategic interventions.

The Fund has continuously and effectively provided financial support for the various projects and programs under the sectors of sports, arts and social development namely: Hosting of the International School Sport Federation (ISF), World Cross Country Championship for Schools 2024 and 2nd Africa Deaf Athletics Championship in Nairobi; Funded Team Kenya participation in Paris 2024 Olympics, Commonwealth Youth Games in Trinidad and Tobago and 13th Africa Games in Ghana; Supported and funded Youth Connect Africa 2024, Kenya International Theatre Festival (KITFEST 2023), FESTAC AFRICA; Funded and supported talent development programs like Talanta Hela football tournaments and national talent camp ; Funding of major sports stadia's, infrastructure and projects including upgrading and rehabilitation of Moi International Sports Complex, Kasarani to AFCON standards among other successful projects and programs.

In the year under review, we are pleased to report the successful launch and commissioning of Talanta plaza and Talanta Hall of fame by the President H. E Hon. William Ruto. Further, the relocation of the Fund and Ministry Headquarters to the newly commissioned and partitioned 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, creative Economy and Sports. This will enhance service delivery and cost savings on rent and other operational maintenance.

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The oversight Board and Senior management held its inaugural retreat to focus on strategic alignment and organizational effectiveness, ultimately leading to improved governance and attainment of Fund mandate. In the year under review, the Fund also held a stakeholder's forum that brought together all SAGAS, stakeholders, Sports Federations and partners under the Ministry, in line with the ongoing efforts by the Fund to increase its engagement and interactions with its stakeholders so as to ensure increased service delivery and address the challenges facing efficient disbursement of Funds.

During the financial year 2023/2024, the Fund also reviewed its HR instruments and Strategic plan and continuously trained its staff to ensure a highly motivated staff and a robust working environment.

SASDF continues to foster a more accountable, transparent, and successful sports, arts and social development sectors in Kenya, ensuring that government funding yields tangible and positive outcomes for sport men and women and the creative industry as a whole and the realization of the Bottom-Up Economic Transformation Agenda (BETA) of the Kenya Kwanza Plan.

I would like to express my gratitude to the dedicated SASDF oversight Board and staff, partners, and stakeholders for your continued support and commitment to our shared vision of positively impacting in the lives of Kenyans.



**Nuh M. Ibrahim**

**FUND ADMINISTRATOR/ CHIEF EXECUTIVE OFFICER**

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7. Statement of Performance against Predetermined Objectives for FY 2023/2024

1. Statement of Performance against Predetermined Objectives for FY 2023/2024

a. Strategic Objective: To Improve Effectiveness and Efficiency in Fund Management

Strategies	Expected Outcome	Activities	Output indicators	Target	Achievements
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	1
		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 interdepartmental review committee to evaluate funding proposals	Interdepartmental 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	1	1
		Develop training /capacity building manual	Approved training manual in place	1	1

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

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**KRA 2: RESOURCE MOBILISATION**

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

Strategies	Expected Outcome	Activities	Output indicators	Target	Achievement
Explore alternative funding sources	Increased funding from development partners, private sector and county governments	Develop/ review resource mobilization strategy	Resource Mobilisation strategy	1	1
		Undertake mapping of development partners and private sector for technical and financial support	Database of potential funding partners	1	1
		Develop funding proposals to development partners	Funding proposals submitted	0	0
		Implement investment policy	Amount generated from interest on call account	100M	179.8M

**KRA 3: ORGANIZATIONAL CAPACITY**

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

Strategies	Expected Outcome	Activities	Output Indicator	Target	Achievement
Espouse good corporate governance practices	Compliant institution	Develop and implement board charter	Approved board charter	1	1
			Implementation level of board charter	100%	80%
	Good corporate image	Undertake training of the board and senior management on corporate governance	No. of board members and senior management trained	10	11
			Undertake legal and governance audits and	Legal and governance audits reports	1

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		implement recommendations	Level of legal and governance compliance	100%	85%
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%	100%
		Implement the ERM framework	Level of adherence to ERM framework	100%	40%
		Develop and implement a business continuity policy and plan	Approved business continuity policy and plan	1	1
			Level of BCP implementation	100%	60%

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

Strategies	Expected Outcome	Activities	Output Indicator	Target	Achievement	
Automate operational processes		Undertake ICT needs Assessment	ICT needs assessment report	1	1	
		Implement ERP system	Operational ERP system in place	1	0	
		Undertake ICT staff training	% of requisite staff trained	100%	70%	
		Undertake automation level survey	Automation level Reports	1	1	
			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 relationship management	Timely service delivery	Develop and implement a customer relationship management system (CRM)	CRM in place	1	1	
	Prompt handling of customer complaints	Train staff on CRM	% of staff trained	100%	80%	
		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%	60%	100%

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		Handle customer complaints and provide feedback	Level of compliance with CSC provisions	100%	70%	100%
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**Strategic Objective 3.3: To Promote Fund's Visibility and Corporate Image**

Strategies	Expected Outcome	Activities	Output Indicator	Target	Achievment
Enhance SASDF's brand	Increased visibility	Undertake SASDF branding	Approved brand strategy and manual	1	1
		Sensitize staff on Fund's brand	% of staff trained	100%	30%
		Undertake brand awareness campaigns	No. of programmes implemented	1	1
		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	1
			Implementation level of CSI plan	1	1
Improve on corporate communication		Develop SASDF communication policy and strategy	Approved corporate communication policy and strategy	1	1
		Implement communication policy and strategy	Level of adherence to communication policy and strategy	100%	70

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

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

Strategies	Expected outcome	Activity	Output Indicator	Target	Achievment
Enhance research capacity	Improved quality of research reports	Undertake assessment of SASDF's research capacity gaps	Report on research capacity assessment	1	1
		Research based decisions	Implement recommendations of the research capacity assessment report	No. of research officers recruited/trained	2
	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	155
		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%	40%

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**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 Oversight 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;
- 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;

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- 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**

A Board charter defines the Oversight Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic Oversight function. The Charter provides the Oversight Board Members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance.

The Oversight board charter and manual was developed and approved.

**Board Remuneration of Oversight Board Members**

Oversight Board Members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and /or guidance from the relevant authority.

Oversight Board allowances for members of the Oversight Board shall be paid out of the funds of the SASDF. These include sitting allowances or other remuneration as stipulated within the scales of remuneration specified from time to time by the State Corporations Advisory Committee ("SCAC") or its successor.

The Oversight Board shall, subject to section 10(2) of the State Corporations Act, within the scales specified by SCAC, refund travelling, and other expenses incurred by the Oversight Board Members in the performance of their duties.

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**Removal/Resignation from office**

- a) A Oversight Board member (excluding the Chief Executive Officer) shall cease to hold office or may be removed from office by the appointing authority if the Oversight Board member-
- b) Is absent, without the permission of the appointing authority notified to the Oversight Board, from three consecutive meetings; or
- c) Is convicted of an offense and sentenced to imprisonment for a term exceeding six months or to a fine exceeding two thousand shillings; or
- d) Is adjudged bankrupt or enters into a composition or arrangement with his creditors; or
- e) Is incapacitated by prolonged physical or mental illness from performing his duties as member of the Oversight Board; or
- f) Accepts any office the holding of which, if he were not a member of the Oversight Board would make him ineligible for appointment to the office of a member of the Oversight Board; or
- g) Conducts himself or herself in a manner deemed by the appointing authority to be inconsistent with membership of the Oversight Board; or
- h) Is recommended for removal by the Oversight Board on the basis of non-performance, non-attendance of meetings, unethical conduct which contravenes the Code of Conduct and Ethics and applicable policies.
- i) An Oversight Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Oversight Board and the Chief Executive Officer. The resignation shall take effect upon receipt of the notice by the appointing authority or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

**Oversight Board and Management Succession Planning**

- a) The Oversight Board shall approve, review and maintain Oversight Board skills matrix to guide the Cabinet Secretary on appointment and replacement of Oversight Board Members.
- b) The Oversight Board shall also liaise with the Cabinet Secretary to ensure that the tenures of Oversight Board Members are staggered, and that transition is phased and timely.
- c) In addition, the Oversight Board shall approve, review and maintain a succession plan for the Chief Executive Officer and Senior Management staff.

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**OVERSIGHT BOARD MEETINGS ATTENDANCE FOR THE FY 2024/2024**

In the financial year 2023/2024 the Oversight Board held fourteen meetings as tabulated below:

**SCHEDULE OF ATTENDANCE OF THE OVERSIGHT BOARD MEETINGS FOR THE  
FINANCIAL YEAR 2023/2024**

**FULL BOARD**

	Month	July	July	January	September	October	October	Nov.	Nov.	Ma
S/No	Date	25	27	23	26	24	27	20	21	13
1.	Lt. Gen (Rtd) Jackson Tuwei	x	x	x	x	x	x	x	x	x
2.	Eng. Peter Tum	x	x	x		x		x	x	x
3.	Dr. Belio Kipsang	x			x		x	x	x	x
4.	Ismail Madey	x	x		x	x	x	x	x	x
5.	Mr. Harry Kimtai			x	x	x	x	x	x	
6.	Guyo Boru	x	x		x		x	x	x	x
7.	Simon Bor	x	x		x	x		x	x	x

**SCHEDULE OF ATTENDANCE OF THE OVERSIGHT BOARD MEETINGS FOR THE  
FINANCIAL YEAR 2023/2024**

**TECHNICAL COMMITTEE**

	Month	November	January	May	June
S/No	Date	28	19	14	19
1.	Eng. Peter Tum	x	x	x	x
2.	Mr. Harry Kimtai	x	x	x	x
3.	Guyo Boru	x	x	x	x

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**SCHEDULE OF ATTENDANCE OF THE OVERSIGHT BOARD MEETINGS FOR THE  
FINANCIAL YEAR 2023/2024**  
**FINANCE AND ADMINISTRATION COMMITTEE**

	<b>Month</b>	<b>February</b>
<b>S/No</b>	<b>Date</b>	<b>8</b>
1.	Dr. Belio Kipsang	x
2.	Eng. Peter K. Tum	x
3.	Mr. Harry Kimtai	x
4.	Guyo Boru	x

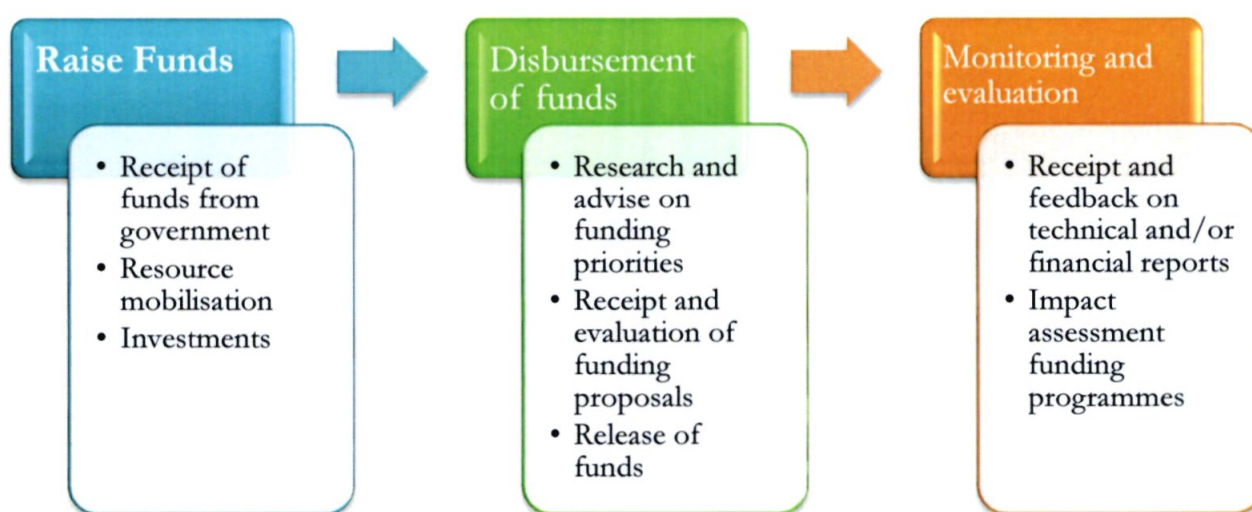
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**9. Management Discussion and Analysis**

**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, 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;

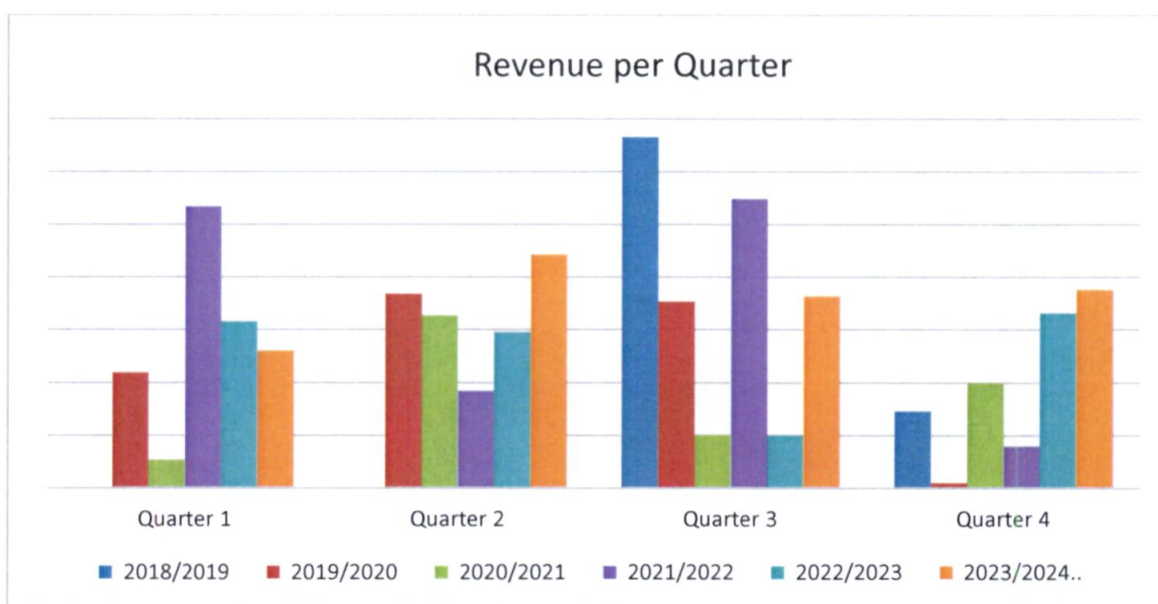
- a) Section 69(A) of the Betting, Lotteries and Gaming Act,
- b) Section 35(5A) of the Income Tax Act
- c) Section 36(5) of the Excise Duty Act, 2015
- d) Such other moneys as may be appropriated by the National assembly

The Fund received government grants totalling to Kshs 207.8 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 161.2 Million and had miscellaneous income of Kes 1.5 million.

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Further, during the financial year 2023/2024, the Fund realized revenue of Kshs 14,429,962,909 against a projected revenue of Kshs 16.8 billion. This collection was higher than the previous year. It was however a shortfall as per the projections which was occasioned by a reduced public spending due to a higher exchange rate that increased the prices of basic commodities hence lowering the spending on non-essential commodities.

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:



**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 2023/2024, the Fund Oversight Board approved financial support amounting to Kshs 21,040,762,157 to fund various projects and programs being implemented in the Sports, Arts & culture

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and Social Development including Universal Healthcare. The Fund Oversight Board approved disbursement of Kshs 17,583,648,269 for the promotion of sports, Kshs 1,355,439,243 for promotion of arts and culture and Kshs 1,310,915,560 for Social Development including Universal Healthcare and 790,759,085 for Government Strategic Interventions.

**Monitoring and Evaluation**

During the financial year 2023/2024, the management carried out monitoring and evaluation of funded programs, which is a key function of SASDF as per the established legal framework.

The Fund received more than 70% returns from beneficiaries hence a significant improvement in submission of returns. Through continuous communication and stakeholder forums, the Fund has been urging the federations to comply with government regulations and the SASDF regulations on technical and financial reporting however it remains a key challenge.

**Strategic Plan**

The year under review marked three years since the development of the inaugural strategic plan for SASDF. During the year under review, management undertook a midterm review of the strategic plan to realign the strategic plan to emerging realities.

**Talanta Plaza**

The Fund launched Talanta Plaza during the year under review. The building was commissioned by President William Samoei Ruto.

**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. Another risk faced by the Fund is in the manual nature of its operations. The Fund processes have largely remained manual with minimal automation. This has significantly impacted the efficiency and effectiveness of the Fund operations.

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**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 transition of learners in schools.

Further, the completion and commissioning of the Talanta plaza which will house the ministry of Youth affairs, the Creative economy and sports and hence enhanced service delivery and cost savings on rent and other operations maintenance costs.

### **ii) *Environmental performance***

We recognize environmental protection as one of the guiding principles and a key component of sustainable 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. Therefore, environmental management and sustainability is a critical undertaking needed to help Kenyans realize the aspirations of our Constitution and the Vision 2030.

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

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- 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 growing 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 green- house 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 environment.
- vi. The Fund has been undertaking energy saving activities

**iii) *Employee welfare***

The Fund reviewed its existing Human Resource Instruments whose implementation will optimize the Fund's human resource potential and enhanced employee welfare. 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 2023/2024.

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.

**iv) *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

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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.

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 my Gov publication where all government advertisement is 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) materials published in print, broadcast and/ or electronic media.

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

**d) *Product stewardship***

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

In addition, the fund displays the customer 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.

**v) *Corporate Social Responsibility / Community Engagements***

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.

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 supported the launch of the national tree planting and restoration campaign for Mau forest water catchment at Bosto primary school, Bomet county and further participated in tree growing exercise whereby over 2,000 trees were planted in Moi international stadium, Kasarani by SASDF staff.

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.

## 11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, 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, 2024, are set out on page 47 to 52.

### iii) Directors

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

### 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 2023/2024.

### 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**

**26th September 2024**

**Sports, Arts and Social Development Fund  
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**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, 2024. 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, 2024 and of the Fund's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Fund, which have been relied upon in the preparation of the Fund's financial statements as well as the adequacy of the systems of internal financial control.

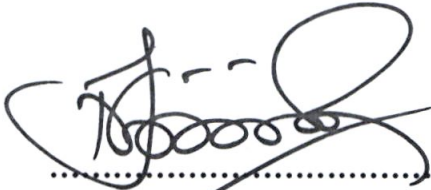
Nothing has come to the attention of the Directors to indicate that the Fund's will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the Financial Statements**

The Fund’s financial statements were approved by the Oversight Board on 27/09/2024 and signed on its behalf by:



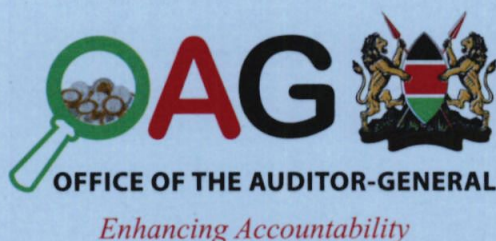
.....  
**Lt. Gen (Rtd.) Jackson Tuwei**  
**CHAIRPERSON**



.....  
**Nuh M. Ibrahim**  
**FUND ADMINISTRATOR/CEO**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON THE SPORTS, ARTS AND SOCIAL DEVELOPMENT FUND FOR THE YEAR ENDED 30 JUNE, 2024**

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Sports, Arts and Social Development Fund set out on pages 47 to 94, which comprise the statement of financial

position as at 30 June, 2024 and the statement of financial performance, statement of change 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 matters described in the Basis for Qualified Opinion Section of my report the financial statements present fairly, in all material respects, the financial position of the Sports, Arts and Social Development Fund as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unaccounted for Returns on Social Development Including Universal Health Care**

The statement of financial performance and Note 16 to the financial statements reflects Kshs.14,269,210,229 relating to transfers to government implementing agencies and sports organisations out of which Kshs.1,125,422,926 was in respect to social development including universal health care. The latter balance includes an amount of Kshs.300,000,000 which was transferred to the Ministry of Health to undertake the equipping of Level 4 hospital in Sololo Marsabit County. Review of documents supporting the request for the release of funds revealed that the Ministry of Defence would be the Implementing Agency on behalf of the State Department for Medical Services with the contract having being awarded using direct procurement on 23 February, 2023. However, no expenditure returns were provided for audit to support how the funds were utilised.

In the circumstances, the propriety, completeness and accuracy of the expenditure of Kshs.300,000,000 could not be confirmed.

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

The statement of financial position and Note 19 to the financial statements reflects property, plant and equipment balance of Kshs.2,701,629,445. Included in the balance is the motor vehicles with carrying amount of Kshs.12,918,497. However, review of documents revealed that log books for three (3) motor vehicles were not registered in the name of the Fund.

In the circumstances, the accuracy, completeness and ownership of the motor vehicles with a balance of Kshs.12,918,497 could not be confirmed.

#### **3. Long Outstanding Accounts Payables**

The statement of financial position and Note 20 to the financial statements reflects trade and other payables balance of Kshs.32,301,288. Included in the balance is an amount of

Kshs.9,207,734 owed to various suppliers, which had remained unpaid for more than two (2) years. No explanation was provided for the delay settling the balance.

In the circumstances, the completeness and accuracy of the balance of Kshs,9,207,734 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 amounts of Kshs.16,208,000,000 and Kshs.14,800,737,484 respectively, resulting to an underfunding of Kshs.1,407,262,516 or 9% of the approved budget. Similarly, the Fund spent an amount of Kshs.14,540,259,119 against the actual receipts of Kshs.14,800,737,484 resulting to an under expenditure of Kshs.260,478,365 or 2% the approved budget.

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

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, a number of paragraphs were raised. However, management has not resolved the prior year matters and has not explained the delay in resolving the issues.

### **Other Information**

Management is responsible for the other information set out on page 3 to 45 which comprise of key Fund information and overall performance, statement of board of

Directors, key management team, Chairman's statement, report of the Chief Executive Officer, statement of performance against predetermined objectives, corporate governance statement, management discussion and analysis, environmental and sustainability reporting, report of the directors and statement of Directors responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Delay in Disbursement of Funds to Sporting Federations**

The statement of financial performance and Note 16 to the financial statements reflects transfer to government implementing agencies of Kshs.14,269,210,229. Included in the amount is Kshs.11,540,176,218 which was transferred to various sports federations for promotion and development of sports. However, review of documents revealed that the federations submitted budgets to the State Department for Sports on time but the authority for disbursement of these funds was often delayed, with some allocations being released up to two months after the events had concluded. Further, review of the authority to fund from the State Department for Sports revealed that the authority was often received late by the Sports, Arts and Development Fund (SASDF) leading to the delay in disbursements.

In the circumstances, the delays in fund disbursement may hinder the planning and implementation of essential operational elements, including security, staffing, and

logistics, thereby adversely affecting the federation's reputation and the country's ability to host major sporting events.

## **2. Unutilized Office Spaces at Talanta Plaza**

Review of documents revealed that the Sports, Arts and Social Development Fund owned Talanta Plaza building in Nairobi with a net book value of Kshs.2,670,883,536 as at 30 June, 2024. However, physical verification done in September, 2024 revealed that five (5) floors were un-occupied while the purpose for the construction of the building was to provide office space to the Fund and also generate rental income.

In the circumstances, the value for money to be realized from the unutilized office spaces could not be confirmed.

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

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Lack of Internal Audit Function and Audit Committee**

Review of documents revealed that the Fund had not established internal audit function and an audit committee. This was contrary to the provisions of the Regulation 174(1) of the Public Finance Management (National Government) Regulations, 2015 which provides for the establishment of internal audit function and an Audit Committee. As such the Fund did not benefit from the internal audit function as well as oversight from the audit committee.

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

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

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

### **Responsibilities of Management and Those Charged with Governance**

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the applicable basis of accounting unless the management is aware of the intention to terminate the Fund or to cease its 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.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected

to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the Fund's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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

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

**Nairobi**

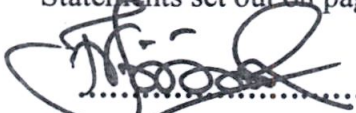
**27 December, 2024**

Sports, Arts and Social Development Fund  
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14. Statement of Financial Performance for the year ended 30 June 2024

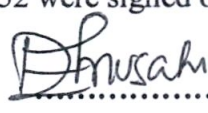
	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments entities	6	207,999,997	202,040,000
Proceeds from betting & Lotteries tax, income tax and excise duty tax	7	14,429,962,909	10,427,518,883
Public contributions and donations	8	-	-
		<b>14,637,962,906</b>	<b>10,629,558,883</b>
<b>Revenue from exchange transactions</b>			
Finance income	8	161,248,578	21,953,027
Other income	9	1,526,000	302,577,828
<b>Total revenue</b>		<b>14,800,737,484</b>	<b>10,954,089,738</b>
<b>Expenses</b>			
Use of goods and services	10	119,386,714	125,779,383
Employee costs	11	76,598,713	118,927,434
Oversight Board Expenses	12	11,211,222	16,612,413
Depreciation and amortization expense	13	43,091,918	7,604,607
Repairs and maintenance	14	17,818,563	8,980,545
Contracted services	15	2,941,760	-
Transfer to Government Implementing Agencies and Sports Organisations	16	14,269,210,229	7,951,585,007
<b>Total expenses</b>		<b>14,540,259,119</b>	<b>8,229,489,388</b>
<b>Surplus before tax</b>		<b>260,478,365</b>	<b>2,724,600,350</b>
Taxation	22	-	-
<b>Surplus for the year</b>		<b>260,478,365</b>	<b>2,724,600,350</b>
Remission to National Treasury	21	-	-
<b>Net Surplus for the year</b>		<b>260,478,365</b>	<b>2,724,600,350</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		260,478,365	2,724,600,350
		<b>260,478,365</b>	<b>2,724,600,350</b>

The notes set out on pages 53 to 94 form an integral part of these Financial Statements. The Financial Statements set out on pages 47 to 52 were signed on behalf of the Board of Directors by:



**Nuh M. Ibrahim**  
Fund Administrator

28/09/2024



**David Muasya Musau**  
Principal Finance Officer  
ICPAK M/No: 9486

28/09/2024



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

28/09/2024

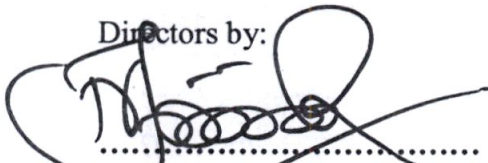
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15 Statement of Financial Position as at 30 June 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	17	3,192,467,927	3,354,498,647
Receivables from Non-Exchange Transactions	18	38,497,091	42,921,369
<b>Total Current Assets</b>		<b>3,230,965,018</b>	<b>3,397,420,106</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	19	2,701,629,445	2,287,987,658
<b>Total Non- Current Assets</b>		<b>2,701,629,445</b>	<b>2,287,987,658</b>
<b>Total Assets (A)</b>		<b>5,932,594,463</b>	<b>5,685,407,674</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	32,301,288	45,592,864
<b>Total Current Liabilities</b>		<b>32,301,288</b>	<b>45,592,864</b>
<b>Non-Current Liabilities</b>			
<b>Total Non- Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>Total Liabilities (B)</b>		<b>(32,301,288)</b>	<b>(45,592,864)</b>
<b>Net Assets (A-B)</b>		<b>5,900,293,175</b>	<b>5,639,814,810</b>
<b>Represented by:</b>			
Reserves		260,478,365	2,724,600,350
Accumulated Surplus		5,619,814,810	2,895,214,460
Capital Fund		20,000,000	20,000,000
<b>Net Assets</b>		<b>5,900,293,175</b>	<b>5,900,293,175</b>

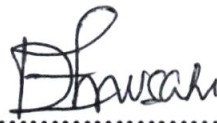
The financial statements set out on pages 47 to 52 were signed on behalf of the Board of

Directors by:



**Nuh. M. Ibrahim**  
Fund Administrator

28/09/2024



**David Muasya Musau**  
Principal Finance Officer  
ICPAK M/No: 9486

28/09/2024



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

28/09/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2022	-	-	-	2,895,214,460	-	20,000,000	2,915,214,460
Surplus 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
As at July 1, 2023	-	-	-	5,619,814,810	-	20,000,000	5,639,814,810
Surplus for the year	-	-	-	260,478,365	-	-	260,478,365
As at June 30, 2024	-	-	-	5,880,293,175	-	20,000,000	6,080,293,175

**Sports, Arts and Social Development Fund  
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**17. Statement of Cash Flows for the year ended 30 June 2024**

	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other governments entities	6	207,999,997	202,040,000
Proceeds from betting & Lotteries tax, income tax and excise duty tax	7	14,429,962,909	10,427,518,883
Finance income	8	161,248,578	21,953,027
Other income	9	1,526,000	302,577,828
<b>Total receipts</b>		<b>14,800,737,484</b>	<b>10,954,089,738</b>
<b>Payments</b>			
Use of goods and services	10	119,386,714	125,779,383
Employee costs	11	76,598,713	118,927,434
Oversight Board Expenses	12	11,211,222	16,612,413
Repairs and maintenance	13	17,818,563	8,980,545
Contracted services	14	2,941,760	-
Transfer to Government Implementing Agencies and Sports Organisations	15	14,269,210,229	7,951,585,007
<b>Total payments</b>		<b>14,497,167,201</b>	<b>8,221,884,782</b>
<b>Net cash flows from operating activities</b>		<b>303,570,283</b>	<b>2,732,204,957</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE and Intangible assets	19	(456,733,706)	(641,413,852)
Decrease in Non-Current Receivables	18	4,424,278	8,805,808
Decrease in Payables	20	(13,291,573)	(49,536,121)
<b>Net cash flows from/(used in) investing activities</b>		<b>(465,601,002)</b>	<b>(682,144,165)</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash &amp; Cash equivalents</b>		<b>(162,030,719)</b>	<b>2,050,060,792</b>
Cash and cash equivalents at 1 July	17	3,554,498,646	1,304,437,854
<b>Cash and cash equivalents at 30 June</b>	17	<b>3,192,467,927</b>	<b>3,554,498,646</b>

**Sports, Arts and Social Development Fund**  
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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
<b>Revenue</b>						
Transfers from other governments entities	248,000,000	(40,000,000)	208,000,000	207,999,997	3	100%
Proceeds from betting & Lotteries tax, income tax and excise duty tax	16,000,000,000	-	16,000,000,000	14,429,962,909	1,570,037,091	90%
Public contributions and donations	-	-	-	-	-	-
Finance income	-	-	-	161,248,578	(161,248,578)	-
Other income	-	-	-	1,526,000	(1,526,000)	-
<b>Total Income</b>	<b>16,248,000,000</b>	<b>16,208,000,000</b>	<b>16,208,000,000</b>	<b>14,800,737,484</b>	<b>1,407,262,516</b>	<b>91%</b>
<b>Expenses</b>						
Use of Goods and Services	105,974,571	(12,427,801)	93,546,770	119,386,714	(25,839,944)	(22%)
Employee costs	98,579,925	(12,100,000)	86,479,925	76,598,713	9,881,212	13%
Remuneration of Oversight Board	20,168,305	(6,990,000)	13,178,305	11,211,222	1,967,083	18%
Repairs and Maintenance	8,500,000	7,400,000	15,900,000	17,818,563	(1,918,563)	11%
Contracted Services	6,718,224	(3,718,224)	3,000,000	2,941,760	58,240	2%
Transfer to Government Implementing Agencies and Registered Sports Federations	16,000,000,000	(12,163,975)	15,987,836,025	14,269,210,229	1,718,625,796	12%
Depreciation Costs	8,058,975	-	8,058,975	43,091,918	(35,032,943)	(81%)
<b>Total Expenditure</b>	<b>16,248,000,000</b>	<b>(40,000,000)</b>	<b>16,208,000,000</b>	<b>14,540,259,119</b>	<b>1,667,740,881</b>	<b>11%</b>
<b>Surplus for the period</b>	-	-	-	<b>260,478,365</b>	<b>(260,478,365)</b>	
<b>Capital Expenditure</b>	-	-	-	-	-	



*Budget notes*

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

### **1. General Information**

The Sports, Arts and 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 to 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, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**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 2024.**

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

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024**

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees 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 Entity.</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><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure</p>

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Equipment	<p>assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial</p>

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	statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

**iii. Early adoption of standards**

The Fund did not early – adopt any new or amended standards in the financial year

**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 Entity 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.

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**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 2023/2024 FY was approved by the National Assembly on 31<sup>st</sup> July 2023. 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 Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

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**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 18 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.

**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 *Entity* 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 a 20-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 Entity 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 the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* 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 the *Entity*. 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**

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

**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. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity'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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

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**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 entity 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.

**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 entity 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 entity 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 entity 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 18

**b) Financial liabilities**

**Classification**

The entity 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,

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

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

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

**k) Provisions**

Provisions are recognized when the Fund 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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

**m) Contingent liabilities**

The Entity 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 Entity 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 Entity 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

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and the related revenue are recognized in the financial statements of the period in which the change occurs.

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

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

**o) Nature and purpose of reserves**

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

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

The Entity 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 *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined- contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**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.

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**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 Entity with the ability to exert control individually or jointly, or to exercise significant influence over the Fund, or vice versa. Members of key management are regarded as related parties and comprise the Oversight Board, 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.

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**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, 2024

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

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

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

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. 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 Entity.
- 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

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

**6. Transfers from Other Government entities**

Description	2023/2024	2022/2023
	KShs	KShs
<b>Unconditional Grants</b>		
Operational Grant	207,999,997	202,040,000
Development grants	-	-
Other Grants	-	-
<b>Total Unconditional Grants</b>	<b>207,999,997</b>	<b>202,040,000</b>
<b>Conditional Grants amortised/ transferred to revenue</b>	-	-
Other Organizational Grants	-	-
<b>Total Government Grants And Subsidies</b>	<b>207,999,997</b>	<b>202,040,000</b>

*(Explain the purpose of funding)*

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2023-2024	Insert Comparative 2022-2023
	KShs	KShs	KShs	KShs	KShs
State Department for Sports	207,999,997	-	-	207,999,997	202,040,000
<b>Total</b>	<b>207,999,997</b>	<b>-</b>	<b>-</b>	<b>207,999,997</b>	<b>202,040,000</b>

*(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Entity Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix xxx)*

*\*Amount recognised in the statement of financial performance should be the recurrent grant and the development grant to the extent that there are no conditions attached. Total of column 1 should tie to note 6(the part on unconditional grants).*

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

**7. Proceeds from Betting & Lotteries tax, Income Tax and Excise Duty Tax**

Description	2023/2024	2022/2023
	Kshs	Kshs
Proceeds from Betting & Lotteries tax , Income Tax and Excise Duty Tax	14,429,962,909	10,427,518,883
<b>Total</b>	<b>14,429,962,909</b>	<b>10,427,518,883</b>

**8. Finance Income**

Description	2023/2024	2022/2023
	Kshs	Kshs
Interest income from short term call deposits	161,248,578	21,953,027

**9. Other Income**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Insurance recoveries	1,458,2000	245,386
Miscellaneous incomes Refund by Sports Federations and Government Implementing Agencies	67,800	302,332,442
<b>Total Other income</b>	<b>1,526,000</b>	<b>302,577,828</b>

**10. Use of Goods and Services**

Description	2023/2024	2022/2023
	Kshs	Kshs
Advertising and Publicity	1,288,679	4,229,934
Audit Fees	1,000,000	-
Bank Charges	1,602,241	652,830
Conference and Delegations	1,315,200	879,400
Office Consumables	4,532,881	20,000
Computer Accessories	3,033,290	4,816,441
Development of Fund Policy Documents		558,230
Fuel Oil and Lubricants	17,843,718	11,809,048
Motor Vehicle Insurance	2,347,266	2,275,657
Newspapers and Periodicals	461,112	368,236
Publishing and Printing	2,083,960	3,455,595
Hospitality and Entertainment	8,484,960	4,028,738

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Staff Medical Expense	18,200,442	16,029,582
Monitoring and Evaluation Costs	16,312,625	31,661,536
Office Stationery	2,304,600	2,287,880
Office Rental Costs	547,114	12,942,615
Telephone & Internet Costs	948,546	1,511,253
Training Costs	3,249,597	5,244,709
Travel, Accommodation, Subsistence and Other Allowances	21,464,420	19,828,037
Pension Administration Costs	415,408	269,544
Electricity & Other Utilities	5,934,253	1,090,617
Cleaning Services	2,805,202	850,500
Security Expenses	2,862,300	706,200
Postage & Courier	-	18,900
Professional Subscriptions	142,900	243,900
Corporate Social Responsibility	206,000	-
<b>Total Use of Goods and Services</b>	<b>119,386,714</b>	<b>125,779,382</b>

**11. Employee Costs**

Description	2023/2024	2022/2023
	Kshs	Kshs
Salaries and wages	65,620,032	103,269,803
Employer contribution to pension schemes	10,558,681	15,259,086
Wages Contracted Staff	420,000	398,545
<b>Total Employee costs</b>	<b>76,598,713</b>	<b>118,927,434</b>

\* Other employee related costs- please provide a brief explanation for these costs.

**12. Oversight Board Expenses**

Description	2023/2024	2022/2023
	Kshs	Kshs
Chairman Honoraria	960,000	597,333
Sitting Allowances	1,232,800	2,049,200
Other Allowances	9,018,422	13,965,880
<b>Total Oversight Board Expenses</b>	<b>11,211,222</b>	<b>16,612,413</b>

**13. Depreciation and Amortization Expense**

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	43,091,918	7,604,607
<b>Total depreciation and amortization</b>	<b>43,091,918</b>	<b>7,604,607</b>

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**14. Repairs and Maintenance**

Description	2023-2024	2022-2023
	Kshs	Kshs
Equipment and Machinery	15,000	1,347,568
Motor Vehicles	8,402,167	3,773,485
Furniture and Fittings	-	-
Computers and Accessories	4,266,600	3,823,492
Office Repairs	5,134,796	36,000
<b>Total Repairs and Maintenance</b>	<b>17,818,563</b>	<b>8,980,545</b>

*(Provide brief explanation expenditure variations compared to the previous year)*

**15. Contracted Services**

Description	2023-2024	2022-2023
	Kshs	Kshs
Consultancy Fees	2,941,760	5,002,500
<b>Total Contracted Services</b>	<b>2,941,760</b>	<b>5,002,500</b>

*(Provide brief explanation expenditure variations compared to the previous year)*

**16. Transfers to Government Implementing Agencies and Sports Organisations**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Promotion and Development of Sports	11,540,176,218	6,362,344,334
Social Development Including Universal Health Care	1,125,422,926	1,264,591,806
Promotion and Development of Arts	912,747,359	324,648,867
Government Strategic Interventions	690,863,726	-
<b>Total Transfers to Government Strategic Interventions</b>	<b>14,269,210,229</b>	<b>7,951,585,007</b>

**17. Cash and Cash Equivalents**

Description	2023-2024	Insert Comparative FY
	Kshs	Kshs
Current Account	2,080,833,197	2,882,999,056
On - Call Deposits	1,111,582,160	471,447,021
Others Cash In Hand	52,570	52,570
<b>Total Cash And Cash Equivalentents</b>	<b>3,192,467,927</b>	<b>3,354,498,647</b>

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**Detailed Analysis of the Cash and Cash Equivalents**

Financial Institution	Account number	Insert Current FY	Insert Comparative FY
		Kshs	Kshs
<b>a) Current Account</b>			
Central Bank of Kenya	1000404868	-	270,236,213
Central Bank of Kenya	1000404671	-	1,100,225
Central Bank of Kenya	1000404892	2,770,627	2,770,627
Co-operative Bank of Kenya	01141174153400	37,018,048	12,914,211
Co-operative Bank of Kenya	01141174153401	2,040,722,576	2,595,977,780
Kenya Commercial Bank	1315129442	321,946	-
<b>Sub- Total</b>		<b>2,080,833,197</b>	<b>2,882,999,056</b>
<b>b) On - Call Deposits</b>			
Kenya Commercial Bank Upper Hill Platinum Centre Branch	MM23153B37D8	32,686,498	-
Kenya Commercial Bank Upper Hill Platinum Centre Branch	MM24113PFN67	748,000,000	-
Kenya Commercial Bank Upper Hill Platinum Centre Branch	MM23153B37D8	-	422,000,000
Co-operative Bank Of Kenya-University Way Branch	01150174153405	30,895,662	49,447,021
Co-operative Bank Of Kenya-University Way Branch	01101741534004	300,000,000	-
<b>Sub- Total</b>		<b>1,111,582,160</b>	<b>471,447,021</b>
<b>c) Fixed Deposits Account</b>			
		-	-
<b>Sub- Total</b>		-	-
<b>d) Others(Specify)</b>			
Cash In Hand		52,570	52,570
<b>Sub- Total</b>		<b>52,570</b>	<b>52,570</b>

**18. Receivables from Non-Exchange Transactions**

Description	2023/2024	2022-2023
	Kshs	Kshs
Prepaid Fuel	596,052	596,052
Staff Salary Advances	607,910	645,522
Receivable from the State Department of Sports	33,476,573	33,476,573
Receivable from Toyota Kenya	955,060	955,060
Staff Imprests	2,561,496	2,161,496
Motor Vehicle Maintenance Deposit	300,000	300,000
Interbank Transfers	-	4,786,666

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<b>Total receivables from non- exchange transactions</b>	<b>38,497,091</b>		<b>42,931,369</b>	
<b>Ageing Analysis- Receivables from non- exchange transactions</b>	<b>2023/24</b>	<b>% of the total</b>	<b>2022/23</b>	<b>% of the total</b>
Less than 1 year	1,007,910	3%	5,482,188	13%
Between 1-2 years	-	0%	-	%
Over 3 years	37,489,181	97%	37,439,181	87%
<b>Total</b>	<b>38,497,091</b>	<b>100%</b>	<b>42,931,369</b>	<b>100%</b>

<b>Description</b>	<b>2023/24</b>	<b>2022/23</b>
	<b>Kshs</b>	<b>Kshs</b>
At the beginning of the year	42,921,369	51,727,177
Additional provisions during the year	1,179,540	5,482,188
Recovered during the year	(5,603,818)	(14,287,996)
Written off during the year	-	-
At the end of the year	<b>38,497,091</b>	<b>42,921,369</b>

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**19. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Office Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1July 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	-	-	-	-	-	-	-	-
Transfers/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
Additions	-	-	-	8,666,584	7,765,000	-	440,302,122	456,733,706
Disposals	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	1,700,000,000	-	-	-	-	(1,700,000,000)	-
As at 30 <sup>th</sup> June 2024	-	1,700,000,000	54,438,440	9,664,681	16,944,773	3,443,220	1,004,883,536	2,789,374,651
<b>Depreciation And Impairment</b>								
At 1July 2022	-	-	(31,472,224)	(196,438)	(4,279,919)	(1,100,099)	-	(37,048,680)
Depreciation	-	-	(5,741,554)	(100,207)	(1,469,956)	(292,890))	-	(7,604,607)
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2023	-	-	(37,213,778)	(296,645)	(5,749,875)	(1,393,989)	-	(44,653,287)
Depreciation	-	(34,000,000)	(4,306,166)	(1,171,005)	(3,358,469)	(256,279)	-	(43,091,919)
Disposals	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2024	-	(34,000,000)	(41,519,943)	(1,467,649)	(9,108,345)	(1,649,268)	-	(87,745,205)
<b>Net Book Values</b>								
As at 30 <sup>th</sup> June 2023	-	-	17,224,662	701,452	3,429,898	2,050,231	2,264,581,415	2,287,987,658
As at 30 <sup>th</sup> June 2024	-	1,666,000,000	12,918,497	8,197,032	7,836,428	1,793,952	1,004,883,536	2,701,629,445

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**Valuation**

Land and buildings/ Equipment (be specific) were valued by The State Department of Housing and Urban Development professional valuers from the government in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30<sup>th</sup> June 2020). These amounts were adopted by the Board on 28<sup>th</sup> March 2024 with concurrence from the National Treasury.

**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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings			
Motor Vehicles, Including Motorcycles			
Computers And Related Equipment			
Office Equipment, Furniture, And Fittings			
<b>Total</b>			

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

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	-	-
Office Equipment, Furniture and Fittings	-	-
<b>Total</b>	-	-

**20. Trade and Other Payables**

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Trade payables	32,301,289		45,592,864	
<b>Total trade and other payables</b>	<b>32,301,289</b>		<b>45,592,864</b>	
Ageing analysis: (Trade and other payables)	2023/2024	% of the Total	2022/2023	% of the Total

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Under one year	21,644,379	67.00%	36,113,130	
1-2 years	1,449,176	28.51%	9,479,734	20.79%
2-3 years	9,207,734	28.51%	-	79.21%
Over 3 years	-	%	-	0.00%
<b>Total</b>	<b>32,301,289</b>	100.00%	<b>45,592,864</b>	100.00%

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**21. 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. Section 17 of the Public Finance Management (Sports, Arts and Social Development Fund) Regulations, 2018 states “All receipts, earnings and accruals to the Fund and the balance of the Fund at the close of each Financial year shall be retained by the Fund for the purpose to which the Fund is established. In line with this legal requirement, the Fund did not make any remission to the National Treasury.

**22. Taxation**

Description	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 27)	-	-
Under/(over) provision in prior year/s (note 27)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

**23. Cash Generated from Operations**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>260,478,365</b>	<b>2,724,600,350</b>
<b>Adjusted for:</b>		
Depreciation	43,091,918	7,604,607
<b>Working capital adjustments</b>	-	-
<b>Net cash flow from operating activities</b>	<b>303,570,283</b>	<b>2,732,204,957</b>

**24. Financial Risk Management**

The Entity’s activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity’s overall risk management Programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Entity 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 Entity’s financial risk management objectives and policies are detailed below:

**i) Credit risk**

The Entity 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

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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 Entity's management based on prior experience and their assessment of the current economic environment.

**Financial Risk Management**

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Receivables from non-exchange transactions	38,497,091	1,007,910	37,489,181	-
Bank balances	3,192,467,927	3,192,467,927	-	-
<b>Total</b>	<b>3,230,965,018</b>	<b>3,193,475,837</b>	<b>37,489,181</b>	<b>-</b>
<b>As at 30 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>-</b>	<b>-</b>	<b>-</b>

**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 Entity has recognised in the financial statements is considered

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adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity'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 Funds directors, who have built an appropriate liquidity risk management framework for the management of the Entity'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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>				
Trade payables	4,715,319	2,406,101	25,170,763	32,301,289
<b>Total</b>	<b>4,715,319</b>	<b>2,406,101</b>	<b>25,170,763</b>	<b>32,301,289</b>
<b>As at 30<sup>th</sup> June 2023</b>				
Trade payables	35,853,517	143,615	9,595,732	45,592,864
<b>Total</b>	<b>35,853,517</b>	<b>143,615</b>	<b>9,595,731</b>	<b>45,592,864</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 Entity 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 Entity'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 Entity'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 Entity'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 *Entity* 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.

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**Financial Risk Management**

**Financial Risk Management**

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

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>	-		
<b>Financial Assets</b>	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency Asset/(Liability)</b>	-	-	-

**Foreign currency sensitivity analysis**

**Current FY**

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>As at 30<sup>th</sup> June 2024</b>	-	-	-
<b>Financial Assets</b>	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
<b>Total Financial Assets</b>	-	-	-
<b>Financial Liabilities</b>	-	-	-
Trade And Other Payables	-	-	-
Borrowings	-	-	-
<b>Total Financial Liabilities</b>	-	-	-
<b>Net Foreign Currency</b>	-	-	-

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Asset/(Liability)			
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**Notes To The Financial Statements (Continued)**

**Financial Risk Management**

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
<b>Current FY</b>			
Euro	10%		
USD	10%		
<b>Previous FY</b>			
Euro	10%		
USD	10%		

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Financial Risk Management**

**Sensitivity analysis**

The Entity 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

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

prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of (Current FY: Kshs . A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (Current FY – Kshs xxx)

**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 *Entity'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 *Entity* considers relevant and observable market prices in its valuations where possible.

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**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:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2024</b>				
<b>Financial Assets</b>	-	-	-	-
Quoted Equity Investments	-	-	-	-
<b>Non- Financial Assets</b>	-	-	-	-
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
<b>Total</b>	-	-	-	-
<b>As at 30<sup>th</sup> June 2023</b>	-	-	-	-
<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 Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve		
Retained Earnings		
Capital Reserve		
<b>Total Funds</b>		
Total Borrowings		
Less: Cash and Bank Balances		
Net Debt/(Excess Cash And Cash Equivalents)		
<b>Gearing</b>		

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

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

**Other related parties include:**

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Transactions with related parties</b>		
<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>		

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<b>b) Grants /transfers from the government</b>		
Grants from national govt		
Grants from county government		
Donations in kind		
<b>Total</b>		
<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		
Compensation to key management		
<b>Total</b>		

**53. Contingent Assets and Contingent Liabilities**

**Contingent Assets**

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**Contingent Liabilities**

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
<b>Contingent Liabilities</b>	xxx	xxx
Court Case xx against the Entity	xxx	xxx
Bank Guarantees in Favour of Subsidiary	xxx	xxx
Contingent Liabilities arising from Contracts Including PPPs	xxx	xxx
Others (Specify)	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</b>

*(Give details)*

**54. Capital Commitments**

Capital Commitments	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Authorised for	xxx	xxx
Authorised and contracted for	xxx	xxx
<b>Total</b>	<b>xxx</b>	<b>xxx</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).*

**55. Events after the Reporting Period**

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

**56. Ultimate and Holding Entity**

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Youth, Creative Economy and Sports. Its ultimate parent is the Government of Kenya.

**57. Currency**

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

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General’s Recommendations**

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

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved/ Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>

**Guidance Notes:**

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

.....  
 Director General/C.E.O/M.D (enter title of head of Entity)  
 Date:

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**Appendix II: Projects implemented by (The Entity)**

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

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

**Status of Projects completion**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds

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**Appendix IV: Transfers from Other Government Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/D evelopment/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	xxx	Recurrent	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Development	xxx	xxx	xxx	xxx	xxx	xxx	xxx
USAID	xxx	Donor Fund	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Ministry of Planning and Devolution	xxx	Direct Payment	xxx	xxx	xxx	xxx	xxx	xxx	xxx
<b>Total</b>			<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>	<b>xxx</b>

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**Appendix V- Inter-Entity Confirmation Letter**

**Name of Transferring entity**.....

**Name of Beneficiary entity**.....

<b>Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30<sup>th</sup> June (Current FY)</b>					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
<b>Total</b>					

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

**Head of Accounts Department - Disbursing Entity:**  
**Name** ..... **Sign** ..... **Date** .....

**Head of Accounts Department - Beneficiary Entity:**  
**Name** ..... **Sign** ..... **Date**.....